

JOHANNESBURG SOUTH DISTRICT



MARCH 2023



GRADE 11

TERM 1

BUSINESS STUDIES

CONTROLLED TEST

MARKS: 100

TIME: 1.5 hours

This question paper consists of 10 pages

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully before answering the questions.

- This question paper consists of **THREE** sections and covers **TWO** 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 **ONE** of the two questions in this section.

- Read the instructions for each question carefully and take particular note of what is required.
- 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.
- Except where other instructions are given, answers must be written in full sentences.
- Use the mark allocation and nature of each question to determine the length and depth of an answer.
- Use the table below as a guide for mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME (minutes)
A: Objective-type questions COMPULSORY	1	20	10
B: THREE direct/indirect type questions CHOICE: Answer any TWO.	2	20	10
	3	20	10
	4	20	10
C: TWO essay-type questions CHOICE: Answer any ONE.	5	40	30
	6	40	30
TOTAL		100	60

- You may use a non-programmable calculator.
- 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 numbers (1.1.1 to 1.1.5) in the ANSWER BOOK, e.g. 1.1.6 D.

1.1.1 Method that enables employees to negotiate with employers as a group to protect their rights.

- A Lobbying
- B Bargaining session
- C Hedging against inflation
- D Strategic alliance agreement

1.1.2 kananga fashions has employees that always come late at work. This is a challenge of the ... environment.

- A primary
- B market
- C macro
- D micro

1.1.3 KMCC (pty) ltd is an example of a company.

- A private.
- B Sole trade.
- C public.
- D State owned

1.1.4 Challenges of the Market environment include:

- A Socio-economic issues
- B Micro lending
- C Unreliable suppliers
- D Lack of adequate management skills

1.1.5 An employee who has been unfairly dismissed can report his/her dispute with CCMA. This is in line with.....

- A Basic Conditions of Employment Act
- B Consumer Protection Act
- C National Credit Act
- D Labour Relations Act

(5 x 2) 10 marks

1.2 Complete the following statements by using the word(s) in the list below.
Write only the word(s) next to the question numbers (1.2.1 to 1.2.5) in the ANSWER BOOK.



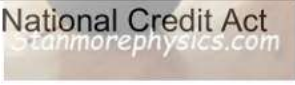


Strikes, workplace forums, Go slows, Trade unions, Patent right, Market, Trade mark, Macro, Copy right, Lock outs, Micro

- 1.2.1 allows employees to participate in decision making in the work place
- 1.2.2 Unstable exchange rate is a challenge in theenvironment.
- 1.2.3is used to protect novels, songs, movies and software.
- 1.2.4 Thandi used her initials in the logo to distinguish her product.
- 1.2.5 A..... occurs when an employer locks employees out of a Work place

(5 x 1) 5 marks

1.3 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A–J) next to the question number (1.3.1–1.3.5) in the ANSWER BOOK, for example 1.3.6 K.

COLUMN A		COLUMN B
1.3.1	Memorandum of incorporation 	A When developed countries sell some their products in other countries at a cheaper price
1.3.2	Tertiary sector 	B. is a document that indicates the code of conduct of all employees in the work place
1.3.3	National Credit Act 	C. Employees protest by refusing to work
1.3.4	Strike	D Deals with the selling of goods and rendering of services
1.3.5	Dumping	E. the government initiative which makes it difficult to import skills internationally but rather encourages businesses to employ locally
		F a country exports illegal goods to another country
		G restricts unfair credit granting
		H protects the economic interest of consumers in the country
		I Employees protest by working very inefficiently
		J is a document that outlines rights, duties and , responsibilities of shareholders and directors

(5 x 1) 5 marks

SECTION A: 20 marks

SECTION B

Answer **ANY two QUESTIONS** in this section

Question 2: Business Environments

2.1 Outline the two components of the micro environment. (2)

2.2 Read the article below and answer the questions that follow:

ALLIANCE TECHNOLOGIES

Alliance technologies is an international company which offers cost effective computer technology solutions. It is difficult to compete with businesses selling the same products and services in certain countries. High inflation rates resulted in lower profits for our businesses. There is also high levels of absenteeism of our current staff compliment due to their personal issues.

2.2.1 Identify the THREE business environments mentioned in the scenario above. (3)

2.2.2 Motivate your answer by quoting from the scenario above (6)

2.2.3 State the extent of control for each business environment. (3)

Use the table below as a guide to answer question 2.3.1-2.3.3

Business Environments (2.2.1)	Motivations (2.2.2)	Extent of control (2.2.3)
1.		
2.		
3.		

