

KZN – DEPT. OF EDUCATION
GREENBURY SECONDARY SCHOOL
THIRD CONTROL TEST - 2015
BUSINESS STUDIES – GRADE 11

EXAMINER : R NAIDOO
MODERATOR : R GOVENDER

MARKS : 100
DURATION : 1 hr

INSTRUCTIONS AND INFORMATION

1. This paper consists of 4 printed pages.
2. There are 3 sections :

SECTION A : Compulsory

SECTION B : Consists of 3 questions. CHOOSE ANY TWO QUESTIONS.

SECTION C : ESSAY question. Consists of 2 questions. CHOOSE ANY ONE QUESTION.

3. Use the SPECIAL ANSWER SHEET for Section A.

SECTION A

QUESTION ONE : (20 marks)

1.1 **MULTIPLE CHOICE**

CHOOSE THE CORRECT ANSWER FROM THE OPTIONS GIVEN. WRITE DOWN THE CORRECT LETTER ONLY.

- 1.1.1 A community-based organisation :

- A) is also known as a parastatal
- B) is solely responsible for job-creation in the community in the field of education
- C) is owned and controlled by the people who live in a defined region
- D) has no profit objective.

- 1.1.2 The following activity is not part of the production planning and control process:

- A) Routing
- B) Scheduling
- C) Loading
- D) Benchmarking

- 1.1.3 The practice of charging a very high price when a new, innovative product is introduced to the market is known as :

- A) skimming
- B) odd pricing
- C) bait pricing
- D) unethical pricing

P.T.O/1.1.4

1.1.4 Sales promotion takes place when :

- A) the business receives favourable publicity
- B) prices of goods are increased
- C) products are produced in big volumes
- D) free product samples are given to customers

1.1.5 An example of a fixed cost is :

- A) direct wages
- B) indirect wages
- C) factory rent
- D) depreciation on equipment

(5 × 2) = 10

1.2 **USE THE WORDS IN THE TEXTBOX TO FILL IN THE MISSING WORDS**

UNIT COST	SEASONAL	CORPORATE SOCIAL RESPONSIBILITY
MASS	SCHEDULING	BATCH
		JOBGING
		LOADING

1.2.1 _____ is calculated by dividing the total cost by the number of units manufactured.

1.2.2 _____ focuses on a specific job which is completed according to the customer's specification.

1.2.3 A price deduction given to customers who buy products or services out of season is known as a _____ discount.

1.2.4 When businesses support and uplift local communities it is referred to as _____.

1.2.5 The volume or quantity of work allocated to an employee or to a machine is referred to as _____.

(5 × 2) = 10

SECTION B

CHOOSE ANY **TWO** QUESTIONS FROM THIS SECTION

QUESTION TWO : VENTURES (20 marks)

2.1 List FIVE(5) benefits of Corporate Social Investment for companies

(10)

2.2 **"According to the Small Enterprise Development Agency (Seda), an entrepreneur is a person who takes an idea and an opportunity and turns them into a profitable business."**

2.2.1 List and discuss any FIVE(5) Key Success Factors that will give a business a competitive edge.

(10)

P.T.O/QUESTION THREE

QUESTION THREE : OPERATIONS (20 marks)

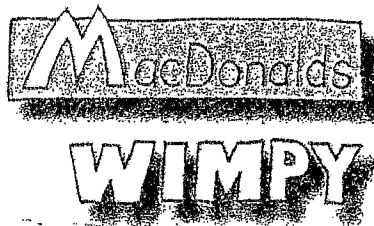
The following shows the costs involved in manufacturing motorbikes for the month of August

Rent of the factory	R1 500 pm
Salaries(per worker)(3 workers employed)	R3 000 pm
Raw materials	R150 per motorbike
Insurance	R275 pm
Water and Electricity	R2 000 pm
Telephone	R350 pm
<p>✓ The factory produces 50 motorbikes per month. ✓ The selling price is R1 000 per bike.</p>	

- 3.1 Why is production costs important to a manufacturer? (2)
3.2 List the FIXED COSTS (3)
3.3 List the VARIABLE COSTS (3)
3.4 How many units must be sold in order for the business to break-even? (5)
3.5 Calculate the total sales for the month (3)
3.6 Calculate the profit this business will make for the month of August (4)

QUESTION FOUR : MISCELLANEOUS (20 marks)

4.1 Study the following symbols and answer the questions that follow



- 4.1.1 The above symbol and names are classified as _____. (2)
4.1.2 Tabulate the difference between PRIVATE LABEL BRANDS and MANUFACTURER BRANDS (4)
4.2 List and explain the FOUR(4) types of PACKAGING (8)
4.3 What does the abbreviation AIDA stand for? (4)
4.4 List any TWO(2) elements of PROMOTION (2)

P.T.O/SECTION C.....

