



**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**BUSINESS STUDIES P2**

**COMMON TEST**

**JUNE 2023**

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**MARKS: 150**

**TIME: 2 hours**

**This question paper consists of 9 pages.**

**INSTRUCTIONS AND INFORMATION**

Read the following instructions carefully before answering the questions.

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

**SECTION A: COMPULSORY**

**SECTION B:** Consists of **THREE** questions.

Answer any **TWO** of the three questions in this section.

**SECTION C:** Consists of **TWO** questions.

Answer any **ONE** of two questions in this section.

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

Note that **ONLY** the answers to the first **TWO** questions selected in **SECTION B** and the answers to the **FIRST** question in **SECTION C** will be marked.

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 (minutes)
<b>A: Objective-type questions COMPULSORY</b>	<b>1</b>	<b>30</b>	<b>20</b>
<b>B: THREE direct/indirect-type questions CHOICE: Answer any TWO.</b>	<b>2</b>	<b>40</b>	<b>70</b>
	<b>3</b>	<b>40</b>	
	<b>4</b>	<b>40</b>	
<b>C: TWO essay-type questions CHOICE: Answer any ONE.</b>	<b>5</b>	<b>40</b>	<b>30</b>
	<b>6</b>	<b>40</b>	
<b>TOTAL</b>		<b>150</b>	<b>120</b>

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 numbers (1.1.1 to 1.1.5) in the ANSWER BOOK, e.g. 1.1.6 D.

1.1.1 The... is given by an investor to an entrepreneur to expand a business in return to have a share in the expanded business.

- A. retirement annuity
- B. venture capital
- C. managed portfolio
- D. 32-day notice accounts

1.1.2 In a/an ... there is a one-way communication and no consultations take place.

- A. transactional leadership style
- B. democratic leadership style
- C. autocratic leadership style
- D. free reign leadership style

1.1.3 The amount paid to the insurer when a claim for a damage is to be lodged is called...

- A. premium.
- B. contribution.
- C. reinstatement.
- D. excess.

1.1.4 Team members accept each other and set common goals and values for the team. This is the indication of ... stages of team development.

- A. norming
- B. privacy
- C. performing
- D. dignity

1.1.5 James has received ... as a return for selling his house he bought five years ago.

- A. profit
- B. taxes
- C. capital gain
- D. bonus shares

(5 x 2)

(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.

manager; cumulative preference; forming; unethical;  
insurance; leader; unprofessional; storming;  
assurance;

1.2.1 Navesh opted for ... when she covered a specified event which is certain to occur sooner or later.

1.2.2 Thabo becomes a... by having power and authority vested in him because of his position in the workplace.

1.2.3 People are at ... stage of team development when they focus on being busy with routines, such as team organisation.

1.2.4 Sizwe is holding... shares because he is entitled to share in any surplus company profits

1.2.5 Pricing of goods in rural areas, is the example of ... business practice.

(5 x 2) (10)

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

COLUMN A	COLUMN B
1.3.1 Ethical business practices.	A. formal complaint laid by employee for ill-treatment by the employer.
1.3.2 Creative thinking	B. shares have low/medium risk over a longer investment period.
1.3.3 Insurable risk	C. the ability to think original and innovative ideas.
1.3.4 Grievance	D. refers to the duration of the investment which may influence the return on investment.
1.3.5 Investment period	E. disagreement between two parties in the workplace.
	F. insurance companies decide on the likelihood of an event and then decide if they want to insure the risk.
	G. business deals are conducted openly.
	H. abuse of employees in the business.
	I. the risk remains the responsibility of the insured.
	J. define the possible causes of problems in the workplace.

(5 x 2) (10)

**TOTAL SECTION A: 30**

**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, e.g. QUESTION 2 on a NEW page, QUESTION 3 on a NEW page.

**QUESTION 2: BUSINESS VENTURES**

- 2.1 Name any FOUR examples long term insurance. (4)
- 2.2 Identify the type of investments opportunities described in EACH statements below:
- 2.2.1 The investor has an opportunity to make use of a financial advisor to manage all his/her investments. (2)
- 2.2.2 It earns more interest than a current/cheque/savings account, but less interest than a fixed deposit. (2)
- 2.3 Elaborate on the meaning of *debentures* as investments concepts. (6)
- 2.4 Distinguish the differences between compulsory and non- compulsory insurance. (4)
- 2.5 Read the scenario below and answer the questions that follow.

**Time Motors Trading (TMT)**

Time Motors Trading is a well-known car dealership in KwaDukuza. They have insured their assets with Khwezi Insurers. TMT adhered to the following principles of insurance whereby they are:

- Protected against a specified event that may occur.
- All relevant facts have been disclosed to the insurer.

- 2.5.1 Identify TWO principles of insurance applicable to TMT.  
Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 2.5.1

No.	PRINCIPLES OF INSURANCE	MOTIVATIONS
1.		
2.		

- 2.5.2 Explain any ONE of the principles of insurance identified in QUESTION 2.5.1

(6)

(4)



- 2.6 Discuss the functions of Johannesburg Securities Exchange (JSE). (6)
- 2.7 Advise businesses on the advantages of insurance. (6)
- [40]**

### QUESTION 3: BUSINESS ROLES

- 3.1 List any FOUR problem solving steps. (4)
- 3.2 Identify the problem-solving techniques applicable to Candy Furniture in EACH statement below:
- 3.2.1 It helps to reduce noise levels in Candy Furniture since there is no group discussions. (2)
- 3.2.2 Candy Furniture's employees are allowed to provide all advantages and disadvantages of a business-related problem. (2)
- 3.3 Differentiate between *problem solving* and *decision making*. (4)
- 3.4 Discuss the ways in which businesses could create an environment that promotes creative thinking in the workplace. (6)
- 3.5 Read the scenario below and answer the question that follows.

#### JUNIOR BATTERY MANUFACTURERS (JBM)

Junior Battery Manufacturers specializes in the manufacturing of car batteries. JBM believes in successful team performance. All members take part in decision making. Quality feedback improves the morale of the team.

- 3.5.1 Identify TWO criteria for successful team performance for JBM. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 3.5.1.

CRITERIA FOR SUCCESSFUL TEAM PERFORMANCE	MOTIVATIONS
1.	
2.	

