

BUSINESS STUDIES

LEARNER REVISION FOR THE FINAL EXAM

VENTURES



2020



Western Cape
Government

BUSINESS VENTURES: MANAGEMENT & LEADERSHIP

1. Compare (*Differences*) between leadership with (*and*) management:

LEADERSHIP	MANAGEMENT
1.	1.
2.	2.
3.	3.

2. Discuss the role of personal attitude in successful leadership:

3. Evaluate the impact of the following leadership styles / theories:

SITUATIONAL	TRANSFORMATIONAL
1.	1.
2.	2.
3.	3.
4.	4.

	AUTOCRATIC	TRANSACTIONAL
POSITIVES	1.	1.
	2.	2.
NEGATIVES	3.	3.
	4.	4.

BUSINESS VENTURES: INVESTMENTS, SECURITIES & OPPORTUNITIES

Downloaded from Stanmorephysics.com

1. Advise the company by providing a description of suitable forms of investments. Elaborate on the risk factor of EACH.

FORM OF INVESTMENT	DESCRIPTION	RISK FACTOR
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

2. Explain the functions of the Johannesburg Security Exchange Ltd (JSE)

3. Discuss the factors to be considered when making investment decisions.

FACTORS	DESCRIPTION
Return on Investment	
Risk	
Liquidity	
Taxation	
Inflation Rate	
Investment Period	
Volatility (Fluctuations on investment markets)	

4. Evaluate the impact of the following investment types:

	GOVERNMENT/RSA RETAIL BONDS	UNIT TRUSTS
POSITIVES	1.	1.
	2.	2.
NEGATIVES	3.	3.
	4.	4.
	SHARES	FIXED DEPOSIT
POSITIVES	1.	1.
	2.	2.
NEGATIVES	3.	3.
	4.	4.

5. Differentiate between ordinary and preference shares.

Downloaded from Stanmorephysics.com

ORDINARY SHARES	PREFERENCE SHARES
1.	1.
2.	2.
3.	3.

6. Describe FOUR types of preference shares:

PREFERENCE SHARES	DESCRIPTION
1.	
2.	
3.	
4.	

7. Distinguish between compound interest and simple interest

COMPOUND INTEREST	SIMPLE INTEREST
1.	1.
2.	2.
3.	3.

8. Donovan Invest R100 000 People's Bank for 54 months. The bank offers to pay him simple interest calculated at a rate of 11% p.a. Calculate the amount of interest that Donovan will receive after 54 months. Show all calculations.

FORMULA:

9. Jabu invested R 50 000 for three years at an interest rate of 10% compounded annually. Calculate the amount of interest that Jabu will receive after three years. Show all calculations.

FORMULA:

10. Three family members, Bob, Sam and Rina, received R400 000, R200 000 and R300 000 respectively from their deceased grandfather's estate in January 2005.

Bob immediately invested his R400 000 in fixed property in Ballito, a coastal resort in KwaZulu-Natal. In September 2007, the local government gave the go-ahead for the construction of the new King Shaka International Airport and this boosted the demand for residential property in the surrounding area. In December 2007, Bob received an offer of R500 000 from an estate agent and sold his property.

Sam, on the other hand, invested his R200 000 in Gold Reef Shares. He purchased 20 000 shares at R10 each in January 2005. In December 2007 Sam sold all his shares at R20 each.

Rina invested her R300 000 for two years in a fixed deposit account at a commercial bank at an interest rate of 15% p.a.

- 10.1. Determine which investment earned the highest return. Show calculations to substantiate your answer.

BOB:

SAM:

RINA:

HIGHEST EARNED RETURN ON INVESTMENT:

11. Annette invested R10 000 three years ago on a fixed deposit and received R11 800 at maturity. She is also running a small tuck shop at a local school in which she invested R10 000 as start-up capital. The tuck shop has generated a profit of R3 600 in total over the past three years.