SECTION C : ESSAY

CHOOSE ANY **ONE** QUESTION FROM THIS SECTION

QUESTION FIVE : (40 marks)

"When we think of production , we think of factories, machines and assembly lines. A production system is the process that is followed to manufacture products."

In a well structured essay discuss :

- Definition of :
 - ✓ Mass Production
 - ✓ Batch Production
 - ✓ Jobbing
- Advantages and Disadvantages of Mass Production
- Advantages and Disadvantages of Batch Production and Jobbing

QUESTION SIX : (40 marks)

"With an increased number of products available in the market and with an ever changing economy, businesses must find ways of improving their sales."

In a essay, discuss :

- Importance of PRICING
- PRICING Techniques
- STEPS involved in the PRICE DETERMINATION PROCESS
- Factors that influence the PRICING POLICY of a Business

TOTAL = 100

GOOD LUCK!!!!!!



Chabing

GREENBURY SECONDARY SCHOOL
 THIRD CONTROL TEST - 2015
 SPECIAL ANSWER SHEET
 BUSINESS STUDIES - GRADE 11

100

NAME/SURNAME : MEMO

GR./DIV :

FOR THE EDUCATOR'S USE ONLY

QUESTION	(✓) QUESTION CHOSEN	MARK	LEARNER'S MARK
ONE		20	
TWO		20	
THREE		20	
FOUR		20	
FIVE		40	
SIX		40	

SECTION A

QUESTION ONE

1.1	
1.1.1 C	✓✓
1.1.2D	✓✓
1.1.3A	✓✓
1.1.4D	✓✓
1.1.5C	✓✓

1.2	
1.2.1 Unit cost	✓✓
1.2.2 Jobbing	✓✓
1.2.3 Seasonal	✓✓
1.2.4 Corporate social responsibility	✓✓
1.2.5 Loading	✓✓

20
20

GREENBURY SECONDARY SCHOOL



DEPARTMENT OF COMMERCE
 H.O.D. MRS C MAHARAJ

Chet

SECTION B

QUESTION TWO

2.1 Benefits of CSI for companies

- Upliftment programmes can alleviate poverty ✓✓
- Establishment of a social network in communities which increases integration ✓✓
- Gaining of the trust of investors ✓✓
- Increasing of the appeal as an employer ✓✓
- Promotion of the communities in which they are active ✓✓

10

2.2

2.2.1 Key Success Factors

- SUSTAINABILITY ✓ - Means ensuring that the income increases, customerbase expands and quality improves. ✓
- PROFITABILITY ✓ - When expenses have been subtracted from the sales and a surplus results. ✓
- CUSTOMER BASE ✓ - There must be many opportunities to attract more customers. ✓
- BUSINESS SKILLS - Skills ensure great success and allows management to make the right decisions. ✓
- CSI ✓ - Assisting and supporting the communities within which they operate. ✓

10

Total = 20

QUESTION THREE

3.1 Understanding these costs and the relationship between them will determine the accuracy with which management is able to predict estimated profits. ✓✓ 2

3.2 FIXED COSTS

- Rent of the factory ✓
- Salaries ✓
- Insurance ✓

3

3.3 VARIABLE COSTS

- Raw materials ✓
- Water and electricity ✓
- Telephone ✓

3

3.4 Fixed costs = $(1\,500 + (3\,000 \times 3) + R275) = 10\,775$

Variable costs per unit = $(2000 + 350) / 50 = 47 + 150 = 197$

$$\begin{aligned} \text{BREAK-EVEN} &= \frac{\text{FIXED COSTS}}{\text{SPu} - \text{VCu}} \checkmark \\ &= \frac{10\,775}{1\,000 - 197} \checkmark \\ &= \frac{10\,775}{803} \\ &= 13.4 \text{ units} \checkmark \checkmark \end{aligned}$$

5

3.5 TOTAL SALES = $R1\,000 \times 50$
= R50 000 ✓

3

3.6 PROFIT = $50\,000 - 20\,625 (1500 + 9\,000 + 7500 + 275 + 2000 + 350)$
= R29 375 ✓✓

4

Total = 20

QUESTION FOUR

4.1

4.1.1 Trademarks ✓✓

2

4.1.2

PRIVATE LABEL BRANDS	MANUFACTURING BRANDS
Are produced and solely owned by the retailer. ✓✓	Manufacturer brands are controlled and produced by manufactures and sold through different retailers. ✓✓