(6)

- 3.5.2 Explain to ONE of the criteria for successful team performance for Junior Battery Manufacturers identified in QUESTION 3.5.1 (4)

- 3.6 Discuss causes of conflict in the workplace. (6)
- 3.7 Advise business on the conflict resolution steps in the workplace. (6)
- [40]**

**QUESTION 4: MISCELLANEOUS TOPICS****BUSINESS VENTURES**

- 4.1 List THREE leadership theories. (3)
- 4.2 Explain the risk as a factor that should be considered when making an investment decision. (6)
- 4.3 Read the scenario below and answer the questions that follow.

**PAKI SERVICES (PS)**

Paki Services want to invest surplus funds on a form of investment where the interest can be received twice a year. Income generated will be used to expand business operations.

- 4.3.1 Identify the form of investment applicable to Paki Services. (2)
- 4.3.2 Advise the management of PS on the impact of the form of investment identified in QUESTION 4.3.1. (4)
- 4.4 Read the scenario below and answer the questions that follow.

**VASHNIE FARM HOUSE (VFH)**

Vashnie owns a farm house valued at R2 000 000. She insured her house with Mhlongo-Protection Insurers (MPI) for R1 800 000. A veld-fire in the area caused a damage of R80 000 in the portion of the house.

- 4.4.1 Calculate the amount that VFH can claim from MPI. (4)
- 4.4.2 Name the clause applicable to the calculation in QUESTION 4.4.1 (2)

**BUSINESS ROLES**

- 4.5 State THREE examples of professional business practices. (3)
- 4.6 Explain the correct procedures to deal with grievances in the workplace (6)
- 4.7 Discuss the importance of team dynamic theories in improving the team performance. (4)

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

**TONONO MANUFACTURERS (TM)**

James, is the production manager at Tonono Manufacturers. He must develop strategies to deal with different types of difficult personalities in the workplace. Themba, a machinist claims he knows everything about the production process and does not accept guidance.

4.8.1 Identify the type of difficult personality demonstrated by Themba. (2)

4.8.2 Suggest strategies to James on how to deal with the personality identified in QUESTION 4.8.1 (4)

**[40]**

**TOTAL SECTION B: 80**





**SECTION C**

Answer **ANY ONE** question from this Section.

**NOTE:** Clearly indicate the QUESTION NUMBER of the 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 VENTURES (INVESTMENT: SECURITIES)**

Businesses must clearly differentiate between simple and compound interest. An insight on the types of shares to invest in is also important. The impact of fixed deposit as a form of investment must be analysed in detail. Furthermore, investors must be informed about the rights of the preference shareholders.

Write an essay on investment securities in which you include the following aspects:

- Outline the differences between simple and compound interest.
- Explain the different types of shares.
- Discuss the impact of fixed deposit as a form of investment.
- Advise the investors on the rights of preference shareholders

[40]

**QUESTION 6: BUSINESS ROLES (ETHICS AND PROFESSIONALISM)**

Ethical and professional behavior is of paramount importance in the business. Management should put necessary measures in place to deal with unethical and unprofessional behavior in the workplace. The King Code principles for good corporate governance serve as a guide to improve ethical business conduct. Management should develop ways in which professional, responsible, ethical and effective business practice should be conducted.

Write an essay on ethics and professionalism in which you address the following aspects:

- Outline the differences between ethical and professional behavior.
- Describe ways in which businesses could deal with the following types of unprofessional behavior in the workplace.
  - Abuse of work time
  - Unauthorised use of workplace funds and resources
- Discuss the King Code principles for good corporate governance to improve ethical business conduct.
- Suggest ways in which professional, responsible, ethical and effective business practice should be conducted.

[40]

**TOTAL FOR SECTION C: [40]**

**GRAND TOTAL: 150**



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**MARKING GUIDELINES**

**COMMON TEST**

**JUNE 2023**

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**MARKS: 150**

**This marking guideline consists of 28 pages.**



**NOTES TO MARKERS****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

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

Educator:	Red
School Moderator:	Green
Cluster Moderator:	Orange
District Moderator:	Pink
Provincial Moderator:	Brown
DBE Moderator:	Turquoise

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.

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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.



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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 applies only 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 at the marking centre 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	<b>Maximum:</b>
Content	<b>32</b>
Conclusion	
Insight	<b>8</b>
<b>TOTAL</b>	<b>40</b>

15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, a body, and a conclusion?	<b>2</b>
Analysis and interpretation	Is the candidate 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')	<b>2</b>
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: Only relevant facts. 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: Some relevant facts 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: Some relevant facts Where a learner answers all four bullets but one sub-question is irrelevant. (-S) must be indicated  Option 4: 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.	<b>2</b>
Originality	Is there evidence of examples based on recent information, current trends and developments?	<b>2</b>
TOTAL FOR INSIGHT:		<b>8</b>
TOTAL MARKS FOR FACTS:		<b>32</b>
TOTAL MARKS FOR ESSAY (8 + 32):		<b>40</b>

**NOTE:** 1. No marks will be awarded for contents repeated from the introduction and conclusion.



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2. The candidate forfeits 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.

- 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/marketing 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
<b>TOTAL</b>	<b>40</b>

- 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: (COMPULSORY)****QUESTION 1****1.1 Multiple choice:**

1.1.1 B ✓✓

1.1.2 C ✓✓

1.1.3 D ✓✓

1.1.4 A ✓✓

1.1.5 C ✓✓

(5 x 2) (10)

**1.2 Completing:**

1.2.1 assurance ✓✓

1.2.2 manager ✓✓

1.2.3 forming ✓✓

1.2.4 participating preference ✓✓

1.2.5 unethical ✓✓

(5 x 2) (10)

**1.3 Matching:**

1.3.1 G ✓✓

1.3.2 C ✓✓

1.3.3 F ✓✓

1.3.4 A ✓✓

1.3.5 D ✓✓

(5 x 2) (10)

**TOTAL SECTION A: 30****BREAKDOWN OF MARKS**

QUESTION 1	MARKS
1.1	10
1.2	10
1.3	10
<b>TOTAL</b>	<b>30</b>



**SECTION B**

Answer any **TWO** questions from this Section.

