



GRADE 10

10 MARCH 2025

CONTROLLED TEST 1

BUSINESS STUDIES

MARKS: 100

TIME: 1 hour

This question paper consists of 8 pages.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections and covers all main topics.

SECTION A: COMPULSORY

SECTION B: Consists of THREE questions.

Answer any TWO of the three questions in this section.

SECTION C: Consists of TWO questions.

Answer any ONE of the two questions in this section.

2. Read the instructions for each question carefully and take note of what is required.

3. Number the answers correctly according to the numbering system used in this question paper. NO marks will be awarded for answers that are numbered incorrectly.

4. Except where other instructions are given, answers must be written in full sentences.

5. Use the mark allocation and nature of each question to determine the length and depth of an answer.

6. Use the table below as a guide for marks and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME (minutes)
A: Objective-type questions COMPULSORY	1	20	12
B: THREE CHOICE: Answer any TWO	2	20	12
	3	20	12
	4	20	12
C: TWO essay-type Questions. Answer only 1	5	40	24
	6	40	24
TOTAL		100	60

7. Begin the answers to EACH question on a NEW page, for example QUESTION 1 – new page, QUESTION 2 – new page, et cetera.

8. You may use a non-programmable calculator.

9. Write neatly and legibly.

SECTION A (COMPULSORY)

QUESTION 1

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)

1.1.1 Role of Trade union is to

- A give the business a competitive advantage.
- B implement rules to ensure fair business practice.
- C protect the interests of its members.
- D provide guidelines on how to run a business ethically and responsibly.

1.1.2 The.....capital is money provided by the owners of the business.

- A working
- B owned
- C fixed
- D borrowed

1.1.3 A business enterprise has no control over the ...

- A micro-business environment.
- B employees
- C macro business environment
- D marketing function

1.1.4 1.1.4 Theensures that tactical decisions are carried out.

- A lower-level managers
- B top-level managers
- C middle-level managers
- D lower and top-level managers

1.1.5 This business function is directly involved in the sale of manufactured products in a company.

- A marketing
- B production
- C human resource
- D finance

(5 x 2)

(10)

- 1.2 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter next to the question number (1.2.1-1.2.5)

	COLUMN A		COLUMN B
1.2.1	Lower level	A.	Inspection is carried out during and after the production process.
1.2.2	Administration function	B.	refers to natural and man-made variables that surround businesses.
1.2.3	National Consumer Protection Act	C.	Responsible for buying stock in bulk at a reasonable price.
1.2.4	Economic environment	D.	Makes strategic decision
1.2.5	Quality assurance	E.	This Act was introduced to encourage responsible buying.
		F.	Responsible for collecting, storing, and distributing business information
		G.	Refers to the factors that influencing buying habits of the consumers and businesses
		H.	This Act was introduced to prevent consumers from exploitation by businesses.
		I.	Makes short term decisions
		J.	Inspection of the final product to ensure that it meets the required standards.

5 x 2

(10)

TOTAL SECTION A [20]

SECTION B

Answer any **TWO** questions in this section

QUESTION 2

- 2.1 Name any FOUR organisational resources. (4)
- 2.2 Read the scenario below and answer the questions that follow.

STAR TRAVEL AGENCY (STA)

Star Travel Agency provides transport services for local tours. She has a vision to expand her business to become a national travel agency. Fast Travel Agency is one of STA's strong competitors because they offer tours at 50% discount if their services are used.

Stanmorephysics.com

- 2.2.1 Identify components of TWO business environments in the scenario above.
- 2.2.2 Classify them according to EACH business environment.

Use the table below to present your answer.

COMPONENTS	BUSINESS ENVIRONMENTS
1.	
2.	

(6)

- 2.3 Differentiate between management and leadership. (4)
- 2.4 Explain the purpose of the organisational culture. (6)

[20]

QUESTION 3

- 3.1 Mention THREE factors that influence the organisational structure of a business. (3)
- 3.2 Identify the business functions applicable to EACH of the following statements
- 3.2.1 They oversee the activities of the other functions so that the business can achieve its objectives.
- 3.2.2 They are responsible for creating and maintaining a positive public image.
- 3.2.3 The process of converting raw materials into finished goods.
- (3 x 2) (6)
- 3.3 Read the scenario below and answer the questions that follow.

