

# SCHOOL NAME



## B. STUDIES

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**GRADE 11**

**BUSINESS STUDIES – CONTROLLED TEST  
MARCH 2023  
MEMORANDUM**

**MARKS: 100**

**TIME: 90 MINUTES**

**This memorandum consists of 18 pages, including cover.**

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**SECTION A****QUESTION 1 (COMPULSORY)**

1.1.

1.1.1. A ✓✓

1.1.2. C ✓✓

1.1.3. C ✓✓

1.1.4. B ✓✓

1.1.5. D ✓✓

(5 X 2) (10)

1.2.

1.2.1. G ✓✓

1.2.2. E ✓✓

1.2.3. B ✓✓

1.2.4. F ✓✓

1.2.5. D ✓✓

(5 X 2) (10)

**TOTAL SECTION A: [20]****S**

**SECTION B**Answer **ONLY TWO** questions**QUESTION 2: ENVIRONMENTS**

2.1.

**USE THE TABLE below as a guide to answer QUESTIONS 2.1.1 - 2.1.2.**

<b>Challenge 2.1.1.</b>	<b>Business Environment 2.1.2.</b>
The continuous loadshedding is impacting negatively on his equipment that relies on electricity. ✓	Macro Environment ✓
He is experiencing high absenteeism. ✓	Micro Environment ✓
His sales have decreased as more and more of his consumers are buying their products online. ✓	Market Environment ✓

(6)

2.2. **The impact on businesses should natural resources deplete over time.** (4)

- Exhaustion of natural resources can be devastating for businesses whose operations solely depend on their existence. ✓✓
- Over time, the depletion of these resources will lead to an energy crisis, which government will then need to address. ✓✓
- Businesses may be forced to substitute exhausted natural resources with chemicals and become a strong contributor to climate change. ✓✓
- This can drive business costs higher when they need to find solutions to minimise emissions. ✓✓

2.3. **How lack of adequate managerial skills can pose a challenge to the business.** (4)

- Lack of adequate managerial skills will result in the business not achieving its objectives. √√
- Managers may not be able to provide meaningful guidance and leadership to employees. √√
- Managers have different styles of managing and leading and this can be the source of enormous conflict with other managers and with staff. √√
- Ineffective management can affect the productivity and profitability of a business. √√

2.4. **Benefits of CSI projects for businesses.** (6)

- Increases employees' morale and job satisfaction when they are involved in social responsibility programmes. √√
- CSI projects may be used as a marketing strategy to promote their products. √√
- CSI projects promote teamwork within businesses. √√
- CSI helps to attract investors because of increased profits/income.
- Promotes customer loyalty resulting in more sales. √√
- May attract experienced employees/increase the pool of skilled labour which could increase productivity. √√
- Positive/Improved image as the business looks after employees/conducts itself in a responsible way. √√
- A business may have a competitive advantage, resulting in good publicity/an improved reputation. √√
- The business enjoys the goodwill/support of communities. √√

[20]

**QUESTION 3: VENTURES****3.1. TWO characteristics of a partnership. (2)**

- An agreement between two or more people who combine labour, capital and resources towards a common goal. ✓
- Partners combine capital and may also borrow capital from financial institutions. ✓
- No legal requirements regarding the name of the business. ✓
- Partners have unlimited liability and are jointly and severally liable for the debts of the business. ✓
- Profit is shared according to the partnership agreement. ✓
- Partnership does not pay tax partners pay personal income tax. ✓
- Auditing of financial statements is optional. ✓
- Partners share responsibilities and they are all involved in decision making. ✓
- No legal formalities to start, only a written partnership agreement is required. ✓
- The partnership does not pay income tax, only the partners in their personal capacities. ✓
- Diversity, specialisation and different skills of the partners can be used. ✓
- Partnership has no legal personality and therefore has no continuity. ✓
- Partners share responsibilities and they are all involved in decision making. ✓

**3.2.**

3.2.1. Outsourcing ✓ (1)

3.2.2. Vendor ✓ (1)

**3.2.3. TWO details that should be included outsourcing contract: (2)**

- An exact description of the service/product. ✓
- Duration of the contract ✓
- A detailed description of the duties and the responsibilities of both parties. ✓
- Confidentiality ✓
- Payment terms and conditions. ✓
- Penalties for not delivering the agreed services. ✓

**3.3. ONE advantage of a partnership. (2)**

- The partners able to put their knowledge and skills together to collectively make the best decisions. ✓✓
- The workload and responsibility is shared between partners. ✓✓
- Partners are able to share resources. ✓✓
- Partners are only required to pay tax in their personal and individual capacity. ✓✓
- The partners have a personal interest in the business. ✓✓
- Can bring in extra partners at any time. ✓✓
- Attract prospective employees with the option or incentives of becoming a partner. ✓✓
- Partnerships are relatively easy to establish. ✓✓
- Partners contribute new skills and ideas into a business. ✓✓
- Partners share responsibilities for decision making and managing the business. ✓✓
- Partners share any profits and are therefore motivated to work hard. ✓✓
- Raising additional capital to finance further business expansion is easy as there is no limit on the number of partners. ✓✓
- Partners are taxed in their own capacities, which could lead to lower taxation. ✓✓

