

**1031**

**BEDRYFSEKONOMIE SG  
BUSINESS ECONOMICS SG**

**NOVEMBER 2005**

**TYD : 3 UUR  
TIME : 3 HOURS  
PUNTE/MARKS 225**



**SENIOR CERTIFIKAAAT-EKSAMEN  
SENIOR CERTIFICATE EXAMINATION  
2005**

*Skryf op die buiteblad van jou antwoordblad, na die woord “Vak” –*

**BEDRYFSEKONOMIE STANDAARDGRAAD**

*Write on the cover of your answer book, after the word “Subject” –*

**BUSINESS ECONOMICS STANDARD GRADE**

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Hierdie vraestel bestaan uit 13 bladsye en 'n antwoordblad.  
This question paper consists of 13 pages and an answer sheet.

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## **INSTRUCTIONS**

1. Answer SIX questions.
  - 1.1 Section A: Answer QUESTION 1 (compulsory) on the enclosed ANSWER SHEET.
  - 1.2 Section B: Answer any FIVE questions.
2. Begin the answer to each question at the top of a new page. Write the NUMBER of the question above each answer and leave a line open between the subsections. Number your answers according to the system used in this paper.
3. NEATNESS, LEGIBLE HANDWRITING, CORRECT SUBJECT TERMINOLOGY and the SYSTEMATIC PRESENTATION of facts will count in your favour.
4. Use full sentences except when instructed not to do so.
5. Remove the ANSWER SHEET for QUESTION 1 from the center of your paper and place the completed answer sheet inside the front cover of your answer book.

## SECTION A

### QUESTION 1 (COMPULSORY)

**Answer question 1 on the attached answer sheet.**

- 1.1 Indicate the answer to each of the following questions by making a cross (x) in the appropriate block on your answer sheet. (Erase wrong answers completely.)
- 1.1.1 Which document gives details of how and when dividends will be declared and how they will be paid?
- A Memorandum of association
  - B Articles of association
  - C Prospectus
  - D Founding statement
- 1.1.2 The portion of the total capital contributed by the owner to purchase stock, is...
- A fixed capital.
  - B working capital.
  - C tax capital.
  - D borrowed capital.
- 1.1.3 A price of R399,99 for an article is an example of ...
- A perceived value pricing.
  - B promotional pricing.
  - C psychological pricing.
  - D price discrimination.
- 1.1.4 Costs which cannot be charged directly to a particular product, such as rent, are known as ...
- A variable costs.
  - B indirect labour costs.
  - C primary production costs.
  - D overheads.
- 1.1.5 A disadvantage of automation is ...
- A lower labour costs.
  - B shorter setting-up times of machines.
  - C worker dissatisfaction.
  - D a higher profit margin.

1.1.6 Which one of the following is a an example of speciality goods?

- A A engagement ring
- B Iron ore
- C Groceries
- D A motor boat

1.1.7 The product range of an enterprice refers to the ...

- A distance a product is transported to the final consumer.
- B different steps followed in the design of a product.
- C variety of products manufactured.
- D marketing strategy of an enterprise.

1.1.8 Which one is an example of vertical amalgamation?

- A Ford Motor Company and Cape Town Steel Limited
- B Woolworths and Truworths
- C Shoprite and Checkers
- D Ford Motor Company and Mazda Motors

1.1.9 The science of collecting, classifying, using and interpreting numerical data is called ...

- A cost accounting.
- B statistics.
- C span of management.
- D diversification.

1.1.10 There are no legal requirements regarding the name of the following form of enterprise.

- A Private company
- B Public company
- C Co-operative society
- D Sole trader

(10x3) [30]

**1.2 Choose the correct word(s) in brackets. Write down only the chosen word(s) next to the corresponding number on your answer sheet.**

1.2.1 (Authority/Responsibility/Span of control) is the obligation to complete an assigned task.

1.2.2 An example of publicity is when (sports stars demonstrate a new product/the Cape Times reports on Vodacom's contribution to soccer).

1.2.3 A verbal warning, a written warning, a hearing or immediate dismissal, are the steps followed when (motivation/disciplinary action/organizing) is applied.

1.2.4 The Iron safe clause is usually added when (trading stock/vehicles/equipment) are insured against losses owing to fire damage.

1.2.5 The basic aim of the (Corporation for public deposits/South African Reserve Bank/Land and Agricultural Bank) is to use surplus funds of the public sector to the advantage of the country's economy. (5x2) [10]

**1.3 Complete the following sentences by writing only the missing word(s) next to the corresponding number on your answer sheet.**

1.3.1 ... is the capital which the owners, partners or shareholders invest in an undertaking.

