

education

Department:
Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATION - 2007

BUSINESS ECONOMICS

STANDARD GRADE

FEBRUARY/MARCH

402-2/0

BUSINESS ECONOMICS SG

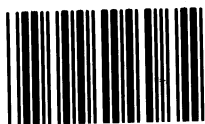
MARKS: 300



TIME: 3 hours

This question paper consists of 19 pages and 3 page answer sheet.

X05



INSTRUCTIONS AND INFORMATION

1. This question paper consists of TWO sections: SECTION A and SECTION B.
2. SECTION A is COMPULSORY.

SECTION A consists of ONE question with various sub-sections and must be answered by ALL candidates. A separate answer sheet is provided for QUESTION 1.

3. SECTION B consists of EIGHT questions. Answer any FIVE questions from this section.
4. Number your answers correctly according to the numbering system used in this question paper.
5. Begin each question on a NEW page.
6. Answers should be given in full sentences, except where otherwise required. Candidates will be penalized for short, incomplete answers.
7. If more than SIX questions have been answered, only the first SIX applicable questions will be marked, namely:

QUESTION 1
the first FIVE questions from SECTION B.

Clearly indicate questions that are not to be marked by writing '**CANCELLED**' across the page.

8. Write your answers in black or blue ink.
9. Place the completed ANSWER SHEET for QUESTION 1 inside the front cover of your answer book.

SECTION A (COMPULSORY)**QUESTION 1**

Answer QUESTION 1 on the answer sheet provided.

1.1 MULTIPLE-CHOICE QUESTIONS

Various possible options are provided as answers to the following questions. Indicate the answer to each question by making a cross (X) in the appropriate block on your answer sheet. There is only ONE correct answer to each question.

Example 1.1.17

A	<input checked="" type="checkbox"/>	B	C	D
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1.1.1 UNIBOND LTD may start its operations only after being issued with a ... by the registrar of companies.

- A business licence
- B certificate of incorporation
- C certificate to commence business
- D founding statement

1.1.2 In a ... the profits are divided according to the volume of transactions of each member with the business.

- A co-operative
- B partnership
- C private company
- D public company

1.1.3 Who is/are responsible for paying income tax over to SARS in a partnership?

- A The partners
- B The partnership
- C The creditors
- D The shareholders

1.1.4 The additional remuneration paid to a commission agent for accepting the responsibility for non-payment of accounts, is known as ... commission.

- A del credere
- B carte blanche
- C Laissez Faire
- D sales

- 1.1.5 The ... initiates and funds research programmes in science and technology in conjunction with the private sector, universities and technikons.
- A SABS
 - B SARB
 - C JSE
 - D CSIR
- 1.1.6 This organisation gives seasonal loans to farmers which have to be repaid only after the crops have been harvested.
- A SARB
 - B JSE
 - C SABS
 - D Land Bank
- 1.1.7 A verbal warning, a written warning and a hearing, are steps that are followed in the ... task of general management.
- A co-ordination
 - B planning
 - C communication
 - D disciplinary action
- 1.1.8 The transfer and receiving of ideas, feelings and attitudes between the supervisor and the factory workers is known as ...
- A organisation.
 - B co-ordination.
 - C communication.
 - D delegation.
- 1.1.9 The market situation where a few sellers determine the price of goods is referred to as a/an ...
- A perfect market.
 - B oligopoly.
 - C monopoly.
 - D polygopoly.
- 1.1.10 The scientific analysis of work material, equipment and the circumstances under which labour is performed is known as ...
- A work measurement.
 - B work study.
 - C environmental measurement.
 - D environmental study.



