



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

**BUSINESS STUDIES
CONTROLLED TEST**

23 MARCH 2023

MARKS: 100

TIME: 1 H 30

This question paper consists of 7 pages.

INSTRUCTIONS AND INFORMATION

Read the following instruction carefully before answering the questions.

1. This question paper consists of THREE sections.

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 ONE of the two questions in this section.

2. Read the instructions of each question carefully and take particular note of what is required.
3. Number the answers carefully 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 the nature of each question to determine the length and depth of an answer.
6. Use the table below as guide for mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME (minutes)
A: Objective-type questions COMPULSORY	1	20	20
B: THREE direct/indirect type questions CHOICE: Answer any TWO.	2	20	40
	3	20	
	4	20	
C: TWO essay-type questions CHOICE: Answer any ONE.	5	40	30
	6	40	
TOTAL		150	90 minutes

7. Begin the answer to EACH question on a NEW page, e.g. QUESTION 1 – new page, QUESTION 2 – new page.
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) in the ANSWER BOOK, for example 1.1.6 E.

1.1.1 Difficult employees is a challenge in the ... environment.

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

1.1.2 Abigail's Beauty Salon operates in the ... sector

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

1.1.3 The government is a major shareholder in this form of ownership

- A Dladla inc
- B Namhla Training (Pty) Ltd
- C Jesjo Limited
- D Sajeda SOC Ltd

1.1.4 AKA's newly released music cannot be reproduced without the consent of his recording company.

- A bootlegging
- B counterfeiting
- C copyright
- D trademarks

1.1.5 All the profits of the business belong to the owner in a...

- A partnership
- B non – profit company
- C close corporation
- D sole trader

(5 x 2) (10)

- 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.

Lockout; Unlimited liability; Merger; Limited;
Secondary; Personal liability; Acquisition; Close
corporation ; Primary ; Strike

- 1.2.1 ... occurs when two companies join together and form one company
- 1.2.2 Members of Spykos CC have ... liability for the debts of the business
- 1.2.3 The ... sector extracts raw materials from nature.
- 1.2.4 The directors of a ... company are jointly and severally liable for the debts of the company.
- 1.2.5 A form of industrial action where employers refuse workers entry to the work premises.

(5 x 2) (10)

TOTAL SECTION A: 20

SECTION B

Answer any TWO questions from this section.

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

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 Name THREE components of the micro environment (3)

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

BANDA MANUFACTURERS (BM)

Banda Manufacturers is known for producing quality products. The management of BM mentioned that there is a decline in the productivity of the business due to employees who need supervision to complete their work. There is another business in the area which sells similar products that pose a threat to the success of BM. One of the BM's biggest investors had to withdraw their investment due to political instability in the country.

Use the table below as a GUIDE to answer QUESTION 2.2.1 to 2.2.3

2.2.1 CHALLENGES	2.2.2 BUSINESS ENVIRONMENT	2.2.3 EXTENT OF CONTROL
1.		
2.		
3.		

2.2.1 Quote THREE challenges for BM from the scenario above (3)

2.2.2 Classify BM's challenges according to the THREE business environments (3)

2.2.3 State the extent of control BM has over EACH business environment (3)

2.3 Explain hedging against inflation as a type of lobbying. (4)

2.4 Suggest ways in which businesses can have a direct influence on the environment. (4)

[20]

QUESTION 3: BUSINESS VENTURES

- 3.1 Name THREE aspects that must be included in a prospectus. (3)
- 3.2 Outline the procedure for the formation of a company. (4)
- 3.3 Read the scenario below and answer the questions that follow

GEBE AUDITING (GA)

Mr Gebe and his son established an auditing firm and named it Gebe Auditing. They will be both liable for the debts of the business.