**QUESTION 2: BUSINESS VENTURES****2.1 Examples of long-term insurance.**

- Endowment policy ✓
- Life cover policy/Life insurance ✓
- Retirement annuity/Pension fund/Provident fund ✓
- Disability policy ✓
- Trauma insurance ✓
- Funeral insurance ✓
- Health insurance/Medical aid ✓

**NOTE: Mark the first FOUR (4) only.**

**(4 x 1) (4)**

**2.2 Investment opportunities:**

2.2.1 Managed portfolio ✓✓

**(2)**

2.2.2 32-day notice accounts/Call Deposits ✓✓

**(2)**

**(2 x 2) (4)**

**2.3 Meaning of debentures as an investment concept**

- It is issued to raise borrowed capital ✓ from the public. ✓
- The lender/debenture holder agrees to lend money to the company ✓ on certain conditions for a certain period. ✓
- Debenture holders are creditors, ✓ as the company is liable to repay the amount of the debentures. ✓
- Most types of debentures ✓ can be traded on the JSE. ✓
- Debenture holders receive annual interest payments ✓ based on the terms/ number of debentures held. ✓
- Any other relevant answer relating to debentures as an investment concept

**Max (6)**

**2.4 Distinction between compulsory and non-compulsory and under insurance.**

COMPULSORY	NON-COMPULSORY INSURANCE
- Required by Law/there are legal obligations for it to be taken out✓ and paid for. ✓	- Is voluntary/the insured having a choice✓ whether to enter into an insurance contract. ✓
- It is regulated by Government✓ and does not require insurance contracts/brokers. ✓	- Insured will enter into a legal insurance contract with the insurer, ✓ who may be represented by an insurance broker. ✓
- Payment is in the form of a levy/contribution paid into a common fund✓ from which benefits may be claimed under certain conditions. ✓	- Monthly/Annual payments/premiums that must be paid✓ in order to enjoy cover for a nominated risk. ✓
- <b>Examples</b> - UIF, RAF and Compensation Fund/COIDA. ✓	- <b>Examples</b> - Short term insurance/Multi-peril insurance (theft, fire, etc.) Long term insurance/Life insurance. ✓
- Any other relevant answer related to compulsory insurance.	- Any other relevant answer related to non-compulsory insurance.
Sub max (2)	Sub max (2)

- NOTE:**
1. The answer does not have to be in tabular format.
  2. The differences do not have to link, but must be clear.
  3. Award a maximum of TWO (2) marks if the distinction is not clear, mark either compulsory-insurance or non-insurance only.

**Max (4)****2.5 Principles of insurance:****2.5.1 Identification of principles of insurance from the scenario**

PRINCIPLES OF INSURANCE	MOTIVATIONS
Indemnification/Indemnity✓✓	- Protected against a specified event that may occur.✓
Utmost good faith✓✓	- All relevant facts have been disclosed to the insurer.✓
Sub max (4)	Sub max (2)

- NOTE:**
1. Mark the first TWO (2) only.
  2. Award marks for the principles of insurance even if the quote is incomplete.
  3. Do not award marks for the motivation if the principles of insurance were incorrectly identified.
  4. Accept responses in any order.

**Max (6)**



**2.5.2 Principles of insurance****Indemnification/Indemnity**

- Usually applies to short term insurance, ✓ as the insured is compensated for specified/proven harm/loss. ✓
- Insurer agrees to compensate the insured for damages/losses specified in the insurance contract, ✓ in return for premiums paid by the insured to the insurer. ✓
- Protects the insured ✓ against the specified event that may occur. ✓
- Pay-outs from insurance companies/insurer will only be made; ✓ if there is proof that the specified event took place/if the insured can prove the amount of the loss/damage. ✓
- The amount of indemnification/compensation is limited to the amount of provable loss/damage, ✓ even if the amount in the policy/insurance contract is higher. ✓
- The insured must be placed in the same position ✓ as before the occurrence of the loss/damage/The insured may not profit from insurance. ✓
- Any other relevant answer related to Indemnification/Indemnity as a principle of insurance

**Max (4)****OR****Utmost good faith**

- Insured has to be honest in supplying details ✓ when entering in an insurance contract. ✓
- Both parties/insurer and insured ✓ must disclose all relevant facts. ✓
- Insured must disclose everything that may affect the extent of the risk.
- Details/Information supplied ✓ when claiming should be accurate/true. ✓
- Any other relevant answer relating to the utmost good faith principle as a principle of insurance.

**NOTE: Do not award marks for an explanation directly quoted from the scenario.**

**Max (4)****2.6 Functions of Johannesburg Securities Exchange (JSE).**

- Gives opportunities to financial institutions such as insurance companies ✓ to invest their funds in shares. ✓
- Serves as a barometer/indicator ✓ of economic conditions in South Africa. ✓
- Keeps investors informed on share prices ✓ by publishing the share prices daily. ✓
- Acts as a link between investors ✓ and public companies. ✓
- Shares are valued ✓ and assessed by experts. ✓
- Small investors are invited to take part in the economy of the country ✓ through the buying/selling of shares. ✓
- Venture capital market is made available ✓ on the open market. ✓
- Orderly market for securities ✓ serves as a disciplined market for securities. ✓
- Mobilises the funds of insurance companies ✓ and other institutions. ✓
- Regulates the market ✓ for dealing with shares. ✓
- Plans, researches and advises ✓ on investment possibilities. ✓
- Ensures that the market operates ✓ in a transparent manner. ✓
- Provides protection ✓ for investors. ✓
- Encourages ✓ short-term investment. ✓
- Facilitates electronic trading ✓ of shares/STRATE. ✓
- Raises primary capital ✓ by encouraging new investments in listed companies ✓
- Any other relevant answer related to the functions of Johannesburg Securities Exchange (JSE)

**Max (6)**

Please Turn Over

**2.7 Advantages of insurance for businesses.**

- Transfers the risk from the business/insured to an insurance company/insurer. ✓✓
- Transfer of risk is subject to the terms and conditions of the insurance contract. ✓✓
- Protects businesses against dishonest employees. ✓✓
- Protects businesses against losses due to death of a debtor. ✓✓
- Protects the business against theft/loss of stock and/or damages caused by natural disasters such as floods, storm damage, etc. ✓✓
- Protects businesses from claims made by members of the public for damages that the business is responsible for. ✓✓
- Businesses will be compensated for insurable losses, e.g., destruction of property through fire. ✓✓
- Businesses assets, e.g., vehicles/equipment/buildings need to be insured against damage and/or theft. ✓✓
- Businesses are protected against the loss of earnings, e.g., strikes by employees which result in losses worth millions. ✓✓
- Life insurance can be taken on the life of partners in a partnership to prevent unexpected loss of capital. ✓✓
- Should the services of key personnel be lost due to accidents/death, the proceeds of an insurance policy can be paid out to the business/beneficiaries. ✓✓
- Replacement costs for damaged machinery/equipment are very high, therefore insurance can reduce/cover such costs. ✓✓
- Any other relevant related to situations under which advantages of insurance for businesses

**Max (6)****BREAKDOWN OF MARKS**

QUESTION 2	MARKS
2.1	4
2.2.1	2
2.2.2	2
2.3	6
2.4	4
2.5.1	6
2.5.2	4
2.6	6
2.7	6
<b>TOTAL</b>	<b>40</b>



**QUESTION 3: BUSINESS ROLES****3.1 Problem solving steps in the workplace.**

- Identify the problem. ✓
- Define the problem. ✓
- Identify possible solutions to the problem. ✓
- Select the most appropriate alternative. ✓
- Develop an action plan. ✓
- Implement the suggested solution/action plan. ✓
- Monitor the implementation of the solution/action plan. ✓
- Evaluate the implemented solution. ✓
- Any other relevant answer related to problem solving steps in the workplace.

