



kzn education

Department
Education
KWAZULU-NATAL

KWAZULU-NATAL DEPARTMENT OF EDUCATION

PINETOWN DISTRICT

Teaching & Learning Services: FET

BUSINESS STUDIES

MARCH 2018

CONTROL TEST

GRADE 11

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully before answering the questions.

1. This question paper consists of **THREE** sections and covers all learning outcomes.

SECTION A: COMPULSORY

SECTION B: Consists of THREE CHOICE questions answer any TWO

SECTION C: Consists of TWO questions. Answer any ONE question.

2. Read the instructions for each question carefully and take particular note of what is required.
3. Number the answers correctly according to the numbering system used in this question paper.
4. Except where other instructions are given, answers must be in full sentences.
5. Use the mark allocation and nature of each question to determine the length and depth of an answer.
6. Use the table as a guide for mark and time allocation when answering each question.

SECTION	QUESTION	MARK	TIME
A. Objective type questions. COMPULSORY	1	20	10
B. THREE direct/indirect type questions. Answer any TWO questions	2	20	10
	3	20	10
	4	20	10
C. TWO essay type questions. CHOICE. Answer any TWO	5	40	30
	6	40	30

7. Begin the answer to **EACH** question on a new page, for example QUESTION 1-new page QUESTION 2-new page et cetera.
8. Write neatly and legibly.

SECTION A

QUESTION 1

- 1.1 Various options are given as possible answers to the following questions. Choose the correct option and indicate this by placing the letter of the alphabet that corresponds to it next to the number. **For example:1.1.6 E.**
- 1.1.1 The business has limited control over...
- A. the employees of the business.
 - B. the technological environment.
 - C. competitors.
 - D. the functions of the business.
- 1.1.2 The owners of the following form of ownership have unlimited liability.
- A. Close corporation
 - B. Partnership
 - C. Private company
 - D. Public company
- 1.1.3 The production manager of XYZ Clothing lacks adequate management skills. This challenge emanates from the ...environment.
- A. micro
 - B. market
 - C. macro
 - D. global
- 1.1.4 An employee who has been unfairly dismissed can report his/her dispute with CCMA. This is in line with ...
- A. Basic Conditions of Employment Act
 - B. Employment Equity Act
 - C. Consumer Protection Act
 - D. Labour Relations Act
- 1.1.5 the Platinum Mine in Limpompo is an example of the business in the...sector.
- A. informal
 - B. tertiary
 - C. public
 - D. primary

(10)

- 1.2 Choose the description in COLUMN B to match the term in COLUMN A
Write only the letter (A-J) next to the question number (1.2.1-1.2.5) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1.Merger	A. Payment made to the legal owner of the patent, copyrighted work or franchise
1.2.2.Prospectus	B. payment made by the franchisor to the franchisee.
1.2.3. Trade unions	C. The combination of two or more businesses of similar size into one business
1.2.4. Companies and Intellectual Property Commission	D.Occurs when one business buys another business .
1.2.5. Royalty	E.Represent the interest of workers in the workplace.
	F.Represent the interest of employers in the workplace.
	G.Responsible for registering companies.
	H.Responsible for selling shares to the public.
	I.A legal document giving details about investment offerings to the public.
	J.Adocument issued by a company to person from whom it borrows money.

(10

TOTAL: [20]

SECTION B ANSWER ANY TWO QUESTIONS FROM THIS SECTION

QUESTION 2: BUSINESS ENVIRONMENTS

- 2.1 Name FOUR challenges of the market environment. (5)
- 2.2 Read the scenario below and answer the questions that follow

ANDREA CATERING SERVICES (ACS)

Andrea Catering Services specialises in catering food and cold beverages to various government departments. ACS has not been getting tenders from the government recently. The management of ACS has decided to do research on the reason for not getting tenders anymore. They analysed the information and identified all the stakeholders involved so that they can get the viewpoints of each stakeholder. ACS has also decided to offer entrepreneurship programmes in order to minimise the number of unemployment rate in the community.