- 1.1.11 Which ONE of the following is a disadvantage of both batch production and jobbing?
- A The unit cost of production is high.
 - B The single-purpose machines and equipment are expensive.
 - C The boring nature of routine activities leads to dissatisfaction among workers.
 - D Large capital amounts are required for the stock of finished products.
- 1.1.12 The insured receives a/an ... as a temporary insurance policy after the payment of the first premium.
- A surety
 - B cover note
 - C compensation
 - D invoice
- 1.1.13 A building with a market value of R80 000 is insured for R100 000. A fire caused damage to the value of R50 000 to the building. The insured would receive ... from the insurance company.
- A R20 000
 - B R30 000
 - C R40 000
 - D R50 000
- 1.1.14 The science of collecting, classifying, using and interpreting numerical data, is called ...
- A cost accounting.
 - B statistics.
 - C budgeting.
 - D information technology.

1.1.15 The method of communicating the product to the consumer is combined in the marketing communication mix, which is made up of the following:

- (i) Advertising
- (ii) Franchising
- (iii) Personal sales
- (iv) Publicity
- (v) Sales promotion

The correct combination is:

- A (i), (ii) (iii) and (iv)
- B (ii), (iii), (iv) and (v)
- C (i), (iii), (iv) and (v)
- D (i), (ii), (iv) and (v)

1.1.16 Which of the following best describe the administrative function?

- (i) Collecting data from source documents.
- (ii) Processing the data into information.
- (iii) Making policy decisions on the information obtained.
- (iv) Selecting and classifying data.

The correct combination is:

- A (i), (ii) and (iii)
- B (i), (ii) and (iv)
- C (ii), (iii) and (iv)
- D (i), (iii) and (iv)

(16 x 3) (48)

1.2 MATCHING ITEMS

Choose a document from COLUMN B that matches the description in COLUMN A. Write only the letter (A - G) next to the question number (1.2.1 - 1.2.5) on the answer sheet, for example 1.2.6 H.

	COLUMN A	COLUMN B	
1.2.1	Specifies functioning of a close corporation	A	prospectus
1.2.2	An invitation to the public to purchase shares in a public company	B	articles of association
1.2.3	Sets out the main objectives of the public company	C	memorandum of association
1.2.4	Contains all the rules for running meetings in a private company	D	certificate of incorporation
1.2.5	A private company requires it in order to start the business	E	founding statement
		F	close corporation Agreement
		G	certificate to commence business

(5 x 2) (10)

1.3 TRUE OR FALSE

Indicate whether the following statements are TRUE or FALSE. Indicate your choice by making a cross (X) in the appropriate column next to the question number (1.3.1 - 1.3.10) on the answer sheet.

- 1.3.1 A special resolution allowing changes to the memorandum and articles of association of a public company may only be done by the directors.
- 1.3.2 'Underwriting' is a promise or guarantee by the financial institution to purchase any part of the minimum subscription which has not been bought by the public.
- 1.3.3 Policies are broad guidelines for management, usually in written form, to assist with decision-making.
- 1.3.4 Planning detects any erroneous or unwise decisions taken by management.
- 1.3.5 The JSE has the sole right to issue banknotes in South Africa.
- 1.3.6 The SABS administers a certification scheme, indicating the quality of products and services.



- 1.3.7 Depreciation remain unchanged regardless of the number of hours worked or units produced.
- 1.3.8 A cash discount is granted by manufacturers to dealers to encourage bulk buying.
- 1.3.9 A slogan is a special design on manufactured goods that distinguishes it from those of its competitors.
- 1.3.10 Physical stocktaking completed by the firm at the end of every month, is an example of periodic stocktaking.

(10 x 2) (20)

1.4 SUPPLY THE CORRECT TERM

Complete the following statements by filling in the correct word(s). Write your answer next to the appropriate question number (1.4.1 - 1.4.5) on the answer sheet.

