

KZN DEPARTMENT OF EDUCATION**GREENBURY SECONDARY SCHOOL****MARCH CONTROL TEST 2019****GRADE 11****BUSINESS STUDIES**

EXAMINER: S SINGH	MODERATOR: R GOVENDER	DURATION: 1 HOUR
NAME/SURNAME:	GRADE/DIV:	MARKS: 100

INSTRUCTIONS AND INFORMATION:

1. This paper consists of 7 printed pages
2. This question paper consists of **THREE** sections:
 - Section A: compulsory
 - Section B: consists of **THREE** questions. ANSWER any **TWO** questions
 - Section C: **ESSAY** question. Consists of **TWO** questions. ANSWER any **ONE** questions.
3. Use the special answer sheet for section A
4. Start each question on a new page
5. Tick the question that you have completed on the special answer sheet.
6. Use the table below as a guide for mark and time allocation when answering each question.

SECTION A	QUESTION	MARKS	TIME
A COMPULSORY	1	20	10 MINS
B ANSWER ANY TWO	2	20	10 MINS
	3	20	10 MINS
	4	20	10 MINS
C ANSWER ANY ONE	7	40	30 MINS
	8	40	30 MINS

SECTION A: COMPLUSORY**QUESTION ONE**

1.1. Choose the correct answer from the options provided. Write only the correct alphabet next to the number in your answer sheet. E.g. 1.1.6. B

1.1.1. The value of one country's currency in terms of another currency:

- A) Current rate
- B) Exchange rate
- C) Non-current rate
- D) Financial rate

1.1.2. A company that has the government as the majority shareholder.

- A) Close cooperation
- B) Sole trader
- C) Co operatives
- D) State owned company

1.1.3. The total amount of money that is essential to start a particular business.

- A) Start-up capital
- B) Base capital
- C) Fixed capital
- D) Working capital

1.1.4. When a business tries to invest their money in such a way that it grows at a faster rate than inflation.

- A) Hedging
- B) Renting
- C) Hiring
- D) Insurance

1.1.5. When a business undertakes a new venture with another business.

- A) Acquisition
- B) Merger
- C) Takeover
- D) Alliance

(5×2=10)

- 1.2. Match column A with column B. Indicate only the correct alphabet from column B next to the number provided in your answer sheet. E.g.: 1.2.6. A

COLUMN A	COLUMN B
1.2.1. Tax is reduced/ does not need to be paid on assets/income.	A) Prospectus
1.2.2. An invitation to the public to purchase shares on the JSE.	B) Networking
1.2.3. A group that lobby's on behalf of businesses in SA.	C) Black Economic Empowerment
1.2.4. Process by which individuals/ groups exchange information with other influential people/groups in order to achieve some benefit.	D) Tax exemption
1.2.5. A form of affirmative action that businesses must comply with when employing and promoting people.	E) SACOB
	F) SARS
	G) Trademark

(5×2=10)

SECTION A: 20 MARKS

SECTION B**(CHOOSE ANY TWO QUESTIONS FROM THIS SECTION)****(START EACH QUESTION ON A NEW PAGE)****QUESTION TWO: BUSINESS ENVIRONMENTS**

2.1. Identify the challenges of the micro environment represented by each of the following statements: (3)

2.1.1. Kate is always complaining about working hours and produces sub-standard work.

2.1.2. The management of AY Traders does not have a clear strategy of where the business is going.

2.1.3. Siphó's building construction fails to meet its target due to a lack of leadership.

2.2. Explain how a business can adapt to the challenge of **COMPETITION** in the market environment (2)

2.3. Read the scenario below and answer the questions that follow:

JUST FRUITS (JF)

Just Fruits is a fruit plantation located in the Northern Cape. JF has strong minerals of the soil which cultivated luscious, juicy apples. Liqui Manufacturers buys apples from JF and uses it to produce the best tasting fresh apple juice. Ace General Dealers is one of their loyal customers who enjoy their speedy delivery services and reasonable prices.