11.1. Calculate the rate of return (%) Annette received on the fixed deposit per year.

FORMULA:

11.2. Calculate the rate of return (%) on Annette's investment in her business per year.

FORMULA:

12. On your sixteenth birthday your grandfather gave you an interest free loan of R100 000 that you must invest for two years. The returns on your investment were his contribution towards your university fees. You divided the money into two investments.

Investment 1: You invest R50 000 at a bank that pays 7.5% compound interest (calculated annually)

Investment 2: You invest the other R50 000 at Sanlam that pays you 12% simple interest.

12.1. Calculate which one of the two investments earned the highest returns. Show all calculations.

Investment 1:

FORMULA:

Investment 2:

FORMULA:

13. Andries and Tshidi each have R3 000 to invest. Andries invests in a savings account at a bank where he will receive 10% p.a. interest, paid out every 6 months. Tshidi invests in a flexi-deposit account at a bank for two years at 10% p.a. interest, compounded annually.
- 13.1. Calculate the interest amount that Andries and Tshidi will receive after 2 years.
- 13.2. Identify the better investment option and motivate the answer.

<u>ANDRIES:</u>	<u>TSHIDI:</u>
<u>FORMULA:</u>	<u>FORMULA:</u>
<u>HIGHEST EARNED RETURN ON INVESTMENT:</u>	

14. Identify the type of investment offered by Mzansi Investments represented in each statement below.
- 14.1. Sally has been offered the opportunity to own part of Mzansi Investments.
-
- 14.2. Investors are encouraged to use the services of a portfolio manager to invest in different shares.
-
- 14.3. Mzansi is building houses with an intention of selling them in future at a higher price.
-

BUSINESS VENTURES: INSURANCE & ASSURANCE

Downloaded from Stanmorephysics.com

1. Differentiation between insurance and assurance and give TWO examples of each.

INSURANCE	ASSURANCE
1.	1.
2.	2.
3.	3.
Example:	Example:
Example:	Example:

2. Explain the difference between insurable and non-insurable risks. Provide TWO practical examples of each.

INSURABLE RISKS	NON-INSURABLE RISKS
1.	1.
2.	2.
Example:	Example:
Example:	Example:

3. Differentiate between compulsory insurance and non-compulsory insurance and give TWO examples of each.

COMPULSORY INSURANCE	NON-COMPULSORY INSURANCE
1.	1.
2.	2.
3.	3.
Example:	Example:
Example:	Example:

4. Explain the importance of insurance for businesses.

5. Analyse the benefits of the Unemployment Insurance Fund (UIF) and the Road Accident Fund (RAF) for businesses.

UNEMPLOYMENT INSURANCE FUND (UIF)	ROAD ACCIDENT FUND (RAF)
1.	1.
2.	2.
3.	3.

6. Discuss the principles of insurance.

PRINCIPLE	DESCRIPTION
1.	
2.	
3.	
4.	

7. Elaborate on the meaning of the average clause and explain how it is calculated.

8. The property of Lugogwana Distillers has a current market value of R300 000. The warehouse was partly damaged by fire. Damages were assessed at R60 000. The insurance company is not prepared to pay the full amount of the claim because Turbo Distillers insured the property for only R200 000.
- 8.1. Calculate the compensation that Lugogwana Distillers will receive from the insurance company. Show all your calculations.

FORMULA:

9. Tina insured her delivery vehicle for R150 000, instead of the market value of R300 000 with Define Insurance. After delivering goods the vehicle was in an accident. Damage to the vehicle during the accident amounted to R100 000.
- 9.1. Explain the principle that is applicable in this scenario.

- 9.2. Calculate the amount that Tina will receive from Define Insurance. Show all your calculations.

FORMULA:

10. Joe and John each own a factory building. The value of Joe's building is R100 000 but it is insured for the amount of R140 000. The value of John's building is R120 000 but it is insured for the amount of R80 000. A fire destroys Joe's building and it causes damage to the value of R36 000 to John's building.
- 10.1. Calculate the amount of under-insurance. Show all your calculations.

