



education

Department:
Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATION – 2008

BUSINESS ECONOMICS

STANDARD GRADE

MAY/JUNE 2008

MARKS: 300

TIME: 3 hours

This question paper consists of 17 pages and an answer sheet of 2 pages.

INSTRUCTIONS AND INFORMATION

Read the following instructions/information carefully before answering the questions.

1. This question paper consists of TWO sections, namely SECTION A and SECTION B.

SECTION A: COMPULSORY

Consists of ONE question with various sub-sections which must be answered by ALL candidates. A separate ANSWER SHEET consisting of two pages is provided for QUESTION 1.

SECTION B: Consists of EIGHT questions. Answer any FIVE questions from this section.

2. Number the answers correctly according to the numbering system used in this question paper.
3. Rule off on completion of each answer.
4. Start the answer to each question on a NEW page.
5. Answers should be given in full sentences except where otherwise required. Candidates will be penalised for short, incomplete answers.
6. If more than SIX questions have been answered, only the first SIX applicable answers will be marked, namely:
 - QUESTION 1
 - First FIVE questions from SECTION B

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

7. Questions must be answered in black or blue ink.
8. Pay attention to neatness, handwriting and language.
9. Non-programmable calculators may be used.
10. Place the completed ANSWER SHEET for QUESTION 1 inside the front cover of the ANSWER BOOK.

SECTION A (COMPULSORY)

Answer QUESTION 1 on the attached ANSWER SHEET. Place the completed ANSWER SHEET for QUESTION 1 inside the front cover of the ANSWER BOOK.

QUESTION 1**1.1 MULTIPLE-CHOICE QUESTIONS**

Four possible options are provided as answers to the following questions. Choose the correct answer 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	B	C	<input checked="" type="checkbox"/> D
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1.1.1 Which ONE of the following undertakings is compelled to hold annual general meetings for its owners?

- A Jody and Sons
- B Jermaine Dealers Ltd.
- C Juliet Suppliers (Pty) Ltd.
- D Jerome's Nursery

1.1.2 The need for more working capital increases with the purchase of more ...

- A vehicles.
- B equipment.
- C raw materials.
- D buildings.

1.1.3 The spreading of an insurance risk amongst a number of companies is known as ...

- A excess.
- B subrogation.
- C surety.
- D reinsurance.

1.1.4 A disadvantage of mass production is that ...

- A the production process cannot be changed easily.
- B workers and machinery are not properly utilised.
- C there is an increase in transport and handling costs.
- D the equipment cannot be standardised.

Senior Certificate Examination

- 1.1.5 When an employer insures himself against dishonest acts of his employees, he takes out a ... insurance policy.
- A third-party
 - B fidelity
 - C surety
 - D workmen's compensation
- 1.1.6 The aspect of the marketing policy that deals with the advertising, personal sales and publicity of a product is the ... policy.
- A product
 - B price
 - C communication
 - D distribution
- 1.1.7 Toothpaste, which is usually bought without considerable time and trouble, is an example of ... goods.
- A select
 - B industrial
 - C speciality
 - D convenience
- 1.1.8 The collection of overdue accounts is the duty of the ... department.
- A credit
 - B sales
 - C advertising
 - D marketing
- 1.1.9 In a ... market the price of goods is determined by the interaction of demand and supply.
- A monopolistic
 - B money
 - C perfect
 - D consumers'
- 1.1.10 Profits of a/an ... are divided among members in the form of bonuses in accordance with the extent of the transactions each member has done with the business.
- A agricultural cooperative society
 - B public company
 - C private company
 - D close corporation

- 1.1.11 ... means that sufficient stock is available at the right time, in the right quantity, at the right quality, price and place.
- A Quality control
 - B Stock control
 - C Stockpiling
 - D Automation
- 1.1.12 In this kind of undertaking creditors may not only claim the assets of the undertaking, but also those of its owner(s).
- A Close corporation
 - B Private company
 - C Public company
 - D Partnership
- 1.1.13 These are shares issued to the promoters of a company:
- A Debentures
 - B Bonus shares
 - C Founders' shares
 - D Participating shares
- 1.1.14 Which ONE of the following is an example of a source of working capital?
- A Bank overdraft
 - B Bank teller
 - C Bank charges
 - D Bank reference
- 1.1.15 The following details are found in both the articles of association and the memorandum of association:
- A Objectives of the company
 - B Shares
 - C List of directors
 - D Meetings

- 1.1.16 A good advertisement ...
- (i) attracts attention.
 - (ii) arouses interest.
 - (iii) displays a trade mark.
 - (iv) creates a desire for the product.
 - (v) leads to action.

