



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION



CAPRICORN NORTH DISTRICT



**BUSINESS STUDIES
CONTROLLED TEST**

GRADE 10

This Question Paper consists of 7 pages including the cover page

TOTAL: 100 Marks

Duration: 90 minutes

15 March 2023

INSTRUCTION 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 the two questions in this section.

2. Read the instructions for each question carefully and take note of what is required.
3. Number the answers 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 a guide for mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME
A Objective-type questions COMPULSORY	1	20	18 minutes
B THREE direct/indirect type questions CHOICE (Answer any TWO)	2	20	18 minutes
	3	20	18 minutes
	4	20	18 minutes
C TWO essay-type questions CHOICE (Answer any ONE)	5	40	36 minutes
	6	40	36 minutes
TOTAL		100	90 minutes

7. Begin the answer to **EACH** question on a **NEW** page, for example **QUESTION 1** – new page, **QUESTION 2** – new page, and so on.
8. You may use a non-programmable calculator.
9. Write neatly and legibly.

SECTION A
QUESTION 1 (COMPULSORY)

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 – 1.1.5) in the ANSWER BOOK, for example, 1.1.6 D.



1.1.1 Management and the business functions are components of the ... environment.
A external
B macro
C market
D micro

1.1.2 The role of trade unions is to ...
A give the business a competitive advantage.
B implement rules to ensure fair business practice.
C protect the interests of its members.
D provide guidelines on how to run a business ethically and responsibly.

1.1.3 An example of the economic environment.
A changes in weather patterns
B increase in interest rates
C machines taking over many routine jobs
D new machines and technology developed to decrease pollution

1.1.4 The level of management that makes strategic decisions.
A lower level management
B medium level management
C middle level management
D top level management

1.1.5 Information ... is the use of electronic equipment to assist with filing and storing information.
A administration
B data
C management
D technology

(5x2) (10)

1.2. Complete the following sentence by using the words in the list below write only the word(s) next to the question number (1.2.1 to 1.2.5)

Capital	Legal	Cash	Intermediaries	Suppliers	Purchasing	Political
Public relations	Consumer	Protection Act	National	Credit Act		

1.2.1 Businesses are affected by the ... factor of the macro environment when the government passes laws and regulations.

1.2.2 Wholesalers and retailers serves as ... to bridge the gap between producers and consumers.

1.2.3 The business must give information on the ingredients of the product.

1.2.4 The financial manager at Mcgee Stores presented a... budget that estimates the working capital.

1.2.5 The ... function ensures that existing customers remain loyal.

(5 × 2) (10)

SECTION B

Answer **ANY TWO** questions in this section.

NOTE: Indicate the QUESTION NUMBER of each question that you choose.

The answer to EACH question must start on a NEW page, for example, QUESTION 2 on a NEW page, QUESTION 3 on a NEW page.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 Define the meaning of the market environment. (2)

2.2 Outline the following components of the market environment: (2)

2.2.1 consumers/customers (2)

2.2.2 suppliers (2)

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

DIDI'S HAIRSTYLIST (DH)

Didi specialises in cutting and styling hair. Her business does not have sufficient capital to buy equipment to cater for a large intake of clients. Businesses in the same industry as DH are relocating to other areas. Didi is located in a high-crime area.

2.3.1 Identify ONE opportunity and ONE threat from the scenario above. (4)
Use the table below as a GUIDE to answering QUESTION 2.3.1.

OPPORTUNITY	THREAT

2.4 Define following macro environment features.

2.4.1 Economic (2)

2.4.2 Social (2)

2.4.3 Political (2)

2.5 Briefly explain reasons why the macro environment can be a challenge to businesses.

(4)
[20]

QUESTION 3: BUSINESS OPERATIONS

- 3.1 Name TWO factors that influence the organisational structure. (2)
- 3.2 Read the scenario below and answer the question that follows:

DAVE'S FURNISHERS (DF)

Dave manages the different business functions in a manner that will provide maximum benefit to all departments involved. Lutho ensures the efficient capturing and processing of data and information.

- 3.2.1 Identify TWO business functions that are applied by DF. Motivate your answer by quoting from the scenario above (6)
- Use the table below as a GUIDE to answer QUESTION 3.2.1.

BUSINESS FUNCTION	MOTIVATIONS

- 3.3 Outline the following activities of the administration function: (2)
- 3.3.1 handling of information (2)
- 3.3.2 office practice (2)
- 3.4 Explain the differences between management and leadership. (4)

Use the table below as a GUIDE to answering QUESTION 3.3.

