



**LIMPOPO**  
PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF  
**EDUCATION**

**NATIONAL  
SENIOR CERTIFICATE**

*Stanmorephysics.com*  
**GRADE 11**

**BUSINESS STUDIES FORMAL TEST 1**

**QUESTION PAPER**

*Stanmorephysics.com*  
**MARCH 2024**

**MARKS: 100**

**TIME: 1.5 hrs**

**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 the following section:

SECTION A: COMPULSORY

SECTION B: Consist of THREE questions.

Answer any TWO of the three questions in this section.

SECTION C: Consist of TWO questions.

Answer any ONE of the two questions in this section.

2. Read the instructions for each question carefully and take particular 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 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 mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME
A: Objective type questions COMPULSORY	1	20	18 Minutes
B: THREE direct/indirect Type questions CHOICE (Answer any TWO.)	2	20	18 Minutes
	3	20	18 Minutes
	4	20	18 Minutes
C: TWO essay – type Questions CHOICE (Answer any ONE.)	5	40	36 Minutes
	6	40	36 Minutes
<b>TOTAL</b>		<b>100</b>	<b>90 Minutes</b>

7. Begin the answer 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 Four possible options are provided as answers to the following questions. Choose the answer and write the letter (A-D) next to the question number, **for example 1.1.6 E**

1.1.1 Which one of the following forms part of the macro environment?

- A The mission of the business
- B The economic environment
- C Customers
- D Suppliers

1.1.2 Change in income level is a challenge of the... environment.

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

1.1.3 The way of forming power relations on how businesses can get credit easily is, through ...

- A strategic alliance
- B persuasion of large investors
- C influencing company representatives
- D influencing government representatives

1.1.4 Coupon Bank operates in the ... sector, as they specialise in providing financial facilities.

- A primary
- B secondary
- C tertiary
- D economic

1.1.5 Partnership has...

- A limited liability and limited continuity
- B unlimited liability and unlimited continuity
- C limited liability and unlimited continuity
- D unlimited liability and limited continuity

(5x2) (10)

- 1.2 Complete the following statements by using the words provided 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.

trademark; board of directors; trade union; securities; political unrest;  
shareholders; memorandum of incorporation; workplace forum; patent ;  
violence

- 1.2.1 A... is an employee organisation that focuses on improving working conditions.
- 1.2.2 A unique word/symbol/phrase used to identify manufacturers products in known as a...
- 1.2.3 ... sets out rights, responsibilities and duties of shareholders and directors, serves as constitution of a company.
- 1.2.4 A ...is a form of protest by community members about lack of service delivery
- 1.2.5 A private company is managed by the ...

(5x2) (10)

**TOTAL MARKS: 20**

**SECTION B**

**ANSWER ANY TWO QUESTIONS IN THIS SECTION.**

NOTE: Clearly indicate the QUESTION NUMBER of each question that you choose. The answer of EACH question must start on a new page, e.g QUESTION 2 on a new page, QUESTION 3 on a new page.

**QUESTION 2: BUSINESS ENVIRONMENTS**

2.1 Read the scenario below and answer the questions that follow.

**JACK MABASO ENTERPRISES (JME)**

Jack Mabaso operates a chisanyama on New Era Avenue. He employed two assistants who often steal grilled chicken wings. JME is located in an area that has a high rate of unemployment and crime. Chicken prices have increased because of the outbreak of avian flu.

Use the table below a **GUIDE** to answer **QUESTION 2.1**

<b>CHALLENGES</b> 2.1.1	<b>BUSINESS ENVIRONMENTS</b> 2.1.2	<b>EXTENT OF CONTROL</b> 2.1.3
1.	Micro-environment	
2.	Macro environment	
3.	Market environment	

- 2.1.1 Identify THREE challenges for JME from the scenario above. (3)
- 2.1.2 State the extent of control JME has over business environment mentioned in QUESTION 2.1.2 (3)
- 2.2 Elaborate on the meaning of networking. (4)
- 2.3 Discuss competition as one of the challenges of the market environment (6)
- 2.4 Recommend ways in which business can have a direct influence on the environment. (4)

**(20 MARKS)**

### QUESTION 3: BUSINESS VENTURES

3.1 Name any TWO different types of cooperatives (2)

3.2 Read the scenario below and answer the questions that follow:

#### Champions Orphanage (CO)

Mercy started an Orphanage organisation which is not aimed at making any profit, The CO takes care of orphans around North west and their neighbouring communities. She relies solely on donations and grants as sources of funding.