Choose the correct combination:

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

(16 x 3) (48)

1.2 MATCHING ITEMS

Choose a term from COLUMN B that matches a statement in COLUMN A. Write only the letter (A – H) next to the question number (1.2.1 – 1.2.6) on the ANSWER SHEET, for example 1.2.7 H.

COLUMN A		COLUMN B	
1.2.1	The transfer of authority from a senior staff member to a subordinate	A	organising
		B	communication
1.2.2	The number of workers who are under the control of one supervisor	C	delegation
1.2.3	The influencing and guiding of workers to comply with the goals of the enterprise	D	span of control
		E	motivation
1.2.4	The harmonising of individual efforts so that they work together to achieve the objectives of the enterprise	F	planning
		G	decision-making
1.2.5	The process of conveying a message from one person to another	H	co-ordinating
1.2.6	The process of choosing from a number of alternatives		

(12)

1.3 TRUE OR FALSE

Indicate by means of a cross (X) in the appropriate block on the ANSWER SHEET whether the following statements are TRUE or FALSE.

Example: 1.3.11 A partnership is a one-man business with unlimited liability.

NUMBER	TRUE	FALSE
1.3.11		X

- 1.3.1 The decrease in the value of an asset through wear and tear is called depreciation.
- 1.3.2 A capital market is a market where funds are made available to businesses for periods exceeding a year.
- 1.3.3 Creditors are customers to whom the business sells goods and services on credit.
- 1.3.4 Method study determines the time it should take a suitably qualified employee to complete a task.
- 1.3.5 It is easy for the sole trader to employ really good workers as he/she is able to offer a more than adequate remuneration package.
- 1.3.6 A close corporation has between two and ten members.
- 1.3.7 Factoring takes place when a business sells its debtors' accounts at a discount to an outsider for cash.
- 1.3.8 Decentralising a firm's administrative activities can assist in keeping certain information confidential.
- 1.3.9 The capital budget is drawn up to make provision for the working capital requirements of a business.
- 1.3.10 Contribution is when the rights to a policy are transferred to another person.

(20)

1.4 CHOOSE THE CORRECT TERM

Complete the following statements by using the term(s) provided in the list below. Write your answer next to the question number (1.4.1 – 1.4.5) on the ANSWER SHEET, for example 1.4.6 Activating.

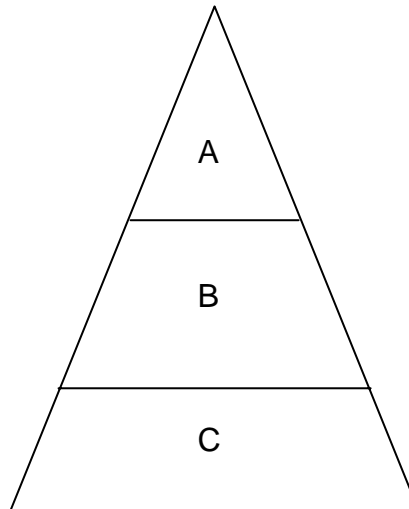
trademark; trade secret; trade discount; double-use; kaleidoscopic;
statistics; budget; cost accounting; combination

- 1.4.1 A ... is a unique name or design on a product that distinguishes it from other products.
- 1.4.2 Simba chips used ... packaging to advertise its products during the Rugby World Cup.
- 1.4.3 A ... is given to a merchant who buys from the supplier in huge quantities on a regular basis.
- 1.4.4 An ice-cream container, which a learner later uses to carry his/her sandwiches to school, is an example of ... packaging.
- 1.4.5 A ... is used to estimate the expected expenses and income for a specified period.