4

4.2 Types of Packaging

- **SPECIALITY** ✓ - The product is given an image of "must have". ✓
- **RE-USABLE** ✓ - The container can be used for something else once the content is finished. ✓
- **KALEIDOSCOPE** ✓ - Where the container or wrapper are continuously changing. ✓
- **MULTIPLE** ✓ - Various products are packaged in one container. ✓

8

4.3 AIDA

- A - Attract ✓
- I - Interest ✓
- D - Desire ✓
- A - Action ✓

4

4.4 Elements of Promotion

- Sales promotion ✓
- Advertising ✓
- Publicity
- Personal selling

ANY 2

Total = 20

SECTION C

QUESTION FIVE

INTRODUCTION

- There are uninterrupted and interrupted production processes.
- With uninterrupted production, products flow continuously from start to finish
- Interrupted production occurs when orders with different specifications are placed.

✓✓✓ 3

BODY

1. MASS PRODUCTION

- Products must have the same design and go through the same manufacturing process continuously. ✓✓

2. BATCH PRODUCTION

- Products are produced in batches or group. The production of one design is completed before going on to produce another batch of a different design. ✓✓

3. JOBGING

- Each product is made to a customer's requirements or to an individual order. ✓✓

4. ADVANTAGES AND DISADVANTAGES OF MASS PRODUCTION

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none">• Products are manufactured at a lower cost per unit ✓✓• Division of labour possible ✓✓• Handling of materials are restricted ✓✓• Production control process is simple	<ul style="list-style-type: none">• If a machine breaks down, the entire production is delayed ✓✓• The speed at which products are manufactured is fixed ✓✓• A large amount of capital is invested ✓✓• If design changes, modifications can be very expensive

5. ADVANTAGES AND DISADVANTAGES OF BATCH PRODUCTION AND JOBBING

<u>ADVANTAGES</u>	<u>DISADVANTAGES</u>
<ul style="list-style-type: none">• Delays due to breakdowns can be overcome quickly ✓✓• Greater flexibility ✓✓• Machinery are less expensive ✓✓• Changes in quantities can be easily catered for	<ul style="list-style-type: none">• Costs per unit are higher ✓✓• A large reserve of semi-finished goods must be kept ✓✓• Products take longer to produce ✓✓• Large amount of capital is required

CONCLUSION

One of the biggest challenges for any business is to use the least possible raw materials at the lowest possible cost to produce the largest quantity of quality goods. Choosing the correct production system is of vital importance. ✓✓

FACTS (max)	32 (35)
LAYOUT	2
ANALYSIS	2
SYNTHESIS	2
ORIGINALITY	2
TOTAL	40

QUESTION SIX

INTRODUCTION

- Price is the only marketing tool that brings in revenue for the business.
- Consumers will pay money for a product if they think it will satisfy a need or want.

BODY

1. IMPORTANCE OF PRICING

- Every manufacturer, wholesaler and retailer is concerned with prices. ✓
- Price is the determining factor to close a deal. ✓
- Price can be very important to the consumer and business must monitor consumer responses to price and price changes. ✓

2. PRICING TECHNIQUES

- **Psychological pricing** ✓ - Used to give the impression that an item is cheaper than it really is. ✓
- **Odd pricing** ✓ - Occurs when final product prices include odd numbers to create the perception that the product is cheaper. ✓
- **Bait pricing** ✓ - Products are advertised at prices that are usually lower than the items cost price. Customers buy these and other items. ✓
- **Skimming prices** ✓ - Prices attached to a new innovative product that is considered unique and prestigious. High prices are charged. ✓

3. PRICE DETERMINATION

- **STEP ONE** - Determine the cost price ✓
- **STEP TWO** - Determine the market price ✓
- **STEP THREE** - Determine the target price ✓
- **STEP FOUR** - Determine final price ✓

4. FACTORS INFLUENCING PRICING POLICY

- **Competitors prices** ✓ - The price that competitors charge is a determining factor that influences the setting of a price. ✓✓
- **Changes in consumer tastes and habits** ✓ - The buying behaviour of consumers varies according to the type of product that is bought. ✓✓
- **Changes in consumer income** ✓ - Products that fall outside the price range that consumers are prepared to pay or not be able to afford will not be bought. ✓✓
- **Changes in production costs and time** ✓ - Costs and expenses comprise one of the most important factors influencing the price of a product. ✓✓
- **Supply and Demand** ✓ - Can influence prices especially in the primary sector. ✓✓

CONCLUSION

- After the final price has been determined by the organisation, strong customer and competitor responses to the price of a product could lead to price adjustments. ✓✓

FACTS	32	(35)
LAYOUT	2	
ANALYSIS	2	
SYNTHESIS	2	
ORIGINALITY	2	
TOTAL	40	