JALI TRADING (JT)

Sharon works for JT a leading clothing retailer. She was promoted from supervisor to administration manager. She is now in charge of 30 people in her department.

- 3.3.1 Identify Sharon's new management level. (3)
- Motivate your answer by quoting from the scenario above.
- 3.3.2 Explain her responsibilities on the management level identified in QUESTION 3.3.1. (4)
- 3.4 Discuss the Risk Management as one of management tasks. (4)

[20]

QUESTION 4

- 4.1 Outline quality indicator of human resource function (4)
- 4.2 Identify the sources of financing applicable to each of the given scenarios:
- 4.2.1 The business arranges with the bank to withdraw more money than is available in its bank account
- 4.2.2 The loans must be paid back over a fixed term which may not exceed five years (4)

- 4.3 Discuss the purpose of stock control. (4)
- 4.4 Differentiate between Quality control and quality assurance (4)
- 4.5 Recommend the impact of the National Consumer Protection Act (CPA) on businesses. (4)



[20]

TOTAL SECTION B [40]

SECTION C

Answer **ONE** question in this section.

QUESTION 5 : BUSINESS ENVIRONMENTS



The business is influenced by many internal and external factors (market and macro environment.) Management must know how to identify challenges and also know the interrelation between the micro, market and macro environment

Write an essay on the following aspects:

- Outline reasons why competition poses a challenge to a business.
- Discuss any **FOUR** components of the macro environment
- Explain the reasons why the macro environment can be a challenge to businesses
- Advise businesses on the interrelationship between the micro, market And macro business environments.

[40]

QUESTION 6: BUSINESS OPERATIONS

Businesses realise the importance of coordinating activities within business functions to achieve set goals and objectives. Some businesses feel that the purchasing function is the most important function as it is responsible for buying high quality material.

Write an essay on the following aspects.

- Outline the purpose of the purchasing function.
- Explain any FOUR purchasing procedures.
- Distinguish between cash payment and credit payment.
- Advise businesses on the impact of the National Credit Act, 2005 (Act 34 of 2005 (NCA) on businesses.

Stanmorephysics.com

[40]

TOTAL [100]



Province of the
EASTERN CAPE
EDUCATION

GRADE 10



MARKING GUIDELINES

MARKS: 100

This marking guideline consists of 23
pages.

NOTES TO MARKERS

1. Candidates' responses for SECTIONS B and C must be in full sentences; **however**, this would depend on the nature of the question.
2. 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.

3. 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.)

4. The word 'sub-max' is used to facilitate the allocation of marks within a question or sub-question.

5. 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.

6. In an indirect question, the theory as well as the response must be relevant and related to the question.

7. **Incorrect numbering of questions or sub-questions will be SEVERELY PENALISED. This is applicable to all the sections of the paper.**

8. No additional credit must be given for repetition of facts. Indicate with an R.

9. 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.

10. SECTION B

- 10.1 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.

10.2 If two facts are written in one sentence, award the candidate FULL credit. Point 10.1 above still applies.

10.3 If candidates are required to provide their own examples/views, brainstorm this to come up with alternative answers.

10.4 USE OF THE COGNITIVE VERB AND ALLOCATION OF MARKS

10.4.1 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.

10.4.2 If the number of facts is not specified, the candidate must be informed by the nature of the question and the maximum marks allocated.

