



**KWAZULU-NATAL PROVINCE**

**EDUCATION**  
REPUBLIC OF SOUTH AFRICA



**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 10**

**BUSINESS STUDIES  
COMMON TEST  
APRIL 2021**

**MARKS: 100**

**DURATION: 1½ hours**

**This question paper consists of 7 pages.**

**INSTRUCTIONS AND INFORMATION**

Read the following instructions carefully before answering the questions

1. This paper consists of **THREE** sections.

SECTION A: **COMPULSORY**

SECTION B: Consists of **THREE** questions answer any **TWO** questions in this section.

SECTION C: Consists of **TWO** questions. Answer any **ONE** of the two questions in the section.

2. Read the instructions for each question carefully and take a particular note of what is required.
3. Number answer correctly according 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 of an answer.
6. Use the table below as a guide for marks and time allocation when answering each question.

| SECTION   | QUESTION      | MARKS      | TIME<br>(Minutes) |
|---|---------------|------------|-------------------|
| <b>A: Multiple choice questions and matching<br/>COMPULSORY</b>           | <b>1</b>      | <b>20</b>  | <b>20</b>         |
| <b>B: THREE Direct/Indirect questions.<br/>(Choose any TWO questions)</b> | <b>2</b>      | <b>20</b>  | <b>20</b>         |
|   | <b>3</b>      | <b>20</b>  | <b>20</b>         |
|   | <b>4</b>      | <b>20</b>  | <b>20</b>         |
| <b>C: TWO essay questions.<br/>(choose any ONE of the TWO questions)</b>  | <b>5</b>      | <b>40</b>  | <b>30</b>         |
|   | <b>6</b>      | <b>40</b>  | <b>30</b>         |
|   | <b>TOTAL:</b> | <b>100</b> | <b>90 minutes</b> |

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

**SECTION A: (COMPULSORY)****QUESTION 1: MULTIPLE CHOICES**

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A-D) next to the question number (1.1.1 – 1.1.5) on the ANSWER BOOK, e.g. 1.1.6 A

1.1.1 Which one of the following is a component of micro environment?

- A Customers
- B Vision
- C Competition
- D Intermediaries

1.1.2 Fixed capital consists of vehicles equipment and ...

- A land and buildings
- B debtors
- C fixed cash in the bank
- D trading stock

1.1.3 The following sector includes businesses that are controlled by government.

- A Private sector
- B Services sector
- C Industrial sector
- D Public sector



1.1.4 Spar Supermarket is a retailer and has a direct competition with...

- A Shoprite
- B VW Motors
- C Eskom
- D Telkom

1.1.5 Strategic decisions are taken at ... level of management

- A top
- B lower
- C middle
- D upper-middle

**(5x2) (10)**

1.2 Choose a description from COLUMN B that matches a 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, E.G 1.2.6 K.

| <b>COLUMN A</b>                         | <b>COLUMN B</b>  |
|---|--|
| 1.2.1 Mission statement                 | A. are all operations that are intermediating the collection of tax                              |
| 1.2.2 None-Government Organisation(NGO) | B. refers to the direction on how the business intend to achieve its visio.                      |
| 1.2.3 Legal environment                 | C. are companies that are employed by government and are not in market environment.              |
| 1.2.4 Formal sector                     | D. is the plan of action put in place by businesses.   |
| 1.2.5 Intermediaries                    | E. are all laws and regulations in place to control business operations.                         |
|   | F. consists of formal registered businesses registered that also pay tax to SARS.                |
|   | G. act as a link between business and customers  |
|   | H. consists of businesses that are not formally registered.                                      |
|   | I. produces and sell goods to final users.   |
|   | J. are community-based organisations that employ workers, supply and consume goods and services. |

**(5x2) (10)**

**SECTION B**

Answer **ANY TWO** questions in this section

**NOTE:** Clearly indicate the QUESTION NUMBER of each question that you choose. The answer to EACH question must start on a NEW page, e.g. QUESTION 5 on a NEW page, QUESTION 6 on a NEW page.