(10)

1.5 DATA RESPONSE

Examine the diagram below, showing the three levels of management, and answer the questions that follow.



- 1.5.1 Which level is involved in operational planning and control?
- 1.5.2 Name the level which is responsible for planning the mission, objectives and strategies of the business.
- 1.5.3 On which level will you usually find the departmental heads of a business?
- 1.5.4 Name the level where managerial decisions with long-term implications are taken.
- 1.5.5 Which level will have the largest span of control? (10)

TOTAL SECTION A: 100

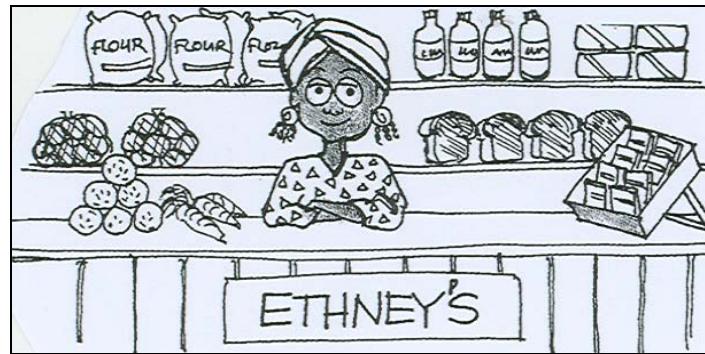
Place the completed ANSWER SHEET for QUESTION 1 inside the front cover of your ANSWER BOOK.

SECTION B

Answer any FIVE questions from this section.

QUESTION 2: MARKETING FUNCTION

2.1 Ethney operates her spaza shop in Soweto in Johannesburg.



2.1.1 In which sector of the economy does Ethney operate her business? (2)

2.1.2 State TWO advantages of this sector to Ethney. (4)

2.1.3 Name TWO other examples of businesses in this sector of the economy. (4)

2.2 Petros Dlamini invested R1 million of his money in opening a SPAR family store in Dundee in KwaZulu-Natal. The owner of SPAR sold the right to conduct business for personal gain to Petros Dlamini.



GOOD FOR YOU

2.2.1 What is this contractual agreement called? (2)

2.2.2 State TWO ways in which Petros Dlamini will benefit from this agreement. (4)

2.3 Give FOUR reasons why you would consider the above trademark of SPAR to be a good one. (8)

2.4 Discuss any FOUR factors that would influence the price of a product. (12)

2.5 Which distribution channel would you recommend a blood bank (supplier of blood) to use? Substantiate your answer. (4)

[40]

QUESTION 3: FORMS OF OWNERSHIP

- 3.1 SASKO and BOKOMO are two milling and baking companies that have joined together to form a single business.



- 3.1.1 What type of amalgamation (merger) has taken place between the two above-mentioned businesses? Substantiate your answer. (4)
- 3.1.2 What is the benefit of this arrangement? Give TWO reasons. (4)
- 3.2 The five friends, shown below, were aware that they could enter into a partnership either orally or in writing. Letoya, the youngest of them all, insisted that they put this agreement down in writing.



- 3.2.1 Name the document used for putting their agreement in writing. (2)
- 3.2.2 State FIVE details that must appear in this agreement. (10)
- 3.3 Tabulate any FIVE differences between a private and a public company. (20)

[40]

QUESTION 4: FINANCIAL FUNCTION

- 4.1 A business is overcapitalised when there is too much available capital in relation to turnover.
State TWO ways how this situation may be rectified. (4)
- 4.2 Tabulate any THREE differences between a shareholder and a debenture holder. (12)
- 4.3 One of the duties of the credit department is to determine the credit risk of every customer by investigating his/her creditworthiness.
State any FIVE other functions of the credit department. (10)
- 4.4 Do you think that insurance is necessary today?
Give THREE reasons to substantiate your answer. (8)
- 4.5 You bought your first business premises. The property is valued at R150 000. You tried to save on premiums and insured the property for R120 000. There was an accidental fire that caused R30 000 damages.
- 4.5.1 How much will be paid out to you by the insurers?
(Show ALL calculations.) (4)
- 4.5.2 Name the clause in the insurance contract under which the above agreement was concluded. (2)
- [40]**

QUESTION 5: PRODUCTION FUNCTION

5.1 Afrique Tiles manufactures special tiles made to the specifications of individual customers and thus manufactures tiles exclusively for each customer.