10.5 **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.**

11 SECTION C

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

Introduction	Maximum: 32
Content	
Conclusion	
Insight	8
TOTAL	40

11.2 Insight consists of the following components:

Layout/Structure:	Is there an introduction, body, proper paragraphs and a conclusion?	2
Analysis and interpretation:	Learners' ability to break down the question/interpret it correctly to show understanding of what is being asked.	2



Synthesis:	<p>Are there relevant decisions/facts/responses made based on the questions? Marks to be allocated using this guide: No relevant facts: 0 (Two '-S') Some relevant facts: 1 (One '-S') Only relevant facts: 2 (Zero/No '-S')</p> <p>NB: 1. If no '-S' is indicated, award the maximum TWO (2) marks. 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</p>	
Originality:	Examples, recency of information, current trends and developments.	2
	<p>TOTAL FOR INSIGHT:</p> <p>TOTAL MARKS FOR FACTS:</p> <p>TOTAL MARKS FOR ESSAY (8 +32)</p>	<p>8</p> <p>32</p> <p>40</p>

SECTION A - COMPULSORY

QUESTION 1

1.1

1.1.1 C ✓✓

1.1.2 B ✓✓

1.1.3 C ✓✓

1.1.4 C ✓✓

1.1.5 A ✓✓

1.2

1.2.1 I ✓✓

1.2.2 F ✓✓

1.2.3 H ✓✓

1.2.4 G ✓✓

1.2.5 A ✓✓

(5 x 2) (10)

(5 x 2) (10)

TOTAL SECTION A: [20]

BREAKDOWN OF MARKS:

QUESTION 1	MARKS
1.1	10
1.2	10
TOTAL	20

SECTION B

Mark only the **FIRST TWO** answers.

QUESTION 2

2.1 Organisational resources

- Finance/Capital resources✓
- Human resources✓
- Physical/Natural resources✓
- Technological resources✓ /Technical resource✓

NOTE: Mark only the first **FOUR**

(4 x 1)

(4)

2.2

2.2.1 COMPONENTS	2.2.2 BUSINESS ENVIRONMENTS
Vision✓	Micro ✓✓
Competitor✓	Market✓✓
Sub-max (2)	Sub-max (4)

NOTE: 1 The business environment must be linked to the components identified in scenario.

(6)

2 Do not award marks for components that are not part of the scenario.

2.3 Difference between Leadership and Management

MANAGEMENT	LEADERSHIP
- Guides human behaviour. ✓	- Influences human behaviour.✓
- Communicates through management functions, e.g. line function. ✓	- Communicates by means of interaction/behaviour/vision/values/charisma. ✓
- Administers plans/programs/tasks to reach targets. ✓	- Encourages new ideas to increase productivity. ✓
- Controls systems and procedures to get the job done. ✓	- Inspires staff to trust and support each other. ✓
- A person becomes a manager because he/she is appointed in the position. ✓	- Leaders are born with natural/ instinctive leadership skills

- Task orientated. ✓	- People orientated. ✓
- Manage by planning/ organising/ leading/ control ✓	- Lead by example/trust/respect. ✓
	Motivational/Inspirational in their approach. ✓
- Any other relevant answer related to management.	- Any other relevant answer related to leadership
Sub-max 2	Sub-max 2

(4)

NOTE: 1. The answer does not have to be in tabular form.

2. The distinction must be clear.

2.4 Purpose of the organisational culture

- Refers to the personality ✓ of the organisation/business ✓
- Organisational culture is made up of different beliefs/values
/expectations ✓ of everyone who works in the business ✓
- Influences the way people in the organisation interact
with one another ✓ and with stakeholders ✓
- It influences people's actions ✓ and attitudes ✓
- Business' internal and external identity is defined ✓ as well as it's
core values. ✓
- A strong business culture has the power to turn employees ✓ into
ambassadors of the business. ✓
- It helps businesses to retain ✓ its employees and clients. ✓
- It breaks down boundaries between teams, guides decision-making,
and improves productivity ✓
- Any other relevant answer related to the purpose of
organisational culture

(6)

[20]

BREAKDOWN OF MARKS	
QUESTION	MARKS
2.1	4
2.2.	6
2.3	4
2.4	6
TOTAL	20

QUESTION 3

3.1 THREE factors that influence the organisational structure of a business

- Size of the company ✓
- Technology ✓
- Resources ✓
- Strategic goals of the company ✓
- Any other relevant answer related to the factors that influence the organisational structure of a business.

NOTE: Mark the first THREE (3) only.