**QUESTION 2: BUSINESS ENVIRONMENTS**

- 2.1 State any THREE components of market environment. (3)
- 2.2 Identify business sector represented in EACH statement below:
- 2.2.1 Tropical Bank offers lower interest rate to accommodate low income earners. (2)
- 2.2.2 Sodwana Manufacturers specialises in the production of unique brand of Stilettos. (2)
- 2.3 Read the scenario below and answer the questions that follow.
- SUN AND MOON LTD (SM)**  
Sun and Moon LTD is a local manufacturer that produces and sell school shoes. The organisational culture of SM LTD portrays its image.
- 2.3.1 Identify the business environment applicable in the scenario above. Motivate your answer by quoting from the scenario. (3)
- 2.3.2 Outline other components of the business environment identified in QUESTION 2.3.1 above. (4)
- 2.4 Explain the relationship between vision and other components of the micro environment. (6)
- [20]**

**QUESTION 3: BUSINESS OPERATIONS**

- 3.1 Name THREE levels of management. (3)
- 3.2 Identify the sources of financing businesses represented in EACH statement below.
- 3.2.1 Sakhisizwe Traders get the stock from supplier and given 30-60 days to pay. (2)
- 3.2.2 Matrix Bakery arranged with the Capital Bank to withdraw more money than what is available in their bank account. (2)
- 3.3 Read the scenario below and answer the questions that follow.

**Elvis Fishers CC (EF)**

Elvis Fisher specialises in the manufacturing and selling of fishing equipment's. Ten customers exercised their rights as outlined in the Act and returned boxes of outdated fishing baits. Few days later more customers came to complain about the similar issue.

- 3.3.1 Identify the Act applicable in the scenario above. Motivate your answer by quoting from the scenario. (3)
- 3.3.2 Advise EF on any other TWO consumer rights stipulated in the Act identified in QUESTION 3.3.1 above. (4)
- 3.4 Discuss the responsibilities of credit providers. (6)
- [20]**

**QUESTION 4: MISCELLANEOUS**

- 4.1 Outline any TWO factors that influence the organisation structure. (2)
- 4.2 Elaborate on the meaning of private a sector. (4)
- 4.3 Differentiate between management and leadership. (4)
- 4.4 Identify business functions represented in EACH statement below:
- 4.4.1 All machines are serviced timeously after used when manufacturing. (2)
- 4.4.2 The business responded quickly after negative comments were made by some customers on social media. (2)
- 4.5 Suggest quality indicators for Human resources function. (6)

**SECTION C**

Answer **ANY ONE** question in this section

**NOTE:** Clearly indicate the QUESTION NUMBER of each question chosen.  
the answer to question must start on a NEW page, e.g. QUESTION 7  
on a new page, QUESTION 8 on a NEW page.

**QUESTION 5: BUSINESS ENVIRONMENTS**

Businesses should have a clear understanding of the meaning of macro environment, its components, and reasons why it can pose challenges to their existence. Understanding the relationship exist between the three business environments is also crucial for

Keeping in mind with the above statement, write an essay on the following aspects of macro environment:

- Elaborate on the meaning of macro environment
- Explain reasons why macro environment can be a challenge to businesses.
- Suggest reasons why EACH of the following components poses a challenge to businesses:
  - Technological environment
  - Social environment
  - Economic environment
  - Physical environment
- Advise businesses on relationship between micro, market and macro environments.

**[40]****QUESTION 6: BUSINESS OPERATIONS (PURCHASING FUNCTION)**

Purchasing function plays an important role in ensuring that raw materials are available at all times. Businesses do this to prevent stoppages during the production process. Sometimes businesses are forced to buy raw materials on credit due to financial constraints and protected by the National Credit Act in this regard.

With reference to the above statement write an essay on the following aspects

- Outline the purpose of purchasing function.
- Explain activities of purchasing function.
- Differentiate between cash payment and credit payment.
- Advise businesses on the purpose of National Credit Act.

