



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 10

**06 JUNE EXAMS
2024**

BUSINESS STUDIES

PAPER2

MARKS: 100

TIME: 2 HRS

This question paper consists of 7 pages

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections,

SECTION A: COMPULSORY

SECTION B: Consists of questions.

Answer any TWO of the three questions in this section.

SECTION C: Consists of TWO questions.

Answer any ONE of the four questions in this section.

2. Read the instructions for 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 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
A: Objective-type questions COMPULSORY	1	20	15 minutes
B: THREE direct/indirect-type questions CHOICE (Answer any TWO.)	2	20	15 minutes
	3	20	15 minutes
	4	20	15 minutes
C: TWO essay-type questions CHOICE (Answer any ONE.)	5	40	30 minutes
	6	40	30 minutes
TOTAL		100	120 minutes

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. 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 the example 1.1.6 D.

1.1.1 The offers shares to people by issuing a prospectus.

- A Sole trader
- B Partnership
- C Cooperative society
- D Public company

1.1.2 Business are expected to engage in one of the following as an example of social responsibility programme.

- A Increase in the manager's salary
- B Increase in profits
- C Sponsoring an orphanage that cares of non-parental children with food parcels
- D Discounting prices of its products

1.1.3 Companies have to draft a that sets out the rights and responsibilities of shareholders and directors.

- A Article of association
- B Prospectus
- C Memorandum of incorporation
- D Partnership agreement

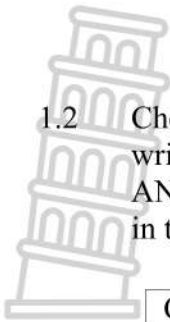
1.1.4 means that a business needs to be careful that all its actions protect the environment and improve the quality of life for the citizens of the country.

- A Corporate citizenship
- B Corporate social responsibility
- C Social responsibility
- D Social care

1.1.5 The owner of the following form of ownership have limited liability

- A Sole trader
- B Public company
- C Partnership
- D I-BJ and son

(5x2) (10)



- 1.2 Choose a description from COLUMN A that matches a term in COLUMN B. write only the letter (A-H) next to the question number (12.1-1.25) in the ANSWER BOOK, for example, 1.26 J next to the question number (12.1-1.25) in the ANSWER BOOK, for example, 1.26 J.

COLUMN A	COLUMN B
1.2.1 State owned companies	A. funded by donations and foreign funding
1.2.2 Gamblers Anonymous	B. offer financial literacy education
1.2.3 Unlimited liability	C. give the owner exclusive right to make, use or sell the product or process.
1.2.4 Non-profit companies	D. a legal status where business owners are responsible for all debts of the business.
1.2.5 CSR	E. offer essential services which may not be offered by the private sector
	F. helps gamblers fight their addiction
	G. this kind of a business lacks continuity in the event of death or illness of the owner
	H. a document inviting the public to buy shares
	I. aims to have a positive impact on the environment / consumer / employees / communities / stakeholders.
	J. comprises of rivers and other natural water resources which can be polluted by factories

(5X2)(10)

TOTAL SECTION A [20]



SECTION B

Answer any TWO IN THIS SECTION

NOTE Clearly indicate the **QUESTION NUMBER** of each question that you choose.

QUESTION2: BUSINESS VENTURES

2.1 Name any TWO types of co-operatives. (2)

2.2 Outline TWO factors to be considered when choosing a form of ownership. (4)

2.3 Read the scenario below and answer the question that follows.

Thabo, Fatima and Gavaza have started a business, they are jointly and severally liable for the debts of the business. They want to convert to a business which will enable them to invite the public to buy shares to raise capital.

2.3.1 Identify the forms of ownership applicable in the scenario.

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

FORMS OF OWNERSHIP	MOTIVATIONS
1.	
2.	

2.3.2 Outline the differences between two forms of ownership identified in question 2.3.1 (4)

2.4 Advise businesses on the advantages of state owned companies. (4)

QUESTION 3: BUSINESS ROLES

3.1 Read the scenario below and answer the question that follow

MASHUDU PTY (M LTD)

MPTY (Ltd) is a company which specializes in design clothing and cosmetics imported from all over the world. They conduct workshops on HIV/Aids programmes/ campaigns and encourage employees to join HIV/Aids support groups. They also offer Voluntary HIV/Aids testing and counselling in the workplace. The business has further developed strategies to deal with the stigma and discrimination.