2.3.1. Identify THREE business sectors from the scenario above. Motivate your answer by quoting from the scenario (9)

Use the table below to present your answer:

BUSINESS SECTOR	QUOTE FROM THE SCENARIO

2.3.2. Discuss the link between the business sectors identified in question 2.3.1. (6)

(20 marks)

QUESTION THREE: BUSINESS VENTURES

3.1. Read the following scenario below and answer the questions that follow:

TANDA’S WINDOW CLEANER (TWC)

Tanda is a sole trader who manufactures window cleaner chemicals. She is doing very well in her business and large businesses are buying more than 1 000 000 items of her product. Tanda wants to convert her business into a company that will allow her to have limited liability. She is convinced that she will be more successful if she chooses a private company even though she does not know how to establish a private company.

3.1.1. Outline the characteristics of a private company. (4)

3.1.2. Identify the six steps in setting up a company (6)

3.1.3. Explain to Tanda the challenges of establishing a company (4)

3.2. Complete the table below: (6)

CHARACTERISTIC	PARTNERSHIP	CLOSE CORPORATION	PUBLIC COMPANY
NAME RESTRICTION			
ESTABLISHING DOCUMENT			

(20 marks)

QUESTION FOUR: MISCELLANEOUS

BUSINESS ENVIRONMENTS

4.1. Read the scenario below and answer the questions that follow:

SASSY CREATIONS (SC)

Sassy creations is a company that specialises in fashion design and styling. SC has employed ten stylist who are always late for work. The management of SC purchases their material at Harry Clothing Manufacturers who charge a high price for their material. SC is situated in an area that has a high rate of unemployment and crime. HL Fashion Designers has just entered the fashion design industry with new exclusive designs that attracts many clients. SC has a poor marketing strategy and has lost their clients to HL Fashion Designers. SC imports some of their designs from china. The government has increased import tariffs, making it difficult for SC to continue importing designs from China.

4.1.1. Identify the challenges in the business environments listed in the table below. Motivate your answer by quoting from the scenario. Use the table below to present your answer. (6)

BUSINESS ENVIRONMENT	CHALLENGE	MOTIVATION FROM SCENARIO
MICRO		
MARKET		

4.1.2. Discuss the impact that crime will have on Sassy Creations (4)

BUSINESS VENTURES

4.2. Read the extract below and answer the following questions

“When wanting to start a business, business owners have a variety to choose from. Some of the popular options are lease and outsourcing.”

4.2.1. Outline FOUR details to be included in a lease agreement. (4)

4.2.2. Explain the main responsibilities of the LESSEE. (4)

4.3. A _____ is automatically dissolved when one of the owners die. (2)

(20 marks)

SECTION CQUESTION 5: BUSINESS ENVIRONMENTS

Sammy has been working for a printing firm for over 5 years. She is tired of complaining to her boss, Ariel, about the stuffy room that she is working in. Sammy and her colleagues were thinking of approaching their trade union about this matter.

Sammy requests your advice regarding the issue above. Include the following aspects in your response:

- Tabulate the difference between grievance procedure and collective bargaining
- Outline the functions of a trade union
- Identify and explain the steps to the grievance procedure
- Discuss the purpose of the LRA

(40)

QUESTION SIX: BUSINESS VENTURES

Elsa and her friends are hardworking individuals who specialise in vintage art. Her passion for business is her driving force. Elsa is confused between starting a private company or buying a franchise.

In light of the above statement, you are required to complete the following:

- Differentiate between Franchising and a Private Company
- Outline the characteristics of a Private Company
- Explain the advantages and disadvantages of a Private Company
- Discuss the advantages and disadvantages of a franchise for the FRANCHISEE

(40)

ALL THE BEST !!!