2.3 Explain ways in which businesses can overcome competition in the market environment. (6)

(20) marks

Question 3

- 3.1 List TWO features of the macro environment (2)
- 3.2 Read the scenario below and answer the questions that follow

JOBURG MINES

Joburg mines is a leading minerals mining company in Southern Africa. Afrikon buys raw cement from Joburg mines which is processed and packaged into 20kg bags of cement ready for use. The cement is then sold to individuals and small construction companies at Cash build a leading retail outlet.

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Use the table below as a guide to answer question 3.2.1

Business Sector	Motivations
1.	
2.	
3.	

- 3.2.1 Identify the business sectors from the scenario. Quote from the scenario to support your answer. (6)
- 3.2.2 Explain the relationship between the business sectors identified from the scenario above. (6)
- 3.3 Explain the negative impact of illiteracy as a socio economic issue on businesses (6)

(20) Marks

Question 4 Miscellaneous

- 4.1.1 Differentiate between limited and unlimited liability (2)
- 4.1.2 Discuss any three (3) advantages and three (3) disadvantages of a partnership business. (6)
- 4.2 Discuss the following Ethical Misconduct:
 - 4.2.1 Sexual harassment (2)
 - 4.2.2 Corruption (2)
 - 4.2.3 Mismanagement of funds (2)
- 4.3 Discuss the purpose of the Labour Relations Act (6)

(20) marks

SECTION C

Answer **ONE** questions in this section

NOTE: Clearly indicate the QUESTION NUMBER of each question chosen. The answer to the question must start on a NEW page, e.g. QUESTION 5 on a NEW page or QUESTION 6 on a NEW page.

Question 5 (BUSINESS ENVIRONMENTS)

Businesses need to constantly adapt to the challenges of the micro, market and macro environment. Lobbying and power relationships can be used by businesses to adapt to these challenges.

Write an essay in which you address the following aspects:

- Elaborate ways in which businesses can adapt to the challenges of the macro environment
- Discuss the following types of lobbying
 - Hedging against inflation
 - Bargaining sessions between management and unions
 - regulators
- Describe ways in which businesses can form power relationships.
- Recommend ways in which businesses can get involved in the macro environment

(40)

QUESTION 6: (BUSINESS VENTURES)**NTATHOU SIWELA ENTERPRISE(NSE)**

Ntathou and Siwela are partners and they want to increase their wealth and capital by investing in a business where there is a limited liability clause. They want to change from a partnership to a public company but they do not understand the registration procedures, including the Memorandum of Incorporation.

As a business analyst you are required to advise NSE on the following:

- Outlines the characteristics of a public company
- Advise NSE on the contents that must be included in the Memorandum of Incorporation
- Outline the aspects that must be included in their prospectus
- Discuss the benefit of establishing a company over other forms of ownership

(40)

Subtotal section C: (40) marks

TOTAL 100

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GRADE 11

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TERM 1

MARKING GUIDELINE

BUSINESS STUDIES

MARKS: 100

The Marking Guide consists of 16 pages

SECTION A

QUESTION 1

1.1.1 B✓✓

1.1.2 D✓✓

1.1.3 A✓✓

1.1.4 C✓✓

1.1.5 D✓✓



(5 x 2 = 10)

1.2

1.2.1 Workplace Forums ✓ *stanmorephysics.com*

1.2.2 Macro ✓

1.2.3 Copy right ✓

1.2.4 Trade mark ✓

1.2.5 Lock outs ✓

(5 x 1 = 5)

1.3

1.3.1 J ✓

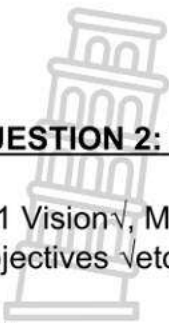
1.3.2 D ✓

1.3.3 G ✓

1.3.4 C ✓

1.3.5 A ✓

(5 x 1 = 5)



SECTION B

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 Vision✓, Mission✓, Organizational Culture✓, Organizational Structure✓, Employees, Objectives ✓etc (2)

2.2

Business Environments (2.2.1)	Motivations (2.2.2)	Extent of control (2.2.3)
1. Micro	There is also high levels of absenteeism of our current staff compliment due to their personal issues	Full Control
2. Market	It is difficult to compete with businesses selling the same products and services in certain countries	Limited/Partial/ Little Control
3. Macro ✓✓✓	High inflation rates resulted in lower profits for our businesses ✓✓✓✓✓✓	No Control ✓✓✓