3.2.1 Identify the form of ownership from the scenario above (2)

3.2.2 Explain the advantages of the form of ownership identified in 3.2.1. (8)

3.4 Define the meaning of the Initial order offer/IPO of the company. (2)

3.5 Advise the business on the challenges of establishing a company versus other forms of ownership (6)

**[20]**

## QUESTION 4: MISCELLANEOUS

### BUSINESS ENVIRONMENTS

- 4.1 Give TWO examples of contemporary legislation that may affect the business operations (2)
- 4.2 Read the scenario below and answer the questions that follow.

**ABC Stores**

Abel Buthane, who owns ABC Stores, has inherited money from his late father's estate. He would like to protect the value of his money over time and to make it grow. He invests his money by buying a farm (property) and gold.



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4.2.1 Identify the type of lobbying from the scenario. (2)

4.2.2 Explain the type of lobbying identified in 4.2.1 above. (6)

### BUSINESS VENTURES

- 4.3 Define the term notice of incorporation (2)
- 4.4 Differentiate between the private and a personal liability company (4)
- 4.5 Advise businesses on the legal requirements of the name of the company (4)

**(20 MARKS)**

**TOTAL SECTION B: [40]**

## SECTION C

### ANSWER ONE QUESTION 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

The market and macro environments pose many challenges on business operations. Businesses need to identify these challenges so that they are able to devise suitable ways to adapt to those challenges. The internal environment carries out business activities. Businesses are losing sales and income because people illegally duplicate their music.

Write an essay on the micro and macro-environment on the following aspects:

- Outline the components of the micro-environments.
- Describe the following ways in which businesses can adapt to the challenges of the business environments:
  - Information management
  - Strategic responses
- Discuss the negative impact of piracy on businesses.
- Recommend projects that can be undertaken by businesses as part of social responsibility.

[40]

#### QUESTION 6: BUSINESS VENTURES

Jacob and Zane started their business as JZ partners, brothers realised that their business is growing at the faster rate and currently serving many townships and provinces, they want to convert and register their business as a public company so that they benefit in many ways.

With reference to the statement above:

- Outline the aspects that must be included in the prospectus.
- Distinguish between a Partnership and public company.
- Discuss the benefits of establishing a company over other forms of ownership.
- Advise businesses on the procedure for the formation of companies.

[40]

**TOTAL SECTION C: 40**

**GRAND TOTAL: 100**





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**BUSINESS STUDIES FORMAL TEST 1  
MARKING GUIDELINES  
MARCH 2024**

**MARKS: 100**

**This marking guideline consists of 19 Pages.**

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**Please turn over**

## NOTES TO MARKERS

1. For marking and moderation purposes, the following colours are recommended:

Level 1: School – Teacher	Red marking
Level 2: School – Departmental Head	Green
Level 3: Cluster Moderation	Brown
Level 4: District Moderation	Orange
Level 5: Provincial Moderation	Pink
Level 6: National Moderator	Turquoise
Level 7: Umalusi	Purple

2. Candidates' responses must be in full sentences for SECTION B and C. However, this would depend on the nature of the question.

3. A comprehensive memorandum 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:
- Come from another credible source
- Original
- A different approach is used

**NOTE:** There is only ONE correct answer in SECTION A.

4. Take note of other relevant answers provided by learners and allocate marks accordingly. (In cases where the answer is unclear or indicates some understanding, part-marking should be awarded, for example, one mark instead of the maximum of two marks.)

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

6. 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 as well as for calculation purposes.

7. Sub-totals to questions must be written in the right-hand margin. Circle the sub-totals 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.

8. Correct numbering of answers to questions or sub-questions is recommended in SECTION A and B. However, if the numbering is incorrect, follow the sequence of the candidate's responses. Learners will be penalised if the latter is not clear.

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

10. The differentiation between 'evaluate' and 'critically evaluate' can be explained as follows:

- 10.1 When 'evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance, e.g. **Positive:** *'COIDA eliminates time and costs spent on lengthy civil court proceedings'*

- 10.2. When 'critically evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance. In this instance candidates are also expected to support their responses with more depth, e.g. *'COIDA eliminates time and costs spent on lengthy civil court proceedings, because the employer will not be liable for compensation to the employee for injuries sustained during working hours as long as it can be proved that the business was not negligent.'*

**NOTE:** 1. The above could apply to 'analyse' as well.

2. Note the placing of the tick (✓) in the allocation of marks.

11. The allocation of marks must be informed by the nature of the question, cognitive verb used, mark allocation in the marking guidelines and the context of each question.