(3 x 1) (3)

3.2 Business functions

- 3.2.1 General management ✓✓
- 3.2.2 Public relations ✓✓
- 3.2.3 Production ✓✓

(6)

3.3 Level of management

- 3.3.1 Middle level management ✓✓
She was promoted from supervisor to administration manager. ✓

NOTE: Do not award the marks for the motivation if the identification of the level of management is incorrect.

(3)

3.3.2 Responsibilities on middle level management

- Is responsible for a certain function ✓ in the business. ✓
- They are heads ✓ of the different departments. ✓
- Make medium-term tactical decisions ✓ that focus on how the business will carry out strategic decisions. ✓
- They turn tactical decisions ✓ into action. ✓
- Implement strategic plans ✓ of top management. ✓
- They monitor activities in their departments ✓ to offer suggestions and feedback to top management. ✓
- Have meetings with lower management ✓ and communicates strategies to them. ✓
- Motivates and encourages ✓ lower level management. ✓
- Ensures that lower management carries out its function efficiently ✓ and that resources are used effectively. ✓
- Puts mechanisms in place to meet short term objectives ✓ and long-term goals for the department. ✓

- Link the top-level managers ✓ and lower level managers. ✓
- Any other relevant answer related to the responsibilities of middle management.

NOTE: Accept relevant facts, if middle level management was incorrectly identified as an answer in QUESTION 3.3.1. (4)

3.4 Risk Management

- Identifies possible risk by finding risk-bearing activities ✓ (i.e. activities which could go wrong) within the organisation. ✓
- Assists businesses to analyse each possible risk ✓ to assess how likely it is that the risk will happen. ✓
- Evaluates the potential impact of risk ✓ in terms of financial liability. ✓
- Controls/Monitors the risk by studying reports and trends in the environment ✓ so that measures can be taken to prevent it from happening. ✓
- Handles the risk by determining what actions to take should the event happen ✓ using available resources and contingency plan and communication with stakeholders. ✓
- Any other relevant answer related to the Risk Management as one of management tasks. (4)

[20]

BREAKDOWN OF MARKS	
QUESTION	MARKS
3.1	3
3.2.1	2
3.2.2	2
3.2.3	2
3.3.1	3
3.3.2	6
3.4	2
TOTAL	20

QUESTION 4

4.1 Quality indicators of Human Resource

- The recruitment policy should attract the best candidates for available post within a business. ✓✓
- HR should follow a fair and equitable selection process. ✓✓
- A low rate of staff turnover in the business. ✓✓

- A healthy relationship between employees and employers is maintained. ✓✓
- Market-related salaries should be offered. ✓✓
- Fair remuneration packages that are aligned to the industry should be provided. ✓✓
- Performance incentives for staff should be offered to increase productivity. ✓✓
- The HR manager should work towards building a good relationship with employees. ✓✓
- Ensures that employee understand the goals and objectives of the business. ✓✓
- Understands the interrelatedness of different departments. ✓✓
- Any other relevant answer related to quality indicators of human resources.

(4)

4.2 **The sources of financing from the given scenario**

4.2.1 Bank overdraft ✓✓

4.2.2 Short-term loan ✓✓

(4)

4.3 **Purpose of stock control**

- To determine at any stage ✓, without physical stock taking, the number and value of stock. ✓
- To ensure sufficient stock ✓ to meet normal demand for customers at all times. ✓
- Compare the stock on the shelf with stock records ✓ to detect obsolescence and theft. ✓
- Any relevant answer related to stock control.