3.1.1 Quote **FOUR** examples of CSR projects from the scenario. (4)

3.1.2 Outline any other **THREE** initiatives that Mashudu Pty (Ltd) can take to address HIV/Aids (6)

3.2 Suggest initiatives that businesses can do to address unemployment. (10)

[20]

QUESTION 4 MISCELENIUS TOPICS BUSINESS VENTURES

4.1 Identify the forms of ownership applicable to EACH statement below:

- 4.1.1 Maphadema Traders is a local retailer that sells a variety of products to the local community. (2)
- 4.1.2 Tsakani and Boitumelo Outfitters are well known for the best sport attire. (2)
- 4.1.3 Fair deal SOC Ltd generates income to finance social programs. (2)

4.2 Outline the advantages of co-operatives. (4)

BUSINESS ROLES

- 4.3 Elaborate on the meaning of Corporate Social Responsibility. (2)
- 4.4 Describe the term inclusivity. (4)
- 4.5 Explain the purpose of inclusivity. (4)

[20]

TOTAL SECTION B [40]

SECTION C

Answer any ONE question in this section

QUESTION 5: BUSINESS VENTURES

Individuals need information about different types of companies. Knowledge about the characteristics, advantages and disadvantages of each type of business is essential before making a decision of establishing a business. Non-profit company play a key role in the economy of the country.

Write an essay on the forms of ownership in which you include the following aspect:

- Elaborate on the meaning of a private company
- Outline the differences between private and public company.
- Discuss any FIVE characteristics of a Private company
- Advise businesses on the advantages of a private company

(40)

QUESTION 6: BUSINESS ROLES

Gambling, piracy, crime and strikes are some of the issues which impacts negatively on businesses.

Based on the statement above, discuss the following:

- Explain the meaning of socio-economic issues.
- Outline the impact of crime and strikes on the businesses.
- Discuss the different types of gambling and their impact on businesses
- Recommend solutions to piracy for businesses.

[40]

TOTAL SECTION C 40
TOTAL 100



Province of the
EASTERN CAPE
EDUCATION

MID – YEAR EXAMINATION

2024

BUSINESS STUDIES

GRADE 10

PAPER 2

Stanmorephysics.com

MARKING GUIDELINES

MARKS: 100

TIME: 2 HOURS

This marking guideline paper consists of 20 pages

NOTES TO MARKERS:

1. PREAMBLE

The notes to markers are provided for quality assurance purposes to ensure the following:

- (a) Fairness, consistency and reliability in the standard of marking
- (b) Facilitate the moderation of candidates' scripts at the different levels
- (c) Streamline the marking process considering the broad spectrum of markers across the country
- (d) Implement appropriate measures in the teaching, learning and assessment of the subject at schools/institutions of learning

- 2. Candidates' responses must be in full sentences for SECTIONS B and C. However, this would depend on the nature of the question.
- 3. A comprehensive marking guideline has been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but:
 - Uses a different expression from that which appears in the marking guideline
 - Comes from another 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 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.)
- 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 and moderation purposes.
- 7. Subtotals to questions must be written in the right-hand margin. Circle the subtotals as indicated by the allocation of marks. This must be guided by 'max.' in the marking guidelines. Only the total for each question should appear in the left-hand margin next to the appropriate question number.
- 8. In an indirect question, the theory as well as the response must be relevant and related to the question.
- 9. Correct numbering of answers to questions or sub questions is recommended in SECTIONS A and B. However, if the numbering is incorrect, follow the sequence of the candidate's responses. Candidates will be penalised if the latter is not clear.
- 10. No additional credit must be given for repetition of facts. Indicate with an 'R'.
- 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 guideline and the context of each question.

Cognitive verbs, such as:

- 12.1 Advise, name, state, 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 Define, describe, explain, discuss, elaborate, distinguish, differentiate, compare, tabulate, 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.

NOTE:

- 1 This applies only to questions where the number of facts is specified.
2. The above also applies to responses in SECTION C (where applicable).

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 finalise 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 (two marks will be allocated in SECTION C)

The 'fact' and 'explanation' are given separately in the marking guideline 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 guideline.