**NOTE: 1. Mark the first FOUR (4) only.****2. Steps can be in any order.****(4 x 1) (4)****3.2 Problem-solving techniques from the statements.**

3.2.1 Delphi technique ✓✓ (2)

3.2.2 Force Field analysis ✓✓ (2)

**3.3 Differences between *Problem Solving* and *Decision Making***

<b>PROBLEM SOLVING</b>	<b>DECISION MAKING</b>
- Problems can be solved by a group/ team ✓ or an individual team member. ✓	- It is often done by one person/a member of senior management ✓ who makes it authoritarian. ✓
- Alternative solutions are generated/ identified ✓ and critically evaluated. ✓	- Various alternatives are considered ✓ before deciding on the best one. ✓
- Process of analysing a situation to identify strategies ✓ to bring about change. ✓	- It is part of the problem-solving cycle ✓ as decisions need to be taken in each step. ✓
- Any other relevant answer related to <i>problem solving</i> .	- Any other relevant answer related to <i>decision making</i>
Sub-max (2)	Sub- max (2)

- NOTE: 1. The answer does not have to be in tabular format.**  
**2. The differences do not have to link, but must be clear.**  
**3. Award a maximum of TWO (2) marks if the differences are not clear, mark either *decision making* or *problem solving* only.**

**Max (4)**

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**3.4 Ways in which businesses could create an environment that promotes creative thinking in the workplace.**

- Encourage alternative ways✓ of working/doing things.✓
- Respond enthusiastically to all ideas✓ and never let anyone feel less important.
- Place suggestion boxes around the workplace✓ and keep communication channels open for new ideas✓
- Emphasise the importance of creative thinking ✓ to ensure that all staff know that management want to hear their ideas. ✓
- Make time for brainstorming sessions✓ to generate new ideas, such as regular workshops/ generate more ideas/build on one another's ideas. ✓
- Train staff in innovative techniques✓ such as creative problem-solving skills/mind-mapping/ lateral thinking.✓
- Encourage job swaps ✓ within the organization ✓/studying how other businesses / are doing thing. ✓
- Reward creativity with reward schemes for teams/individuals✓ that come up with creative ideas. ✓
- Provide a working environment conducive to creativity,✓ free from distractions. ✓
- Any other relevant answer related to ways in which businesses could create an environment that promotes creative thinking in the workplace.

Max (6)

**3.5 CRITERIA FOR SUCCESSFUL TEAM PERFORMANCE**

**3.5.1 Criteria for successful team performance from the scenario:**

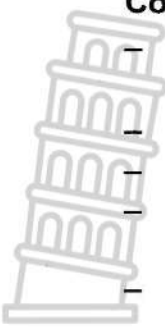
CRITERIA FOR SUCCESSFUL TEAM PERFORMANCE	MOTIVATIONS
1. Co-operation/ Collaboration. ✓✓	All members take part in decision making. ✓
2. Communication ✓✓	Quality feedback improves the morale of the team. ✓
Sub max (4)	Sub max (2)

- NOTE:**
1. Mark the first TWO (2) only.
  2. Award marks for the criteria for a successful team performance even if the quote is incomplete.
  3. Do not award marks for the motivation if the criteria for successful team performance was incorrectly identified.
  4. Accept responses in any order

Max (6)



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**3.5.2 Criteria for successful team performance**



**Co-operation/ Collaboration**

- Clearly defined realistic goals are set, ✓ so that all members know exactly what is to be accomplished. ✓
- Willingness to co-operate as a unit ✓ to achieve team objectives. ✓
- Co-operate with management ✓ to achieve team/business objectives ✓
- Agree on methods/ways to get the job done effectively ✓ without wasting time on conflict resolution. ✓
- A balanced composition of skills/knowledge/experience/expertise ✓ ensures that teams achieve their objectives. ✓
- Any relevant answer related to co-operation/ collaboration as criteria for successful team performance.

**Max (4)**

**OR**

**Communication**

- A clear set of processes/procedures for teamwork ✓ ensures that every team member understands his/her role. ✓
- Efficient/Good communication between team members ✓ may result in quick decisions.
- Open/Honest discussions lead to effective solutions of problems. ✓
- Continuous review of team progress ensures that team members can rectify mistakes/✓ act proactively to ensure that goals/targets are reached. ✓
- Any relevant answer related to co-operation/ collaboration as criteria for successful team performance

**Max (4)**

**3.6 Causes of conflict in the workplace.**

- Lack of proper communication ✓ between management and workers. ✓
- Ignoring rules / procedures ✓ may results in disagreements and conflicts. ✓
- Management and / or workers ✓ may have different personalities / backgrounds. ✓
- Different values / levels of knowledge / skills / experience ✓ of managers / workers. ✓
- Little / no co-operation ✓ between internal and / or external parties / stakeholders. ✓
- Lack of recognition for good work, ✓ e.g. a manager may not show appreciation for extra hours worked to meet deadlines. ✓
- Lack of employee development may increase frustration levels as workers ✓ may repeat errors due to a lack of knowledge / skills. ✓
- Unfair disciplinary procedures, ✓ e.g. favoritism / nepotism. ✓
- Little / no support from management with regard to supplying the necessary resources ✓ and providing guidelines. ✓
- Leadership styles used, ✓ e.g. autocratic managers may not consider worker inputs. ✓
- Unrealistic deadlines / heavy workloads lead ✓ to stress resulting in conflict. ✓
- Lack of agreement on mutual matters, ✓ e.g. remuneration / working hours. ✓
- Unhealthy competition / inter-team rivalry ✓ may cause workers to lose focus on team targets. ✓

