

BUSINESS STUDIES EXEMPLAR MEMO 2006

SECTION A

QUESTION 1 (COMPULSORY)

1.1 Choose the correct answer from the given allowances.

1.1.1 B - Capital

1.1.2 A - Infrastructure

1.1.3 B – Business venture

1.1.4 D – Insurance contract

1.1.5 A - Information

5 x 3 = (15)

1.2 True or False Statements.

1.2.1 True

1.2.2 True

1.2.3 False: Productivity

1.2.4 True

1.2.5 False: Human Resource

5 x 3 = (15)

1.3 Match column B to column A

1.3.1 Trade Mark - D

1.3.2 Economic Equilibrium - C

1.3.3 Mortgage Loans - G

1.3.4 Production is continuous and specialized machinery is used - E

1.3.5 Bind the seller to offer goods at the stipulated price – F

5 x 2 = (10)

TOTAL SECTION A: 40 MARKS

SECTION B

QUESTION 2

2.1 FIVE GENERAL FACTORS OF ESTABLISHMENT:

1. Industrial areas
2. Market
3. Capital
4. Competition
5. Raw Materials
6. Transport Facilities
7. Labour Supply
8. Housing
9. Parking Facilities
10. Electricity and Water
11. Municipal concessions and rates
12. Climate

(any 5 x 2 = 10)

2.2 NAME FIVE MACRO FORCES AND GIVE AN EXAMPLE OF EACH EXCEPT POLITICAL CHANGE

- a. Physical environment – all available natural resources.
- b. Social environment – expression of the cultures, norms, values and lifestyles of the citizens of the country.
- c. Technological environment – it brings constant innovation and change to the business environment.
- d. Economic environment – Government monetary and fiscal policies, inflation, recessions, growth periods and foreign exchange rates, influences the prosperity of consumers.
- e. International environment – international and local political approaches to trade.
- f. Legal – Legislation is set to regulate the performance of business and to protect the assets of a country.
- g. Institutional – Government acts as a watchdog over business, providing direction in competition and monetary policies.

(any 5 x 3 = 15)

2.3 STEPS TO PROBLEM SOLVING

1. Identify the problem and ask members for five potential solutions on a carefully designed questionnaire.
2. Each member completes the questionnaire. He or she does this independently and anonymously.
3. Analyse the results of the questionnaires at a central place.
4. Present each member with a copy of the results.
5. Ask members to once more give their “new” or “changed” solutions now that they have been exposed to the results.


(any 5 x 2 = 10)

2.4 DEFINE THE FOLLOWING TERMINOLOGY

2.4.1 Self-management

- Knowledge and development of the self.
 - Analysis of personal goals: time management, portraying a professional image, and leading a balanced life style.
 - A competent business person will have the edge over the competition.
- (3)

2.4.2 Values

Are the overall beliefs that guide your actions and judgement.  (2)

2.5 LIST ANY SIX BUSINESS FUNCTIONS

1. The general management.
 2. The financial function
 3. The purchasing function.
 4. The production function.
 5. The marketing function.
 6. The administrative function.
 7. The human resource function.
 8. The public relations function.
- (8 x 2 = 12)

2.6 FOUR FORMS OF OWNERSHIP EXCEPT SOLE PROPRIETOR


- 10 Partnership
 - 11 Close corporation
 - 12 Private company
 - 13 Public company
- (4 x 2 = 8)


[60]

QUESTION 3


3.1 Determine whether John will have enough capital available:

Buckets 4 @ R12,50 each = R50 
Remuneration = R300 
Capital available = R860  (6)


3.2.1 Raw materials (Natural resources) 

All natural elements such as land, water, air, sun, fruit, vegetables, minerals and wood. 


3.2.2 Labour

It includes almost all human skills, physical and mental, which are employed to provide goods and services. 


3.2.3 Capital


Can be acquired through savings – capital goods such as machinery, buildings (factory buildings).