(4)


4.4	QUALITY CONTROL	QUALITY ASSURANCE
	Inspection of the final product ✓ to ensure that it meets the required standards. ✓	Inspection is carried out during and after the production process ✓ to ensure required standards are met at every stage of the process ✓
	Includes setting targets/measuring performance ✓ and taking corrective measures. ✓	Ensures that every process is aimed at getting the product right the first time ✓ and prevents mistakes from happening again ✓
	Sub-max (2)	Sub – max (2)

(4)

4.5 **Impact of the National Consumer Protection Act on businesses.**


Advantages for businesses

- Enables businesses to resolve disputes fairly through the Consumer Court. ✓✓
- Businesses may build a good image if they ensure that they do not violate consumer rights. ✓✓

- 
- Businesses may gain consumer loyalty, if they comply with CPA. ✓✓
 - Businesses are less likely to have court cases against them for consumer rights violations. ✓✓
 - Businesses may be protected if they are regarded as consumers. ✓✓
 - They may be safeguarded from dishonest competitors. ✓✓
 - Prevents larger businesses from undermining smaller ones. ✓✓
 - Any other relevant answer related to the advantages of the CPA for businesses.

AND/OR

Disadvantages for businesses

- 
- Faulty items may be replaced/repaid/money refunded if the fault occurs within six months after purchase. ✓✓
 - Consumers can take advantage of businesses and return goods when it is not necessary to do so. ✓✓
 - Processes and procedures required of businesses can be expensive and time consuming. ✓✓
 - Some businesses feel unnecessarily burdened by the required processes. ✓✓
 - Penalties for non-compliance may be very high. ✓✓
 - Businesses need to train staff and consult legal experts, which can be expensive for smaller businesses. ✓✓
 - Provisions in the Act increase the risks for unforeseen claims and lawsuits. ✓✓
 - Administration costs increase as legal contracts need to be worded in plain language. ✓✓
 - Any other relevant answer related to the disadvantages of the CPA for businesses.

(4)

[20]

BREAKDOWN OF MARKS	
QUESTION	MARKS
4.1	4
4.2.1	2
4.2.2	2
4.3	4
4.4	4
4.5	4
TOTAL	20

SECTION C

Mark the **FIRST** answer only.

QUESTION 5

5.1 Introduction

- The business environment consists of the micro, market and macro environments. ✓
- The market environment is part of the external business environment. ✓
- The business has no control over the components/challenges of the macro environment. ✓
- The challenges related to the components of the market environment are directly influenced by events in the macro environment. ✓
- Any other relevant introduction related to the business environments.

(2 x 1) (2)

5.2 Reason why competition poses a challenge.

- Competition as one of the components of the market environment poses a challenge to business because it is not within the control of the business. ✓✓
- Consumers will buy from the business where they get most of value for money and they could choose the competitor. ✓✓
- Business could find that they are unable to make sufficient profit when the demand is not high enough. ✓✓
- Business could find it difficult to differentiate itself from its competitors to gain a competitive advantage. ✓✓
- New entrants with better products can enter the market and divide the market even more thus decreasing the business market share. ✓✓

(8)

5.3 FOUR components of the macro environment

5.3.1 Physical/Natural environment ✓✓

- The physical environment refers to the availability of natural resources ✓ and sustainability of mineral resources ✓

- Many businesses depend on natural resources ✓ to produce or deliver a service. ✓
- Some natural resources, such as oil/coal, are scarce ✓ and expensive. ✓
- External environmental factors, such as pollution, ✓ pose a threat to the sustainability of a business. ✓
- Any other relevant answer related to the meaning of the market environment.

Component 2
Description 2
Sub-max. 4

5.3.2 Legal environment ✓✓

- Laws influence the way ✓ in which businesses operates. ✓
- Individuals/Private/Public sector must obey ✓ government rules and regulations. ✓
- Any other relevant answer related to the legal environment.

Component 2
Description 2
Sub-max. 4

5.3.3 Political environment ✓✓

- The government of the day ✓ determines the political environment by policies and regulations. ✓
- Political factors, such as strike action/illegal immigrations, cause instability ✓ which influences the operation of the business. ✓
- Any other relevant answer related to the meaning of the political environment.

Component 2
Description 2
Sub-max. 4

5.3.4 Economic environment ✓✓

- Influences the prosperity ✓ of the consumers, businesses and investors.
- Government's monetary and fiscal policies have a direct impact ✓ on the economic environment. ✓
- Economic changes affect business, ✓ e.g. businesses pay less to import raw material if the rand is stronger than foreign currencies/Exchange rate ✓
- Inflation decreases ✓ the value of money and assets. ✓
- A period of recession slows down the economy ✓ and causes unemployment. ✓
- Changes in interest rates ✓ increase the cost of debt. ✓
- Any other relevant answer related to the economic environment.