1.3.2 A married woman has ... in the life of her husband because she and the children are dependent on him.

1.3.3 ... is an invitation to the public to apply to buy shares to be issued by a company.

1.3.4 ... expansion takes place when two or more companies in different industries are combined in some way or other.

1.3.5 A ... is a place where suppliers and consumers of short term capital meet.

(5x2) [10]

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## SECTION B

Answer any **FIVE** questions.

### QUESTION 2 FORMS OF OWNERSHIP

2.1 Answer the questions that follow by referring to the names listed below.

A LINDA CAFÉ

B BONGO ACCOUNTANTS CC

C BUNTU LTD

2.1.1 Which form of ownership does A , B and C respectively represent? (3)

2.1.2 Indicate the maximum number of members of form of ownership 'B'. (1)

2.1.3 What is the minimum number of members that can form 'C'? (1) [5]

2.2 Describe **FOUR** aspects of the content of the Memorandum of Association. [8]

2.3 Describe **FIVE** advantages of form of ownership A. [10]

2.4 Describe **FOUR** characteristics of form of ownership B. [8]

2.5 Distinguish between the income tax liability of a public company and that of a partnership. (2x2) [4]

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**QUESTION 3    MARKETING FUNCTION**

- 3.1    Choose one of the following concepts to match the appropriate description (3.1.1 to 3.1.5). Write down only the number and the concept.

Trade mark; family brand; individual brand; product line; product mix; product item; product design; dealer brand

- 3.1.1    The variety of products offered

- 3.1.2    A group of closely related product items which determine the width of the product mix

- 3.1.3    A separate brandname used for each product item

- 3.1.4    One brandname is used for the entire product mix

- 3.1.5    A brandname where the trader puts his own name on a product of a manufacturer

(5x1) [5]

- 3.2    What kind of consumer goods is described by the following?

- 3.2.1    A Philips television set in the price range R3 500

- 3.2.2    A pair of school shoes at R80 a pair for one schoolgoing child

- 3.2.3    One loaf of bread daily for the household

(3x2) [6]

- 3.3    Describe **FIVE** reasons why a manufacturer may use intermediaries to distributes its products.

[10]

- 3.4    Describe **FOUR** advantages of advertising.

[8]

- 3.5    Describe **THREE** importance of trade marks for the consumer.

[6]

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#### QUESTION 4 FINANCIAL FUNCTION

Read the following quotation and then answer the questions that follow:

*The projection of the capital requirements of an enterprise is done by means of financial budgets and is not a once-off event. It is done initially when the business is established and subsequently at predetermined periods.*

##### 4.1 Budgets

- 4.1.1 Name the **TWO** financial budgets to which the extract refers. (2)
- 4.1.2 Which budget is drawn up to make provision for the working capital requirements of the enterprise? (1)
- 4.1.3 Name a budget which is adjusted monthly. (1)
- 4.1.4 Which budget will make provision for the expansion of the existing buildings of an enterprise? (1) [5]
- 4.2 Describe **FIVE** tasks of the credit department of an enterprise regarding the granting of credit. [10]
- 4.3 Describe **FIVE** advantages of having sufficient cash for an enterprise. [10]
- 4.4 Which type of insurance offers cover against loss resulting from
- 4.4.1 the dishonesty of employees?
- 4.4.2 damage caused by a burst water-pipe to the property of the insured person?
- 4.4.3 injury to a machine operator in the course of his work? (3x2) [6]
- 4.5 Give **TWO** disadvantages of stockpiling for any enterprise. [4]



## QUESTION 5      PRODUCTION FUNCTION

After discussion of the financial report by the management of Rhodes Sports (Pty) Ltd, the following decision was taken:

That Rhodes Sport (Pty) Ltd purchases 50% of the issued share capital of Brights Limited. Brights Limited is a factory which manufactures individual school desks. A drastic increase in the demand for school desks is experienced because of larger financial grants to schools.