- 3.3.1 Identify the form of ownership represented by GA. Motivate your answer by quoting in the scenario above. (3)
- 3.3.2 Outline the difference between the form of ownership in QUESTION 3.3.1 and a sole trader. (4)
- 3.4 Advise business on the characteristics of a private company (6)
- [20]**

QUESTION 4: MISCELLANEOUS

- 4.1 Elaborate on the meaning of dumping (4)
- 4.2 Identify the challenge that affects Spykos Trading Enterprise in EACH statement below:
- 4.2.1 The management is struggling to find a reliable supplier for their raw materials. (2)
- 4.2.2 Customers are no longer buying their products due to a change in their tastes and preferences. (2)
- 4.3 Suggest reasons for establishment of trade unions. (4)
- 4.4 Identify the form of ownership represented in EACH statement below:
- 4.4.1 The directors of Bell Inc. are liable for the debts of the business (2)
- 4.4.2 Members at Elite Tutoring are motivated by the service rather than profit. (2)
- 4.5 Advise Elite Tutoring on the advantages of the form of ownership identified in QUESTION 4.4.2. (4)

[20]

TOTAL SECTION B: 40

SECTION C

Answer **ONE** question in this section.

QUESTION 5: BUSINESS ENVIRONMENTS

Businesses are negatively affected by various socio-economic issues. Understanding the negative impact of ethical misconduct, crime and piracy on their operations is crucial. Businesses must also explore various possible solutions to deal with piracy.

Write an essay on socio – economic issues in which you include the following aspects:

- Elaborate on the meaning of illiteracy and the impact it has on businesses.
- Analyse the impact of piracy on businesses.
- Discuss TWO solutions to deal with piracy.
- Advise businesses on the impact of economic crime on businesses.

[40]

QUESTION 6: BUSINESS VENTURES

Entrepreneurs who establish their own businesses sometimes fail to sustain these businesses. Some entrepreneurs prefer to purchase an existing business. Franchising and Leasing are other opportunities available for entrepreneurs to consider.

Write an essay on the avenues of acquiring a business in which you include the following aspects:

- Outline the reasons why entrepreneurs purchase an existing business.
- Explain the disadvantages of leasing.
- Advise businesses on the advantages of franchising.
- Discuss the TWO parties involved in a franchise agreement.

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 100



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Stanmorephysics.com

GRADE 11

MARCH 2023

**BUSINESS STUDIES
MARKING GUIDELINE**

Stanmorephysics.com

MARKS: 100

TIME: 1.5 hour

This Marking guideline consists of 20
pages.

NOTES TO MARKERS

1. Candidates' responses must be in full sentences for SECTIONS B and C. However, this would depend on the nature of the question.
2. Comprehensive marking guidelines have 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 memorandum
 - Comes from another source
 - Original
 - A different approach is used

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

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 'Submax' 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 as well as for calculation purposes.
6. 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 the memo. Only the total for each question should appear in the left-hand margin next to the appropriate question number.
7. In an indirect question, the theory as well as the response must be relevant and related to the question.
8. **Incorrect numbering of answers to questions or sub-questions in Section A and B will be severely penalised. Therefore, correct numbering is strongly recommended in all sections.**
9. No additional credit must be given for repetition of facts. Indicate with an R.
10. Note that no marks will be awarded for indicating Yes/No in evaluation type questions requiring substantiation or motivation. (Applicable to SECTIONS B and C).
11. The differentiation between 'evaluate' and 'critically evaluate' can be explained as follows:

- 11.1 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.'✓
- 11.2 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.

12. 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:

- 12.1 Advise, name, state, mention, outline, motivate, recommend, suggest, (list not exhaustive) do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.
- 12.2 Describe, explain, discuss, elaborate, compare, distinguish, differentiate, 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 assessing is conducted according to established norms so that uniformity, consistency and fairness are achieved.
13. Mark only the FIRST answer where candidates offer more than one answer for SECTION B and C questions that require one answer.

14. **SECTION B**

- 14.1 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.

- 14.2 If two facts are written in one sentence, award the candidate FULL credit. Point 14.1 above still applies.