Gauteng Tiles manufactures tiles for everyday use, which they manufacture by means of a mass-production system.

5.1.1 Identify the production system used by Afrique Tiles. (2)

5.1.2 Substantiate why Gauteng Tiles regards their method of production as the most appropriate production system by giving FOUR reasons. (8)

5.1.3 How will the customer benefit from this production system? (2)

5.2 Quality control entails the control of materials, workmanship, machinery and working conditions in the production process.

State TWO requirements for effective quality control. (4)

5.3 The details listed below were extracted from the records of Cathy Manufacturers for the month of June 2007. They manufactured 250 office desks in June 2007. There are no partly-manufactured goods either at the beginning of the month or at the end of the month.

Raw materials used	R	180 000	00
Direct labour cost	R	155 000	00
Insurance against fire	R	5 000	00
Depreciation on machinery	R	6 500	00
Electricity	R	7 000	00
Petrol and oil	R	4 500	00
Casual labour	R	3 000	00
Indirect material	R	2 000	00
Rent per annum	R	144 000	00

5.3.1 Identify TWO fixed overhead costs. (4)

5.3.2 Identify TWO variable overhead costs. (4)

Show ALL calculations for the following questions:

5.3.3 Calculate the primary cost. (3)

5.3.4 Calculate the total cost of production. (5)

5.3.5 Calculate the cost price of one office desk. (4)

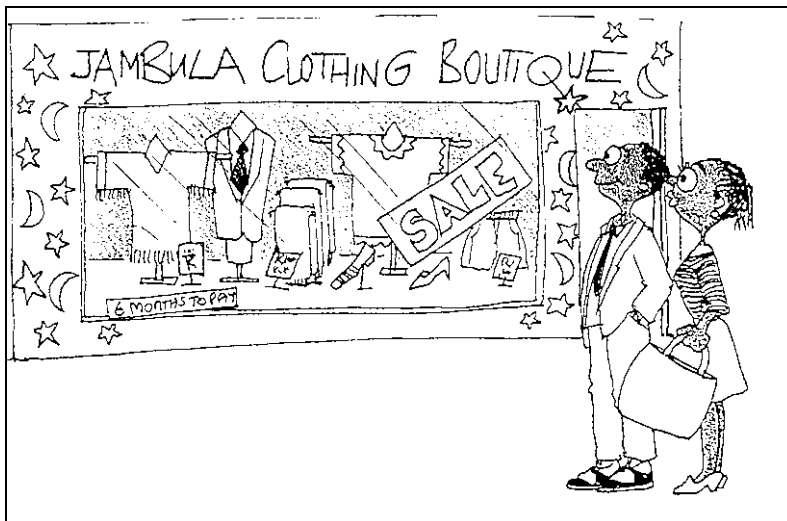
- 5.3.6 What benefit do the above calculations have for Cathy Manufacturers? Give TWO reasons for your answer.

(4)
[40]

QUESTION 6: ADMINISTRATION FUNCTION/FINANCIAL FUNCTION

6.1

Jambula Clothing Boutique has twenty branches operating throughout South Africa. All the information about their credit purchases is sent to their head office in Tshwane. It is here that the accounts are processed and statements are sent out to all customers. Customers have a choice of paying their accounts at their local branch or sending a cheque to the head office. The branch in turn sends the money, together with the customers' names, to the head office.