### 5.1      Production systems

5.1.1    Which production system will Brights Limited use to manufacture the school desks? (1)

5.1.2    Give the names of **TWO** other production systems. (2)    [3]

5.2      Name the TWO subsections of work study. [2]

5.3      Describe **FIVE** basic principles which Brights Limited had to consider when designing the layout of its factory. [10]

5.4      Describe **FOUR** advantages of mass production. [8]

5.5      Describe **FOUR** advantages of quality control. [8]

5.6      Describe **TWO** aspects which are of importance in production control. [4]

**QUESTION 6 FORMS OF OWNERSHIP AND ADMINISTRATIVE  
FUNCTION**

6.1 Indicate whether each of the following statements is TRUE or FALSE:

6.1.1 Partners always share profits equally.

6.1.2 The shareholders are the owners of a company.

6.1.3 A public company can be started by ten persons.

6.1.4 Information is processed data.

6.1.5 The mode is the value that appears in the centre when data are arranged from big to small.

(5x1) [5]

6.2 Discuss **FIVE** disadvantages of a partnership. [10]

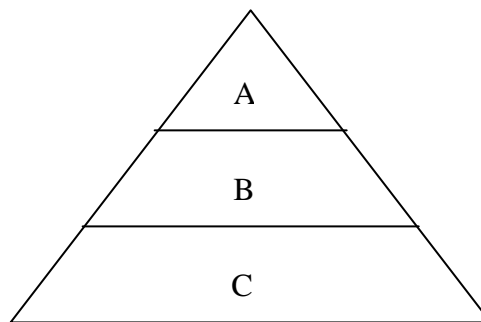
6.3 Explain **FIVE** advantages of a public company. [10]

6.4 Describe **FIVE** requirements with which a management information system must comply. [10]

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## QUESTION 7 PRODUCTION FUNCTION AND GENERAL MANAGEMENT

- 7.1 Which management activity is defined in each of the following cases?
- 7.1.1 When a subordinate is given an instruction as well as the necessary authority to perform a task
- 7.1.2 The transfer and receipts of concepts, feelings, attitudes and information from one person to another
- 7.1.3 Consider all alternatives in a given situation and choose the best one
- 7.1.4 Change someone's behaviour so that it will comply with the required objectives
- 7.1.5 The process by which people are influenced to co-operate of their own free will to achieve the objectives of the enterprise (5x1) [5]
- 7.2 Answer the following question by referring to the diagram of the levels of management:



- Give names for A, B and C. [6]
- 7.3 Discuss **SIX** principles of effective planning. [12]
- 7.4 Explain **FOUR** disadvantages of a line organization structure. [8]
- 7.5 Explain **TWO** reasons why information regarding production cost is of importance to the consumer. [4]

**QUESTION 8 FINANCIAL FUNCTION AND THE ENTERPRISE  
AND ITS ENVIRONMENT**

8.1 What kind of share is defined in each of the following cases?

8.1.1 The shareholder has no voting rights at meetings of shareholders.

8.1.2 This share is issued to existing shareholders in a specific ratio to the shares that they hold.

8.1.3 The holders of these shares can convert these preference shares into ordinary shares after a specific time.

8.1.4 The holders of these shares have a say in the management of the company, but do not have a claim to dividends

8.1.5 If the funds in a particular year are insufficient to pay for the dividends, the shareholders must receive the arrear dividends during the following year or years.

(5x1) [5]

8.2 Explain the following reasons for keeping cash:

8.2.1 Transaction motive

8.2.2 Precautionary motive

(2x4) [8]

8.3 Describe any **THREE** advantages of insurance.

[6]

8.4 Discuss **EIGHT** functions of the South African Reserve Bank.

[16]

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**QUESTION 9 MARKETING FUNCTION AND THE ENTERPRISE AND ITS ENVIRONMENT**

- 9.1 From Column B select the term that best suits the description in Column A.  
List the numbers of questions (e.g. 9.1.1; 9.1.2) and then write the letter of your answer next to the appropriate question number (e.g. 9.1.7 E.)

COLUMN A	COLUMN B
9.1.1 A product in the form of action	A Trade mark
9.1.2 Packaging which changes in order to launch a series with a particular theme	B Outdoor advertising
9.1.3 A brand name that distinguishes goods from similar products.	C Psychological pricing
9.1.4 Price reduction to encourage buyers to pay cash for purchases.	D Trade discount
9.1.5 A price reduction given when a used product is part of the payment.	E Re-usable packaging
	F Trade-in allowance
	G Promotional pricing
	H Kaleidoscopic packaging
	I Cash discount
	J Service

(5x1) [5]

- 9.2 Describe **THREE** requirements of a good advertisement. [6]
- 9.3 Describe **FIVE** advertising practices which are considered to be unethical. [10]
- 9.4 Describe **SEVEN** functions of the South African Bureau of Standards. [14]

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**TOTAL** /225/