- 2.2.1 Identify THREE ways in which ACS has adapted to challenges of the macro environment. Motivate your answer by quoting from the scenario above. (4)

Use the table below to present your answer

WAYS ACS HAS ADAPTED TO CHALLENGES OF THE MACRO ENVIRONMENT	QUOTE FROM THE SCENARIO

- 2.2.2 Discuss TWO types of lobbying that ACS can use to influence decisions made by the government. (6)

QUESTION 3: BUSINESS VENTURES

3.1 Name the documents that are represented by each of the statements below:

- 3.1.1 A founding document that governs the running of a company.
- 3.1.2 The sale of shares/securities that have already been issued to the public. (4)

3.2 Read the scenario below and answer the questions that follow:

PINKY FEATHER DUSTERS (PFD)

Pinky is a sole trader who manufactures feather dusters. She is doing well that large businesses are buying more than 1000 000 items of her product. Pinky wants to convert her business into a company that will allow her to have a 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

- 3.2.1 Explain the meaning of limited liability (2)
- 3.2.2 Outline the procedure for the formation of companies (8)
- 3.3.3 Advise Pinky on the benefits of establishing a company over a sole trader (6)

QUESTION 4: MISCELLANOUS QUESTION

4.1 List THREE types of ethical misconduct. (3)

4.2 Read the scenario below and answer the questions that follow:

UNA VINEYARDS (UV)

Una Vineyards is located in Zooberg Mountain. UV has fertile soil which cultivates quality grapes. Ruan Producers buy grapes from Una Vineyards and uses it to produce wine in the country. Alton General Dealers is one of their loyal customers who enjoy their speedy delivery services and reasonable prices

- 4.2.1 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

- 4.2.2 Discuss the link between the business sectors identified in QUESTION (8)

SECTION C

QUESTION 5: BUSINESS ENVIRONMENT

Businesses are losing sales and profit on piracy. People do not view piracy as a criminal offense. Many businesses have closed down due to piracy. The government has provided solutions to deal with piracy. Businesses that have been affected by piracy are always at loggerheads with trade unions as they feel that their members should not be retrenched due to loss of profits resulting from piracy.

Write an essay on the following aspects:

- Elaborate on the meaning of piracy
- Discuss the impact of piracy on businesses
- Advise businesses on how to use THREE solutions to deal with piracy.
- Justify the establishment of trade unions

(40)

QUESTION 6: BUSINESS VENTURE

Businessmen have various avenues of acquiring businesses at their disposals instead of starting from scratch. Well known and large businesses are expanding their operations through giving other businesses a right to sell their similar products within specific regulations such as payment of royalties. Others have been smart enough to realise that their small items that require regular maintenance can make money for by contracting them to another business.

- Elaborate on the meaning of outsourcing.
- Discuss the advantages and disadvantages of the following avenues of acquiring the business.:
 - Franchising
 - Outsourcing
- Explain the contractual obligations of franchising.
- Motivate why leasing is important.



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MARKING GUIDELINE

GRADE 11

TOTAL MARK:100

SECTION A

QUESTION 1

1.1. Multiple choice

1.1.1 C✓✓

1.1.2 B✓✓

1.1.3 A✓✓

1.1.4 D✓✓

1.1.5 D✓✓

(5X2) (10)

1.2 Match the columns

1.2.1 C✓✓

1.2.2 I✓✓

1.2.3 E✓✓

1.2.4 G✓✓

1.2.5 A✓✓

(5X2) (10)

[20]

SECTION B

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 Challenges of market environment

- Competition✓
- Shortages of supply✓
- Changes in consumer behaviour✓
- Demographics and psychographics✓
- Socio cultural factors✓
- Any other relevant answer related to the challenges of market environment.

NOTE: Mark the first FIVE only

(5)

2.2.1 Adapting to challenges of the macro environment

Ways ACS has adapted to challenges of the macro environment	Quote from the scenario
Information management ✓✓	The management of ASC has decided to do research on the reason for not getting tenders anymore. ✓
Strategic response✓✓	They analysed the information and identified all the stakeholders involved so that they can get the viewpoints of each stakeholder. ✓
Social responsibility ✓✓	ACS has also decided to offer entrepreneurship programmes in order to minimise the number of unemployment rate in the community. ✓
Sub max (6)	Sub max (3)

Max (9)