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- Constant changes ✓ may cause instability. ✓
- Lack of clarity ✓ regarding employees' roles and responsibilities. ✓
- Lack of commitment / distracted by personal objectives ✓ which may lead to an inability to pre-set targets. ✓
- Any other relevant answer related to cause of conflict

**NOTE: Steps can be in any order**

**Max (6)**

### 3.7 Conflict resolution steps/techniques

- Acknowledge that there is conflict in the workplace. ✓✓
- Identify the cause of the conflict. ✓✓
- Arrange pre-negotiations where workers/complainants will be allowed to state their case/views separately. ✓✓
- Arrange time and place for negotiations where all employees involved are present. ✓✓
- Arrange a meeting between conflicting employers/employees. ✓✓
- Make intentions for intervention clear so that parties involved may feel at ease. ✓✓
- Each party has the opportunity to express his/her own opinions/feelings. ✓✓
- Conflicting parties may recognise that their views are different during the meeting. ✓✓
- Analyse/Evaluate the cause (s) of conflict by breaking it down into different parts. ✓✓
- Blame shifting should be avoided and a joint effort should be made. ✓✓
- Direct conflicting parties towards finding/focusing on solutions. ✓✓
- Devise/Brainstorm possible ways of resolving the conflict. ✓✓
- Conflicting parties agree on criteria to evaluate the alternatives. ✓✓
- Select and implement the best solution. ✓✓
- Provide opportunities for parties to agree on the best solution. ✓✓
- Evaluate/Follow up on the implementation of the solution(s). ✓✓
- Monitor progress to ensure that the conflict has been resolved. ✓✓
- Source experts on handling conflict from outside the business. ✓✓
- Any other relevant answer related to conflict resolution steps/techniques in the workplace

**Max (6)**

**[40]**

#### BREAKDOWN OF MARKS

QUESTION 3	MARKS
3.1	4
3.2.1	2
3.2.2	2
3.3	4
3.4	6
3.5.1	6
3.5.2	4
3.6	6
3.7	6
<b>TOTAL</b>	<b>40</b>



QUESTION 4: MISCELLANEOUS TOPICS

**BUSINESS VENTURE**

**4.1 Leadership theories.**

- Situational leadership ✓
- Transformational/ transitional leadership ✓
- Leaders and followers ✓

**NOTE: Mark the first THREE (3) only.**

**(3 x 1) (3)**

**4.2 Risk as a factor that should be considered when making investment decision.**

**Risk:**

- Shares have low / medium risk ✓ over a longer investment period. ✓
- Shares with higher risk ✓ have greater potential for returns. ✓
- Ordinary shares have the highest risk as the investor may lose the full / part of the investment ✓ when the company is dissolved / bankrupt / liquidated. ✓
- Refers to the chance that the investment amount may reduce in value / lost in total over a period of time, ✓ due to the unforeseen circumstances. ✓
- Preference shareholders' risk is lower, ✓ as they have preferential claims on the assets of the liquidated company ✓ / may receive some compensation before ordinary shareholders. ✓
- Share prices are linked to factors that investors cannot control ✓ e.g. economic conditions / operational success of the company, etc. ✓
- Share prices are volatile / unstable / unpredictable / may increase / decrease sharply within hours which contribute to the uncertainty ✓ of the value of an investment in shares on the short term. ✓
- Any other relevant answer related to the risk as the factor that should be considered when making an investment decision.

**Max (6)**

**4.3 Forms of investment:****4.3.1 Form of investment from the scenario:**

RSA Retail Savings Bonds/Government Retail Bonds. ✓✓

**(2)****4.3.2 Impact of RSA Retail Savings Bonds/Government Retail Bonds****Positives/Advantages**

- It provides guaranteed returns, as interest rate is fixed for the whole investment period. ✓✓
- Interest rates are market related and attract more investors. ✓✓
- Interest is usually higher than on fixed deposits. ✓✓
- Retail bonds are listed ✓ on the capital bond markets/on the JSE. ✓✓
- Low risk/Safe investment, as it is invested with the South African Government which cannot be liquidated. ✓✓
- No charges/costs/commissions payable on this type of investment. ✓✓
- Investment may be easily accessible, as cash may be withdrawn after the first twelve months. ✓✓
- It is an affordable type of investment for all levels of income earners including pensioners. ✓✓
- Retail bonds are easily/conveniently obtained electronically/from any Post Office/directly from National Treasury. ✓✓
- Investors younger than 18 years/Minors may invest with the help of a legal guardian, which encourages saving from a young age. ✓✓
- Any other relevant answer related to the positive impact of RSA Retail Savings Bonds/Government Retail Bonds.

**AND/OR****Negatives/Disadvantages**

- Retail bonds cannot be ceded to banks as security for obtaining loans. ✓✓
- A minimum of R500 and/or R1 000 must be invested, which may be difficult for some small investors to accumulate. ✓✓
- Retail bonds are not freely transferable amongst investors. ✓✓
- Penalties are charged for early withdrawals, if the savings is less than 12 months old. ✓✓
- Any other relevant answer related to the negative impact of RSA Retail Savings Bonds/Government Retail Bonds.

**Max (4)**



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#### 4.4 Average clause

##### 4.4.1 Calculating the claim:

$$\text{FORMULA:} = \frac{\text{Amount insured}}{\text{Market value}} \times \text{Damages} \checkmark$$

$$= \frac{\text{R1 8000 000}}{\text{R2 000 000}} \checkmark \times \text{R80 000} \checkmark$$

$$= \text{R72 000.} \checkmark \checkmark$$

(4)

- NOTE:**
1. Award full marks (4) if the answer is correct and no workings shown.
  2. If formula and workings were shown correctly, but the final answer is wrong, award the maximum of THREE (3) marks
  3. If the workings and answer are incorrect, award a maximum of ONE mark for the correct formula.