2.3 Ways in which businesses can overcome competition in the market

- Management must ensure that the business differentiates itself from the competitors by tapping into what the customer wants. ✓✓
- Offering more personal services by being responsive to the customer's needs/ expectations. ✓✓
- Offering low-cost extras such as improved credit terms/discounts/loyalty schemes etc. ✓✓
- Charging the lower prices than that of the other businesses.
- Selling products of a superior quality/new products/services that the customers might be interested in. ✓✓
- By being the best employer that has well trained/knowledgeable staff members that create a better working atmosphere. ✓✓
- Stepping up the marketing of the business by using promotional ideas such as posters or campaigns on social media. ✓✓

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- Updating the image of the business such as painting the front of the premises/ making the business looking modern/ inviting. √√
- Keeping up with developments in the sector of the business sector, following consumer trends/investing in new technology. √√
- Improving on customer services and keeping them happy √√

(6)

(20) marks



QUESTION 3

3.1 Political√, Economical√, Social√, Technological√, Legal√ & Environment√

(2)

3.2

3.2.1

Business Sector	Motivations
1. Primary	Joburg mines is a leading minerals mining company in Southern Africa
2. Secondary	Afrikon buys raw cement from Joburg mines which is processed and packaged into 20kg bags of cement ready for use.
3. Tertiary	The cement is then sold to individuals and small construction companies at Cash build a leading retail outlet

(6)

3.2.2 Relationship between the business sectors

- The **Primary sector** depends on the secondary sector for manufactured goods such as machinery/equipment/fertilisers e.g. a farmer may require seeds from another farm√√
- The primary sector is dependent on the tertiary sector for its customer needs. √√
- The **Secondary sector** processes the raw materials obtained from the primary sector into more useful products. √√
- The secondary sector depends on the primary sector for raw materials and products. √√
- The secondary sector depends on other secondary industries e.g. BMW needs tyre from DUNLOP another secondary sector player√√
- Secondary sector needs the tertiary sector to sell their processed or manufactured goods and also for services such as banks, insurance, transport and communication√√
- The **Tertiary sector** depends on the primary sector for raw materials that do not need processing by the secondary sector. √√
- The tertiary sector depends on the secondary sector for manufactured goods such as office machines/office furniture/stationery etc. √√

(6)

3.3 Negative impact of illiteracy as a socio economic issue on businesses

- Business sometimes needs to employ people even though they do not have the correct skills. ✓✓
- Training of these employees can be very costly and the business suffers a financial loss. ✓✓
- Employees without the correct skills can also be the cause of accidents in the workplace and this could impact on the image of the business. ✓✓
- Difficult to market products to people who cannot read or write. ✓✓ **(6)**



(20) Marks

QUESTION 4 MISCELLANEOUS

4.1.1 Differentiate between limited and unlimited liability

LIMITED LIABILITY	UNLIMITED LIABILITY
- Losses are limited√ to the amount that the owner invested in the business.√	- The liability of the owner to pay debts/claims√ is not limited to the business only.√
- The owner's personal assets are protected√ against the debts of the business.√	- The owner's personal assets may be seized√ to pay for the debts of the business.√
- Applicable to forms of ownership/companies√ that have a separate legal entity/personality√.	- Applicable to a sole proprietorship and partnership√ as they do not have a separate legal entity/personality.√
Any other relevant answer related to limited liability.	Any other relevant answer related to unlimited liability.
Submax (1)	Submax (1)

(2)

NOTE:

1. The answer does not have to be in a tabular format
2. The difference does not have to link, but must be clear.
3. Award a maximum of TWO (2) marks if the difference is not clear/Mark either limited or unlimited liability only. Max (2)

4.1.2 Any (3) advantages and three (3) disadvantages of a partnership business

Advantages of a partnership

- The partners able to put their knowledge√ and skills together to collectively make the best decisions√
- The workload and responsibility√ are shared between partners.√
- Partners are able to share resources√ and expertise√
- Partners are only required to pay tax√ in their personal and individual capacity.√
- The partners have a personal interest√ in the business.√
- Partners can bring in√ extra partners at any time.√
- Attract prospective employees√ with the option/incentives of becoming a partner.√
- Partnerships are relatively easy to establish√ as only a partnership article is required.√
- Partners contribute new skills√ and ideas into a business√
- Partners share responsibilities for decision making√ and managing the business√
- Partners share any profits√ and are therefore motivated to work hard.√
- Raising additional capital to finance further business expansion√ is easy as there is no limit on the number of partners.√
- Partners are taxed in their own capacities√, which could lead to lower taxation.√
- Any other relevant answer related to the advantage of a partnership.