2.2.2 Types of lobbying

Hedging against inflation✓✓

- The business can use hedging by buying bonds, shares, property or buying precious metals like gold to protect capital from the effects of inflation. ✓
- Any other relevant answer related to lobbying

Sub max (3)

Bargaining sessions between management and unions✓✓

- These sessions enable each individual worker, who is powerless on their own, to negotiate with employers as a group and ensure that workers' rights are protected. ✓
- Influencing the supervisory body/regulators✓
- Any other relevant answer related to bargaining session between management and unions

Sub max (3)

Influencing supervisory body/regulator✓✓

- The business should take an active role in professional bodies. ✓
- Through their membership, advocacy and submissions, they may be able to influence changes to existing regulations. ✓
- Any other relevant answer related to how businesses can influence regulators.

NOTE: Mark the first TWO (2) only

Sub max (3)
(3x2) (6)

QUESTION 3: BUSINESS VENTURES

3.1 Identification of registration documents

3.1.1 Memorandum of Incorporation ✓✓

3.1.2 Secondary offer prospectus ✓✓

(2x2) (4)

3.2.1 Meaning of limited liability

- Limited liability means that the business is a legal entity ✓ and the assets of the members do not belong to the business. ✓
- Shareholders are not responsible/liable ✓ for the debts of the business. ✓
- Any other relevant answer related to the meaning of limited liability. **Max (2)**

3.2.2 The procedure for the formation of companies

- Determine the people establishing the company ✓✓
- Reserve a company name with the Registrar of Companies ✓✓
- Prepare a memorandum of incorporation ✓✓
- File a notice of incorporation ✓✓
- Obtain a unique registration number ✓✓
- All companies must be registered with the Registrar of Companies. ✓✓
- Open a bank account and register for taxation. ✓✓
- Draw up a prospectus for potential investors. ✓✓
- Any other relevant answer related to the procedure for the formation of companies. **Max (8)**

3.3.3 Benefits of establishing a company over a sole trader

- A company has its own legal identity and has limited liability unlike a sole trader. ✓✓
- Companies bring in more investors to fund the setting up of a business whereas a sole trader mainly relies on the funds of the individual owners. ✓✓
- Directors are more likely to take risks of growth opportunities compared to sole traders. ✓✓
- Companies often have a better cash flow than sole traders. ✓✓
- A company can continue to exist whereas continuity is limited to the life and good health of the sole proprietor.
- Companies often have tax benefits than sole traders.
- Any other relevant answer related to the benefits of establishing a company over a sole trader. **Max (6)**

QUESTION 4 (MISCELLANEOUS)

4.1 Types of ethical misconduct

- Sexual harassment
- Corruption
- Mismanagement of funds
- Unauthorised use of workplace resources
- Any other relevant answer related to types of ethical misconduct

NOTE: Mark the first THREE (3) only

(3x1) (3)

4.2.1 Business sectors

BUSINESS SECTOR	QUOTE FROM THE SCENARIO
Primary ✓✓	UV has strong minerals of the soil which cultivates wonderful grape. ✓
Secondary ✓✓	Ruan Producers buy grape from Una Vineyards and uses it to produce wine in the country. ✓
Tertiary ✓✓	Alton General Dealers is one of their loyal customers who enjoy their speedy delivery services and reasonable prices. ✓
Sub max (6)	Sub max (3)

NOTE: Do not allocate marks for responses that are not quoted from the scenario.

Max (9)

4.2.2 Link between the primary, secondary and tertiary sector

- The secondary sector depends on the primary sector ✓ for raw materials and products. ✓
- The secondary sector processes the raw materials ✓ obtained from the primary sector into more useful products. ✓
- The primary sector in turn depends on the secondary sector for manufactured goods ✓ such as machinery/equipment/fertilisers. ✓
- The primary sector is dependent on the tertiary sector for its customer needs. ✓
- The tertiary sector depends on the primary sector for raw materials ✓ that do not need processing by the secondary sector. ✓
- The secondary sector depends on the tertiary sector for a variety of services ✓ such as banking and insurance cover. ✓
- The tertiary sector depends on the secondary sector for manufactured goods ✓ such as office machines/office furniture/stationery etc. ✓
- Any other relevant answer related to the link between the primary, secondary and tertiary sector.