##### 4.4.2 Average clause ✓✓

(2)  
Max (6)

#### BUSINESS ROLES

##### 4.5 Examples of professional business practice:

- Good use of work time. ✓
- Treating all people the same. ✓
- Using polite language to colleagues. ✓
- Keeping clients details confidential. / Not using clients information for personal gain. ✓
- Any other relevant answer related to the examples of professional business practice

**NOTE:** Mark the first THREE (3) only.

(3 x 1)(3)

##### 4.6 Correct procedures to deal with grievances in the workplace:

- An aggrieved employee must verbally report the incident/grievance to his/her supervisor/manager, ✓ who needs to resolve the issue within 3 to 5 working days. ✓
- Should the employee and supervisor not be able to resolve the grievance, ✓ the employee may take it to the next level of management. ✓
- The employee may move to a more formal process ✓ where the grievance must be lodged in writing/completes a grievance form. ✓
- The employee must receive a written reply ✓ in response to the written grievance. ✓
- A grievance hearing/meeting must be held ✓ with all relevant parties present. ✓
- Minutes of the meeting must be recorded, and any resolution passed must be recorded ✓ on the formal grievance form. ✓
- Should the employee not be satisfied ✓, then he/she could refer the matter to the highest level of management. ✓
- Top management should arrange a meeting ✓ with all relevant parties concerned. ✓
- Minutes of this meeting should be filed/recorded ✓, and the outcome/decision must be recorded on the formal grievance form. ✓

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- Should the employee still not be satisfied, he/she may refer the matter to the CCMA✓ who will make a final decision on the matter. ✓
  - The matter can be referred to Labour Court on appeal if the employee is not satisfied ✓ with the decision taken by the CCMA. ✓
  - Any other relevant answer related to the correct procedures to deal with grievances in the workplace

**NOTE: steps can be in any order**

**Max (6)**

#### 4.7 The importance of team dynamic theories in improving team performance

- Team dynamic theories explain how effective✓ teams work / operate. ✓
- Businesses are able to allocate tasks✓ according to the role of team members. ✓
- Team members can maximize performance✓ as task are allocated according to their abilities / skills / attributes / personalities. ✓
- Team members with similar strengths may compete for the task / responsibilities✓ that best suit their abilities / competencies. ✓
- Theories assists team leaders to understand personality types of team members✓ so that task are assigned more effectively. ✓
- Conflict may be minimized✓ when team members perform different roles. ✓
- Any other relevant answer related to the importance of team dynamic theories in improving team performance

**Max (4)**

#### 4.8 TEAM PERFORMANCE & CONFLICT MANAGEMENT

##### 4.8.1 Identification of difficult personality from the scenario:

- Expert ✓✓

**(2)**

##### 4.8.2 Strategies to deal with an expert

- James should listen to Themba but let him know that he is in control ✓✓
- James should let Themba know that he values his inputs but he needs to consider other alternatives. ✓✓
- James should refrain from attacking Themba's views as it may lead to confrontation later. ✓✓
- Any other relevant strategy to deal with an expert.

**NOTE: 1. Mark strategies to deal with an expert even if the identification is incorrect.**

**Max (4)  
[40]**

#### BREAKDOWN OF MARKS

QUESTION 4	MARKS
4.1	3
4.2	6
4.3.1	2
4.3.2	4
4.4.1	4
4.4.2	2
4.5	3
4.6	6
4.7	4
4.8.1	2
4.8.2	4
<b>TOTAL</b>	<b>40</b>

**TOTAL SECTION B: 80**



**SECTION C**

Answer ANY ONE question in this section.

**QUESTION 5: BUSINESS VENTURES (INVESTMENT: SECURITIES)****5.1 Introduction**

- Compound interest is the interest earned not just on the saved amount, but also on the interest already earned, while simple interest is calculated on the principal amount. ✓
- There are different types of shares that the investors can choose from ✓
- The impact of fixed deposit as a form of investments depends on the investor's affinity to take a risk. ✓
- The success of preference shareholders depends on the rights they enjoy as investors ✓
- Any other relevant introduction related to the differences between simple and compound interest / types of shares / impact of fixed deposit/ rights of preference shareholders.

Any (2 x 1) (2)

**5.2 Differences between compound and simple interest**

<b>SIMPLE INTEREST</b>	<b>COMPOUND INTEREST</b>
- Interest earned on the original amount and not on the interest accrued. ✓✓	- Interest earned on original amount invested, as well as interest earned in previous period(s). ✓✓
- The principal amount remains the same over the entire period of investment. ✓✓	- The principal amount grows with the addition of interest to it.
- The interest is kept separate unless it is reinvested. ✓✓	- Interest is calculated on the higher principal amount and again added to it. ✓✓
- Yields less return on investment. ✓✓	- Yields high return on investment. ✓✓
- Total amount of interest earned on investment is less. ✓✓	- Total amount of interest earned on investment is high. ✓✓
- Any other relevant answer related to simple interest.	- Any other relevant answer related to compound interest.
Sub-max (6)	Sub-max (6)

Max (12)

**NOTE:**

1. The answer does not have to be in a tabular format.
2. Distinction does not have to be linked but must be clear.
3. Award a maximum of six (6) if differences are not clear/Mark either simple or compound interest.

## 5.3 Types of shares

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## 5.3.1 Ordinary shares ✓✓



- Ordinary shares only receive dividends✓ when profit is made. ✓
- Normally the higher the net profit, ✓ the higher the dividend. ✓
- Shareholders are the last to be paid, ✓ if the company is declared bankrupt liquidated. ✓
- Dividends vary from year to year according to profits made✓ and are determined by the company/board of directors. ✓
- Shareholders have a right to vote✓ at the Annual General Meeting/AGM. ✓
- Any other relevant answer related to ordinary shares.

Type of share (2)  
Explanation (2)  
Sub max (4)

## 5.3.2 Preference shares ✓✓

- Some of these types of shares receive dividends✓ regardless of whether a profit is made. ✓
- A fixed rate of return is paid✓ on this type of shares. ✓
- Shareholders have a preferred claim on company assets✓ in the event of bankruptcy/liquidation. ✓
- These shares enjoy preferential rights to dividends/✓ repayment over ordinary shares. ✓
- Dividends are payable ✓ according to the type of preference share. ✓
- Voting rights are restricted✓ to particular circumstances/resolutions. ✓
- Non-cumulative preference shareholders will not receive any outstanding dividends✓ from previous years. ✓
- Cumulative preference shareholders will receive outstanding dividends✓ from previous years. ✓
- Redeemable preference shares can be redeemed/✓ bought back at the option of the issuing company on a pre-determined future date. ✓
- Non-redeemable preference shares are only bought back when the company closes down✓ for reasons other than bankruptcy. ✓
- Convertible preference shares are converted to ordinary shares after a fixed period/✓ on the date specified when the preference shares were issued. ✓
- Non-convertible preference shares will not be converted✓ into ordinary shares. ✓
- Any other relevant answer related to preference shares.