KZN DEPARTMENT OF EDUCATION
GREENBURY SECONDARY SCHOOL
MARCH CONTROL TEST 2019
GRADE 11
BUSINESS STUDIES-MEMORANDUM

SECTION A: COMPLUSORY

1.1.1. B //

1.1.2. D //

1.1.3. A //

1.1.4. A //

1.1.5. D //

1.2.1. D //

1.2.2. A //

1.2.3. E //

1.2.4. B //

1.2.5. C //

SECTION B: CHOOSE ANY TWO QUESTIONS FROM THIS SECTION

QUESTION TWO: BUSINESS ENVIRONMENTS

2.1.1. Difficult employees ✓

2.1.2. Lack of vision/mission ✓

2.1.3. Lack of management skills ✓

2.2. Business adaptation to competition

- Be aware ✓ of competitors and their prices, influences and operations. ✓
- Consider the potential impact of competitors ✓ raising or lowering prices and put strategies in place to ensure that they do not lose customers. ✓

(any 1 x 2)

(Accept any other relevant answer)

GREENBURY SECONDARY SCHOOL



DEPARTMENT OF COMMERCE
H.O.D. MRS C MAHARAJ

C. Maharaj

2.3.1.

BUSINESS SECTOR	QUOTE FROM THE SCENARIO
Primary sector ✓✓	JF has strong minerals of the soil which cultivated luscious, juicy apples. ✓ / Just Fruit is a fruit plantation located in the Northern Cape.
Secondary sector ✓✓	Liqui Manufacturers buys apples from JF and uses it to produce the best tasting fresh apple juice. ✓
Tertiary sector ✓✓	Ace General Dealers is one of their loyal customers who enjoy their speedy delivery services and reasonable prices. ✓

2.3.2.

- The primary sector is dependent on the secondary sector for equipment ✓ and on the tertiary sector for services. ✓
- The secondary sector is dependent on the primary sector for raw materials ✓ and on the tertiary sector for services. ✓
- The tertiary sector is dependent on the secondary sector for technology ✓ such as equipment and on the primary sector for transportation of raw goods. ✓

QUESTION THREE: BUSINESS VENTURES**3.1.1. Characteristics of a Private company**

- The name must end in "proprietary Limited" or (Pty)Ltd ✓
- Minimum of one director and shareholder ✓
- Can have between 1-50 shareholders ✓
- Needs to be registered with the CIPC ✓
- Memorandum of Incorporated and Notice of Incorporation needed ✓
- Fees are payable to the CIPC ✓
- Limited liability ✓

(any 4)

3.1.2. Six steps in setting up a company

- Step1: Decide who the people involved are ✓
- Step2: Contact the CIPC to reserve a name for the company ✓
- Step3: Complete a Memorandum of Incorporation ✓
- Step4: File a notice of incorporation ✓
- Step5: Receive a registration number ✓
- Step6: Establish a banking account and register for tax ✓

3.1.3. Challenges of establishing a company

- Companies pay a higher tax than other forms of ownership.
- It has to meet the requirement of publicly disclosing much financial information.
- It has to submit audited annual financial statements.
- It has to comply with stricter regulations in the new Companies Act on the running of the company, publishing of information, holding of meetings, auditing of accounts and appointing of an audit committee to increase accountability and transparency.

3.2.

CHARACTERISTIC	PARTNERSHIP	CLOSE CORPORATION	PUBLIC COMPANY
NAME RESTRICTION	No restriction ✓	Must end in CC ✓	Pty(LTD) ✓
ESTABLISHING DOCUMENT	Partnership Agreement ✓	Founding statement / MOI ✓	Memorandum of Incorporation (MOI) ✓

QUESTION FOUR: MISCELLANEOUS

BUSINESS ENVIRONMENTS

4.1.1.