Max (8)

SECTION C

QUESTION:5 BUSINESS ENVIRONMENTS

5.1 Introduction

- Piracy is the unauthorized use/reproduction of another person's work. ✓
- Products that are associated with piracy are computer software/DVD/CDs etc. ✓
- Many people download music from the internet without being aware that they are infringing someone else's intellectual property right.
- Refers to using a trade trademark that has been registered by another company. ✓
- A trade union is an organisation that protects and lobbies for the rights of workers.
- Any other relevant introduction related to piracy/trade unions. (2x1) (2)

5.2 Impact of piracy on businesses

- It undermines the music/movie industry ✓ as they lose money. ✓
- Drives up the prices of products ✓ in order to compensate for the loss in sales. ✓
- Leads to job losses in the industry
- The music industry feel reluctant to develop new talents ✓ as the element of risk is too high. ✓
- May cause damage ✓ to the value of the businesses. ✓
- Any other relevant answer related to the impact of piracy on businesses.

Max (10)

5.3 Solutions to deal with piracy

Patent ✓✓

- Businesses can take out a patent for new inventions and include a sample of their invention with application ✓✓
- They must register a patent with the patents office in South Africa. ✓✓
- The invention must comply with Patent Act No. 57 of 1978. ✓✓
- A patent prevents other businesses/people not to produce and sell the same product/ specific service. ✓✓
- They can bring legal proceedings against anyone who uses the invention. ✓✓
- Any other relevant answer related to how businesses can use a patent to deal with piracy.

Heading (2)

Explanation (6)

Sub max (8)

Trademarks ✓✓

- Businesses can trademarks to identify themselves and their products. ✓✓
- They must register their trademarks with the register of trademarks at the companies and intellectual property registration. ✓✓
- A registered trademark is protected forever provided it is renewed every ten years and a renewal fee is paid. ✓✓
- Claim damages from someone who infringes the trade mark. ✓✓
- Any other relevant answer related to how businesses can use trademarks to deal with piracy.

Heading (2)

Explanation (6)

Sub max (8)

Copyright√√

- Businesses can sue someone who infringes the copyright.√√
- They can also sue someone who sells or distributes works that he/she knew were infringements of copyright.√√
- They can take legal action against people who copy their products.√√
- Any other relevant answer related to how businesses can use copyright in dealing with piracy.

Heading (2)

Explanation (6)

Sub max (8)

Max (24)

5.4 Establishment of trade unions

- Engaging in industrial action√ such as protests and strikes.√
- Taking a political action√ to influence the government strategy.√
- Establishing minimum economic√ and legal conditions. √
- Providing protection√ for their members.√
- Engaging in collective bargaining√ for better terms and conditions.√√
- Assisting workers who have grievances√ such as disciplinary action/victimization.√
- Negotiating with employers for decent working conditions/remuneration/benefits√ in order to improve the standard of living.√
- Negotiating recognition of the union√ and shop stewards by the employer.√
- Protecting workers against √ unfair labour practices and dismissal.√
- Take legal action√ on behalf of members when necessary. √
- Educating shop stewards and other members' √ on how to carry out their tasks in the union.√
- Any other relevant answer related to reasons for the establishment of trade unions.

Max (12)

5.5 Conclusion

- Businesses need to adhere to copyrights/patent and trade mark laws in order to enjoy legal protection.√√
- Piracy is a form of stealing and a legal infringement.√√
- Trade unions play an important role in providing a counterbalance to the power of employers.
- Any other relevant conclusion related to piracy/trade unions

Max (2)

QUESTION 6: BUSINESS VENTURES

6.1 Introduction

- Franchising is a contract between the franchisor and the franchisee.
- Franchising offers a quicker a safer way of venturing into a well-known business and enjoy benefits.
- Businesses make use of outsourcing to reduce costs/improve efficiency by shifting tasks.
- In a leasing contract between the lessor grants a lessee to use specific assets such land/vehicles/equipment over a specific period of time.
- Any other relevant introduction related to franchising, outsourcing and leasing.