**3.4. Advantages of leasing for the lessor** (6)

- Leasing improves the cash flow of the business. √√
- The lessor receives a continual rental income. √√
- The lessor can get quantity discount by buying goods in bulk to supply various lessees. √√
- The asset can be returned to the lessor when it is no longer needed. √√
- Makes budgeting and planning easier and it provides better control over cash flow. √√
- Retains ownership of the asset, which can be sold to recover money at the end of the lease. √√
- 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. √√
- There are tax advantages as rental payment are calculated as operating costs and therefor tax deductible. √√
- It is easy to lease a better/ newer version of the product without the capital outlay. √√
- ***Any other relevant answer is acceptable.***

**3.5. Discuss the characteristics of a personal liability company.** (6)

- The company name must end with letters INC. √√
- Directors have unlimited liability and they are jointly liable for the debts of the business even if they are long out of office. √√
- The memorandum of Incorporation should state that it is a personal liability company. √√
- They must at least have one director on their board of directors. √√

Other characteristics of a personal liability company are the same as the private company except the above mentioned two characteristics.

- Investors put capital in to earn profit from shares. √√
- The company has a legal personality as well as unlimited continuity. √√

- The auditing of financial statements is optional. ✓✓
- Profits are shared in the form of dividends in proportion to the share held. ✓✓
- Shareholders have a limited liability and will not lose their initial capital invested if the business goes bankrupt. ✓✓
- Shareholders have limited liability and a separate legal entity. ✓✓
- Raises capital by issuing shares to its shareholders. ✓✓
- Profits are shared in the form of dividends in proportion to the number of shares held. ✓✓

[20]

**QUESTION 4:**  
**ENVIRONMENTS**

4.1.

- 4.1.1.      • Takeover ✓ (2)  
                 • Acquisition ✓

- 4.1.2.      **Difference between the two.** (2)

<b>Takeover</b>	<b>Acquisition</b>
The purchasing of a company (target) by another company (bidder) usually against the will of their targets. ✓	A business buys another business at an agreed price. ✓
Businesses that take over existing companies by buying out its shares until the business has controlling interests. ✓	It usually occurs to private companies that are not listed. ✓



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4.2. **Ways in which businesses can overcome competition in the market.** (4)

- Management must ensure that the business differentiates itself from the competitors by tapping into what the customer wants. √√
- Offering more personal services by being responsive to the customer's needs/ expectations. √√
- Offering low-cost extras such as improved credit terms/discounts/loyalty schemes etc. √√
- Charging the lower prices√ than that of the other businesses. √√
- Selling products of a superior quality/new products/services that the customers might be interested in. √√
- By being the best employer that has well trained/knowledgeable staff members that create a better working atmosphere. √√
- Stepping up the marketing of the business by using promotional ideas such as posters or campaigns on social media. √√
- Updating the image of the business such as painting the front of the premises/ making the business looking modern/ inviting. √√
- Keeping up with developments in the sector of the business sector, following consumer trends/investing in new technology. √√
- Improving on customer services and keeping them happy. √√
- ***Any other relevant answer is acceptable.***

4.3. **Suggest THREE ways in which businesses can deal with difficult employees.** (6)

- Businesses can deal with difficult employees as by revisiting the recruitment & induction policies. √√
- Businesses need to develop strategies to deal with different types of personalities. √√
- Businesses must offer counselling sessions to employees with personal problems. √√
- ***Any other relevant answer is acceptable.***

**VENTURES****4.4. Legal requirements of the name of a company. (6)**

- The name of a company must be original and must not be misleading. ✓✓
- A company's name must appear on all company documents, e.g. on letterheads. ✓✓
- Reserving a name for a company is the first step to register a company, but it is not compulsory. ✓✓
- Names can be reserved for a period of 6 months by the CIPC. ✓✓
- The name must not be similar/same as any other company unless it is part of the group. ✓✓
- The name must not imply/suggest/mislead a person to believe that the company is part of another person/business/the state. ✓✓
- The name must not be offensive/promote violence/hatred and cause any harm. ✓✓
- The name must not be shortened and translated. ✓✓
- The name of a company must indicate the type of company as follows:  
The name of a company must end with Pty (Ltd), INC, Ltd or SOC. ✓✓

**[20]****TOTAL SECTION B: [40]**

The breakdown of the mark allocation for the essays is as follows:

Introduction	<b>Maximum: 32</b>
Content	
Conclusion	
Insight	<b>8</b>
<b>TOTAL</b>	<b>40</b>