Cognitive verbs, such as:

11.1 Advise, name, state, mention, outline, motivate, recommend, suggest, (*list not exhaustive*) do not usually require much depth in learner's responses.

Therefore, the mark allocation for each statement/answer appears at the end.

11.2 Define, describe, explain, discuss, elaborate, compare, distinguish, differentiate, tabulate, justify, devise, analyse, evaluate, critically evaluate (*list not exhaustive*) require a greater depth of understanding, application and reasoning. Therefore, the marks must be allocated more objectively to ensure that marks must be allocated more objectively to ensure that assessing is conducted according to established norms so that uniformity, consistency and fairness are achieved.

12. Mark only the FIRST answer where candidates offer more than one answer for SECTION B and C questions that require one answer.

### 13. SECTION B

13.1 If for example, FIVE facts are required, mark the learners 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 applies only to questions where the number of facts is specified

13.2 If two facts are written in one sentence, award the learner FULL credit. Point

13.1 above still applies.

13.3 If learners are required to provide their own examples/views, brainstorm this at the marking centre to

finalise alternative answers.

### 13.4 Use of the cognitive verbs and allocation of marks:

13.4.1 If the number of facts are specified, questions that requires learners to 'describe/discuss/explain' may be marked as follows:

\***Fact** : 2 marks (or as indicated in the marking guidelines)

\***Explanation**: 1 mark (two marks will be allocated in Section C)

The 'fact' and 'explanation' are given separately in the marking guideline to facilitate mark allocation

13.4.2 If the number of facts required is not specified, the allocation of marks must be informed by the nature of the question and the maximum mark allocated in the marking guideline.

13.5 **One mark may be awarded for answers that are easy to recall, requires one word answers or is quoted directly from a scenario/case study. This applies to SECTIONS B and C in particular (where applicable).**

**14. SECTION C**

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

Introduction	<b>Maximum: 32</b>
Content	
Conclusion	
Insight	<b>8</b>
<b>Total</b>	<b>40</b>

14.2 Insight consists of the following components:

<b>Layout/Structure</b>	Is there an introduction, paragraphs and a conclusion?	<b>2</b>
<b>Analysis and interpretation</b>	Is the candidate able to break down the question into headings/ sub-headings/interpret it correctly to show understanding of what is being asked? Marks to be allocated using this guide: All headings addressed: 1 (One 'A') Interpretation (16-32 marks): 1 (One 'A')	<b>2</b>
<b>Synthesis</b>	Are there relevant decisions/facts/responses made based on the questions? Marks to be allocated using this guide: <b>Option 1: Only relevant facts: 2 marks (No '-S')</b> Where a candidate answers 50% or more (two to four sub-questions) of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis. <b>Option 2: Some relevant facts: 1 mark (One '-S')</b> Where a candidate answers less than 50% (only one sub-question) of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. <b>Option 3: Some relevant facts: 1 mark (One '-S')</b> Where a candidate writes FOUR sub-questions, but one/two/three sub-question(s) with irrelevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. <b>Option 4: No relevant facts: 0 marks (Two '-S')</b> Where a candidate answers less than 50% (only one sub-question) of the question with no relevant facts; two '-S' appear in the left margin. Award a ZERO mark for synthesis.	<b>2</b>
<b>Originality</b>	Is there evidence of one or two examples, not older than two (2) years, that are based on recent information, current trends and developments?	<b>2</b>
	<b>TOTAL FOR INSIGHT:</b>	<b>8</b>
	<b>TOTAL MARKS FOR FACTS:</b>	<b>32</b>
	<b>TOTAL MARKS FOR ESSAY (8 + 32):</b>	<b>40</b>

- NOTE:**
- 1. No marks will be awarded for contents repeated from the introduction and conclusion.**
  - 2. The learner forfeit marks for layout if the words INTRODUCTION and CONCLUSION are not stated.**
  - 3. No marks will be awarded for layout, if the headings INTRODUCTION and CONCLUSION are not supported by an explanation.**