**[40]**

**TOTAL SECTION C: [40]**  
**GRAND TOTAL: [100]**



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**BUSINESS STUDIES**  
**COMMON TEST**  
**MARCH 2021**  
**MARKING GUIDELINES**

**MARKS: 100**

**TIME: 1 hour 30 min.**

**This marking guideline consists of 16 pages.**

**NOTES TO MARKERS**

1. A comprehensive marking guideline has been provided but this is by no means Exhaustive. Due consideration should be given to an answer that is correct but:
  - Uses a different expression from that which appears in the marking guideline
  - Comes from another source
  - Original
  - A different approach is used

**NOTE: SECTION A:**

- There are no alternative answers.
  - Each question has only one correct answer.
2. Take note of other relevant answers provided by candidates and allocate marks accordingly. (In cases where the answer is unclear or indicates some understanding, part-marks should be awarded, for example, one mark instead of the maximum of two marks.)
  3. The word 'sub-max' is used to facilitate the allocation of marks within a question or sub-question.
  4. The purpose of circling marks (guided by 'max' in the breakdown of marks) on the right-hand side is to ensure consistency and accuracy in the marking of scripts.
  5. In an indirect question, the theory as well as the response must be relevant and related to the question.
  6. No additional credit must be given for repetition of facts. Indicate with an R.
  7. Subtotals to questions must be written in the right-hand margin. Circle the subtotals as indicated by the allocation of marks. This must be guided by 'max' in memo. Only the total for each question should appear in the left-hand margin next to the appropriate question number.



**SECTION B**

8.1 If, for example, FIVE facts are required, mark the candidate's FIRST FIVE responses and ignore the rest of the responses. Indicate by drawing a line across the unmarked portion or use the word 'Cancel'.

**NOTE:** This only applies to questions where the number of facts is specified.

- 8.2 If two facts are written in one sentence, award the candidate FULL credit. Point 10.1 above still applies.
9. Where the number of facts are specified, questions that require: candidates to 'explain/discuss/ describe' will be marked as follows
- Heading 2 marks
  - Explanation: 1 mark (or as indicated in the marking guideline).
  - The 'heading' and 'explanation' are given separately to facilitate mark allocation.
- 10.2 If the number of facts is not specified, the candidate must be informed by the nature of the question and the maximum marks allocated
- 10.3 If candidates are required to provide their own examples/views, brainstorm this to come up with alternative answers
- 10.4 ONE mark will be awarded for answers that are easy to recall, requires one-word answers, or is quoted directly from scenario/case study. This applies to SECTIONS B and C in particular.

**SECTION C**

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

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

11.2 Insight consists of the following components:

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

**SECTION A**

**QUESTION 1**

- 1.1 1.1.1 B✓✓
- 1.1.2 A✓✓
- 1.1.3 D✓✓
- 1.1.4 B✓✓
- 1.1.5 A✓✓
  
- 1.2 1.2.1 B✓✓
- 1.2.2 J✓✓
- 1.2.3 E✓✓
- 1.2.4 F✓✓
- 1.2.5 G✓✓



(10)

**TOTAL SECTION A:** (10)  
[20]

| BREAKDOWN OF MARKS |           |
|--------------------|-----------|
| QUESTION 1         | MARKS     |
| 1.1                | 10        |
| 1.2                | 10        |
| <b>TOTAL</b>       | <b>20</b> |

**QUESTION 2**

**2.1 Components of market environment**

- Supplier✓
- Consumer✓
- Regulator✓
- Intermediaries✓
- Civil societies✓
- Competitors✓

**NOTE: Mark the first THREE (3) only.**

Any (3x1) (3)

**2.2 Business sectors**

- 2.2.1 Tertiary sector✓✓ (2)
- 2.2.2 Secondary sector✓✓ (2)

**2.3 Micro environment**

- 2.3.1 Micro environment✓✓ (2)  
**Motivation**  
The organisational culture of SM LTD portrays its image ✓ (1)  
**NOTE: Do not award marks for motivation if the business environment was incorrectly identified.**

**2.3.2 Components of the micro environments**

- Vision✓
- Mission✓
- Goals, strategy✓
- Objectives✓
- Organisational resources✓
- Business functions✓
- Leadership and management✓
- Organisational structure✓

**Max (4)**

**2.4 Relationship between vision and other components of micro environment.**

- Determine and influence✓ organisational culture✓
- Determine the organisational✓ resources needed✓
- Guide management and leadership in what should be achieved in the business✓ and how they should motivate their staff and control systems✓
- Give direction to how the business to how the business will operate✓ in terms of organisational structure and how many departments are needed. ✓
- Determine the goals and objectives✓ of the eight-business functions.✓
- Any other relevant answer relating how vision relate to other micro environment components

(6)  
[20]