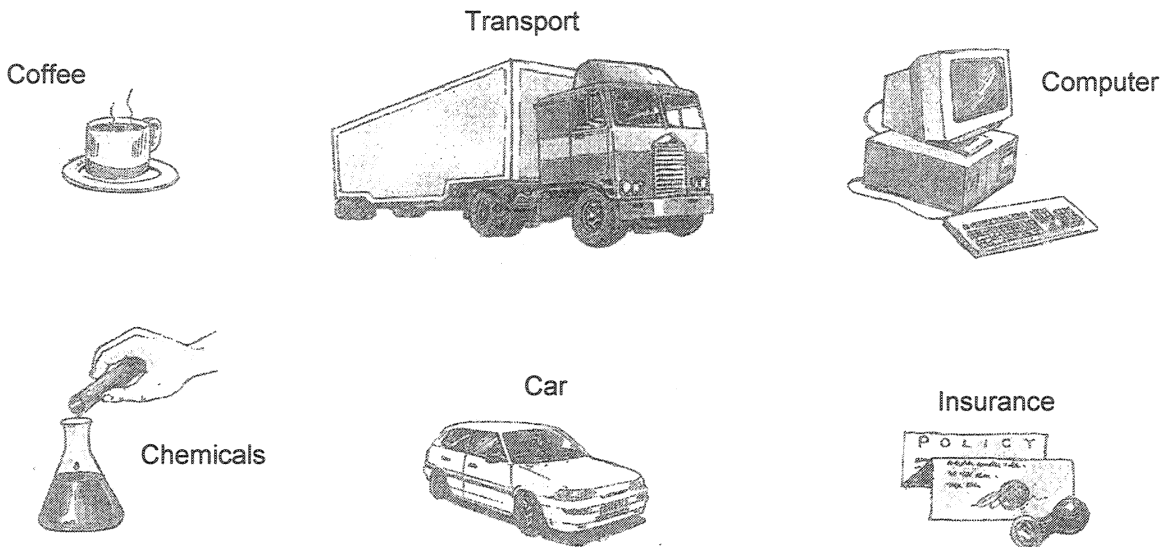
- 1.4.1 The ... market makes funds available to businesses for periods exceeding a year.
- 1.4.2 ... is the maximum amount for which the buyer may purchase on credit.
- 1.4.3 A ... is a person to whom the business owes money.
- 1.4.4 ... is the selling of debtors' accounts at a discount to an outsider for cash.
- 1.4.5 The ... is the number of times the average quantities of stock are sold during a certain period.

(5 x 2) (10)

1.5 DATA RESPONSE

Study each of the ILLUSTRATIONS and DESCRIPTIONS given below and then classify the following products into **consumer goods, industrial goods or services**. Write down the correct answer next to the question number on the answer sheet.

ILLUSTRATIONS (TO BE READ IN CONJUNCTION WITH THE DESCRIPTIONS BELOW)



DESCRIPTIONS

- 1.5.1 A cup of coffee sold at a restaurant.
- 1.5.2 Spare parts for a truck.
- 1.5.3 A computer for home use.
- 1.5.4 Chemicals used in the manufacturing of paint.
- 1.5.5 A car for private use.
- 1.5.6 Insurance for a vehicle used by a business. (6 x 2) (12)

TOTAL SECTION A: 100



SECTION B

Answer any FIVE questions from this section.

QUESTION 2 FORMS OF OWNERSHIP

Study the TWO forms of ownership given below and then answer the questions that follow.

**MINNI and SONS
NURSERY**

**ROSSOUW BOOKS
(Pty) Ltd**

- 2.1 Compare the two forms of ownership using the following headings. (**Tabulate your answer**)
- (i) Minimum number of members
 - (ii) Continuity
 - (iii) Liability of members
 - (iv) Legal personality
- (16)
- 2.2 Suvir and Rivaaj want to contribute their labour, money and skills to start a partnership, 'Suri Enterprises'. List FOUR aspects that must be stipulated in their partnership agreement (articles).
- (8)
- 2.3 State FOUR details contained in the memorandum of association of a private company.
- (8)
- 2.4 Jonboy Ritter told you that one of the problems in forming his new business, JONBOY CC, is the fact that the capital will be limited to the amount that only ten members can contribute.
- Put him at ease, by mentioning FOUR reasons why you think his concerns are unfounded. Encourage him to operate as JONBOY CC as this is only a small problem.
- (8)
[40]