3.2.4 Entrepreneurship


Bring together natural resources, labour and capital in correct relationship and co-ordinates them in a single project. (4 x 3 = 12)

3.3 S – STRENGTHS

Capital of R2 000 
Rent stand from his father

W – WEAKNESSES


Employees without any practical experience.
He as manager – without any practical experience.

O – OPPORTUNITIES


Good employees who can be trained
Open stand to be developed. (4 x 3 = 12)

T – THREATS

Competitors.

3.4 FIVE REASONS WHY GOOD RELATIONS WITH THE PUBLIC IS OF UTMOST IMPORTANCE

1. To create a safe financing opportunity.
2. To provide the opportunity for job security.
3. To assist in marketing a good product.
4. To convince merchants of a product that will sell.
5. To ensure suppliers of a fixed market for raw materials or semi-processed item.
6. To ensure a market for suppliers of ancillary services
7. To ensure healthy liaison with government.
8. To establish healthy liaison with the community.

TERMINOLOGY

(5 x 2 = 10)

3.5.1 COST ACCOUNTING

Deals with the costs incurred in the production process, or more accurately with the costs incurred in each unit produced by the business. (2)

3.5.2 BUDGETS

A budget is an estimate of expected business expenses set against expected income during a particular period of operation. (2)

3.5.3 STATISTICS

It is the collection, analysis and interpretation of information in a numerical form. (2)

3.5.4 OVERDRAFT

A bank will allow businesses that are good customers to use an amount of money that they do not have in their accounts. The bank and its customer agree on the amount of money in advance. This is a good way of obtaining working capital. (2)

3.5.5 CHEQUES

It is a method of payment used by businesses with a current bank account. The benefit by using it is the opposite page that can be used as a source document. (2)

3.6 IDENTIFYING AND DESCRIBING THE VARIOUS ACCOUNTING RECORDS THAT CAN BE USED

3.6.1 Capital contribution by the owner

When the owner(s) start a business they need to open a bank account and deposit money into the business bank account.

3.6.2 Buying fixed assets

When opening a bank account, the business will receive a cheque book. When assets like computers are bought, the business will receive an invoice from their supplier and could either pay cash or by cheque.

3.6.3 Buying trading stock or consumables

If buying on credit – business will receive an invoice.

3.6.4 Paying costs

All monthly expenses like telephone and rent are paid by cheque or via Internet.

3.6.5 Selling stock or services

When goods are sold, a cash invoice or a cash register slip will be issued.

3.6.6 Collecting debtors accounts

At the end of the month, statements will be sent to all debtors and when paid, a receipt could be issued.

3.6.7 Paying creditors accounts

The business creditors will send the business a statement which will either be paid by cheque or via Internet. (any 5 x 2 = 10)
[60]

QUESTION 4

4.1 THREE SECTORS THAT FORM PART OF THE "PRODUCTION CHAIN" (3 X 6 = 18)

4.1.1 Primary Sector

ROLE:

- (1) Extraction or Collection of Natural Resources.
- (2) Supplying raw and unprocessed natural resources for further processing

EXAMPLES:

TYPES

Mining industry
Agricultural industry
Forestry industry
Fishing industry

4.1.2 Secondary Sector

ROLE:

- Conversion of natural resources or manufacturing of final products.
- processed into intermediate and final products
- processed into intermediate and final products
- this sector determines the final form of the product

Examples

All manufacturing and processing firms.

4.1.3 Tertiary Sector

ROLE

Distribution of products and rendering of services.

Examples:

- commercial wholesalers and retailers.
- financial services: banks, insurance brokers

- medical services: health services
- professional services: legal, accounting

4.2 Five self management skills of an entrepreneur

1. Self – assessment is the ability to judge the quality of your own work against certain standards.
2. Self – reflection is the ability to think about aspects of your own performance, attitudes and behaviour.
3. Self – confidence is the ability to trust in your own worth, strengths and talents.
4. Adaptability is the ability to recognize and manage changing or unfamiliar Situations and to respond positively to them.
5. Organisation is the ability to make plans and carry them out in order to achieve goals.
6. Time management is the ability to make appropriate use of your own time in managing and completing tasks.