Type of share (2)  
Explanation (2)  
Sub max (4)

## 5.3.3 Founders' shares ✓✓

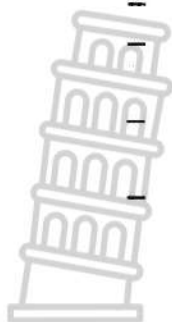
- Issued to the founders and incorporators/promoters✓ of the company. ✓
- They receive dividends✓ after all other shareholders were paid. ✓
- Any other relevant answer related to founders' shares.

Type of share (2)  
Explanation (2)  
Sub max (4)



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### 5.3.4 Bonus shares ✓✓



- Payment in the form ✓ of shares to shareholders. ✓
- Issued as compensation ✓ for unpaid dividends. ✓
- Shareholders will own more shares ✓ and collect more dividends in the future. ✓
- Shareholders receive these shares ✓ without being required to pay for them. ✓
- Any other relevant answer related to bonus shares.

Type of share (2)

Explanation (2)

Sub max (4)

**Max (16)**

### 5.4 Impact of fixed deposit as a form of investments. Positives/Advantages

- Interest is earned at a fixed rate ✓ regardless of changes in the economic climate. ✓
- The period of investment ✓ can be over a short/medium/long term. ✓
- Investors can choose the investment period ✓ that suits them. ✓
- Principal amount plus interest earned ✓ is paid out on the maturity date. ✓
- Ensures financial discipline as investors cannot withdraw their funds ✓ before the maturity date. ✓
- Investors earn a better return on investment ✓ than on an ordinary savings account. ✓
- The higher the principal amount/the longer the investment period, ✓ the higher the interest rate offered by a financial institution. ✓

**AND/OR**

- **Negatives/Disadvantages**
- The investor cannot withdraw their funds ✓ before the maturity date. ✓
- Low returns ✓ compared to other investments. ✓
- May not outperform the effect of inflation ✓ over long term. ✓
- Penalties may be charged ✓ for early withdrawal. ✓
- Any other relevant answer related to negative impact of fixed deposit as a form of investments

**Max (10)**

### 5.5 Rights of preference shareholders:

- Receive dividends regardless of how much profits are made. ✓✓
- Receive a fixed rate of return/dividend. ✓✓
- They are paid first/enjoy preferential rights to dividends. ✓✓
- They have a preferred claim on company assets in the event of bankruptcy/liquidation of the company. ✓✓
- Receive interim and annual reports. ✓✓
- They only have voting rights at the AGM under particular circumstances/for certain resolutions. ✓✓
- Cumulative shareholders must receive outstanding/accrued dividends from previous years. ✓✓
- Participating preference shareholders have the right to share in surplus profits. ✓✓
- Any other relevant answer related to the rights of preference shareholders.

**Max (08)**

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## 5.6 Conclusion

- It is advisable for investors to differentiate between simple and compound interest since its have an impact on the final investment decision. ✓✓
- The types of shares chosen may depend on investor's preparedness to take risk as they differ in terms of risks levels. ✓✓
- Both advantages and disadvantages of a fixed deposit should be carefully analysed prior investment decision. ✓✓
- The rights of preference shareholders are very important as they lay out the determining factors to choose this form of investment. ✓✓
- Any other relevant conclusion related to the differences between simple and compound interest / types of shares /impact of fixed deposit/ rights of preference shareholders.

Any (1 x 2) (2)

### QUESTION 5: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max 32
Differences between simple and compound interest.	12	
Types of shares	16	
Impact of fixed deposit as a form of investments.	10	
Rights of preference shareholders.	08	
Conclusion	2	
INSIGHT		8
Layout	2	
Analysis/Interpretation	2	
Synthesis	2	
Originality/Examples	2	
<b>TOTAL MARKS</b>		<b>40</b>

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.



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## QUESTION 6: BUSINESS ROLES (ETHICS AND PROFESSIONALISM)

### 6.1 Introduction

- Business ethics and professionalism are the cornerstones for organisational ethos/culture. ✓
- The King Code sets out the principles of good corporate governance for businesses. ✓
- Businesses should devise ways to deal with unprofessional behavior in the workplace. ✓
- Businesses need to be ethical, professional and responsible in their operations whilst making profit. ✓
- Any other relevant introduction related to the differences between ethical and professional behaviour/ways in which businesses could deal with unprofessional business practices / ways in which businesses could deal with abuse of work time/ King's Code principles for good corporate governance to improve ethical business conduct/ Ways in which professional, responsible, ethical and effective business practice should be conducted

Any (2 x 1) (2)

### 6.2 Differences between ethical and professional behaviour:

ETHICAL BEHAVIOUR	PROFESSIONAL BEHAVIOUR
– Refers to the principles of right and wrong/acceptable in society. ✓✓	– Refers to what is right/wrong/acceptable in a business. ✓✓
– Conforms to a set of values that are morally acceptable. ✓✓	– Sets of standards of expected behavior.
– Forms part of a code of conduct to guide employees to act ethically. ✓✓	– Applying a code of conduct of a profession or business. ✓✓
– Focuses on developing a moral compass for decision making. ✓✓	– Focuses on upholding the reputation of a business/profession. ✓✓
– Involves following the principles of right and wrong in business activities/practices /dealings. ✓✓	– Includes guidelines on employees' appearance/communication/attitude/ responsibility, etc. ✓✓
Sub max (6)	Sub max (6)

Max (12)

#### NOTE:

1. The answer does not have to be in tabular format.
2. Distinction does not have to be linked but must be clear.
3. Award a maximum of six (6) if the distinction is not clear/Mark either ethical or professional behavior.

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### 6.3 Ways to deal with the following types of unprofessional business practices:

#### 6.3.1 Abuse of work time

- Speak directly to those employees✓ who abuse work time. ✓
- Monitor employees✓ to ensure that task is completed on time. ✓
- Remind employees that profit will decrease✓ resulting to less incentives / bonus / pay-outs. ✓
- Code of conduct / ethics should contain clear roles✓ about abuse of work time. ✓
- Conduct training ✓ on the contents of the code of conduct / ethics. ✓
- Code of conduct / ethics should be signed by all employees✓ so that they are aware of its contents. ✓
- Structure working hours in such a way that employees have free / flexible time✓ for personal matters. ✓
- Create a culture of responsibility / strengthen team spirit in order for all employees to feel responsible✓ for what has to be achieved. ✓
- Any other relevant answer related to how to deal with abuse of work time as unprofessional business practice.