QUESTION 3: MARKETING FUNCTION

3.1 Study the illustration given below and answer the questions that follow:



- 3.1.1 State TWO basic objectives of packaging that SUPREME PIZZA STORE must bear in mind when marketing its pizzas. (4)
- 3.1.2 By referring to the requirements of good packaging, justify THREE ways in which SUPREME PIZZA STORE may pack their pizzas. (9)
- 3.2 List any FIVE advantages of advertising. (10)
- 3.3 Besides the different 'forms of a market', name any other FOUR factors that can influence the price of a product. (8)
- 3.4 The managing director of CHAIRS UNLIMITED in Kimberley approached you for advice on whether he must make use of direct or indirect marketing to distribute his chairs. Give him your advice and justify it by supplying him with FOUR reasons. (9)

[40]

QUESTION 4: FINANCIAL FUNCTION

- 4.1 Identify the kind of shares described in each of the following cases:
- 4.1.1 The shareholder has no voting rights at meetings of shareholders.
 - 4.1.2 The holders of these shares can convert these preference shares into ordinary shares after a specific time.
 - 4.1.3 The holders of these shares have a say in the management of the company, but are not guaranteed an annual dividend.
 - 4.1.4 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.
 - 4.1.5 These shares are issued to existing shareholders in a specific ratio to the shares that they already hold and usually replace the paying of dividends. (10)
- 4.2 'Employers and credit agencies are some of the sources used to determine the creditworthiness of a prospective customer.'
Advise the financial manager on FOUR other sources that he may use to determine the creditworthiness of a prospective customer.
Discuss your answer in full. (12)
- 4.3 The manager of Njhaki Clothing Store went to a warehouse sale and took advantage of the special offers. Advise Mr Njhaki on any THREE dangers of the practice of purchasing too much stock. (9)
- 4.4 Discuss THREE advantages of having sufficient cash for an enterprise. (9)
- [40]**

QUESTION 5: PRODUCTION FUNCTION/FUNCTION OF GENERAL MANAGEMENT

- 5.1 Give ONE term that describes each of the following statement's relation to TEDELEX, a well-established television manufacturing enterprise:
- 5.1.1 The point at which TEDELEX shows neither a profit nor a loss.
 - 5.1.2 The branch of work study that attempts to improve productivity by examining the performance as well as the equipment at TEDELEX.
 - 5.1.3 Repair work at TEDELEX is performed according to a predetermined schedule regardless of whether there is a defect or not.
 - 5.1.4 The costs which TEDELEX incurs irrespective of the number of television sets manufactured.
 - 5.1.5 The sum of the direct raw material costs and the direct labour costs incurred by TEDELEX in the production of televisions. (10)
- 5.2 Indicate in each of the following cases whether mass production, jobbing or batch production would be used:
- 5.2.1 The building of the largest shopping centre in Africa just outside Johannesburg.
 - 5.2.2 Bata Shoes, which manufactures school shoes, uses this production system. (4)
- 5.3 Describe FOUR advantages of mass production. (12)
- 5.4 The motto of MONDI PAPER is 'OTTO' – 'ZERO TOLERANCE/TARGET ZERO'. This motto encourages safety in the factory. Suggest THREE measures that you think Mondi Paper could put in place in order to achieve its motto. (6)

5.5 The two gentlemen in the picture below made a very interesting comment. Recommend FOUR ways in which they may plan more effectively.

