

Time: 2 Hours

Marks: 200

Instructions

1. This answer book consists of 9 pages. Please check that your answer book is complete.
2. Read the questions carefully.
4. Please answer in **pencil**.
5. It is in your own interest to write legible.
6. The allocation of marks and the appropriate time to be taken for each question are as follows:

Q	Topic	LO: AS	Possible Marks	Actual Marks
Section A				
1.	Multiple choice	LO1, LO2, LO3, LO4	10	
2.	True and False	LO1, LO2, LO3, LO4	10	
3.	Match the columns	LO1, LO2, LO3, LO4	10	
4.	Fill in the missing words	LO1, LO2, LO3, LO4	10	
Section B				
5.	Business Ventures & Business Sectors	LO1, LO2	30	
6.	Business Roles	LO3	48	
7.	Business Operations	LO4	42	
Section C – Long questions (Answer either Q8 OR Q9) -				
8.	Forms Of Ownership	LO2	40	
			200	

SECTION A

Question 1: Multiple choice

(10 marks, 6 minutes)

1.1.	B✓✓
1.2.	B✓✓
1.3.	D✓✓
1.4.	C✓✓
1.5.	C✓✓

(5 x 2 = 10)

Question 2: True and false

(10 marks, 6 minutes)

	True/False
2.1.	False✓
2.2.	True✓
2.3.	True✓
2.4.	True✓
2.5.	False✓
2.6.	True✓
2.7.	True✓
2.8.	True✓
2.9.	True✓
2.10.	False✓

(10 x 1 = 10)

Question 3: Match the columns

(10 marks, 6 minutes)

3.1.	A✓✓
3.2.	G✓✓
3.3.	C✓✓
3.4.	F✓✓
3.5.	B✓✓

(5 x 2 = 10)

Question 4: Fill in the missing words

(10 marks, 6 minutes)

4.1.	4.1.1.	Organizing✓
	4.1.2.	Controlling✓
4.2.	4.2.1.	Forming✓
	4.2.2.	Storming✓ - 1 if order incorrect
	4.2.3.	Norming✓
4.3.	4.3.1	Principles/Values/Morals✓
4.4.	4.4.1.	Capital/ internal capital✓
4.5	4.5.1	Corporate social responsibility✓✓ 1 mark if 2 words correct, 0 marks if only 1 word is correct
4.6	4.6.1.	Profit

((8 x 1)+(1x2) = 10)

[SECTION TOTAL: 40 marks]

SECTION B

Question 5: Business Ventures & Business Sectors

(30 marks, 18 minutes)

- 5.1.
 - 2-20 partners ✓
 - Not a legal entity ✓
 - No continuity
 - Partners taxed separately
 - Any other... (max 2) (2)
- 5.2. Advantage:
 - Unlimited continuity ✓✓
 - Large amount of capital can be raised
 - Shares are freely transferrable
 - Limited liability Disadvantage:
 - Complicated formation procedures ✓✓
 - Financial statements need to be published (4)
- 5.3.
 - Location ✓
 - Business layout ✓
 - Production system ✓ (3)
- 5.4. Purpose: It is a written invitation to the public to buy shares in the company. ✓✓
 - Declaration of registrar of companies ✓
 - Date of incorporation ✓
 - Content of articles of association ✓
 - Name and address of managing director ✓
 - Composition of share capital ✓ (any 5 points x 1 mark)
 - Minimum subscriptions
 - Estimated establishment costs
 - History, position and forecasts (7)
- 5.5.
 - De beers/Anglo American ✓
 - Yes, it is a public company ✓ (2)
- 5.6. 5.6.1
Primary sector ✓ - natural resources(diamond), extracting and mining ✓✓
Secondary ✓ - change/process of resource(diamond), factories, turned into final product ✓✓
Tertiary sector ✓ - where final product gets sold, retail store ✓✓
1 mark for correct order of sectors
5.6.2 As it is still in a raw form it will be found in primary sector. ✓✓ (12)

[30]

Question 6: Business Roles

(48 marks, 29 minutes)

- 6.1.
 - Mergers ✓
 - Retrenchment ✓
 - Affirmative action ✓ (3)
- 6.2.
 - Fraud is deception for personal gain. ✓
 - Corruption is bribes taken by people in power to gain favours ✓ marks for definitions (2), 1 for linking correct term to definitions
 - Both are crimes and are punishable by law – not a difference (3)
- 6.3. Planned change:
Proactive change by management when management wants to improve activities. Change is thought through and management and employees are ready. ✓✓
Structural change:
Activities are divided into various tasks and are shared among employees. ✓✓ (4)
- 6.4. The ethical rules and principles that business use in a commercial context. ✓✓ (2)
- 6.5. Fraud-discussion ✓✓
Corruption-Any relevant discussion ✓✓
Any other two like buying conflict diamonds. ✓✓ ✓✓ (8)
- 6.6.
 - Consider situation or problem ✓
 - Define problem ✓
 - Try to consider possible solutions ✓
 - Decide on most suitable solution ✓
 - Formulate an action plan ✓
 - Evaluate success of the action plan ✓ 2 marks for format (8)
- 6.7. Performing ✓
Final stage, highly effective, problem solving unit that can reach decisions quickly ✓✓
Characteristics:
 - Productive ✓
 - Pro-active ✓
 - Demonstrate loyalty ✓How to address:
Self regulating at this level. ✓✓ Road maps, processes, decision-making and other matters will be handled independently by the team. ✓✓ (10)
- 6.8. Democratic:
 - Trust is built, communication flows smoothly and working atmosphere relaxed ✓✓
 - Team spirit is observed and all members are committed to their work. ✓✓
 - People's abilities and skills are effectively used ✓Laissez-faire:
 - Individuals become more responsible ✓✓
 - This is appropriate where the worker knows more than the leader about the job. ✓✓Example: Tokyo Sexwale ✓ (10)

48 Marks

Question 7: Business roles

(42 marks, 25 minutes)

- 7.1.