Disadvantages of a partnership

- A partnership has unlimited liability√ as partners' personal belongings can be sold to pay off debts.√
- Each partner is legally responsible√ for the joint liability of the partnership.√√
- Different personalities and opinions of partners can lead√ to conflict or disagreements.√√
- Partners might not all contribute equally.√
- Loss in profits and stability of the business can occur√ if a partner resigns/ dies/loses interest in the partnership or is declared bankrupt.√
- There can be lack of capital√ and cash flow.√
- The partnership has limited/lack of continuity√, as a new partnership must be formed when a partner dies/leaves.√
- The wrongful actions of one partner√ will affect all other partners√/ Partners serve as agents for a partnership √ and bind all other partners through their actions√
- If the profits of the partnership are too big√, the partners may end up paying high income tax in their personal capacity. √
- Decision making can be delayed√ as all parties should be consulted/In a larger partnership, partners may struggle to agree on business issues. √
- Profits are divided between partners according to their partnership agreement √ and not according to income generated√
- Any other relevant answer related to the disadvantage of a partnership.

(6)

4.2 Discuss the following Ethical Misconduct:

4.2.1 Sexual harassment

(2)

- Sexual harassment in the workplace involves unwelcome or unwanted conduct of a sexual nature from someone at work that causes discomfort√√

4.2.2 Corruption

(2)

- Refers to any act of dishonesty such as bribery/theft/collusion/kickbacks etc. √√
- It occurs when two parties enter into an illegal but mutually beneficial agreement√√

4.2.3 Mismanagement of funds

(2)

- Mismanagement of funds refers to the wrongful use of funds that do not belong to a person/employee e.g. irregular expenses. √√
- This involves dishonest activities in which a person entrusted with authority in a business abuses his/her position of trust in order to achieve some personal gain. √√

4.3 Purpose of the Labour Relations Act

- Promotes collective bargaining at the workplace. √√
- Establishes Labour Courts and Labour Appeal Courts. √√
- Promotes fair labour practice between the employers and employees. √√
- Promotes workplace forums to accommodate employees in decision making. √√
- Provides for the right to lock-out by the employer as a reaction to lengthy strikes. √√
- Promotes simple procedures for the registration of trade unions and employer organisations √√
- Establishes the Commission for Conciliation, Mediation and Arbitration (CCMA) for dispute resolutions. √√
- Provides a framework/structure for labour relations between employers and employees. √√
- Clarifies the transfer of employment contracts between the existing and new employers. √√
- Advances economic development/social justice/labour peace to ensure that the workplace maintains the basic rights of employees. √√

(6)

(20) Marks

SECTION C

QUESTION 5 (BUSINESS ENVIRONMENTS)

Introduction

- The business operations depend on the influence it has over the micro, market and macro environments. ✓
- Businesses have full, limited or no control over the challenges from the business environments. ✓
- Businesses need to be innovative and find ways to get involved in the macro-environment. ✓
- Many businesses benefit enjoy the direct benefits of getting involved in the macro environment. ✓
- Any other relevant introduction related to the business environment.

Ways in which businesses can adapt to the challenges of the macro environment

Information management ✓✓

- Information must be found/recorded/stored/easily retrieved and effectively used. ✓
- Businesses need to implement an effective information management system which is accessible and useful to all staff. ✓
- They should invest large capital into information technology (IT) system to update business operations. ✓
- Modern IT solutions enable businesses to satisfy customer needs faster and better. ✓
- Business may benefit from an increase in market share and profitability. ✓

Strategic responses ✓✓

- Management needs to design strategic responses to various challenges by analysing all information, identifying stakeholders' involved. ✓
- Get a clear picture of each stakeholder's viewpoints and requirements ✓
- Businesses need to be aware of new competitors in the market and they must be able to strategically respond to threats. ✓
- They must make strategic plans to remain sustainable in a competitive market. ✓
- Correct strategic responses assist businesses to identify the most important features of their products. ✓

Mergers ✓✓

- This occurs when two companies join together and form one new business. ✓
- When two businesses, usually by agreement become one. ✓
- If it is a public company, then the shareholders will swop their shares in one company for the equivalent value of shares in the new merged company. ✓

Takeovers√√

- The purchasing of a company (target) by another company (bidder) usually against the will of their targets. √
- Businesses that take over existing companies by buying out its shares until the business has controlling interests. √