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, a body and a conclusion?	2
Analysis and interpretation	Is the learner able to break down the question into headings/subheadings/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: Option 1: Only relevant facts: 2 marks (No '-S') 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. Option 2: Some relevant facts: 1 mark (One '-S') 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. Option 3: Some relevant facts: 1 mark (One '-S') Where a candidate writes FOUR questions, but one sub-question of the question with no relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 4: No relevant facts: 0 marks (Two '-S') 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.	2
Originality	Is there evidence of one or two examples, not older than two (2) years that are based on recent 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.
 - No marks will be awarded 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 guideline to each question.
- 15.5 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 reading for originality "O".
- 15.6 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

- 15.7 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 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.)
- 15.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.
- 15.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation/subheadings as indicated in the marking guideline
- 15.10
- 15.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.
- 15.10.2 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.
- 15.11 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

QUESTION 1

1.1.1 D✓✓

1.1.2 C✓✓

1.1.3 A✓✓

1.1.4 B✓✓

1.1.5 B✓✓

(2 X 5)

(10)

1.2

1.2.1 E✓✓

1.2.2 F✓✓

1.2.3 D✓✓

1.2.4 A✓✓

1.2.5 I✓✓

(2 x 5)

(10)

[20]



QUESTION 2: BUSINESS VENTURES

2.1 TWO types of co-operatives

- Housing cooperative✓
- Worker co-operative✓
- Social co-operative✓
- Agricultural co-operative
- Co-operative burial society✓
- Financial services co-operative✓
- Consumer co-operative✓
- Transport co-operative✓

Max (2)

Note: mark the first two

2.2 Factors to be considered when choosing a form of ownership

- The size and nature of the business ✓✓
- The way in which the business is controlled and managed/ Management✓✓
- Who bears the risk/ Risk bearing✓✓
- How capital is going to be raised✓✓
- How profits and losses will be dealt with/ Sharing of profit✓✓
- Who is responsible for any debts made by the business/ Liability✓✓
- Tax implications for profits earned by the business✓✓
- The life span of the business/ Continuity✓✓
- The vulnerability of the business in terms of lawsuits/ Legal person✓✓

(2 x 2) (4)

NOTE: Mark the first TWO

2.3

2.3.1.

FORMS OF OWNERSHIP	MOTIVATIONS
Partnership ✓✓	Thabo, Fatima and Gavaza have started a business, / they are jointly and severally liable for the debts of the business ✓
Public Company ✓✓	Their business which will be enable them to invite the public to buy shares to capital ✓
Sub Max (4)	Sub Max (2)

2.3.2

Differences between two forms of ownership identified in question 2.3.1

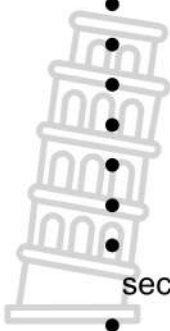
PARTNERSHIP	PUBLIC COMPANY
- Partners contribute skills/assets/ Capital ✓✓	- Shareholders contribute share capital ✓✓
- No specific name requirements/ May be any acceptable name ✓✓	- Name must end with Limite/Ltd ✓✓
- Only needs a partnership agreement for establishment ✓✓	- Must register a Memorandum of Incorporation (MOI) with the Companies and Intellectual Property Commission (CIPC). ✓✓
- Partners have unlimited liability/ Partners are liable for debts of the partnership. ✓✓	- Shareholders have limited liability for the debts of the public company. ✓✓
- Partnership has no continuity, if one partner dies/retires, the remaining partners need to draw up a new agreement. ✓✓	- The company has unlimited continuity, if one shareholder dies/retires, the company will still continue to exist. ✓✓
- Partners are all actively involved in the management of the partnership. ✓✓	- Company is managed by at least two/three directors. ✓✓
- Partnership does not pay income tax, but partners pay in tax in their personal capacity. ✓✓	- The public company is subject to double taxation, as companies and shareholders are taxed separately on company profit. ✓✓
- Any other relevant answer related to partnerships. ✓✓	- Any other relevant answer related to private companies. ✓✓
Sub max (2)	Sub max (2)

NOTE: 1. The answer does not have to be in tabular format, but the differences must be clear.