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

- 14.4 **Use of the cognitive verbs and allocation of marks:**

- 14.4.1 If the number of facts are specified, questions that require candidates to 'describe/discuss/explain' may be marked as follows:

- Fact 2 marks (or as indicated in the marking guidelines)
- Explanation 1 mark

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

- 14.4.2 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 guidelines.

- 14.5 **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).**

15. SECTION C

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

Introduction	Maximum: 32
Content	
Conclusion	
Insight	8
TOTAL	40

15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, body, proper paragraphs and a conclusion?	2
Analysis and interpretation	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 to 32 marks): 1 (One 'A')	2
Synthesis	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 (No '-S') Option 1: Where a candidate answers 50% or more of the question with only relevant facts: no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis. Option 2: Where a candidate answers less than 50% 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. Option 3: Where a candidate answers less than 50% of the question with no relevant facts: two '-S' appear in the left margin. Award a ZERO mark for synthesis.	2
Originality	Is there evidence of examples, recency of information, current trends and developments?	2
TOTAL FOR INSIGHT:		8
TOTAL MARKS FOR FACTS:		32
TOTAL MARKS FOR ESSAY (8 + 32)		40

NOTE:

- No marks will be awarded for contents repeated from the introduction and conclusion.
- The candidate forfeits marks for layout if the words INTRODUCTION and CONCLUSION are not stated.

3. **No marks will be allocated for layout, if the headings 'INTRODUCTION and CONCLUSION are not supported by an explanation.**

15.3 Indicate insight in the left-hand margin with a symbol e.g. ('L, A, -S and/or O').

15.4 The breakdown of marks is indicated at the end of the suggested answer/ marking guidelines to each question.

15.5 Mark all relevant facts until the SUBMAX/MAX mark in a subsection has been attained. Write SUBMAX/MAX after maximum marks have been obtained.

16.6 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
TOTAL	40

16.7 When awarding marks for facts, take note of the sub-maxima indicated, especially if candidates do not make use of the same subheadings. Remember headings and sub-headings are encouraged and contribute to insight (structuring/logical flow/sequencing) and indicate clarity of thought. (See MARKS BREAKDOWN at the end of each question.)

16.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.

16.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation/subheadings as indicated in the memorandum.

16.10 16.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.

16.10.2 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.

16.11



With effect from November 2017, the maximum of TWO (2) marks for facts shown as headings in the memo, will not necessarily apply to each question. This would also depend on the nature of the question.



SECTION A

QUESTION 1 COMPULSORY

- 1.1 1.1.1 B ✓✓
 1.1.2 C ✓✓
 1.1.3 D ✓✓
 1.1.4 C ✓✓
 1.1.5 D ✓✓

(5x2) 10

- 1.2 1.2.1 Merger ✓✓
 1.2.2 Limited ✓✓
 1.2.3 Primary ✓✓
 1.2.4 Personal liability ✓✓
 1.2.5 Lockout ✓✓

(5x2) 10

TOTAL SECTION A: 20

SECTION B

Mark the **FIRST TWO** questions only.

QUESTION 2 BUSINESS ENVIRONMENTS

2.1 COMPONENTS OF THE MICRO ENVIRONMENT

- Vision, mission statement ✓
- Goals and objectives ✓
- Organizational structure ✓
- Organizational culture ✓
- Organizational resources ✓
- Management and leadership ✓
- Eight business functions ✓

NOTE: Mark the first **THREE** only.

(3x1) (3)

2.2

2.2.1 CHALLENGES	2.2.2 BUSINESS ENVIRONMENTS	2.2.3 EXTENT OF CONTROL
1. The management of BM mentioned that there is a decline in the productivity of the business due to employees who need supervision to complete their work. ✓	Micro✓	Full control✓
2. There is another business in the area which sells similar products that pose a threat to the success of BM. ✓	Market✓	Little/Less/Limited/Partial control✓
3. One of the BM's biggest investors had had to withdraw their investment due to political instability in the country. ✓	Macro✓	No control✓

(9)

2.3 THE MEANING OF HEDGING A TYPE OF LOBBYING

- 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. ✓

(4)

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.