Acquisitions√√

- A business buys another business at an agreed price. √
- It usually occurs to private companies that are not listed. √

Alliances√√

- These are agreements when two or more businesses work together to achieve their objectives. √
- Organisations with similar interest/nature/qualities choose to work together for the mutual benefit of both organisations. √
- They remain separate and merely co-operate with one another. √

Organisational design and flexibility√√

- Organisational design describes how a business is structured and how it communicates its culture. √
- It is a process to integrate people/information/technology of an organisation so that improves the profitability of the business. √
- Businesses need to be flexible in their organisational design and strategies so that they can compete in a changing market. √
- They need to change the organisational design to adapt to a specific challenge. √

Direct influence on the environment and social responsibility√√

- Direct influences on businesses usually results from legislation/trade agreements and competitor strategies. √
- Successful businesses and their environment adapt to the unavoidable influences by creating a competitive environment. √

Three types of lobbying

a. Hedging against inflation

- Businesses use hedging to protect their financial investments√ by spreading the risk.√
- Businesses invest surplus fund √so that its value grows at a faster rate than inflation.√
- They can hedge against inflation by investing their surplus assets/money√ in investments with intrinsic value e.g. gold/oil/property etc. √
- The business use hedging by buying bonds, shares, property or buying precious metals like gold√ to protect capital from the effects of inflation.√
- It is a method that businesses try to reduce the risk√ when unsure about possible price fluctuations.√

Any other relevant answer related to hedging against inflation as a type lobbying.

b. Bargaining sessions between management and unions



- These sessions enable employees to negotiate with employers✓ as a group to protect employees' rights.✓
- Bargaining sessions prevent labour strikes✓ and provide critical information to people in power.✓
- Businesses make sure that their representatives are trained/skilled✓ to negotiate on their behalf.✓
- The purpose of bargaining sessions is to find a win-win situation for all parties.✓
 - Management will try to convince the union to accept its proposal✓ and the union will try to persuade management to accept their demands.✓
 - The outcome of a successful bargaining session can protect the business from the negative impact of strikes✓ caused by losses in productivity.✓
 - Businesses need to be fair/transparent✓ to establish trust and good communication with unions.✓

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Any other relevant answer related to bargaining sessions between management and unions as a type lobbying.

c. Regulators

- There are large number of supervisory bodies and regulators✓ who operate in the business environment. ✓
- Businesses take an active role✓ in professional bodies.✓
- Through their membership/advocacy/submissions they may be able to influence✓ changes to existing regulations.✓
- Business managers are involved in debates and discussions that shape public policies✓
- Businesses influence and negotiate with these regulators to protect their own sustainability. ✓
- It is in the best of interest of businesses to adhere to the guidelines and restrictions✓ of these bodies in order to stay in businesses✓

Any other relevant answer related to influencing supervisory body/regulators as a type lobbying.

Ways in which businesses can form power relationships.

a. Strategic alliance/Partnership agreements

- Businesses form partnership agreements in order to benefit each in each other's involvement. ✓✓
- These partnership alliances help parties involved to benefit in infrastructure development and scarce skills. ✓✓
- These alliances are designed to build on the expertise of each partner and on the way and on the way in which they complement each other. ✓✓
- Any other relevant answer related to strategic alliance/partnership agreements as a way in which businesses can form power relations.

b. Persuasion of large investors

- Businesses gain credit more easily and better deals from suppliers. √√
- Businesses invite powerful influential people to sit on their board of directors in order to get advice from those people. √√
- Having such powerful as part of the business may have a positive influence on the reputation and image of the business. √√
- If a business has a large/powerful investor, the business can gain credit more easy/get better deals from suppliers. √√
- Any other relevant answer related to persuasion of large investors as a way in which businesses can form power relations.

c. Company representatives' influence

- The representatives fulfils an important function in trying to persuade investors to invest in a particular business practice. √√
- People will make decisions based on the company's image/personality, communication style and power of persuasion. √√
- Businesses must invest time and energy to recruit the right person for this job. √√

Any other relevant answer related to company representatives' influence as a way in which businesses can form power relations.