- 14.3 Indicate insight in the left-hand margin with a symbol e.g. (L, A, S and/or O)
- 14.4 The breakdown of marks is indicated at the end of the suggested answer/markings guideline to each question.
- 14.5 Mark all relevant facts until the SUB MAX/MAX mark in a subsection has been attained. Write SUB MAX/MAX after maximum marks have been obtained but continue leading for originality "O".
- 14.6 At the end of each essay indicate the allocation of marks for facts and marks for insight as follows: (L –Layout, A-Analysis, S-Synthesis, O-Originality) as in the table below:

CONTENT	MARKS
Facts	32 (max)
L	2
A	2
S	2
O	2
<b>Total</b>	<b>40</b>

- 14.7 When awarding marks for facts, take note of the sub-maxima indicated, especially if learners do not make use of the same subheadings. Remember, headings and subheadings are encouraged and contribute to insight structuring/ logical flow/sequencing) and indicate clarity of thought. (See MARK BREAKDOWN at the end of each question.)
- 14.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.
- 14.9 If a different approach is used by learners, ensure that the answers are assessed according to the mark allocation/subheadings as indicated in the marking guideline.
- 14.10 14.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.
- 14.10.2 With effect from November 2015, the TWO marks will not necessarily appear at the end of each completed sentence. The ticks (√) will be separated and indicated next to each fact, e.g. "Product development is a growth strategy, √ where businesses aim to introduce new products into existing markets.√"
- This will be informed by the nature and context of the question, as well as the cognitive verb used.
- 14.11 With effect from November 2017, the maximum of TWO (2) marks for facts shown as headings in the marking guidelines, will not necessarily apply to each question. This would also depend on the nature of the question

**SECTION A (COMPULSORY)**

**QUESTION 1**

1.1

1.1.1 B✓✓

1.1.2 A✓✓

1.1.3 B✓✓

1.1.4 C✓✓

1.1.5 D✓✓

(5X2)(10)

1.2

1.2.1 workplace forum✓✓

1.2.2 trademark✓✓

1.2.3 memorandum of incorporation✓✓

1.2.4 political unrest✓✓

1.2.5 board of director✓✓

(5X2)(5)



**TOTAL SECTION A: 20**

QUESTION 1	MARKS
1.1	10
1.2	10
<b>TOTAL</b>	<b>20</b>

**SECTION B**

**QUESTION 2 BUSINESS ENVIRONMENTS**

**2.1. Challenges of the business environments and extent of control**

<b>CHALLENGES</b> <b>2.1.1</b>	<b>BUSINESS ENVIRONMENTS</b> <b>2.1.2</b>	<b>EXTENT OF CONTROL</b> <b>2.1.3</b>
1. JME employed two assistants who often steal grilled chicken wings ✓	Micro-environment	Full control ✓
2. JME is located in an area of high rate of unemployment and crime ✓	Macro environment	No control ✓
3. Chicken prices have increased because of the outbreak of avian flu ✓	Market environment	Partial/Some/Limited/Less/Little control ✓
<b>Sub max (3)</b>		<b>Sub max (3)</b>

- NOTE: 1. Mark the first challenge for each environment only.**  
**2. If the business environment is not linked to the challenge, mark the challenge only.**  
**3. Award full marks for the business environment even if the challenge is not quoted in full.**  
**4. The extent of control must be linked to the business environment.**  
**5. Do not award marks for the extent of control if the business environment is not mentioned.**  
**6. DO NOT ACCEPT “CAN INFLUENCE” as the extent of control in the market environment.**  
**7. Accept responses in any order.**

**Max (6)**

**2.2 Meaning of networking**

- It refers to a coordinated activity where people who have a similar objective meet ✓ and exchange information and ideas. ✓
- The goal of networking is to reach as many people as possible ✓ and to make every connection count. ✓
- It is a tool that is used by businesses ✓ to increase sales. ✓
- Businesses can become a member of chambers of commerce and industry / professional business clubs / informal social groupings ✓ to meet new-contacts. ✓
- Any other relevant answer related to the meaning of networking.