(5 x 2 = 10)

4.3 OBJECTIVES OF STOCK CONTROL

1. Determine the amount (quantity) of available stock at any time without taking physical stock.
2. Determine the total value of stock in the business at any time.
3. Ensure that sufficient stock of the required quantity, quality and variety is kept according to estimated levels.
4. Exercise control over prices.

(4 x 2 = 8)

4.4 NEEDS: Are things that we have to have and cannot do without.

- Food
- Housing
- Clothes

WANTS: Is things we would like to have but can do without.

- Cellphone
- Cars
- Bicycles etc.

4.5.1 ONE BUSINESS CAREER

Management Consultant 

TWO COMPANIES THAT EMPLOY SUCH PERSONS

(3) DeLoitte Consulting Services 
PE Corporate Services 

[6]

4.5.2 GLOBALIZATION

When companies operate in two or more countries while based in one home country.

(2)

4.5.3 HOW DOES GLOBALIZATION INFLUENCE MANAGEMENT CONSULTANTS

Understanding the cultures of foreign people/different laws/economic policies.

(4)

4.5.4 WHAT SHOULD SOUTH AFRICAN CONSULTANTS DO TO COMPETE ON AN INTERNATIONAL LEVEL?

Know policies, acts and culture of different countries.

(2)

[60]

TOTAL: SECTION B: 180 MARKS

SECTION C

QUESTION 5

INFLUENCE ON THE SOCIO-ECONOMIC ISSUES OF S.A.

1. POVERTY

Reduction of poverty will result in greater stability and will have a positive effect on consumer spending.

2. HIV/AIDS

Extremely high figures of people are living with HIV/AIDS.

3. UNEMPLOYMENT

Businesses need to create as many job opportunities as possible.

4. GAMBLING

When people use money for gambling that they could be using to meet their basic needs.

5. SKILLS LEVY

Implemented to develop the skills of S.A. population.

6. RIOTS, VIOLENCE AND CRIME

Generally have a negative impact on the economy.

7. INCLUSIVITY

Ensuring that all people regardless of race, class, gender or disability are included in the economy through employment opportunities. (6 x 3 = 18)

RESEARCH INSTRUMENTS

Discuss the various research instruments available.

1. OBSERVATIONS

Can be done by:

- people (personal observation)
- mechanical devices (eye camera recorded on video tape)
- audits (examine records)

2. EXPERIMENTING (TEST MARKETING)

- Very difficult because human behaviour changes unexpectedly.

3. GROUP RESEARCH

The interviewer gains information by listening to a focus group of people talking about issues of the specific research.

A focus group, e.g. people interested in sport, should be selected and the interviewer should lead the group discussion.

4. INTERVIEWS

With potential customers and suppliers.

5. SURVEY

Conduct a survey by setting up a more detailed and structured questionnaire.

(5 x 3 = 15)

MOTIVATE THE IMPORTANCE OF A BUSINESS PLAN

Before the entrepreneur starts a business, it is essential that he or she should have a detailed explanation of the basic business idea. This is called a business plan. It is a written summary of what you want your business to achieve and how you will reach those goals.

(7)

[40]

QUESTION 6

DIFFERENTIATE BETWEEN THE PRIVATE SECTOR AND THE INFORMAL SECTOR

EVALUATE THE VARIOUS FORMS OF OWNERSHIP

PRIVATE SECTOR (FORMAL SECTOR)



Business in the formal sector are usually registered for tax purposes and are licensed.


They occupy formal business premises and have formal accounting procedures.

INFORMAL SECTOR

Unregulated small businesses such as hawkers.

Micro-enterprises

(4)

Not registered businesses. 