2. Award a maximum of TWO (2) marks if the difference are not clear/ Mark either partnerships or Public Company.

Max (4)

2.3 Advise businesses on the advantages of state owned companies.



- Shareholders have limited liability. ✓✓
- Profits may be used to finance other state departments. ✓✓
- Offer essential services which may not be offered by the private sectors. ✓✓
- Wasteful duplication of services is eliminated ✓✓
- Jobs are created for all skills levels. ✓✓
- Generates income to finance social programmes. ✓✓
- Prices are kept reasonable/Create sound competition with the private sector to make services affordable to more citizens. ✓✓
- Planning can be coordinated through central control. ✓✓
- Provides healthy competition to private sectors because of government contributions. ✓✓
- Most of the government companies run on sound business lines as they have their surpluses to run their projects. ✓✓
- State-owned company can be expanded by means of selling its shares to the public. ✓✓
- A state owned company has a separate legal personality. ✓✓
- Any other relevant fact which is an advantage of a state owned company.

[Stanmorephysics.com](https://www.stanmorephysics.com)

Max (4)

BREAKDOWN OF MARKS	
QUESTION	MARKS
2.1	2
2.2	4
2.3.1	6
2.3.2	4
2.4	4
TOTAL	20

QUESTION 3 - BUSINESS ROLES

3.1.1 FOUR examples of CSR project from the scenario

- They conduct workshops on HIV/Aids programmes/campaigns. ✓
- They encourage employees to join HIV/Aids support groups. ✓
- They also offer voluntary HIV/Aids testing and counselling in the workplace. ✓
- The business has developed strategies to deal with stigma and discrimination. ✓

NOTE: Mark the first FOUR only (4)

3.1.2 THREE other initiatives that Mashudu Pty (Ltd) can take to address HIV/Aids

- Counselling programmes/train counsellors to provide assistance to infected and affected persons/employees. ✓✓
- Roll out anti-retroviral (ARV) treatment for the infected employees. ✓✓
- Participate in the HIV/Aids prevention programmes implemented in the community. ✓✓
- Support non-governmental organisations / community-based organisations.
- Any other relevant answer.

Max (6)

3.2 Initiatives that businesses can do to address unemployment

- Provide skills development programmes through learnerships. ✓✓
- Offer bursaries to the community to improve the level of education. ✓✓
- Provide entrepreneurial programmes that can promote self-employment. ✓✓
- Support existing small business to create more employment opportunities. ✓✓

Max (10)

BREAKDOWN OF MARKS	
QUESTION	MARKS
3.1.1	4
3.1.2	6
3.2	10
TOTAL	20

QUESTION 4 – BUSINESS VENTURES

- 4.1.1 Sole trader✓✓
4.1.2 Partnership✓✓
4.1.3 State owned company✓✓ (6)

4.2. Advantages of Co-operatives

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

Stanmorephysics.com

Max (4)

BUSINESS ROLES

4.3 Meaning of CSR

- An obligation by a business to pursue sound long term goals✓ for society. ✓
- Long-term commitment by businesses to always act ethically/ to contribute to economic development✓ in order to improve the quality of life of their employees, their families, their local communities and society in general. ✓
- The way companies manage their business resources/processes✓ to impact positively on society. ✓
- When a business is accountable to their employees/community/government✓ for its actions/behaviour/methods of doing business. ✓
- An ethical way of doing business in the interest of the business✓ and the wider community. ✓
- A willingness to act in accordance with legislation✓ that requires community upliftment/employee development. ✓
- Business recognise the need to give back to society✓ in a sustainable manner. ✓
- Refers to strategies used by business to take responsibility✓ for their impact on e society and the environment. ✓
- It is not a single action, but rather an approach✓ to doing business that guides all decision-making in the business. ✓
- Companies manage their business operations✓ in such a way that it does not negatively affect stakeholders. ✓
- CSR focuses on the idea that the business can no longer act in isolation✓ from the broader society. ✓
- Any other relevant answer related to the description/definition of CSR.