Component 2
Description 2

Sub-max. 4

5.3.5 Social environment √√

- The social component of the macro-environment √ includes people, cultural backgrounds and income levels. √
- Social issues influence consumer spending/employee performance √ and the business profitability. √
- Health issues, such as HIV/Aids, √ can have a negative impact on the productivity of employees. √
- Any other relevant answer related to the social environment.

Component 2
Description 2
Sub-max. 4

5.3.6 Technological environment √√

- The technological environment has shown the fastest changes √ of the macro environmental factors as new technologies created a 4th industrial revolution. √
- Technological developments √ provide businesses with opportunities and threats e.g. online shopping. √
- Any other relevant answer related to the meaning of the technological environment.

Component 2
Description 2
Sub-max. 4

5.3.7 Institutional environment √√

- The government consumes goods and services √ from the business. √
- Private businesses provide government with tools/equipment √ that are needed to operate, such as computers and furniture. √
- A cut on spending in government hospitals √ has a major impact on businesses that provide the government with medical equipment. √
- The government supplies goods and services √ to public and private businesses. √
- Most of these goods and services √ are paid for by taxes. √
- The government also provides legal and technical assistance, √ such as legal aid, quality assurance and statistical information. √
- It provides essential services, such as electricity and sanitation which are important for the smooth running of any business. √
- The government regulates economic trends √ such as interest, exchange rates and taxes. √

- It ensures free and fair competition ✓ among businesses. ✓
- The government has established many Acts ✓ to regulate the activities of businesses. ✓
- The government supports the growth of businesses ✓ by creating jobs in different ways. ✓
- It provides training opportunities ✓ that enable businesses to employ skilled/qualified people. ✓
- Any other relevant answer related to the institutional environment.

Component	2
Description	2
Sub-max.	4



5.3.8 International environment ✓✓

- Business has changed much in recent years ✓ due to globalisation and international communication. ✓
- Businesses are forced to keep up with global trends ✓ to stay in the market and to keep their quality and prices up to world standards. ✓
- Any other relevant answer related to the international environment.

Component	2
Description	2
Sub-max.	4

Mark first FOUR (4) components only. (4 x 4) (16)

5.4 The reasons why the macro environment can be a challenge to businesses

- Businesses do not have control over macro environmental factors ✓ yet they are bound to affect them. ✓
- The macro environment can also greatly affect consumers directly, ✓ affecting their ability and willingness to spend. ✓
- The external and uncontrollable factors that influence an organisation's decision making ✓ and affect its performance and strategies. ✓
- The macro environment is always changing ✓ and businesses must implement new strategies to keep afloat. ✓
- The components can increase or decrease the need for your product ✓ or create entirely new needs. ✓
- Any other relevant answer related to the why the macro environment can be a challenge to businesses.

Max.

(8)

5.5 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 is therefore not a simple process that can take place in isolation. √√
- It is a complicated process where many influences are present. √√
- A business exercises control over 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. √√
- The three business environments are interrelated. √√
- Any other relevant answer related to the interrelationship between micro, market and macro environments.

Max. (12)

5.6 Conclusion

- The business must be aware of the factors in the business environments in order to adapt to changes and ensure the success of the business. √√
- The market environment refers to the immediate external components that directly affect the ability of the business to operate.
- For the business to be successful it must be able to influence the components in this environment.
- The components of the macro environment will affect the decisions of the business. √√
- Any other relevant conclusion related to business environments/ micro/market or macro environments.