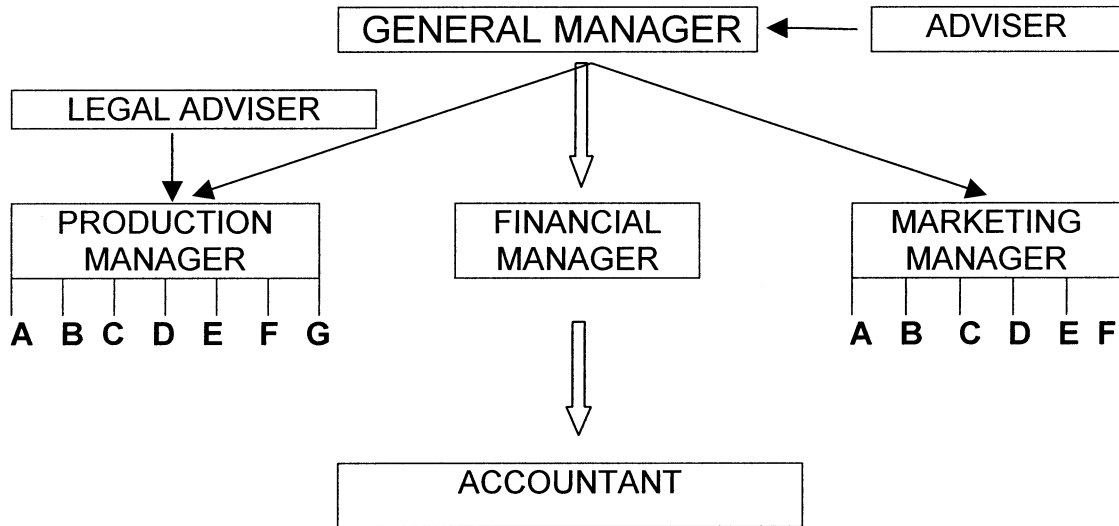
(8)



[40]

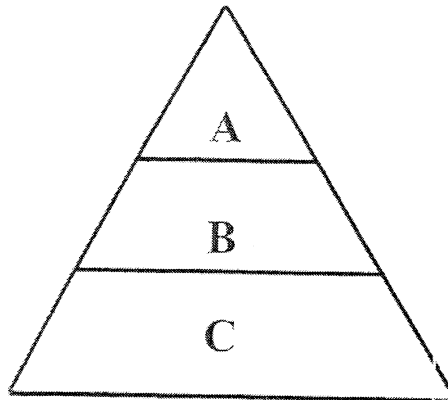
QUESTION 6: FUNCTION OF GENERAL MANGEMENT

6.1 Study the line and staff organisation chart of LULU MANUFACTURERS LTD and answer the questions that follow:



- 6.1.1 List FOUR disadvantages of the above form of organisation structure. (8)
- 6.1.2 List TWO other types of organisation structures that may be used by LULU MANUFACTURERS LTD. (4)
- 6.1.3 What is the 'span of control' of the Production Manager of LULU MANUFACTURERS LTD? (2)

- 6.2 Study the diagram below, showing the different levels of management in the firm and answer the questions that follow:



Name, in each instance, the level of management responsible for the following in the firm:

- 6.2.1 Taking tactical decisions.
- 6.2.2 Long-term planning.
- 6.2.3 Operational planning and control.
- 6.2.4 The production of goods.
- 6.2.5 Strategic planning. (10)
- 6.3 List TWO methods of motivating workers. (4)
- 6.4 With reference to the picture below, what FOUR steps in the control process do you think this manager should use in order to ensure that he exercises effective control? Discuss fully. (12)



[40]

QUESTION 7: THE ENTERPRISE AND ITS ENVIRONMENT

- 7.1 Explain any FOUR services rendered by the chamber of commerce and sakekamers to local businesspersons. (12)
- 7.2 Discuss any FOUR methods that the South African Reserve Bank may use in order to control credit and the amount of money in circulation. (12)
- 7.3 The extract below, involving the trading of shares on the JSE, was found in a local newspaper. Examine the details shown below and answer the questions that follow.