**BREAKDOWN OF MARKS**

| QUESTION 2   | MARKS     |
|--------------|-----------|
| 2.1          | 3         |
| 2.2.1        | 2         |
| 2.2.2        | 2         |
| 2.3.1        | 3         |
| 2.3.2        | 4         |
| 2.4          | 6         |
| <b>TOTAL</b> | <b>20</b> |

**QUESTION 3**

**3.1 Levels of management**

- Top level management ✓
- Middle level management ✓
- Lower level management ✓
- **NOTE: Mark the first THREE only**

Any (3x1) (3)

**3.2 Sources of finance**

- 3.2.1 Trade Credit ✓✓ (2)
- 3.2.2 Bank overdraft ✓✓ (2)

**3.3**

- 3.3.1 Consumer Protection Act ✓✓ (2)

Ten customers exercised their rights as outlined in the Act and returned boxes of outdated fishing baits. ✓

**NOTE: Do not award marks for motivation if the Act was incorrectly identified.** (1)

**3.3.2 Consumer rights as stipulated in the Consumer Protection Act (CPA)**

- Right to choose suppliers and /or goods ✓✓
- Right shop around for best price ✓✓
- Right request written quotations and cost estimates. ✓✓
- Right to reject goods that are unsafe /defective for a full refund ✓✓
- Any other relevant answer related to consumer rights as stipulated in the CPA.

**NOTE: Mark the first TWO (2) consumer rights only.**

Max (4)

**3.4 Responsibilities of a credit provider**

- Prohibit reckless credit granting practices ✓ by ensuring that they follow all procedures before granting credit ✓
- Conduct background check/consider consumers' ✓ credits before granting a loan. ✓
- Ensure credit granting to customers ✓ who will be able to afford paying the money back. ✓
- Charge customers a fair rate of the interest, ✓ not over charge customers. ✓
- Prohibit unfair credit practice ✓ by charging customers a fair rate of interest. ✓
- Any other relevant answer related to the responsibilities of a credit provider

Max (6)  
[20]

| BREAKDOWN OF MARKS |           |
|--------------------|-----------|
| QUESTION 2         | MARKS     |
| 3.1                | 3         |
| 3.2.1              | 2         |
| 3.2.2              | 2         |
| 3.3.1              | 3         |
| 3.3.2              | 4         |
| 3.4                | 6         |
| <b>TOTAL</b>       | <b>20</b> |

**QUESTION 4**

**4.1 Factors influencing organisational structure**

- The size of the company ✓
  - The technology in the business ✓
  - The resources available ✓
  - The strategic goals of the company ✓
  - Any other relevant answer related to the factors that influence the organisational structure.
- NOTE: Mark the first TWO factors only.**

Any (2x1) (2)

**4.2 Meaning of a private sector**

- The sector that is owned and controlled by the individuals ✓ who are profit driven. ✓
- Its aim is to provide goods and services ✓ for the benefits of the society ✓
- Businesses operate within this sector can be formal registered ✓ or informal. ✓
- Any other relevant answer related to the meaning of a private sector

Max (4)

**4.3 Difference between management and leadership**

| LEADERSHIP  | MANAGEMENT  |
|---|---|
| Influences ✓ human behaviour. ✓   | Guides ✓ human behaviour ✓✓                                       |
| Communication by means of ✓ interaction/ behaviour /vision/values /charisma ✓ | Communicates through ✓ management function, e.g., line function ✓ |
| Inspires staff to trust ✓ and support each other ✓                            | Controls systems and procedures ✓ to get the job done ✓           |
| Encourages new ideas ✓ to increase productivity ✓                             | Administers plans/programs /tasks ✓ to reach targets ✓            |
| Any other relevant answer related to leadership.                              | Any other relevant answer related to management.                  |
| <b>Sub max (2)</b>  | <b>Sub max (2)</b>  |

**NOTE:**

1. **The answer does not have to be in tabular form.**
2. **Award full marks if differences are clear**
3. **Award maximum of TWO marks if differences are not clear. Mark either leadership or management.**

Max (4)

**4.4 Business functions**

- 4.4.1 Production Function ✓✓ (2)
- 4.4.2 Public relations Function ✓✓ (2)

**4.5 Human resources function quality indicators**

- Ensure fair and equitable selection process ✓✓
- Makes sure there is a good recruitment policy that attracts best candidates ✓✓
- Fair remuneration packages that is aligned to the industry ✓✓