BUSINESS ENVIRONMENT	CHALLENGE	MOTIVATION FROM SCENARIO
Micro environment	Difficult employees ✓✓	SC has employed ten stylist who are always late for work. ✓ The management of SC purchases their material at Harry Clothing Manufacturers who charge a price for their material. ✓ SC has a poor marketing strategy and has lost their clients to HL Fashion Designers. ✓
Market environment	Competitors ✓✓	HL Fashion Designers has just entered the fashion design industry with new exclusive designs that attracts many clients. ✓
Macro environment	Contemporary legal legislation / political changes ✓✓	SC imports some of their designs from china. ✓ /

		<p>The government has increased import tariffs, making it difficult for SC to continue importing designs from China. ✓</p> <p>SC is situated in allocation that has a high rate of unemployment and crime. ✓</p>
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4.1.2. Impact that crime will have on Sassy Creations

- It can reduce the morale of the employees and management ✓
- Equipment, stock and products may be stolen. ✓
- Expenses will increase due to costs of security installation. ✓
- Insurance premiums will increase. ✓
- Customers will avoid shopping in high crime areas. ✓
- Employees in a high crime-filled community will become less productive and customers will have less disposable income. ✓ max 4.

BUSINESS VENTURES

4.2.1. Details to be included in a lease agreement.

- Names of the parties entering into the lease agreement ✓
- Duration of the lease ✓
- Cost- the regular monthly payments that the lessee will have to make. ✓
- Other costs, for example insurance and maintenance. ✓

4.2.2. Main responsibilities of Lessee

- To keep the asset in good order ✓
- To pay the charges on time ✓
- Not to make alterations without the consent of the lessor ✓ max 4

4.3. Partnership ✓✓

SECTION C

QUESTION 5: BUSINESS ENVIRONMENTS

Introduction

Industrial relations is a term that refers to the relationship between employers and employees. These two parties need to maintain a good working relationship in order for the business to run smoothly. ✓ **Max 2**

Body:

1. Difference between grievance procedure and collective bargaining

GRIEVANCE PROCEDURE	COLLECTIVE BARGAINING
The framework in which a grievance can be raised and resolved. ✓	Refers to the discussions held between the union members and the employers to reach agreements that regulate working conditions. ✓

Max 4

2. Functions of a trade union

- To enter into collective bargaining agreements on behalf of employees. ✓
- To advise employers concerning their human resource policies and practices. ✓
- To formulate and represent workers' rights at statutory levels. ✓
- To promote a greater participation of workers in management decision. ✓
- To organise strikes and other industrial action to strengthen the demand of workers. ✓
- To represent workers in disputes and grievances with their employers. ✓

Max 10

3. Identify and explain the steps to the grievance procedure

- Step 1 – Written statement ✓
 - The complainant must write down the complaint and send it to his/her line manager or the human resources manager. ✓
- Step 2 – Meeting ✓
 - The line manager or human resource manager must set up a meeting to establish the facts and try to resolve the problem. ✓
 - The complainant can take a colleague or trade union representative to the meeting. ✓
- Step 3 – Appeal meeting ✓
 - If the complainant is unhappy with how the problem was resolved at the meeting, then he/she can call for an appeal meeting with a higher level of management or an independent mediator. ✓

OR

Procedure for dealing with grievances in the workplace

- An aggrieved employee must verbally report the incident/grievance to his/her supervisor/manager, ✓ who needs to resolve the issue within 3 to 5 working days. ✓
- Should the employee and supervisor not be able to resolve the grievance, ✓ the employee may take it to the next level of management. ✓
- The employee may move to a more formal process ✓ where the grievance must be lodged in writing/completes a business grievance form. ✓
- He/She must receive a written reply ✓ in response to the written grievance. ✓
- A grievance hearing/meeting ✓ must be held with all relevant parties present. ✓
- Minutes of the meeting must be recorded ✓ and any resolution passed must be recorded on the formal grievance form. ✓

- Should the employee not be satisfied, ✓ then he/she could refer the matter to the highest level of management. ✓
- Top management should arrange a meeting ✓ with all relevant parties concerned. ✓
- Minutes of this meeting should be filed/recorded ✓ and the outcome/decision must be recorded on the formal grievance form. ✓
- Should the employee still not be satisfied, he/she may refer the matter to the CCMA ✓ who will make a final decision on the matter. ✓ Any other relevant answer related to the correct procedure to deal with grievances in the workplace. ✓

4. Purpose of the LRA

- It caters for collective bargaining and collective agreements by providing workplace forums.
- It caters for labour disputes through conciliation, arbitration, adjudication or industrial action
- It caters for trade union and employers organisation
- Responsible for the establishment for the CCMA
- Regulates the fundamental rights of employees and employers
- Freedom of association which means that workers have a right to join trade unions
- Provision for the settlement of labour disputes
- Promotion of employee participation in decision making through workplace forums
- Provides for the registration of trade unions and employers organisations.