Max (2)

4.4 Describe the term “inclusivity”



- Inclusivity means that no one should be excluded✓ because of their gender/age/race/language/disability. ✓
- It means giving everyone equal opportunities✓ and inclusivity allows no discrimination on the basis of age, race, gender, sexual orientation, disabilities or HIV status. ✓
- An inclusive organisation will treat people who have the same skills and abilities equally✓ when it comes to job opportunities. ✓

Max (4)

4.5 Explain the purpose of inclusivity

- Promotes equal opportunity for every employee✓ to obtain skills that will lead to promotion and career path. ✓
- Promotes respect for each person✓ and their contributions in the workplace✓.
- Promotes healthy/happy working environments✓, which in turn increase job satisfaction and productivity. ✓
- Increase tolerance of each other’s ideas✓ and beliefs. ✓
- Increase communication in the workplace✓ so that business goals/objectives are achieved. ✓
- Businesses are able to use a variety of talents✓ and skills. ✓
- Inclusivity increases education and training✓ resulting to a decrease in poverty. ✓
- Increases the number of middle-class people✓ participating in the economy✓.

Max (4)

BREAKDOWN OF MARKS	
QUESTION	MARKS
4.1	6
4.2	4
4.3	2
4.4	4
4.5	4
TOTAL	20

TOTAL SECTION B : 40

SECTION C

QUESTION 5: BUSINESS VENTURES

5.1 Introduction

- A private company is established in terms of the Companies Act 2008 (Act No. 71 of 2008). ✓
- A private company is treated by law as a separate legal entity and must also register as a tax payer on its own right. ✓
- Any other relevant introduction

Any (2 x 1) (2)

5.2 Meaning of a Private Company

- A private company has have between one✓ or more shareholders ✓
- It can be a small or large company✓ and has one or more directors. ✓
- Any other relevant answer related to the meaning of a Private Company

Max (4)


5.3 Difference between the Private Company & Public Company

PRIVATE COMPANY	PUBLIC COMPANY
- May not offer shares to the general public. ✓✓	- Trades its shares publicly on the Johannesburg Securities Exchange. ✓✓
- Shares are not freely transferrable✓✓	- Shares are freely transferrable. ✓✓
- Minimum of one director✓✓	- Minimum of three directors✓✓
- Name must end with Proprietary Limited/ (Pty) Ltd✓✓	- Name must end with Limited/Ltd✓✓
- Annual financial statements need not be audited and published✓✓	- Annual financial statements need to be audited and published✓✓
- Does not need to publish a prospectus as it cannot trade its shares publicly✓✓	- Have to register and publish a prospectus with the Companies and intellectual Property Commission/CIPC✓✓
- The company is not required to raise the minimum subscription/ issue minimum shares. ✓✓	- Must raise a minimum subscription prior to commencement of the company. ✓✓
- Any other relevant answer	- Any other relevant answer
Sub max (6)	Sub max (6)

Max (12)


5.4 Characteristics of a Private Company

- It needs a minimum of one shareholder✓ and there is no limit on the number of shareholders ✓
- Requires one or more directors✓ and one or more shareholders. ✓
- Raises capital by issuing shares✓ to its shareholders. ✓
- The company name ends✓ with letters (PTY) Ltd. ✓
- Investors put capital in✓ to earn profit from shares. ✓
- The company has a legal personality✓ as well as unlimited continuity ✓
- A private company is not allowed to sell shares✓ to the public. ✓
- Shareholders have limited liability✓ and a separate legal entity. ✓
- Profits are shared in the form of dividends✓ in proportion to the number of shares held. ✓

- 
- Register with the registrar of companies✓ by drawing up Memorandum of Incorporation. ✓
 - Shareholders have a limited liability✓ and will not lose their initial capital invested if the business goes bankrupt. ✓
 - The Act imposes personal liability✓ on directors who are knowingly part of the carrying on of the business in a reckless or fraudulent manner. ✓
 - Private company must prepare annual financial statements✓ but is not required to lodge its annual financial statements with the Commission. ✓
 - Annual financial statements need not be audited or independently reviewed, ✓ unless prescribed by regulation. ✓
 - Any other relevant answer.