- Offer performance incentives for staff to enhance productivity ✓✓
- Any other relevant answers related to the quality indicators for human resources function

**Max (6)**  
**[20]**

**BREAKDOWN OF MARKS**

| QUESTION 2   | MARKS     |
|--------------|-----------|
| 4.1          | 2         |
| 4.2          | 4         |
| 4.3          | 4         |
| 4.4.1        | 2         |
| 4.4.2        | 2         |
| 4.5          | 6         |
| <b>TOTAL</b> | <b>20</b> |



**SECTION C**

**MARK THE FIRST QUESTION ONLY**

**QUESTION 5**

**BUSINESS ENVIRONMENTS**

**5.1 Introduction**

- Macro environment forms part of business environments and has an impact on business daily activities. ✓
- Components of macro environment poses challenges for businesses in various ways. ✓
- It is important for businesses identify and analyse possible challenges that exists within each component of macro environment. ✓
- Business environments are interlinked and influence one another. ✓
- Any other relevant introduction related to the meaning of macro environment/reasons why macro environment can be a challenged/ how components pose challenges/ relationship between business environments.

**Any (2x1) (2)**

**5.2 Meaning of macro environment**

- Macro environment is also known ✓ as external environment. ✓
- It is an environment that is located outside the business. ✓
- Macro environment includes all forces/events/circumstances ✓ that affects businesses. ✓
- Businesses do not have ✓ control over macro environment. ✓
- The macro environment constantly changes ✓ in line with global trends. ✓
- Most of the changes in the macro environment are implemented ✓ by the government ✓
- Any other relevant answer related to the meaning of macro environment.

**Max (10)**

**5.3 Reasons why macro environment can be a challenge to businesses**

- Businesses do not have control over challengest ✓ emanating from the macro environment.
- Some businesses do not have enough money to keep up ✓ with changes in latest developments in technology. ✓
- Socio economic issues like crime, Hiv/Aids, unemployment, piracy ✓ etc. makes community members bankrupt and unable to buy from businesses ✓
- Macro environments influences business decisions ✓ as it dictates changes ✓.
- New laws and regulations may hamper business growth ✓ and opportunity for expansion. ✓
- Changes in income levels may result in the reduction ✓ of customers buying power ✓
- Labour restrictions imposed by government may prohibit ✓ businesses from employing more people. ✓
- Penalties pose by government for non-compliance with legislation ✓ are very high ✓
- Businesses involved in international trade ✓ may not keep up with global changes. ✓
- Tariffs and interest rates can be very high ✓ resulting in some businesses closing down completely. ✓

- Global warming can prohibit businesses✓ in agricultural sector from continuing with their operations ✓
- Any other relevant answer relation to challenges of macro environment on businesses

Max (10)

**5.4 Reasons why the following components poses a challenge to businesses**

**5.4.1 Technological environment**

- Businesses may not keep up with/be aware of the latest technology.✓✓
- Employees may not be skilled to operate/maintain new technology/ equipment.✓✓
- Businesses may not be able to afford new technology.✓✓
- May not be able to cater for/ afford online transactions/e-commerce.✓✓
- Any other relevant answer relating to ways in which technological environment pose a challenge to businesses

Sub max (4)

**5.4.2 Social environment**

- Customers may not be able to afford products due to low income levels/high unemployment. ✓✓
- Businesses may not be conversant with the language of their customers. ✓✓
- Some customers may prefer to spend their money on medical bills for the treatment of chronic illnesses. ✓✓
- High crime rate may affect the trading hours of businesses resulting in decreased profit. ✓✓
- Any other relevant answer relating to ways in which social environment pose a challenge to businesses.