FORMULA:

11. Mahlori owns a thatched house valued at R1 000 000. He insured his house with Pro-Cover Insurers for R800 000. A fire in the kitchen caused damages of R30 000.
- 11.1. Calculate the amount that Pro-Cover Insurers will pay to Mahlori to cover damages. Show all your calculations.

FORMULA:

12. Peter Simpson bought a new house with a market value of R500 000 in Vryheid. He decided to insure his house for R400 000. He also took a loan for three years from Standard Bank for R20 000 at 18% interest p.a.
- 12.1. If fire damage to the house amounts to R300 000, calculate the amount the Peter will receive as compensation. (Show all your calculations.)

FORMULA:

- 12.2. Determine the amount that Peter will have to pay on his loan to Standard Bank at 18% p.a. compound interest after three years. (Show all your calculations.)

FORMULA:

- 12.3. Calculate the amount that Peter will be expected to repay if he borrowed the same amount, but at simple interest of 18% p.a. for three years. (Show all your calculations.)

FORMULA:

BUSINESS VENTURES: PRESENTATIONS & DATA RESPONSE

Downloaded from Stanmorephysics.com

1. Explain the factors that Robyn should consider when preparing for the presentation.

2. Explain the factors that Robyn should keep in mind during the presentation.

3. Propose ways in which Robyn may respond to feedback in a professional manner.

BEFORE	DURING	AFTER
1.1	2.1	3.1
1.2	2.2	3.2
1.3	2.3	3.3
1.4	2.4	3.4
1.5	2.5	3.5

4. Robyn is unsure of which visual aids she should use. Explain the effectiveness of each of the following visual aids she can use in order for her to make the best decision.

	ADVANTAGES (POSITIVES)	DISADVANTAGES (NEGATIVES)
POWER POINT SLIDES	1.	1.
	2.	2.
INTERACTIVE WHITE-BOARD (SMART BOARDS)	1.	1.
	2.	2.
HANDOUTS	1.	1.
	2.	2.

5. Give Robyn advice when designing a multimedia presentation:

6. Discuss any areas for improvement on Robyn's next presentation.

BUSINESS VENTURES: FORMS OF OWNERSHIP

Downloaded from Stanmorephysics.com

1. Connect a description from COLUMN B that matches a term in COLUMN A.

COLUMN A	COLUMN B
ANNUAL GENERAL MEETING (AGM)	Refers to the ability/potential of management to start and operate a business as planned.
CAPACITY	The tax requirements of each form of ownership determine the impact of taxation on business success/ failure
CAPITAL	Ownership impacts on management functions which determine the success/failure of the business
CONTINUITY	Refers to the ability to obtain capital from various sources (e.g. own/borrowed capital). The amount of capital that can be success/failure.
CO-OPERATIVE SOCIETY	Refers to how profit is divided between owner(s)/shareholders/ investors.
DIVISION OF PROFITS	Legal requirements for establishment/starting a business impact on the establishment costs and time before a business
LEGISLATION	Continue to exist even if a change of ownership takes place, e.g a member or shareholder dies or retires
LIMITED LIABILITY	Loses are limited to the amount that the owner invested in the business.
MANAGEMENT	The owner's personal assets may be seized to pay for the debts of the business.
MEMORANDUM OF INCORPORATION (MOI)	Autonomous association of persons united voluntarily to meet their common economic/ social needs/aspirations through a jointly owned and democratically controlled enterprise.
PROSPECTUS	The document that sets out the rights, responsibilities and duties of shareholders and directors. (Serves as a constitution of a company).
TAX IMPLICATIONS	A document inviting the public to buy securities/shares.
UNLIMITED LIABILITY	Held once a year where the shareholders receive a report stating how well the company has done.