Max (16)

5.5. Advantages of a Private Company

- 
- A company has continuity of existence. ✓✓
 - Managed at least by one competent highly skilled director. ✓✓
 - Information in a private company is only available to shareholders. ✓✓
 - Not required to file annual financial statements with the commission. ✓✓
 - The company has unlimited number of shareholders and its life span is perpetual. ✓✓
 - Shareholders can vote for/ appoint the most capable directors to manage their company. ✓✓
 - Own legal identity and shareholders have no direct legal implications/ limited liability ✓✓
 - Large amount of capital can be raised since there is no limit on the number of shareholders ✓✓
 - Even though shares are not freely transferable, large private companies can raise considerable amount of capital ✓✓
 - It is possible to sell a private company as it is a legal entity in its own right. ✓✓
 - The management of the company can improve since directors are accountable to shareholders. ✓✓
 - The company can access long term capital and therefore has good long term growth opportunities. ✓✓
 - The company is a separate legal person it can buy property in its own name.
 - Liabilities of the shareholders are limited ✓✓

Max (10)

5.6 Conclusion

- The establishment of private companies benefits the shareholders because the owners/shareholders have limited liability / the shareholders' assets are protected if the company goes into liquidation. ✓✓
- A private company gives professional image to a business which can be important when attracting new customers or investors. ✓✓
- Any other relevant conclusion.

Max (2)

QUESTION 5: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max. 32
Meaning of Private Company	4	
Difference between Private & Public Company	12	
Characteristics of a Private Company	16	
Advantages of a Private Company	10	
Conclusion	2	
INSIGHT		
Layout	2	8
Analysis, interpretation	2	
Synthesis	2	
Originality/Examples	2	
TOTAL MARKS		40

*LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some of the requirements are met.

Allocate 0 marks where requirements are not met at all.

QUESTION 6 – BUSINESS ENVIRONMENTS (SOCIO-ECONOMIC ISSUES)

6.1 Introduction

- The business does not operate in isolation; it is situated amidst the society and as such business has to assist in fighting the socio-economic issues the society is facing. ✓
- Customers are part of the society which is facing these socio-economic problems.
- Some of the socio-economic issues that South Africans face include inequality, poverty, inclusivity, HIV/AIDS, gambling, counterfeiting, bootlegging, strikes, political disturbances and crime. ✓
- Any other relevant introduction related to socio-economic issues.

BODY

6.2 Meaning of socio-economic issues

- Socio-economic issues are challenges that affect people and the economy ✓ in a negative way. ✓
- They are problems that come from social/people ✓ and economic/money circumstances. ✓
- Socio-economic issues are aspects that have a negative effect ✓ on the individual, communities and business. ✓
- Any relevant meaning of socio-economic issues

Max (6)

6.3 Impact of crime and strikes on businesses

6.3.1 Impact of crime on businesses

- Loss of staff and customers. ✓✓
- Insurance/security costs become expensive. ✓✓
- Loss of profits due to stolen goods from businesses. ✓✓
- Business lose skilled people resulting in a decline in productivity. ✓✓
- Increased medical expenses as workers are injured during the break-ins. ✓✓
- Businesses spent money on installing effective security measures e.g. alarms, burglar proofing. ✓✓
- Loss of goods in a business can happen as a result of burglaries, shoplifting, customer theft and employee theft. ✓✓
- Cost of damage to property increases as businesses pay higher insurance premiums to protect themselves. ✓✓
- High rate of absenteeism due to affected employees having to go for trauma counselling. ✓✓
- Loss of essential equipment causing temporary closure of the business ✓✓
- Employees can become involved in fraud, bribery and corruption. ✓✓
- If there is an ensuing court case it can create negative publicity for the business. ✓✓
- Smaller businesses often cannot afford insurance and have to replace the stolen goods themselves at greater loss. ✓✓
- Lower profits affect the decision to expand and employ more people/pay higher wages. ✓✓
- Crime causes increase in health costs of employees due to injuries or stress. ✓✓

- Discourages foreign investment and reduces tourism which impacts negatively on business. ✓✓
- Crime brings about unfair competition from stolen goods resold at a lower price. ✓✓
- Any other relevant answer related to impact of crime on businesses

Sub max (8)

6.3.2 Impact of strikes on businesses

- This could make the business to be unable to meet its contractual obligation and the business losing contracts. ✓✓
- The cost of making up all the working hours is too high. ✓✓
- Strikes can be violent because strikers intimidate those employees who do not want to go on a strike. ✓✓
- Scares off potential investors. ✓✓
- May result in losses of production as employees stay absent from work during strikes. ✓✓
- Strike actions may lead to production losses and decline in sales. ✓✓
- Businesses may be forced to close down operations after strike actions. ✓✓
- May lead to unhealthy working relationships between the management and workers. ✓✓
- May force businesses to retrench some of its skilled workers to recover from losses. ✓✓
- Any other relevant answer related to impact of strikes on businesses