Sub max (4)

**5.4.3 Economic environment**

- Inflation/Interest rates may negatively impact on business. ✓✓
- Loans may be expensive due to high interest rates. ✓✓
- Fluctuations in foreign currency may restrict import. ✓✓
- Any other relevant answer relating to ways in which economic environment pose a challenge to businesses

Sub max (4)

**5.4.4 Physical environment**

- Chemicals/Ingredients in business' products may be harmful to customers✓✓
- Measures to dispose of business waste may be expensive. ✓✓
- Packaging of some products may not be environmentally friendly may not be recyclable. ✓✓
- Any other relevant answer relating to ways in which physical environment pose a challenge to businesses

Sub max (4)

Max (16)

**5.5 The interrelationship between the micro-, market and macro- environments**

- Business enterprises are in constant interaction with elements present in all three-business environments. ✓✓

- An entrepreneur uses the factors of production to produce a product or service. ✓✓
- An entrepreneur aims to satisfy the needs of the consumer in order to make a profit. ✓✓
- During this process, the entrepreneur is subjected to challenges coming from amongst others, competitors, as well as the government. ✓✓
- Entrepreneurs must deal with labour crises, demands such as BEE and affirmative action. ✓✓
- Providing products and services are therefore not a simple process that can take place in isolation. ✓✓
- A business exercises control over most of the elements in the micro- environments. E.g. a business cannot force consumers to buy their products, but it can influence consumers through competitive prices and advertising ✓✓
- A business can neither influence, nor exercise control over the elements of the macro-environment. ✓✓
- A business must adapt to the challenges from the macro-environment and formulate strategies to cope with these challenges ✓✓
- Any other relevant answer related to interrelationship between the three environments

Max (10)

**5.6 Conclusion**

- Businesses that are fully aware of macro environment and its impact stand a better chance to be proactive/minimize/manage it effectively.✓✓
- Businesses that address challenges emanating from macro environments are more likely to be more likely to remain competitive.✓✓
- Businesses must have a better understanding of the relationship between the business environments.✓✓
- Any other relevant conclusion related to the meaning of macro environment/reasons why macro environment can be a challenged/ how components pose challenges/ relationship between business environments.

Max (2)

**QUESTION 5: BREAKDOWN OF MARK ALLOCATION**

| Details   | Maximum | Total |
|---|---------|-------|
| Introduction  | 2       | 32    |
| Meaning of macro environment                                  | 10      |       |
| Reasons why macro environment is a challenge to businesses    | 10      |       |
| Reasons why macro components poses a challenge to businesses: | 16      |       |
| Relationship between micro and macro environments             | 10      |       |
| Conclusion  | 2       | 8     |
| <b>Insight</b>  |         |       |
| Layout  | 2       |       |
| Analysis/interpretation                                       | 2       |       |
| Synthesis   | 2       |       |
| Originality/ examples   | 2       | 40    |
| <b>TOTAL MARKS</b>  |         |       |

**LASO - For each component:**

**Allocate 2 marks if all requirements are met.**

**Allocate 1 mark if some requirements are met.**

**Allocate 0 marks where requirements are not met at all.**

**QUESTION 6**

**BUSINESS OPERATIONS (BUSINESS FUNCTIONS)**

**6.1 Introduction**

- Purchasing function is responsible for ensuring that businesses do not run out of raw materials/stock needed in the business✓
- Businesses must be able to differentiate between cash and credit payments.
- Credit payments have some clause and contractual obligations that businesses must comply with.✓
- Keeping good relationship with suppliers is important for businesses as it enables businesses not to run out of stock✓
- The National Credit Act was introduced by the government to prohibit action of reckless lending by service providers.✓
- Any other relevant introduction related to the purpose of purchasing function/ activities of purchasing function/differences between cash payment and credit payment/ purpose of National Credit Act.

**Any (2x1) (2)**

**6.2 Purpose of purchasing function**

- Manage stock to ensure sufficient levels of stock✓to carry out business operations. ✓
- Continuously looking for✓the best/reputable suppliers.✓
- Make regular contact with other business departments✓to determine their needs.✓
- Send damaged goods back to the supplier✓and see to it that it is replaced.✓
- Receive confirmation that all goods were according to specifications✓and the price invoiced as the quoted price.✓
- Negotiate the best possible term of payments✓with suppliers. ✓
- To ensure the availability✓ of raw materials at all times✓
- To maintain the quality of raw materials ✓that are used to produce goods and services in the business✓
- They ensure products are delivered on time✓, at the right place at reasonable price✓
- They maintain good relations✓ with their suppliers, to always receive right stock✓
- Any other relevant answer explaining the purpose of purchasing function