Ways in which businesses can get involved in the macro environment

- Influencing suppliers by signing long term contracts.
- Creating new uses for a product by finding new customers.
- Influencing regulators through lobbying and bargaining.
- Initiating bargaining sessions between management and unions.
- Influencing its owners using information contained in annual reports.
- Negotiating strategic alliance agreement through contractual processes.
- Knowing government regulations and operating within them.
- Keeping up with new technologies to improve production and marketing.
- Lowering its impact on the environment.
- Entering the global market by using the internet to source suppliers and customers.
- Working within the law to set up contracts.
- Taking advantage of economic changes such as exchange rate, tax breaks. .
- The business can stay informed about the challenges and developments in the macro environment and can adapt to challenges quickly.
- Entering the global market by using the internet to source suppliers and customers
- Working within the law can assist the business to set up contracts.
- Getting involved in research/development so that they can continue to operate.

Any other relevant answer related to the challenges of the macro environment

Conclusion

- Businesses can influence the business environments in one way or the other, and need to take into consideration the components of the market environment. ✓✓
- Businesses must pay careful attention to challenges that are posed by business environment and devise strategies to overcome those challenges. ✓✓
- Businesses that get involved in macro environment may win the public and gain more support that will lead to good business reputation. ✓✓

Any other relevant conclusion related to the business environments.

(40)

QUESTION 6: (BUSINESS VENTURES)

Introduction

- A personal liability company enables entrepreneurs to establish a legal business that has continuity of existence. ✓
- A partnership has two or more partners that share the responsibilities and management of the business. ✓
- The establishment of a public company and cooperatives require entrepreneurs to comply the Intellectual Property Commission/CIPC ✓
- Entrepreneurs should conduct research on the advantages and disadvantages of each form of ownership so that they can select a suitable form of ownership. ✓

Any other relevant answer related to a personal liability company/partnership/public company/cooperatives.

The characteristics of a public company

- A minimum of one person is required to start a public company.
- Requires three or more directors and three or more shareholders.
- Register with the Registrar of Companies by drawing up Memorandum of Incorporation.
- The company name ends with letters Ltd.
- Has legal personality and therefore has unlimited continuity
- Raises capital by issuing shares to the public and borrowing capital by issuing a debenture.
- A prospectus is issued to the public to raise capital.
- Shareholders have a limited liability
- The new Act forces personal liability on directors who knowingly participated in carrying out business in a reckless/fraudulent manner.
- The company has a legal personality as well as unlimited continuity

Contents that must be included in the Memorandum of Incorporation

- Incorporators
- Nature of the company ✓
- Securities of the company ✓
- Shareholders and meetings ✓
- Directors and officers ✓
- Name of the company ✓
- Main objectives of the company ✓
- Number of shares each incorporator will purchase ✓
- Amount of share capital registered ✓
- Rules and regulations of the company ✓
- Name of the auditor ✓

Any other relevant answer related to the aspects that must be included in the memorandum of incorporation

Aspects that must be included in their prospectus

- Company overview, including the vision, mission and goals of a business ✓
- Product or service portfolio ✓
- Market analysis and strategy ✓
- Management team ✓
- The risk and potential of the business ✓
- Available financial and share information ✓
- Company's assets and liabilities ✓
- Financial position ✓
- Profits and losses ✓
- Cash flow ✓
- Prospects for growth ✓
- Pre-incorporation contracts that have been signed ✓
- Date of registration of the prospectus ✓
- The minimum subscription ✓

Any other relevant answer related to aspects that must be included in the prospectus

The benefit of establishing a company over other forms of ownership

a. Legal status and liability ✓✓

- A company has its own legal status, trading name and owns its assets.
- Shareholders' private assets are protected as they have limited liability.
- The shareholders have no direct legal responsibility.
- Companies have their own names and these are protected.

b. Ownership and management ✓✓

- Shareholders are able to buy and sell shares freely in a public company.
- The company is managed by qualified and competent board of directors

- A company is less likely to use consultants as it has a larger pool of skills and expertise
- Directors are more likely to take risks and allow growth opportunities for the business.

c. Capital and cash flow✓✓

- A company may have more investor's to fund the setting up of the business.
- Companies have a better cash flow than sole traders.
- A company is not limited to the individual contribution of the members' capital.
- The long term growth opportunities for companies are really good as there are always possibilities of getting in more investors.
- A company has continuity of existence.
- Company shares can be transferred/bought/sold.

d. Taxation✓✓

- Companies have tax benefits other enterprises do not have
- They may obtain tax rebates if they are involved in social responsibility projects.

Conclusion

- The partners should make the correct decisions in running the partnership in order to protect their personal possessions.✓
- The directors of a private company should keep abreast of the latest legislation on the management of companies.✓

Any other relevant conclusion related to the forms of ownership.

(40)

Subtotal section C: (40) marks

[TOTAL 100]