Sub max (6)

#### 6.3.2 Unauthorised use of workplace funds and resources

- Conduct regular✓ audits. ✓
- Identify risk areas✓ / vulnerable areas ✓
- Educate employees✓ about the impact of fraud✓
- Implement/Introduce fraud prevention✓ strategies✓
- Limit the number of employees having access✓ to business funds/assets. ✓
- Fraud prevention should be a collective responsibility✓ of business and workers. ✓
- Clear policies should be in place✓ so that employees are aware of what is considered to be fraud. ✓
- Set up systems in the organisation✓ for the reporting of fraud and corruption. ✓
- Any other relevance answer related on how to deal with the unauthorised use of workplace funds and resources as unprofessional business practices.

Sub max (6)

Max (12)

### 6.4 King's Code principles for good corporate governance to improve ethical business conduct.

#### 6.4.1 Transparency ✓✓

- Decisions/Actions must be clear✓ to all stakeholders. ✓
- Staffing and other processes should be open✓ and transparent. ✓
- Employees/Shareholders/Directors should be aware of the employment policies✓ of the business. ✓
- Auditing and other reports must be accurate/ available✓ to shareholders/employees. ✓
- Regular audits should be done✓ to determine the effectiveness of the business. ✓
- Business deals should be conducted openly✓ so that there is no hint/sign of dishonesty/corruption. ✓
- Businesses should give details of shareholders' voting rights✓ to them before/at the Annual General Meeting (AGM). ✓



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- The board of directors must report on both the negative and positive impact✓ of the business on the community/environment. ✓
- The board should ensure that the company's ethics✓ are effectively implemented. ✓
- Any other relevance answer related to *transparency* as the King's principle

<b>King Code principle</b>	<b>2</b>
<b>Explanation</b>	<b>2</b>
<b>Sub max</b>	<b>(4)</b>

#### 6.4.2 Accountability✓✓

- There must be regular communication✓ between management and stakeholders. ✓
- Businesses should be accountable/ responsible✓ for their decisions/ actions. ✓
- Company should appoint internal and external auditors✓ to audit financial statements. ✓
- The board should ensure that the company's ethics✓ are effectively implemented. ✓
- Businesses should present accurate annual reports to shareholders✓ at the Annual General Meeting (AGM). ✓
- Top management should ensure that other levels of management are clear✓ about their roles and responsibilities to improve accountability. ✓
- Any other relevance answer related to *accountability* as the King's principle

<b>King Code principle</b>	<b>2</b>
<b>Explanation</b>	<b>2</b>
<b>Sub max</b>	<b>(4)</b>

#### 6.4.3 Responsibility✓✓

- The business/ board should develop and implement programmes✓ that should be aimed at protecting the communities in which they operate. ✓
- The business/ board should develop remedial programmes✓ to protect the environment for example, reduce air and water pollution. ✓
- Any other relevance answer related to *responsibility* as the King's principle

<b>King Code principle</b>	<b>2</b>
<b>Explanation</b>	<b>2</b>
<b>Sub max</b>	<b>(4)</b>

**NOTE: The King Code principles can be in any order**

**Max (12)**

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**6.5 Ways in which professional, responsible, ethical and effective business practice should be conducted.**

- Mission statement should include values of equality/respect. ✓✓
- Treat workers with respect/dignity by recognising work well done. /value of human capital ✓✓
- Treat all their employees equally, regardless of their race/colour/age/gender/disability etc. ✓✓
- All workers should have access to equal opportunities/positions/resources. ✓✓
- Plan properly and put preventative measures in place. ✓✓
- Pay fair wages/salaries which is in line with the minimum requirements of the BCEA/Remunerate employees for working overtime/during public holidays. ✓✓
- Ensure that employees work in a work environment that is conducive to safety/fairness/free from embarrassment. ✓✓
- Refrain from starting a venture using other businesses' ideas that are protected by law. ✓✓
- Engage in environmental awareness programmes/Refrain from polluting the environment, e.g. by legally disposing of toxic waste. ✓✓
- Employers and employees need to comply with legislation with regard to equal opportunities/human rights in the workplace. ✓✓
- Businesses should develop equity programmes/promote strategies to ensure that all employees are treated equally regardless of status/rank/power. ✓✓
- Training/Information/Business policies should include issues such as diversity/discrimination/harassment. ✓✓
- Employers should respond swiftly and fairly to reported incidents of discrimination in the workplace. ✓✓
- Orders/Tasks should be given respectfully and allow the recipient/employee to have a say in the manner in which the task should be performed. ✓✓
- Business decisions and actions must be clear/transparent to all stakeholders. ✓✓
- Businesses should be accountable /responsible for their decisions and actions/patent rights. ✓✓
- Hire honest/trustworthy accountants/financial officers with good credentials. ✓✓
- Regular/Timeous payment of taxes ✓✓
- Draw up a code of ethics/conduct. ✓✓
- On-going development and training for all employees. ✓✓
- Performance management systems/Appraisals should be in place. ✓✓
- Adequate internal controls/monitoring/evaluation. ✓✓
- Any other relevant answer related to ways in which professional, responsible, ethical and effective business practice should be conducted

**Max (10)**



## 6.6 Conclusion

- Businesses need a Code of Conduct to be in place to ensure that ethical and professional behaviour are demonstrated at all times in businesses ✓✓
- A code of conduct should outline the disciplinary measures for employees who engage in abuse of work time and use of unauthorised use of business funds and resources. ✓✓
- Businesses that comply with King Code principles are viewed as being caring and attract the potential investors. ✓✓
- Businesses must do a balancing act between profit motive and ways in which professional, responsible, ethical and effective business practice should be conducted ✓✓
- Any other relevant conclusion related to differences between ethical and professional behaviour / how to could deal with the following types of unprofessional business practices: sexual harassment and unauthorised use of workplace funds and resources/ King's Code principles for good corporate governance to improve ethical business conduct/ ways in which professional, responsible, ethical and effective business practice should be conducted.

Any (1 x 2) (2)  
[40]

## QUESTION 6: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max 32
Differences between ethical and professional behaviour	12	
Ways to deal with the following unprofessional business practices. <ul style="list-style-type: none"> <li>• Abuse of work time</li> <li>• Unauthorised use of workplace funds and resources</li> </ul>	12	
King Code principles for good corporate governance to improve ethical business conduct.	12	
Ways in which professional, responsible, ethical and effective business practice should be conducted	10	
Conclusion	2	
<b>INSIGHT</b>		8
Layout	2	
Analysis/Interpretation	2	
Synthesis	2	
Originality/Examples	2	
<b>TOTAL MARKS</b>		<b>40</b>

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.

**TOTAL MARKS: 150**