Max 18

Conclusion

Sammy should consider the information presented above regarding her matter, as this should assist her in resolving this with her employer.

Max 2

MARK ALLOCATION

Introduction	2
1. Difference between grievance procedure and collective bargaining	4
2. Functions of a trade union	10
3. Identify and explain the steps to the grievance procedure	14
4. Purpose of the LRA	18
Conclusion	2
Analysis	2
Layout	2
Synthesis	2
Originality	2
TOTAL	40

QUESTION SIX: BUSINESS VENTURES

Introduction

To open up a new business requires a lot of thought and planning. There are various options for new entrepreneurs when deciding to open up a business.

Max 2

Body:

1. Differentiate between Franchising and a Private Company

FRANCHISING	PRIVATE COMPANY
This is the creation of an ongoing relationship where a franchisor sells the right to use a business concept that is already being used elsewhere to a franchisee for use in a particular area.	This is owned by one shareholder or a small group of shareholders, who contribute the start-up capital and receive the profits from the business.

Max 4

2. Characteristics of a Private Company

- The name of the company must end in "Proprietary Limited " or (Pty) Ltd
- Minimum of one director and shareholder
- Can have between 1-50 members
- Needs to be registered with CIPC
- Memorandum of Incorporation and Notice of Incorporation needed
- Fee payable to CIPC
- Limited liability
- Managed by directors
- The company has separate legal identity
- Good opportunities for long-term growth
- There are opportunities to reduce the tax that must be paid
- Start-up capital is contributed by the shareholders
- The profits are distributed between the shareholders

MAX 10

3. Advantages and Disadvantages of a franchise for the FRANCHISEE

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> • Lower initial start-up costs. • It is easier to obtain finance. The reputation of the franchise helps secure finance from banks, provided the franchise is a member of the Franchise Association of South Africa. • The franchisee has the right to use a nationally recognised name, product or service. 	<ul style="list-style-type: none"> • Expensive to purchase. • Franchisees often forfeit a portion of their profits in the form of royalties. • The ongoing support is not always provided. • The franchisee may be limited to certain products by exclusivity clauses. • Agreements can be difficult to terminate.

<ul style="list-style-type: none"> • Reduced financial and business risk. • Financing often available from the parent company. • Proven system of operation, goods and services. • The franchisor will often provide the franchisee with shop fittings and stock. • Management assistance is given as part of the deal. <p style="text-align: right;">MAX 10</p>	<ul style="list-style-type: none"> • Business operations are restricted to a specific area. • Limited, temporary ownership. • Very little freedom for creativity by the entrepreneur. <p style="text-align: right;">MAX 10</p>
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4. Advantages and Disadvantages of a Private Company

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> • the business has growth opportunities • there are different setting up options available • own management and directors • shareholders can earn profits • financial statements do not need to be published • there are some tax benefits <p style="text-align: right;">MAX 6</p>	<ul style="list-style-type: none"> • requires large amount of capital • lots of paper-work to set up • profits are not evenly divided • shareholders are jointly and severally liable for the business debts <p style="text-align: right;">MAX 6</p>

Conclusion

It is important to weigh the information presented above correctly before starting a new business. If a wrong choice is made when choosing the type of business you want to run, then all money invested in the business could be lost.

Max 2

MARK ALLOCATION

Introduction	2
1. Define franchising and private company	4
2. Characteristics of a private company	10
3. Advantages and disadvantages of a franchise for the FRANCHISEE	20
4. Advantages and disadvantages of a private company	12
Conclusion	2
Layout	2
Analysis	2
Synthesis	2
Originality	2
TOTAL	40