**Max (4)**

**2.3 Challenges of competition in the market environment**

**Competition**

- Other businesses which sell similar substitute products ✓ pose a problem to/threaten the success of a business. ✓
- It is difficult to compete with businesses selling the same products and services ✓ in certain countries. ✓
- If a business is not able to match the quality of service/products and the price of its competitors ✓, it will be in real danger. ✓
- The challenges around competitors can be industry rivalry ✓ where businesses aim to sell more than competitors/new entrants with better products/cheaper or better substitutes. ✓
- Businesses could find that they are unable to make sufficient profit when the demand is not high enough ✓ to support the supply of the same goods/services. ✓
- Essential for a business to have a regular supply of all the materials ✓ that are inputs in the production process. ✓
- Dissatisfied customers can damage the reputation ✓ and threaten the future of the business. ✓
- Any other relevant answer related to the challenges of competition as a challenge in the market environment

**Max(6)**

**2.4 Ways in which businesses can have a direct influence on the environment**

- Businesses need to be flexible by getting involved in research/development so that they can continue to operate. ✓✓
- Influence its suppliers by signing long term contracts. ✓✓
- Create new uses for a product by finding new customers. ✓✓
- Influence regulators through lobbying and bargaining. ✓✓
- Initiate bargaining sessions between management and unions. ✓✓
- Influence its owners using information contained in annual reports. ✓✓
- Negotiate strategic alliance agreement through contractual processes. ✓✓

**Max (4)**

QUESTION	MARKS
2.1.1	3
2.1.2	3
2.1.3	4
2.2	6
2.3	4
<b>TOTAL</b>	<b>20</b>

**[20]**



## QUESTION 3: BUSINESS VENTURES

### 3.1 TWO different types of cooperatives

- Housing co-operative. ✓
- Worker co-operative. ✓
- Social co-operative. ✓
- Agricultural co-operative. ✓
- Co-operative burial society. ✓
- Financial services co-operative. ✓
- Consumer co-operative. ✓
- Transport co-operative. ✓
- Any other relevant answer related to the examples of the types cooperative

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

**(2 x 1) (2)**

### 3.2

#### 3.2.1 Non-Profit company (2)

##### The advantages of a non-profit company

- Profits are used solely for the primary objective ✓ of the organisation. ✓
- They provide social services ✓ to various communities. ✓
- Donors receive ✓ tax deductions. ✓
- The liability of the members ✓ is limited ✓
- Has a legal personality ✓ and continuity of existence. ✓
- Can receive ✓ grants/aid ✓
- Surplus of income is retained ✓ to further the goals of the business ✓
- Must prepare the financial statements at the end of the year ✓ and is not compelled to audit the financial statements. ✓
- Non-profit companies are not compelled ✓ to attend the general annual meeting (AGM). ✓
- Any other relevant answer related to the advantages of a non-profit company.

**Max (8)**

### 3.3 The meaning of the Initial order offer/IPO of the company.

- This is when the company issues shares ✓ to the public for the first time. ✓
- The company must produce a prospectus ✓ before undertaking the initial offering. ✓
- Most companies undertake an IPO with the assistance of an investment banking firm acting ✓ in the capacity of an underwriter. ✓
- Any other relevant answer related to the meaning of the initial offer/ IPO of the company

**Max (2)**

### 3.4 Advise the business on the challenges of establishing a company versus other forms of ownership

- Directors may not have a personal interest in the business and this could prevent the business from gaining maximum growth and profits. ✓✓
- Directors who do not have a personal interest in the business may not attract investors. ✓✓
- There may be conflict between the owners of the company and management in control. ✓✓

NSC

- The more shares there are the less profit per share. ✓✓
- A company is required to submit a full report to all stakeholders each financial year. ✓✓
- The limited liability aspect of the company generates more paper work in the registration process. ✓✓
- The owners of the company have more liability. ✓✓
- When directors change there could be a lack of continuity in management. ✓✓
- Companies have more taxation requirements and other taxes are high. ✓✓
- They are required to disclose all financial information which could provide their competitors with an unfair advantage. ✓✓
- Politics can get in the way and managers are appointed for the wrong reasons. ✓✓
- State owned companies often deliver non-profitable services that lead to government losing money through the business. ✓✓
- A company can stop existing if deregistered by the Registrar of Companies. ✓✓
- A large amount of money of funds is spent on financial audits and accounting fees due to government regulations. ✓✓
- Any other relevant answer related to the challenges of establishing a company versus other forms of ownership

**Max (6)**

QUESTION	MARKS
3.1	2
3.2.1	2
3.2.2	8
3.3	2
3.4	6
<b>TOTAL</b>	<b>20</b>

**[20]**

**QUESTION 4 : BUSINESS ENVIRONMENTS****4.1 Examples of contemporary legislation that may affect the business operations.**

- National Credit Act✓
- Consumer Protection Act✓
- Employment Equity Act✓
- Broad Based Black Economic Empowerment Act✓
- Basic Conditions of Employment Act✓
- Labour Relations Act✓
- Skills Development Act✓
- Compensation for Occupational Injuries and Diseases Act/COIDA✓
- Any other relevant answer related to examples of contemporary legislation that may affect business operations.