<b>Layout/ Structure</b>	Is there an introduction, body, proper paragraphs and a conclusion?	<b>2</b>
<b>Analysis and interpretation</b>	Is the candidate able to breakdown the question into headings/sub-headings/interpret it correctly to show understanding of what is being asked?	<b>2</b>
<b>Synthesis</b>	<p>Are there relevant decisions/facts/responses made based on the questions?</p> <p>Marks to be allocated using this guide:</p> <p>No relevant facts:           0 (Two '-S')</p> <p>Some relevant facts:        1 (One '-S')</p> <p>Only relevant facts:         2 (No '-S')</p>	<b>2</b>
NB:	<p>1. If there is no '-S' allocated, award the maximum of TWO (2) marks.</p> <p>2. Where a candidate answers less than 50% of the question with relevant facts, no '-S' appears in the left margin. In this case award a maximum of ONE (1) mark.</p>	
<b>Originality</b>	Is there evidence of examples, recency of information, current trends and developments?	<b>2</b>
<b>TOTAL FOR INSIGHT:</b>		<b>8</b>
<b>TOTAL MARKS FOR FACTS:</b>		<b>32</b>
<b>TOTAL MARKS FOR ESSAY (8 + 32)</b>		<b>40</b>

**NOTE:**

1. No marks will be awarded for content repeated from the introduction and conclusion.
2. The candidate forfeits marks for layout if the words INTRODUCTION and CONCLUSION are not stated.
3. No marks will be allocated for layout, if the headings 'Introduction, Conclusion,' etc. in 'Insight' is not supported by an explanation.
4. With effect from November 2017 a candidate will be awarded a maximum of ONE (1) mark for headings/sub-headings and ONE (1) mark for interpretation (16 or more out of 32 marks). This applies specifically to the analysis and interpretation part of insight.

**SECTION C****QUESTION 5 – BUSINESS ENVIRONMENTS****Introduction**

- The market environment refers to the major external and uncontrollable factors that influence an organization's decision making. ✓
- These factors include the economic/demographics/legal/political/social conditions/technological changes and natural forces. ✓
- The above-mentioned factors affect business performance and strategies. ✓
- The external environmental conditions that affect a business are generally beyond the control of management and change constantly. ✓ (2)

**Reasons why businesses lobby**

- Businesses lobby their regulator or supervisory body in order to try influence prices, policies, regulations and other decisions made by the regulator or the supervisory body. ✓✓
- Businesses or people lobby or change laws like, child labour laws, clean air and water laws, municipal regulations, etc. ✓✓
- Their views are important and heard, thus making a difference and giving solutions to business challenges. ✓✓
- Lobbying advances businessmen's cause and builds public trust. ✓✓

Max (8)

**How businesses can influence supervisory bodies or regulators**

- There are large number of supervisory bodies and regulators who operate in the business environment. ✓✓
- Businesses take an active role in professional bodies. ✓✓
- Through their membership/advocacy/submissions they may be able to influence changes to existing regulations. ✓✓
- Business managers are involved in debates and discussions that shape public policies. ✓✓
- Businesses influence and negotiate with these regulators to protect their own sustainability. ✓✓

- It is in the best of interest of businesses to adhere to the guidelines and restrictions of these bodies in order to stay in businesses. √√

Max (10)

**Advantages of networking for the business**

- Businesses can be attract new customers resulting to increased market share and profitability. √√
- Networking can be an excellent source of new perspectives and business ideas. √√
- Allows managers to build new businesses relationships and generate new business opportunities. √√
- Plays a role in the marketing and expansion of a business. √√
- Assists businesses in making future business decisions. √√
- Businesses can gain support when representation to various authorities is planned. √√

Max (10)

**Ways businesses can form power relations.****Strategic alliance/Partnership agreements** √

- Businesses form partnership agreements in order to benefit each in each other's involvement. √√
- These partnership alliances help parties involved to benefit in infrastructure development and scarce skills. √√
- These alliances are designed to build on the expertise of each partner and on the way and on the way in which they complement each other. √√

**Persuasion of large investors** √

- If a business has a powerful investor, the business can often benefit from the relationship so that it can gain credit more easily and better deals from suppliers. √√
- Businesses invite powerful influential people to sit on their board of directors in order to get advice from those people. √√
- Having such powerful as part of the business may have a positive influence on the reputation and image of the business. √√

- If a business has a large/powerful investor, the business can gain credit more easy/get better deals from suppliers. √√

### **Company representatives' influence** √

- This representative fulfils an important function in trying to persuade investors to invest in a particular business practice. √√
- People will make decisions based on the company's image, personality, communication style and power of persuasion. √√
- Businesses must invest time and energy to recruit the right person for this job.√√

Max (15)