FORMS OF OWNERSHIP

1. SOLE PROPRIETORSHIP

- one person operation
- easiest type of business
- unlimited liability

2. THE PARTNERSHIP

- 2 – 20 individuals.
- unlimited liability
- If one of the partners dies, the partnership comes to an end.

3. THE CLOSE CORPORATION (CC)

- 1 – 10 members
- each of whom has a share, interest in the business
- cc's have limited liability

4. PRIVATE COMPANY

- Have the abbreviation “(Pty) Ltd” after their name
- 1 – 50 share holders

5. PUBLIC COMPANY

Have the abbreviation “Ltd” after their name.

- minimum of 7 shareholders.
- maximum depends on the number of shares registered.

6. AGRICULTURAL CO-OPERATIVES

- minimum of 2 members
- shareholders have limited liability

(6 x 6 = 36)

QUESTION 7

IMPORTANCE OF TEAMWORK AND THE RULE OF THE MANAGER

1. Additional expertise and knowledge
2. Additional resources when the business is growing
3. Support and recognition
4. Specialised skills
5. Innovative ideas


any 5 x 2 = (10)






RULE OF THE MANAGER





1. A role model for others
2. Able to deal with difficult circumstances
3. A good listener and communicator

4. A teacher as well as a leader
5. Able to resolve conflict
6. Honest, dependable and sincere with high levels of integrity. (any 3 x 2 = 6)

EXPLAINING THE VARIOUS LEVELS OF MANAGEMENT IN A BUSINESS

1. TOP MANAGEMENT  (2)
 - Managing director, executive officer.
 - Making strategic decisions
 - Long term
 - Examples: Choice of products
Which markets should be targeted (3 x 2 = 6)

2. MIDDLE MANAGEMENT  (2)
 - Managers responsible for functional areas of business eg
 - Production manager
 - Marketing Manager
 - Public Relations Manager 
 - Tactical decisions 
 - Medium Term 
 - Organising the activities of the company  3 x 2 = (6)

3. FRONT-LINE MANAGEMENT  (2)
 - Foreman in a factory/supervisor 
 - Short term 
 - Operational or routine decisions  3 x 2 = (6)
[40]

QUESTION 8

1. SOURCES OF FIXED CAPITAL
 - 1.1 The sale of shares
 - 1.2 Issue of debentures
 - 1.3 Long-term loans with a bond (mortgage bond) as security
 - 1.4 Reserve funds or retained profit (4 x 2 = 8)

2. SOURCES OF WORKING CAPITAL
 - 2.1 Trade credit
 - 2.2 Overdraft facilities at a bank
 - 2.3 Short-term loans from a bank
 - 2.4 Factoring of debtors
 - 2.5 Purchase of machinery and equipment on lease account
 - 2.6 Stokvels (6 x 2 = 12)

WHAT IS A CONTRACT?

A contract is an oral or written agreement between two or more parties. Once the agreement has been made between the parties, it will become legally binding. Read the contract very carefully, and make sure that you understand everything before signing it.

(3)

REQUIREMENTS FOR A VALID (LEGAL) CONTRACT

1. Parties must be of legal age and sound of mind.
2. Parties must be serious about what they are doing.
3. Conditions stated in the contract are reasonable and they must be able to comply with them.
4. Parties must be clear about what is EXPECTED OF THEM IN THE CONTRACT.
5. Parties must enter into the contract for a legal purpose and not for illegal reasons.
6. The agreement must be free and voluntary. (any 5 x 2 = 10)

LISTING THE CONTRACTS THAT AN ENTREPRENEUR LIKE HIM SHOULD ENTER INTO:

1. Hire purchase contract
2. Rental contract
3. Insurance contract
4. Contract of sale
5. Contract of Employment
6. Contract of Lease (any 5 x 1 = 5)

IMPORTANCE OF PREPARING A CONTRACT WITH OTHER PARTIES

When any person or business enters into an agreement with another party to buy, sell or rent something, to do something or not to do something, a contract is formed. (2)

[40]

TOTAL = 300 MARKS