**NOTE: Mark the first TWO (2) only.****(2 x 1) (2)****4.2****4.2.1 Hedging against inflation✓✓****(2)****4.2.2 The type of lobbying identified in 4.2.1 above.**

- 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 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 the advantages of Hedging against inflation.

**Max (6)**

**BUSINESS VENTURES**

**4.3 Notice of incorporation**

- Notice that must be lodged together with the Standard Form of Memorandum of Incorporation ✓ and it contains the following information:
  - Type of company ✓
  - Financial year-end ✓
  - Number of directors ✓
  - Incorporation date ✓
  - Registered address ✓
  - Company name ✓
  - Any other relevant answer related to the definition of notice of incorporation.

**Max (2)**

**4.4 Differentiate between the private and a personal liability company**

<b>PRIVATE COMPANY</b>	<b>PERSONAL LIABILITY COMPANY</b>
- The name ends with (PTY) Ltd ✓	- The name ends with INC ✓
- The directors are not personally liable for the debts of the business. ✓	- The directors are personally liable for the debts of the business. ✓
- A private company may have any number of owners, known as shareholders.	- The company must be managed by at least one director.
- Any other relevant answer related to the private company	- Any other relevant answer related to personal liability
<b>Sub max (2)</b>	<b>Sub max (2)</b>
	<b>Max(4)</b>

**NOTE:1 The answer does not have to be in tabular format**

- 2. The difference does not have to link, but must be clear**
- 3. Award maximum of FOUR (4) marks if the differences are not clear/ either private company or personal liability company**

**4.5 Advise businesses on the legal requirements of the name of the company**

- The name of a company must be original and must not be misleading.
- A company's name must appear on all company documents, e.g. on letterheads. ✓✓
- Reserving a name for a company is the first step to register a company, but it is not compulsory. ✓✓
- Names can be reserved for a period of 6 months by the CIPC. ✓✓
- The name must not be similar/same as any other company unless it is part of the group ✓✓
- The name must not imply/suggest/mislead a person to believe that the company is part of another person/business/the state. ✓✓
- The name must not be offensive/promote violence/hatred and cause any harm. ✓✓

- The name must not be shortened and translated. ✓✓
- The name of a company must indicate the type of company as follows: The name of a company must end with. ✓✓
- Any other relevant answer legal requirements of the name of the company

**Max (4)**



QUESTION	MARKS
4.1	2
4.2.1	2
4.2.2	6
4.3	2
4.4	4
4.5	4
<b>TOTAL</b>	<b>20</b>

**(20 MARKS)**

**TOTAL SECTION B: [40]**

**SECTION C**

**QUESTION 5: BUSINESS ENVIRONMENTS**

**5.1.1 Introduction**

- The micro environments consists of various components, which are dynamic and contribute to the business's strength and weaknesses. ✓
- Businesses operate in dynamic business environments that pose many challenges on their operations. ✓
- The profitability and success of businesses depend on how they respond to challenges posed by the external business environments. ✓
- Many businesses are affected negatively by unauthorised copying and branding. ✓
- Businesses have a responsibility to become more socially responsible by giving back to communities. ✓
- Any other relevant introduction related to components of micro- environment/ in which ways businesses can adapt to the challenges of the business environment / negative impact of piracy / projects that can be undertaken by businesses as part of social responsibility.

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

**5.2 Outline the components of the macro-environment**

- The business create/ it's vision, mission statement, goal and objectives. ✓✓
- The organisational structure determines which people should work for the business. ✓✓
- The organizational culture/its culture consists of the different beliefs, expectations and values shared. ✓✓
- The organisational/its resources are the means available to run the business smoothly. ✓✓
- Management and leadership should motive the employees and lead by example. ✓✓

- The eight business function have to be performed through each business function activities. ✓✓
- Any other relevant answer related to the components of the micro - environment.