Sub max (8)

Max (16)

6.4 Different types of gambling

Pyramid Schemes ✓✓

- Pyramid schemes refers to businesses that may potentially yield high revenues ✓ for people who invest their money in them. ✓
- Individuals invest more and more money, ✓ but often only the individuals at the top of the pyramid receive large sums of money. ✓

Type (2)

Explanation (2)

(4)

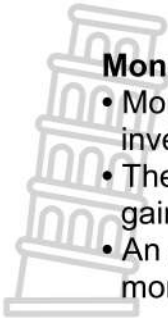
Illegal gambling ✓✓

- Illegal gambling is when unlicensed businesses offer gambling ✓ to the public. ✓
- Illegal gambling activities can also take place in poor communities ✓ such as when people play with die (dices) on street corners for money, or when individuals frequent unlicensed casinos. ✓

Type (2)

Explanation (2)

(4)



Money laundering ✓✓

- Money laundering is the process by which unlawful profits from crimes ✓ are invested in valid businesses to cover up their wrongdoing. ✓
- The source of money is camouflaged ✓ and made to seem as if it was lawfully gained. ✓
- An example of money laundering is when the proceeds from illicitly earned money through drug trading ✓ is invested in a restaurant or laundry business. ✓

Type (2)
Explanation (2)
(4)

(Some learners will discuss card games, casino, national lottery, scratch cards, slot machines, horse betting, Fafi/ Mochina, unofficial lottery type schemes, bingo halls, unlicensed casino's, internet gambling, animal fighting, unlicensed operations offering gambling to the public)

NOTE: Same marking procedure must be applied to the above types of gambling

Max (8)

Impact of gambling on businesses

- Employees may not work overtime ✓ at short notice. ✓
- High rate ✓ of employee absenteeism. ✓
- Local businesses forced out ✓ of business. ✓
- Gambling hides criminal activities ✓ and can lead to workplace violence. ✓
- Compulsive gamblers cannot focus on work ✓ while preoccupied with gambling. ✓
- Compulsive gambling puts a strain on relationships ✓ in the workplace. ✓
- Addicted employees could also steal ✓ to get money for gambling. ✓
- Reduces productivity ✓ as it encourages crime and corruption. ✓
- When gamblers lose their money, ✓ they have less to spend on goods and services, which affects business negatively. ✓
- Decrease in savings ✓ leads to a decrease in future production. ✓
- Less buying power ✓ as people may lose their money on pyramid schemes, casino gambling etc. ✓

Max (8)

6.5 Solutions to piracy

6.5.1 Copyright ✓✓

- The owner of intellectual property has the right to produce and copy the intellectual property. ✓✓
- Includes literacy/musical works/artistic works etc. ✓✓

Sub max (4)

6.5.2 Patent ✓✓

- Exclusive right to make use of or sell the invention or a product for a limited period of time. ✓✓
- It is invention, someone who holds a patent has the sole right to produce and sell the invention. ✓✓
- It can be a discovery/scientific method/a literary etc. ✓✓

Sub max (4)

6.5.3 Trade marks ✓✓

- Registration of the use of a brand name/slogan/symbol or a combination to make a product or services recognisable and known. ✓✓
- A unique mark that represents a business enterprise and which belongs to the business enterprise. ✓✓
- Includes words/slogans/sign etc. ✓✓

Sub max (4)

NOTE: Max (8)

6.6. CONCLUSION

- Businesses need to find ways of assisting the government in addressing the socio-economic issues. ✓✓
- Businesses need to look at the welfare of their employees, as some of them may be facing some of the socio-economic challenges. ✓✓
- Compulsive gamblers need to seek help as this can have a negative impact to their economic welfare and to their dependants. ✓✓
- People who buy pirated copies contribute to the problem for businesses. ✓✓

Max (2)

QUESTION 6: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max. 32
Meaning of Socio-economic issues	6	
Impact of crime on businesses	8	
Impact of strikes on business	8	
Different types of gambling	8	
Impact of gambling	8	
Solutions to piracy	8	
Conclusion	2	
INSIGHT		
Layout	2	8
Analysis, interpretation	2	
Synthesis	2	
Originality/Examples	2	
TOTAL MARKS		40

*LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some of the requirements are met.

Allocate 0 marks where requirements are not met at all.