- 6.1.1 Name the type of administrative system that Jambula Clothing Boutique uses. (2)
- 6.1.2 Do you think that it is the best administrative system for Jambula Clothing Boutique?
Give FOUR reasons to support your answer. (10)
- 6.1.3 Before Jambula Clothing Boutique offers customers credit, they gather information about their customers.
Name FIVE sources of information that they may use to determine the creditworthiness of customers. (10)
- 6.1.4 What can the business do to safeguard the transfer of the money from their branches to the head office? (2)

- 6.2 Discuss FOUR reasons why most traders prefer credit trading to cash trading. (12)
- 6.3 The precautionary motive for keeping cash aside is to assist a business facing unforeseen expenses.
- Discuss ONE other reason for a business keeping cash aside. (4)
- [40]**

QUESTION 7: THE ENTERPRISE AND ITS ENVIRONMENT

- 7.1 The mission of the South African Bureau of Standards (SABS) is to contribute, by means of the promotion of quality and standardisation, to the strengthening of the economy of South Africa and the improvement of the quality of life of its people.
- State FIVE ways in which they are able to fulfil their mission. (10)
- 7.2 The chamber of commerce helps to promote trade in a town and to eliminate competition between members.
- Name THREE other functions of this institution. (6)
- 7.3 Discuss FOUR services rendered by the JSE Securities Exchange South Africa Ltd. (the JSE). (12)
- 7.4 The South African Reserve Bank (SARB) controls the country's money and banking systems. Discuss the following functions of the South African Reserve Bank:
- 7.4.1 Bank of issue (4)
- 7.4.2 Custodian of cash reserves (4)
- 7.4.3 Banker to the government (4)
- [40]**

QUESTION 8: GENERAL MANAGEMENT

- 8.1 In the line-organisation structure, authority is delegated down the line.
Name FOUR advantages of this arrangement. (8)
- 8.2 You are the personnel manager at Sishen Steel. A member of the trade union has made an appointment with you to discuss the dismissal of one of the workers, Blessing Khumalo.
Petrus Ndou, the immediate supervisor of Blessing, provided you with the following information: Blessing, a machine operator at one of the plants, was late for work on two occasions without a valid reason. Petrus gave him a verbal warning on both occasions.
Blessing was summarily dismissed the third time that he came late without a reason.
- 8.2.1 Do you think that the dismissal of Blessing was fair?
Give TWO reasons to support your answer. (6)
- 8.2.2 State FOUR principles that should be taken into consideration when disciplinary action is taken. (8)
- 8.3 Without planning there is no direction in a firm.
Name FIVE principles that you would adopt to ensure that effective planning would take place in your firm. (10)
- 8.4 Give FOUR examples how the management of a firm can motivate their employees to increase their productivity. (8)
- [40]**

QUESTION 9: MISCELLANEOUS

Answer any FOUR of the following questions:

- 9.1 Name FIVE advantages of advertising. (10)
- 9.2 Give FIVE characteristics of a close corporation. (10)
- 9.3 State FIVE unethical practices in advertising. (10)
- 9.4 A sole trader is popular because it can be started and ended with ease.
Identify any FIVE other aspects that make it so popular. (10)
- 9.5 Name FIVE documents that a private company must submit to the registrar of companies before the registrar issues them with a certificate of incorporation. (10)
- 9.6 State FIVE safety measures that must be considered to ensure the safety of workers. (10)
- [40]**

TOTAL SECTION B: 200

GRAND TOTAL: 300

EXAMINATION NUMBER:															
CENTRE NUMBER:															

PLACE THE COMPLETED ANSWER SHEET FOR QUESTION 1 INSIDE THE FRONT COVER OF THE ANSWER BOOK.

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)

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1.2 MATCHING ITEMS

Write only the letter (A – H) from COLUMN B next to the relevant question number.

1.2.1	
1.2.2	
1.2.3	
1.2.4	
1.2.5	
1.2.6	

(12)

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EXAMINATION NUMBER:														
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CENTRE NUMBER:								
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1.3 TRUE OR FALSE

Make a cross (X) in the appropriate block.

NUMBER	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		

(20)

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1.4 CHOOSE THE CORRECT TERM

1.4.1	
1.4.2	
1.4.3	
1.4.4	
1.4.5	

(10)

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1.5 DATA RESPONSE

1.5.1	
1.5.2	
1.5.3	
1.5.4	
1.5.5	

(10)

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TOTAL SECTION A: 100

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