**NOTE: Award part mark for naming of each component**

**Max (10)**

### 5.3 Ways in which businesses can adapt to the challenges of the business environments:

#### 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. ✓
- Any other relevant answer related to information management as ways in which businesses can adapt to the challenge of the business environments.

**Sub-max (6)**

#### 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. ✓
- Any other relevant answer related to strategic responses as ways in which businesses can adapt to the challenge of the business environments.

**Sub-max (6)**

**Max (12)**

### 5.4 The negative impact of piracy on businesses.

- It can undermines the music/movie industry✓ as they lose money. ✓
- Drives up the prices of products✓ in order to compensate for the loss in sales. ✓
- Leads to job losses in the industry✓✓
- The music industry feel reluctant to develop new talents✓ as the element of risk is too high. ✓
- May cause damage to the value of the businesses. ✓✓
- The businesses loses out on sales and income✓ which in turn threatens industry✓
- The businesses loses out on productivity✓ and profits. ✓
- Any other relevant answer related to the negative impact of piracy.

**Max (14)**

**5.5 Projects that can be undertaken by businesses as part of social responsibility**

- Businesses must allow employees to get involved in social development. ✓✓
- Managers must protect the environment and participate in community upliftment programs. ✓✓
- Environmental friendly campaigns ✓✓
- Making donations to charity organisations ✓✓
- Engaging in economic development ✓✓
- Charity community projects ✓✓
- Benefits for the business Increased sales due to customer loyalty. ✓✓
- HIV and Aids awareness programs ✓✓

**Max (10)**

**5.6 Conclusion**

- Businesses can influence the business environments in one way or the other, and need to take into consideration the components of the micro environment. ✓✓
- Businesses must pay careful attention to challenges that are posed by business environment and devise strategies to overcome those challenges. ✓✓
- It is compulsory for businesses to put measures in place to ensure that the artists or owners' rights to their work are not violated, and they are compensated fairly. ✓✓
- Businesses can use CSR/CSI projects as a marketing strategy to promote their products. ✓✓
- Any other relevant conclusion related to the challenges of the macro-environment

**Any (1x2) (2)**

**QUESTION 5: BREAKDOWN OF MARKS ALLOCATION**

DETAILS	MAXIMUM	TOTAL
Introduction	2	
Outline the components of the micro-environment	10	<b>MAXIMUM 32 MARKS</b>
Ways in which businesses can adapt to the challenges of the business environments	12	
The negative impact of piracy on businesses.	14	
Projects that can be undertaken by businesses as part of social responsibility	08	
Conclusion	2	
<b>INSIGHT</b>		
Layout	2	<b>8</b>
Analysis/ interpretation	2	
Synthesis	2	
Original/Examples	2	
<b>TOTAL MARKS</b>		<b>40</b>

**QUESTION 6: BUSINESS VENTURES**

**6.1 Introduction**

- Some form of businesses need to follow document for inviting the public to buy securities or shares. ✓
- The success or failure of a business operation can be influenced by chosen form of ownership ✓
- The choice of any form of ownership is influenced by number of factors such capital required et cetera. ✓
- Entrepreneurs must consider all the challenges of the different forms of ownership carefully to decide which form will suit their needs best. ✓
- Any other relevant answer to prospectus, difference between partnership and public/ benefits of establishing a company over other forms of ownership/ procedure for the formation of companies .

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

**6.2 Outline the aspects that must be included in the prospectus.**

- Company overview, including the vision, mission and goals of a business ✓✓
- The risks and potential of the business ✓✓
- Available financial and share information ✓✓
- Date of registration of the prospectus ✓✓
- Pre-incorporation contracts that have been signed ✓✓
- The minimum subscription and the shares must be sold within 60 days of issuing the prospectus ✓✓
- The Company's assets and liabilities ✓✓
- Any other relevant answer to the aspects that must be included in the prospectus,

**NOTE: Award part mark for naming of each component**

**Max (10)**

**6.3 Distinguish between a Partnership and public company.**

<b>Partnership</b>	<b>Public Company</b>
- There no legal requirement ✓ on the name ✓	- Name must end ✓ with Limited/Ltd. ✓
- Partners combine capital ✓ and may borrow capital ✓	- Trades its shares ✓ publicly on the Johannesburg Securities Exchange. ✓
- Partners have ✓ unlimited liability ✓	- It has ✓ limited liability ✓
- Profits are shared according partnership agreement ✓	- Profits are shared in the form of dividends in proportion to share held ✓
- It has no legal ✓ personality ✓	- It is a legal ✓ person ✓
- Partners share responsibilities ✓ and are all involved in decision making ✓	- Managed by ✓ a board of directors ✓
- No legal formalities ✓ to start ✓	- Must raise a minimum subscription prior to commencement ✓ of the company. ✓