(2)

(1 x 2)

[40]




QUESTION 5: BREAKDOWN OF MARK ALLOCATION

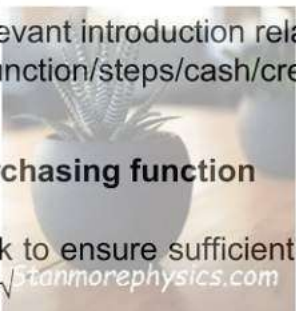
DETAILS	MAXIMUM	TOTAL
Introduction	2	Max. 32
Reasons why competition pose a challenge	8	
FIVE components of the macro environment	16	
Reasons why macro environment is a challenge	12	
Interrelationship between environments	10	
Conclusion	2	
INSIGHT		8
Layout	2	
Analysis/Interpretation	2	
Synthesis	2	
Originality/Examples	2	
TOTAL MARKS		40
*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

6.1 Introduction

- 
- The purchasing function plays an important role in buying quality raw materials and services for the business. ✓
 - Correct purchasing procedures/processes to avoid unnecessary expenditures. ✓
 - There are different methods of payment that businesses can utilise for their purchases. ✓
 - The National Credit Act was introduced to protect both businesses and customers. ✓
 - Any other relevant introduction related to the purpose of the purchasing function/steps/cash/credit payment/impact of NCA on businesses. (2 x 1) (2)

6.2 Purpose of the purchasing function

- 
- Manage stock to ensure sufficient levels of stock to carry out business operations. ✓✓
 - Continuously looking for the best/reputable suppliers. ✓✓
 - Regular contact 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 terms of payment with suppliers.
 - Any other relevant answer related to the purpose of the purchasing.
 - function

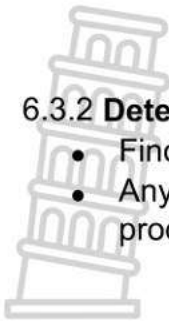
NOTE: The purpose of the purchasing function must not be confused with the purchasing procedure. Max. (10)

6.3 Purchasing procedure

6.3.1 Determine the need for the product/requisition ✓✓

- Liaise with the financial department ✓ to establish the budget for the purchasing of goods and services. ✓
- Determine the product/material/resource needs ✓ of the businesses. ✓
- Find the right quality/ quantity of goods and services ✓ at the right price and at the right time. ✓
- Any other relevant answer related to determining the need for the product/requisition.

Heading 2
Explanation 2



Sub-max 4

6.3.2 Determine the price of the product✓✓

- Find the best price ✓ by obtaining quotes/tenders or making enquiries. ✓
- Any other relevant answer related to determining the price of the product.

Heading 2

Explanation 2

Sub-max 4

6.3.3 Select/Choose a suitable supplier✓✓

- The purchasing department should choose ✓ reliable suppliers for its raw materials/products. ✓
- Evaluation criteria based on quality of raw material/ prices/delivery time should be used ✓ to select the best suitable supplier. ✓
- The purchasing department should conduct a thorough investigation ✓ about potential suppliers/their reputation and reliability. ✓
- Any other relevant answer related to choosing the supplier

Heading 2

Explanation 2

Sub-max 4

6.3.4 Place an order✓✓

- The purchasing department should place an order in writing ✓ so that goods delivered can be compared with the order. ✓
- Confirm the prices of the products on order ✓ to avoid surprises when payments are made. ✓
- Any other relevant answer related to placing an order.

Heading 2

Explanation 2

Sub-max 4

6.3.5 Collect or receive the order✓✓

- The purchasing department should ensure that the right orders ✓ are received and recorded. ✓
- The quality and quantity of stock received ✓ should be checked against the order. ✓
- The purchasing department should keep a copy ✓ of a delivery note for record-keeping purposes. ✓
- Any other relevant answer related to the collection or receiving of the order.

Heading 2

Explanation 2

Sub-max 4

6.3.6 **Pay the supplier**✓✓

- Purchasing department instructs the financial department to pay the supplier ✓after delivery of the order. ✓
- The supplier must provide copies of the requisition form to the purchasing department.
- Purchasing department must provide a delivery note to the financial department.
- The supplier sends the invoice to the financial department for final payment after satisfactory delivery.
- Any other relevant answer related to paying the supplier.