(4)

[20]

QUESTION 3 BUSINESS VENTURES

3.1 ASPECTS THAT MUST BE INCLUDED IN A 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 ✓

NOTE: MARK THE FIRST THREE

(3)

3.2 PROCEDURE FOR THE FORMATION OF A COMPANY

- 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. ✓✓

(4)

3.3

3.3.1 Partnership ✓✓

(2)

- They will both be liable for the debts of the business. ✓✓

(2)

3.3.2 DIFFERENCES BETWEEN SOLE TRADER AND PARTNERSHIP

SOLE TRADER	PARTNERSHIP
- There is one owner. ✓✓	- There is a minimum of two partners and there is no maximum on the number of partners. ✓✓
- The business is managed by one person. ✓✓	- The business is managed by partners who share the

	responsibility of running the business. ✓✓
- There are no formalities in forming the business. ✓✓	- The partners usually sign a partnership agreement. ✓✓

(4)

3.4 CHARACTERISTICS OF A PRIVATE COMPANY

- Requires one or more directors and one or more shareholders. ✓✓
- It needs a minimum of one shareholder and there is no limit on the number of shareholders that a private company may have. ✓✓
- Register with the registrar of companies by drawing up Memorandum of Incorporation. ✓✓
- The company name ends with letters (PTY) Ltd. ✓✓
- A private company is not allowed to sell shares to the public. ✓✓
- Investors put capital in to earn profit from shares. ✓✓
- The company has a legal personality as well as unlimited continuity. ✓✓
- The auditing of financial statements is optional. ✓✓
- Profits are shared in the form of dividends in proportion to the share held. ✓✓
- Shareholders have a limited liability and will not lose their initial capital invested if the business goes bankrupt. ✓✓
- Shareholders have limited liability and a separate legal entity. ✓✓
- Raises capital by issuing shares to its shareholders. ✓✓
- Profits are shared in the form of dividends in proportion to the number of shares held. ✓✓

(6)
[20]

QUESTION 4 MISCELLANEOUS

BUSINESS ENVIRONMENT

4.1 MEANING OF DUMPING

- It is when goods enter South Africa from other countries at a price that is cheaper than the normal value of the goods ✓ because more was produced than what that country can use. ✓
- When companies in a developed world send goods that they have been unable to sell in their own countries, to countries in a developing world ✓ where they are sold below the normal asking price. ✓
- Dumped products ✓ are usually cheaper than South African products. ✓

(4)

4.2

4.2.1 Shortage of supply ✓✓

(2)

4.2.2 Changes in consumer behaviour ✓✓

(2)

4.3 REASONS FOR THE ESTABLISHMENT OF TRADE UNIONS

- Engaging in industrial action such as protests and strikes. ✓✓
- Taking a political action to influence the government strategy. ✓✓
- Establishing minimum economic and legal conditions. ✓✓
- Providing protection for their members. ✓✓
- Engaging in collective bargaining for better terms and conditions. ✓✓
- Assisting workers who have grievances such as disciplinary action/victimization. ✓✓
- Negotiating with employers for decent working conditions/remuneration/ benefits in order to improve the standard of living. ✓✓
- Negotiating recognition of the union and shop stewards by the employer. ✓✓
- Protecting workers against unfair labour practices and dismissal. ✓✓
- Take legal action on behalf of members when necessary. ✓✓
- Educating shop stewards and other members' on how to carry out their tasks in the union. ✓✓

(4)

BUSINESS VENTURES

4.4.1 Personal liability company ✓✓

(2)

4.4.2 Cooperative ✓✓

(2)

4.5 ADVANTAGES OF COOPERATIVES

-Access to resources and funding ✓✓

-Decision making is by a group ✓✓

- Each member has an equal share in the business. ✓✓
 - A co-operative can appoint its own management. ✓✓
 - Members have limited liability ✓✓
 - The decisions are democratic and fair ✓✓
 - Members are motivated because they are working for themselves ✓✓
 - Can gain extra capital by asking its members to buy shares. ✓✓
 - Co-operatives have continuity of existence ✓✓
 - Resources of many people are pooled together to achieve common objectives ✓✓
- Profits are shared equally amongst members. ✓✓