NSC

- Auditing of financial statement is optional ✓	- Annual financial statements need to be audited ✓ and published. ✓
- A minimum of two or more person to start ✓	- A minimum of one person is required to start a public company ✓
Sub-max (6)	Sub-max (6)

**NOTE:1** The answer does not have to be in tabular format

**2.** The difference does not have to link, but must be clear

**3.** Award maximum of SIX (6) marks if the differences are not clear/ either private company or personal liability company

**Max (12)**

**6.4 The benefits of establishing a company over other forms of ownership.**

**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. ✓
- Any other relevant answer related to legal status and liability as a benefit of establishing a company over other forms of ownership

Benefit (2)  
Explanation (2)  
**Sub-Max (4)**

**Profit sharing ✓✓**

- Shareholders share in the profits of the company ✓ through dividends ✓
- Other forms of ownership will share profit ✓ according to their contribution or internal agreement. ✓
- Any other relevant answer related to profit sharing as a benefit of establishing a company over other forms of ownership

Benefit (2)  
Explanation (2)  
**Sub-Max (4)**

**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. ✓
- Any other relevant answer related to ownership and management as a benefit of establishing a company over other forms of ownership

Benefit (2)  
Explanation (2)  
**Sub-Max (4)**

**Capital and cash flow ✓✓**

NSC

- 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. ✓
- Directors do not have to take out personal loans ✓ to grow the business ✓
- Any other relevant answer to capital and cash flow as a benefit of establishing a company over other forms of ownership

Benefit (2)  
Explanation (2)  
**Sub-Max (4)**

**Life span and continuity ✓✓**

- A company has continuity of existence. ✓
- Company shares can be transferred/bought/sold ✓
- Any other relevant answer to life span and continuity as a benefit of establishing a company over other forms of ownership

Benefit (2)  
Explanation (2)  
**Sub-Max (4)**

**Taxation ✓✓**

- Companies have tax benefits ✓ other enterprises do not have ✓
- They may obtain tax rebates ✓ if they are involved in social responsibility projects. ✓
- Any other relevant answer to taxation as a benefit of establishing a company over other forms of ownership

Benefit (2)  
Explanation (2)  
**Sub-Max (4)**

**Max (16)****6.5 Advise businesses on the procedure for the formation of companies.**

- Determine the people establishing the company ✓✓
- Reserve a company name with the Registrar of Companies ✓✓
- Prepare a memorandum of incorporation ✓✓
- File a notice of incorporation ✓✓
- Obtain a unique registration number ✓✓
- All companies must be registered with the Registrar of Companies. ✓✓
- Open a bank account and register for taxation. ✓✓
- Draw up a prospectus for potential investors. ✓✓
- Any other relevant answer related to the procedure for the formation of the company.

**Max (8)****6.6 Conclusion**

- The owners will enjoy better benefit like limited liability after converting their form of ownership to a public company. ✓✓
- The success or failure of a business operation can be influenced by chosen form of ownership ✓✓
- Investors will consider the advantages as well as the disadvantages of public companies carefully to determine the risk of investing in it. ✓✓
- Entrepreneurs must consider all the challenges of the different forms of ownership carefully to decide which form will suit their needs best. ✓✓
- Any other relevant answer related to aspects that must be included in a prospectus/ distinguish between a partnership and public company/benefits of establishing a company over other forms of ownership/ procedure for the formation of companies

Any 1x2 (2)

[40]

**QUESTION 6: BREAKDOWN OF MARKS ALLOCATION**

DETAILS	MAXIMUM	TOTAL
Introduction	2	
Outline the aspects that must be included in the prospectus.	8	<b>MAXIMUM 32 MARKS</b>
Distinguish between a Partnership and public company	12	
Discuss the benefits of establishing a company over other forms of ownership	16	
Advise businesses on the procedure for the formation of companies	8	
Conclusion	2	
<b>INSIGHT</b>		<b>8</b>
Layout	2	
Analysis/ interpretation	2	
Synthesis	2	
Original/Examples	2	
<b>TOTAL MARKS</b>		<b>40</b>