**Max (12)**

**6.3 Activities of the purchasing function**

- Purchasers should have expert knowledge of the product ✓they need to buy and about the market in which they operate. ✓
- Find out the needs✓ other business department. ✓
- Look for suitable, ✓new and better suppliers. ✓
- Ensure that there is enough stock available✓ for continuous production and sales. ✓
- Place orders with suppliers✓ and follow up on them. ✓
- Ensure that ordered products✓ are delivered on time. ✓
- Send damaged products back to the suppliers✓ and see to it that they are replaces.✓
- Buy the right amount of stock/quantity ✓ so that the business does not run out of stock. ✓
- Buy goods from the best supplier✓, who supply the goods at the right time and place
- Get the best price for the quality✓ that the purchasing function require. ✓
- Keep the correct stock levels✓ of stock on hand. ✓
- Record the cost prices✓ and selling prices of stock. ✓
- Any other relevant answer related to the activities of the purchasing function.

**Max (12)**

**6.4 Difference between cash payment and credit payment**

| Cash payment   | Credit payment   |
|--|--|
| • Money exchanged directly✓ when goods and services are delivered✓ | • It is buying goods and services on credit✓ with an intention of paying later ✓ |
| • It does not have interest charged ✓                              | • It normally has interest charged on products purchased ✓                       |



|   |  |
|---|--|
| <ul style="list-style-type: none"> <li>There are no contractual obligations in this way of payment ✓</li> </ul> | <ul style="list-style-type: none"> <li>There are contractual obligations ✓ both the business and customer must sign ✓</li> </ul> |
| <ul style="list-style-type: none"> <li>It is paid in full ✓ and there are no monthly instalments ✓</li> </ul>   | <ul style="list-style-type: none"> <li>It is paid in instalments ✓ an arranged plan ✓</li> </ul>                                 |
| <ul style="list-style-type: none"> <li>Any other relevant answer related cash payment</li> </ul>                | <ul style="list-style-type: none"> <li>Any other relevant answer related credit payment</li> </ul>                               |
| <b>Sub max (6)</b>  | <b>Sub max (6)</b>   |

- NOTE:**
- The answer does not have to be in table form.
  - Award full marks if the difference are clear.
  - Award a maximum of SIX marks if differences are not clear. Mark either cash payments or credit payments.

**Max (12)**

**6.5 Purpose of the National Credit Act (NCA)**

- Promotes the social and financial interest of consumers. ✓✓
- Promote a fair but competitive credit market. ✓✓
- Ensure that consumers know what is included in their credit contracts. ✓✓
- Prevent discrimination and ensure credit is available to all consumers. ✓✓
- Makes provision for the establishment of the National Credit Regulator (NCR) ✓✓
- Ensure registrations of credit bureau and debt counselling services. ✓✓
- Any other relevant answer relating to the purpose of National Credit Act

**Max (10)**

**6.6 Conclusion**

- A well-managed purchasing function can lead to business success and growth. ✓✓
- Activities within the purchasing should be effective coordinated to avoid stock shortages. ✓✓
- Cash payment may be the most prominent option compared to credit payment as it does not accumulate interest. ✓✓
- The National Credit Act plays a major role in the financial industry. ✓✓
- Any other relevant conclusion related to the purpose of purchasing function/ activities of purchasing function/differences between cash payment and credit payment/ purpose of National Credit Act.

**Max (2)**

**QUESTION 6: BREAKDOWN OF MARK ALLOCATION**

| Details                                    | Maximum | Total |
|--|---------|-------|
| Introduction                               | 2       | 32    |
| Purpose of purchasing function             | 12      |       |
| Activities of purchasing function          | 12      |       |
| Difference between credit and cash payment | 12      |       |
| Purpose of National Credit Act (NCA)       | 10      |       |
| Conclusion                                 | 2       |       |
| <b>Insight</b>                             |         | 8     |
| Layout                                     | 2       |       |
| Analysis/interpretation                    | 2       |       |
| Synthesis                                  | 2       |       |

|                       |   |           |
|-----------------------|---|-----------|
| Originality/ examples | 2 |           |
| <b>TOTAL MARKS</b>    |   | <b>40</b> |

**LASO - For each component:**  
 Allocate 2 marks if all requirements are met.  
 Allocate 1 mark if some requirements are met.  
 Allocate 0 marks where requirements are not met at all.

**TOTAL SECTION C: 40**  
**GRAND TOTAL: 100**