PRETORIA NEWS

4 January 2007

FINANCE SECTION
GENERAL RETAILERS

SECURITY	RULING PRICE	DAY'S MOVE
ADVTECH	282	2
CASHBIL	5 200	45
EDCON	3 660	-70
FOSCHINI	6 215	50
MR PRICE	2 250	5
TRUWORTHS	2 801	-59
WOOLWORTHS	1 683	23

- 7.3.1 How are prices determined in the market where these shares are sold? (2)
- 7.3.2 At what price were MR PRICE shares sold on 4 January 2007? (2)
- 7.3.3 Johannesburg Securities Exchange Ltd makes a notable contribution to the economic stability and growth of the South African economy by providing a market for negotiable securities. List SIX other functions that this institution performs in this regard. (12)

[40]

QUESTION 8: FINANCIAL FUNCTION/ADMINISTRATIVE FUNCTION

- 8.1 To which kind of debenture does each of the following refer?
- 8.1.1 This kind of debenture is paid back to the holder on a specific predetermined date.
- 8.1.2 No record is kept by the business of this debenture holder and ownership is transferred by handing the debenture over to the new owner.
- 8.1.3 Specific assets of the business are given as security for the debenture. (6)
- 8.2 Give ONE insurance concept/term for each of the following descriptions:
- 8.2.1 A predetermined amount of each claim which is not covered by the policy.
- 8.2.2 This stipulates that if the insured property is not insured for its real value, all damages suffered by the insured will not be compensated in full.
- 8.2.3 With this principle the insurer undertakes to place the insured in the same financial position in which he/she was before the insured event took place. (6)
- 8.3 Explain FOUR factors which can play a role in the choice to centralise or decentralise the administrative activities of a business. (12)
- 8.4 List THREE advantages of centralisation. (6)
- 8.5 The manager of Photo Connections, Basani Nkuna, wants to start selling on credit from June 2007. As a credit consultant, she has come to you for advice on whether she should implement this policy or not. What advice would you give her? Substantiate your answer by giving Basani FOUR reasons. (10)
- [40]**

QUESTION 9: MISCELLANEOUS

Answer any FOUR of the following questions:

- 9.1 Provide FIVE reasons why a partnership may be dissolved? (10)
- 9.2 To register a CC a founding statement must be compiled. Mention any FIVE details which must appear in this founding statement. (10)
- 9.3 List FIVE characteristics of a sole trader. (10)
- 9.4 Give FIVE requirements of a good trade mark. (10)
- 9.5 List any FIVE unethical and unfair advertising practices. (10)
- 9.6 List FIVE advantages of the informal sector. (10)
- [40]**

TOTAL SECTION B: 200

GRAND TOTAL: 300



**BUSINESS ECONOMICS SG
MARCH 2007**

EXAMINATION NUMBER																			
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**SECTION A
ANSWER SHEET**

QUESTION 1

1.1 MULTIPLE-CHOICE QUESTIONS

ANSWER EACH QUESTION BY MAKING A CROSS (X) IN THE APPROPRIATE BLOCK.

1.1.1	A	B	C	D
1.1.2	A	B	C	D
1.1.3	A	B	C	D
1.1.4	A	B	C	D
1.1.5	A	B	C	D
1.1.6	A	B	C	D
1.1.7	A	B	C	D
1.1.8	A	B	C	D
1.1.9	A	B	C	D
1.1.10	A	B	C	D
1.1.11	A	B	C	D
1.1.12	A	B	C	D
1.1.13	A	B	C	D
1.1.14	A	B	C	D
1.1.15	A	B	C	D
1.1.16	A	B	C	D

(16 x 3) (48)

1.2 MATCHING ITEMS

1.2.1	
1.2.2	
1.2.3	
1.2.4	
1.2.5	

(5 x 2) (10)



1.3 TRUE OR FALSE

	TRUE	FALSE
1.3.1		
1.3.2		
1.3.3		
1.3.4		
1.3.5		
1.3.6		
1.3.7		
1.3.8		
1.3.9		
1.3.10		

(10 x 2) (20)

1.4 SUPPLY THE CORRECT TERM

1.4.1	
1.4.2	
1.4.3	
1.4.4	
1.4.5	

(5 x 2) (10)



1.5 DATA RESPONSE

1.5.1	
1.5.2	
1.5.3	
1.5.4	
1.5.5	
1.5.6	

(6 x 2) (12)

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TOTAL SECTION A:	100 MARKS
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