(4)

[20]

SECTION C

QUESTION 5 BUSINESS ENVIRONMENTS (SOCIO-ECONOMIC ISSUES)

5.1 INTRODUCTION

- Socio-economic issues affect all businesses negatively and increase costs in an attempt to deal with them. ✓
- Piracy must be dealt with to minimize its impact on business operations. ✓
- Economic crime affects the image of the business and results to businesses losing investors. ✓
- **Any relevant introduction related to illiteracy/piracy/economic crime/solutions to piracy.**

Any (2x1) 2

5.2 THE MEANING OF ILLITERACY AND THE IMPACT IT HAS ON BUSINESSES

THE MEANING OF ILLITERACY

- Illiteracy refers to a person who cannot read or write. ✓✓
 - Many illiterate people cannot find work as most jobs require some reading and writing skills. ✓✓
- (4)

IMPACT OF ILLITERACY 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. ✓

(8)

5.3 IMPACT OF PIRACY ON BUSINESSES

- It can undermine 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 lose out on sales and income which in turn threatens industry ✓✓
 - The businesses lose out on productivity and profits. ✓✓
- (12)

5.4 POSSIBLE SOLUTIONS TO PIRACY/ WAYS IN WHICH BUSINESSES CAN DEAL WITH PIRACY

Patent ✓✓

- A patent prevents other businesses/people✓ not to produce and sell the same product/ specific service. ✓
- Businesses can take out a patent for new inventions✓ and include a sample of their invention with application. ✓
- They must register a patent✓ with the patents office in South Africa. ✓
- The invention must comply✓ with Patent Act No. 57 of 1978. ✓
- They can bring legal proceedings✓ against anyone who uses the invention. ✓

Heading	2
Explanation	4
submax	6

Trademarks ✓✓

- Businesses can use trademarks to identify themselves✓ and their products. ✓
- They must register their trademarks with the register of trademarks✓ at the companies and intellectual property registration. ✓
- A registered trademark is protected forever✓ provided it is renewed every ten years and a renewal fee is paid. ✓
- Claim damages✓ from someone who infringes the trade mark. ✓

Heading	2
Explanation	4
submax	6

Copyright ✓✓

- Businesses can sue someone✓ who infringes the copyright. ✓
- They can also sue someone who sells or distributes works✓ that he/she knew were infringements of copyright. ✓
- They can take legal action✓ against people who copy their products. ✓

NOTE: MARK THE FIRST TWO

Heading	2
Explanation	4
submax	6
MAX	16

5.5 IMPACT OF ECONOMIC CRIME ON BUSINESSES

- Loss of income if the money was stolen from a business ✓✓
- Loss of jobs if a business closes down. ✓✓
- Businesses lose investors. ✓✓
- Leads to a decrease in investors' confidence resulting poor economic and business growth. ✓✓

(6)

5.6 CONCLUSION

- Businesses must understand the negative impact posed by economic crime on their operations. ✓✓
- All artists deserve to have their intellectual property protected to ensure that they can make a living. ✓✓
- Solutions to deal with piracy enable businesses to minimize its impact. ✓✓
- **Any relevant conclusion related to illiteracy/piracy/economic crime/solutions to piracy.**

Any (1x2) 2
[40]

Breakdown of mark allocation		
DETAILS	MAXIMUM	TOTAL
Introduction	2	32 max
Meaning of illiteracy and its impact on businesses	12	
Impact of piracy on businesses	12	
Solutions to piracy	16	
Impact of crime on businesses	6	
Conclusion	2	
Insight		8
TOTAL MARKS		40

QUESTION 6

BUSINESS VENTURES

(AVENUES OF ACQUIRING A BUSINESS)