### **Conclusion**

- The market environment refers to the major external and uncontrollable factors that influence an organization's decision making. √
- These factors include the economic/demographics/legal/political/social conditions/technological changes and natural forces. √
- The above mentioned factors affect business performance and strategies. √
- The external environmental conditions that affect a business are generally beyond the control of management and change constantly. √

(2)

**(40)**

## **QUESTION 6 – BUSINESS VENTURES**

### **Introduction**

- A partnership has two or more partners who own the business. √
- These owners share the responsibility of the business, and they share the financial and management decision of the business. √

(2)

### **The disadvantages of a partnership**

- A partnership has unlimited liability so all the partners are liable for the debts if the business becomes insolvent. √√
- Each business partner is legally responsible for the joint liability of the partnership. √√

- Different personalities and options of partners can lead to conflict it disagreements. √√
- Partners might not all contribute equally. √√
- Loss in profits and stability of the business can occur if a partner resigns/ dies/loses interest in the business or is declared bankrupt. √√
- There can be lack of capital and cash flow. √√

Max (10)

**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. √√

Max (10)

**The meaning of memorandum of incorporation (MOI).**

- MOI serves as the constitution of a company. √√
- Companies are governed according to the rules stated in the MOI. √√
- Each company must provide a copy of its MOI to the Companies and Intellectual Property Commission (CIPC). √√
- MOI describes the relationship between the business and its stakeholders. √√
- MOI describes the rights, responsibilities and duties of the shareholders and directors. √√
- Provides details about incorporation, the number of directors and the share capital. √√
- Includes information about a company's name/registration office and records. √√

Max (10)

**Challenges of establishing a company versus other forms of ownership**

- Directors may not have a personal interest in the business and this could prevent the business from gaining maximum growth and profits. √√
- Directors who do not have a personal interest in the business may not attract investors. √√
- There may be conflict between the owners of the company and management in control. √√
- The more shares there are the less profit per share. √√
- A company is required to submit a full report to all stakeholders each financial year. √√
- The limited liability aspect of the company generates more paper work in the registration process. √√
- The owners of the company have more liability. √√
- When directors change there could be a lack of continuity in management. √√
- Companies have more taxation requirements and other taxes are high. √√
- They are required to disclose all financial information which could provide their competitors with an unfair advantage. √√
- Politics can get in the way and managers are appointed for the wrong reasons. √√
- State owned companies often deliver non-profitable services that lead to government losing money through the business. √√
- A company can stop existing if deregistered by the Registrar of Companies. √√
- A large amount of money of funds is spent on financial audits and accounting fees due to government regulations. √√

Max (10)



**Conclusion**

- An agreement between two or more people who combine labour, capital, and resources towards a common goal. ✓
  - Partners combine capital and may also borrow capital from financial institutions. ✓
  - No legal requirements regarding the name of the business. ✓
  - Partners have unlimited liability and are jointly and severally liable for the debts of the business. ✓
  - Profit is shared according to the partnership agreement. ✓
  - Partnership does not pay tax partners pay personal income tax. ✓
  - Auditing of financial statements is optional. ✓
  - Partners share responsibilities and they are all involved in decision making. ✓
  - No legal formalities to start, only a written partnership agreement is required. ✓
  - The partnership does not pay income tax, only the partners in their personal capacities. ✓
  - Diversity, specialisation and different skills of the partners can be used. ✓
  - Partnership has no legal personality and therefore has no continuity. ✓
  - Partners share responsibilities and they are all involved in decision making. ✓ (2)
- (40)**

**TOTAL SECTION C: [40]**

**GRAND TOTAL: [100]**

<b>COGNITIVE LEVELS ACCORDING TO BLOOM'S TAXONOMY</b>			
	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>
<b>Required %</b>	<b>30%</b>	<b>50%</b>	<b>20%</b>
<b>Mark</b>	<b>30</b>	<b>50</b>	<b>20</b>
<b>SECTION A - COMPUSORY</b>			
<b>QUESTION 1</b>			
1.1.	10		
1.2.	10		
<b>SECTION B – CHOOSE 1</b>			
<b>QUESTION 2</b>			
2.1.1.	3		
2.1.2.	3		
2.2.		4	
2.3.		4	
2.4.		6	
<b>QUESTION 3</b>			
3.1.	2		
3.2.1.	1		
3.2.2.	1		
3.2.3.	2		
3.3.		2	
3.4.		6	
3.5.		6	
<b>QUESTION 4</b>			
4.1.1.	2		
4.1.2.	2		
4.2.		4	
4.3.		6	
4.4.		6	
<b>SECTION C – CHOOSE 1</b>			
<b>QUESTION 5</b>		20	20
<b>QUESTION 6</b>		20	20
<b>Actual</b>	<b>30</b>	<b>50</b>	<b>20</b>
		<b>TOTAL</b>	<b>100</b>