(2x1) (2)

6.2 Meaning of outsourcing

- Outsourcing is when the business hires another business/an individual to perform tasks/handle operations that were previously done by its employees.
- A business practice whereby some functions of the business are given to another business/an individual to perform with the aim of improving efficiency.
- It means contracting/sub-contracting noncore activities in order to focus on business core activities.
- Any other relevant meaning of outsourcing

Max (4)

6.3 Impact of franchising, leasing and outsourcing on businesses

Franchising

Advantages/Positives

- Forms of financing that are not available to the public√ are often available to franchisees.√
- Purchasing a franchise could be cheaper √ than starting your own business.√
- A business is based on a proven idea√ and the product/service are tried and tested.√
- Reduced long-term√ financial risk. √
- Businesses are able to use a recognised brand name and registered trademark√, which helps with advertising and marketing. √
- The systems/ operations/goods and services √are well established.√
- A franchisor obtains support from the franchisor√, which often includes training/business advice/marketing/ legal support.√
- There is often access to group support from other franchisees√ and a network of communication and legal advice.√
- Established suppliers give bulk discounts√ as they form part of a larger group.√
- The marketing and advertising costs are shared so they are often lower√ than for a non-franchised business.√
- Management advice is often provided√, so it is not necessary to be a business expert.√
- Any other relevant answer related to the positive impact of franchising on businesses

AND/OR

Disadvantages/Negatives

- Acquiring a franchise can be an expensive initial layout√
- There are often restrictions in the agreement√ in terms of how you can run the business.√
- Many creative entrepreneurs feel limited√ as to how much they can grow/expand their ideas. √
- The brand could get a bad reputation√ through other franchisees. √
- A large portion of profits is paid in royalties√, and often the franchisors do not deliver on their promises. √
- It is often difficult to√ sell a franchise/terminate a contract. √
- Any other relevant answer related to the negative impact of franchising on businesses

Sub max (12)

Outsourcing

Advantages/Positives

- A company is able to reduce costs as outsourcing can lead to a decrease in staff√, remuneration, control and operating costs.√
- The business can focus on its vision /goals√ and to apply its staff more effectively in its core business.√
- Improved access to skilled people as the outsourced work will be done by highly skilled people√ without the company having to employ them.√
- A business has access to resources and equipment for a specific function.
- Fixed cost and overhead costs√ are lower for the business.√
- The production team is often shortened√ and quality is often improved because specialists are performing the function for the business. √
- Any other relevant answer related to the positive impact of outsourcing on businesses

AND/OR

Disadvantages/Negatives

- There loss of management control over the task√ may affect the quality/time.√
- There may be a lack of personal care/quality√ as the business is not personally involved in the execution of the function. √
- There are often √hidden costs in outsourcing.√
- The business relies on the vendor to produce the goods /services√, and non-delivery by a supplier could lead to loss of an unsatisfied client/financial loss/frustration.√
- Confidential issues could be at risk√ if the information is given to another company who performs the function that is outsourced.√
- Any other relevant answer related to the negative impact of outsourcing on businesses

Sub max (12)

Max (24)

6.4 Contractual obligations of franchising

Franchising

- The policies that govern√ the product or service. √
- The training√ of staff members. √
- The royalties or profits owed √and method and dates of payment. √
- The form of ownership√ that the franchise will operate under. √
- Details of operation√ that need to be agreed upon. √
- Any other relevant answer related to the contractual obligations of franchising

Max (8)

6.5 Leasing

Importance/Advantages

- There is no large financial outlay as the cost is spread over a number of months/years.√√
- The lessor normally covers the maintenance/ replaces any damaged parts or equipment.√√
- The assets can be returned to the lessor when it is no longer needed.√√
- There are tax advantages as rental payment are calculated as operating costs and therefor tax deductible. It makes budgeting/planning/administration practices easier and provides better control over cash flow.√√
- It is easy to lease a better/ newer version of the product without the capital outlay.√√
- Any other relevant answer related to the positive impact of leasing on businesses

Max (10)

6.6 Conclusion

- Businesses need to familiarise themselves with avenues such franchising, outsourcing and leasing for growth and expansion purposes.√√
- Leasing provides alternatives methods of acquiring assets needed for operations at reduced costs.√√
- Any other relevant conclusion related to franchising/outsourcing/leasing

Max (2)