6.1 INTRODUCTION

- Entrepreneurs can consider franchising and leasing when starting a business. ✓
- A franchise serves as a marketing and distribution system for franchisors. ✓
- In a lease agreement a lessor grants permission to the lessee to use the asset without owning it. ✓
- **Any relevant introduction related to avenues of acquiring a business.**
(2x1) 2

6.2 REASONS WHY ENTREPRENEURS PURCHASE AN EXISTING BUSINESS

- Easier to raise finance if the business has a good history/image. ✓✓
 - Immediate cash flow as there are already established customers. ✓✓
 - Market research has already been done and there is an established customer base. ✓✓
 - Distribution/Supply links/Staff/Network is/are already established. ✓✓
 - A market for business products or services has already been established. ✓✓
 - Existing employees and managers may have experience they can share. ✓✓
 - Many business problems have already been solved. ✓✓
- (10)

6.3 DISADVANTAGES OF LEASING

- The lessee does not own✓ the asset. ✓
- The lessor has control✓ over the financial obligation of the lessee. ✓
- Some leases require the lessee to maintain✓ and repair the asset. ✓
- A large amount of money is spent on an asset every month, ✓ the total of which is a lot more than what the asset is worth. ✓
- Maintenance agreements are usually expensive✓ and non-negotiable. ✓
- The agreement cannot be ended✓ without a penalty. ✓
- The lessee is responsible for maintenance✓ even though they do not own the item. ✓
- The total monthly cost✓ can be increased. ✓
- The lessor may not be able to sell the asset✓ after the lease if it has not been kept in good condition. ✓
- The lessor is committed to the contract✓ and may not reclaim the asset before the lease expires. ✓
- The lessee is committed to the contract✓ and may have to pay for the lease even if they have no further use for the item. ✓

(14)

6.4 ADVANTAGES OF FRANCHISING

- It allows businesses to buy a well-known brand which guarantees sales and good return. ✓✓
 - Purchasing a franchise is cheaper than starting a new business. ✓✓
 - Franchising reduces long-term financial risk. ✓✓
 - A business is based on a proven idea and the product and service are tried and tested. ✓✓
 - A franchisee can get support from the franchisor, which often includes training, advice, and marketing. ✓✓
 - Forms of financing that are not available to the public are often available to franchisees. ✓✓
 - Purchasing a franchise could be cheaper than starting your own business. ✓✓
 - Businesses are able to use a recognized brand name and registered trademark, which helps with advertising and marketing. ✓✓
 - The systems/operations/goods and services are well established. ✓✓
 - There is often access to group support from other franchisees and a network of communication and legal advice. ✓✓
 - Established suppliers give bulk discounts as they form part of a larger group. ✓✓
 - The marketing and advertising costs are shared so they are often lower than for a non-franchised business. ✓✓
 - Management advice is often provided, so it is not necessary to be a business expert. ✓✓
- (14)

6.5 FRANCHISING INVOLVES TWO PARTIES:

- **Franchisor** ✓✓
The person who sells the right ✓ to trade in the products/services. ✓
Heading: 2
Explanation: 2
Max: 4
- **Franchisee** ✓✓
The person who purchase the right ✓ to reproduce the idea by offering the same products/services. ✓

Heading: 2
Explanation: 2
Max: 4

6.6 CONCLUSION

- A franchise can be a profitable investment for an entrepreneur. ✓✓
- Existing businesses can offer a lot of advantages for an entrepreneur. ✓✓
- It can sometimes be valuable to lease an asset rather than buying the asset. ✓✓



- Any relevant conclusion related to avenues of acquiring a business. (1X2) 2

Breakdown of mark allocation		
DETAILS	MAXIMUM	TOTAL
Introduction	2	32 max
Reasons why entrepreneurs purchase an existing business	10	
Disadvantages of leasing	14	
Advantages of franchising	14	
Parties involved in a franchise agreement	8	
Conclusion	2	8
Insight		
TOTAL MARKS		40