Heading 2
Explanation 2
Sub-max 4

6.3.7 **Distribution of stock**✓✓

- The purchasing department should ensure proper distribution of stock/raw materials✓ to all relevant departments. ✓
- Distribution of stock should be in line with prerequisite orders from each department✓ to avoid stock loss. ✓
- Any other relevant answer related to distribute stock.

Heading 2
Explanation 2
Sub-max 4

6.3.8 **Complete the order**✓✓

- Ensure that all the correct documentation is in place✓ and filed for future reference. ✓
- Any other relevant answer related to completing the order.

Heading 2
Explanation 2
Sub-max 4

Any other relevant answer related to the purchasing procedure.

NOTE: 1 The procedure can be in any order.

2 Mark only the first FOUR (4).

(5 x 4)

(16)

6.4 Distinction between cash and credit payment

CASH PAYMENT	CREDIT PAYMENT
Cash payment refers to all payments made by cash/cheque✓ for business purchases. ✓	Credit payment refers to all payments made by means of credit cards/on future date✓ for business purchases. ✓
Cash payment enables businesses to budget for stock purchases✓ and avoid unnecessary delays. ✓	Credit payment allows businesses to buy stock✓ and pay on a future date. ✓
Cash payers can qualify✓ for cash discounts. ✓	The credit payer can pay more for goods✓ due to interest added on credit purchases. ✓
Any other relevant answer related to cash payment.	Any other relevant answer related to credit payment.
Sub-max 4	Sub-max 4

NOTE: 1 The answer does not have to be in a tabular format but the distinction must be clear

2 Award a maximum of FOUR (4) marks if the distinction is not clear. Mark either cash payment or credit payment.

Max.

(8)

The impact of the National Credit Act on businesses


Positives/Advantages

- Lower bad debts resulting in better cash flow. ✓✓
- Protects business against non-paying consumers.
- Increases cash sales as credit can only be granted to qualifying customers. ✓✓
- Prevents reckless lending by financial institutions. ✓✓
- Ensures that businesses settle their debts on time so that they can obtain good credit scores. ✓✓
- Ensures that credit process is transparent e.g. both businesses and customers know their responsibilities. ✓✓

AND/OR

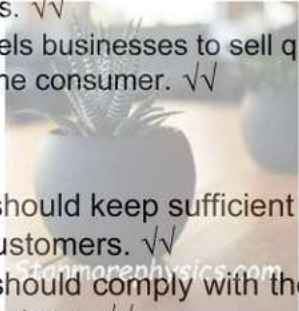
Negatives/Disadvantages

- Businesses are forced to budget to keep more cash/have enough cash on hand for stock purchases. ✓✓
- Businesses can no longer take the risk of selling poor quality goods at high prices.

- 
- Businesses can no longer carry out credit marketing. ✓✓
 - Leads to loss of sales as many businesses may no longer qualify to buy on credit. ✓✓
 - Businesses can only buy limited stock as credit is not available resulting loss of customers. ✓✓
 - The Act complicates the purchasing process due to too much administration work in the credit providing process. ✓✓
 - The purchasing department must know the terms and conditions of credit granting and the National Credit Act. ✓✓
 - It may take longer to purchase goods and this could influence the overall efficiency of the business. ✓✓
 - The Act compels businesses to sell quality products or businesses may be forced to reimburse the consumer. ✓✓

(12)

6.6 Conclusion

- 
- Businesses should keep sufficient stock available at all times to meet the demand of customers. ✓✓
 - Businesses should comply with the NCA to minimise its negative impact on their operations. ✓✓
 - The purchasing function needs to work closely with the financial function to decide whether to buy for cash or credit. ✓✓
 - Any other relevant conclusion related to the purpose of the purchasing function/steps/cash /credit payment/impact of NCA on businesses.

Max.

(2)

[40]

BREAKDOWN OF MARKS

QUESTION 6	MARKS	TOTAL
Introduction	2	MAX 32
Purpose of purchasing function	10	
Purchasing procedures	16	
Differences between cash and credit payment	8	
Impact of NCA on businesses	12	
Conclusion	2	
INSIGHT		
Layout		2
Analysis/Interpretation		2
Synthesis		2
Originality/Examples		2
		40