<ul style="list-style-type: none">• Line ✓• Line and staff ✓• Functional ✓	<ul style="list-style-type: none">• Project• Matrix
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 (max 3 marks) (3)
- 7.2.

<ul style="list-style-type: none">• Not marketing activity ✓✓• Not an internal charity organization ✓✓• Not there to put up a false screen• Not there to provide entertainment for the enterprise	(max 2 x 2 = 4 marks)
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 (4)
- 7.3.

Capital market: All institutions and agencies through which savings and surplus funds of the community are concentrated and made available for extended periods. Supply and demand for investment purposes. ✓✓✓ Money market: Those institutions which mobilize the short term savings of the community. ✓✓✓	(6)
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- 7.4.

<ul style="list-style-type: none">• Size- the need for WC grows with the size as salaries, wages etc increases. ✓✓• Time of production-if the final product requires a long time a large amount is required ✓✓• Rate of turnover- the faster the goods are sold the faster the money comes in the less the working capital. Quick turnover=less working capital ✓✓• Buying and selling terms- buy on credit and sell cash require min WC, but those that buy cash and sell credit requires a lot of WC ✓✓• Seasonal consumption- like summer clothing, need to keep business going in low months thus require more WC ✓✓• Seasonal production-Crops harvested once a year but consumed the whole year round, extra expenses like warehouses thus more WC	(max 5 x 2 = 10 marks) (10)
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- 7.5.

<ul style="list-style-type: none">• Shares ✓ Investors provide the finance by purchasing shares in the company ✓✓• Debentures ✓ Loans to investors who will receive interest on loans made. ✓✓• Long term loan – Money borrowed from financial institutions. Get repaid with interest.• Retained income – Profits retained by the business. (1 mark -id., 2 marks explained)	(6)
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- 7.6.

<ul style="list-style-type: none">• Long term planning: A PR plan should be drafted long in advance ✓, the PR budget is effective planning tool ✓• Business ethics: PRO should be good role model ✓, he should at all times be honest ✓• Management role: PRO should operate as middle level manager• Publicity: PRO should avoid if possible bad publicity, should as far as possible encourage good publicity	(max 2 x 2 = 4 marks) (4)
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- 7.7.

<ul style="list-style-type: none">• Decision making ✓• Communication ✓• Motivation ✓	<ul style="list-style-type: none">• Co ordination• Disciplining• Delegation
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 (max 3 marks) (3)
- 7.8.

Top level: ✓	strategic, long term ✓
Middle level: ✓	tactical, medium to long term ✓
Lower: ✓	operational, short term ✓

 (6)

[42]

[SECTION TOTAL: 120 marks]

SECTION C

Question 8

(40 marks, 24 minutes)

Introduction – 2 marks
Dear Mr Martin and Mr Musha
I will address your question of whether a partnership or a CC is a better form of business ownership.
Body – 18 points x 2 marks each (max 36) with a maximum of 6 marks per characteristic for 5 of them.
Size and nature: A partnership requires at least 2 partners with a maximum of 20.
A CC requires only 1 member but is limited to 10 members.
Because there are only 2 potential owners at the moment both will fulfil your requirements.
Control and involvement: Generally partners are fully involved in the business and share control.
In a CC, members can be fully involved and share decision making.
There is little difference between the two in this regard.
Raising capital: A Partnership can raise more capital because it can have 20 partners contributing.
A CC only has 10 members to provide capital
A CC however, because of legal personality will find raising external capital easier.
Continuity of existence: Should a partner wish to leave (or die) the partnership will cease to exist
Whereas should a member choose to leave a CC, the CC will continue to exist.
Liability for debts of the business: Partners in a partnership are jointly and severally liable for the
Debts of the business. This means that creditors will collect their money from
Either or all partners – as a result partners could lose personal assets.
In a CC, members enjoy limited liability for the debts of the business and only stand
To lose what they have contributed to the CC.
Taxation: Profits of the partnership get taxed in the hands of the partners and the tax rate ranges
From 18% to 40% depending on the marginal tax rate of the partners.
A CC gets taxed on the profits it makes and the rate is fixed at 28%.
Legislation: There are no legal requirements to form a partnership per se, but a CC needs to be
Registered with the registrar of CC's and companies and needs to submit financial
Statements to SARS each year.
Conclusion – 2 marks
Looking at the points mentioned above, I will recommend that you choose a <u>_(any one of the two)_</u>
as your form of ownership.
Regards
Student

(40)

[SECTION TOTAL: 40 marks]

GRAND TOTAL: 200 Marks