MANAGEMENT	LEADERSHIP

- 3.5 Discuss the purpose of the financial function to the business. (4)
- [20]**

QUESTION 4: (MISCELLANEOUS TOPICS)**BUSINESS ENVIRONMENTS**

- 4.1 Give FOUR examples of intermediaries. (4)
- 4.2 Identify the business environment applicable to EACH statement below:
- 4.2.1 Matome opened a restaurant front opposite Poopedi's eatery.
- 4.2.2 The supervisor of Molalathokoinc. fails to monitor and assess the interns, hence production is affected.
- 4.2.3 Heavy recent flooding has swept away Kgare's car wash. (6)

BUSINESS OPERATIONS

- 4.3 Distinguish between quality control and quality assurance. (4)

4.4. Read the scenario below and answer all questions that follow:

Thelma Bag Designers (TBD)

Thelma Bag Designers manufactures designer bags for ladies. TBD prepares a budget to spend their cash. They respond immediately to customer complaints. TBD advertises their bags in the national newspaper to increase their market share.

4.4.1. Identify TWO business functions applicable to TBD. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answering QUESTION 4.4.1 (6)

BUSINESS FUNCTIONS	MOTIVATON

[20]

TOTAL SECTION B:[40]

SECTION C

Answer **ONE** question in this section.

NOTE: Indicate the QUESTION NUMBER of each question chosen. The answer to EACH question must start on a NEW page, for example, QUESTION 5 on a NEW page or QUESTION 6 on a NEW page.

QUESTION 5 BUSINESS ENVIRONMENTS

Businesses are affected by different components of the macro environment. Business managers should be aware that the three business environments are interrelated. The market environment has a potential of posing a challenge to the business.

Write an essay on the business environments in which you include the following aspects:

- Outline the meaning of the macro environment.
- Describe any SIX components of the macro environment and give practical examples of each component.
- Discuss the interrelationship between the micro, market and macro environments.
- Explain any THREE sources of financing available for expanding businesses.

[40]

QUESTION 6 BUSINESS OPERATIONS (PURCHASING FUNCTION)

The purchasing function is one of the fundamentals of a business concern. The Consumer Protection Act and the National Credit Act have a direct impact on the purchasing function. The business should be aware of the consumer rights as stipulated in the NCA.

Write an essay on the purchasing function in which you include the following aspects:

- Describe the purchasing procedure.
- Discuss the purpose of the Consumer Protection Act (CPA).
- Outline the consumer rights as outlined in the NCA.
- Analyse the impact of National Credit Act (NCA) on business.

[40]



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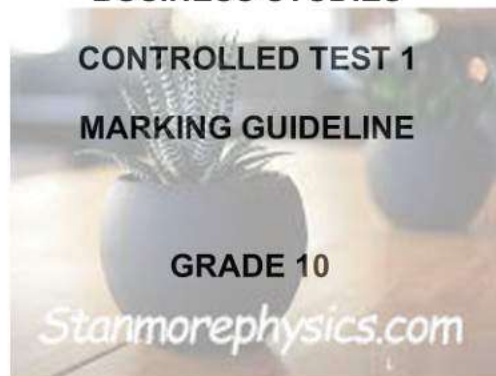


BUSINESS STUDIES

CONTROLLED TEST 1

MARKING GUIDELINE

GRADE 10



This Marking Guideline consists of 13 pages including the cover page

TOTAL: 100 Marks

15 March 2023

NOTES TO MARKERS

1. Candidates' responses must be in full sentences for SECTIONS B and C.

However, this would depend on the nature of the question.

2. 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:

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

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

4. The word 'Submax' is used to facilitate the allocation of marks within a question or sub-question.

5. The purpose of circling marks (guided by 'max' in the breakdown of marks) on the right-hand side is to ensure consistency and accuracy in the marking of scripts as well as for calculation and moderation purposes.

6. Subtotals to questions must be written in the right-hand margin. Circle the subtotals as indicated by

the allocation of marks. This must be guided by 'max' in the marking guidelines. Only the total for each question should appear in the left-hand margin next to the appropriate question number.

7. In an indirect question, the theory as well as the response must be relevant and related to the question.

8. 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 candidates' responses. Candidates will be penalised if the latter is not clear.

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

10. The 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:

10.1 Advise, name, state, mention, outline, motivate, recommend, suggest, (list not exhaustive) do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.

10.2 Define, describe, explain, discuss, elaborate, distinguish, differentiate, compare, tabulate, justify, 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.

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

12. SECTION B

12.1 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.

12.2 If two facts are written in one sentence, award the candidate FULL credit. Point 12.1 above still applies.

12.3 Use of the cognitive verbs and allocation of marks

– If the number of facts is 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)

SECTION A

QUESTION 1

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

[10]

- 1.2. 1.2.1. Legal ✓✓
 1.2.2. Intermediaries ✓✓
 1.2.3. Consumer Protection Act. ✓✓
 1.2.4. Cash ✓✓
 1.2.5. Public relations ✓✓

[10]

SECTION B

Mark the first TWO answers only

Question 2 (Business Operations)

2.1. Meaning of the market environment.

- The market environment refers to the immediate ✓ external components that directly affect the ability of the business to operate. ✓
 - For the business to be successful it must be able to influence ✓ the components in this environment. ✓
 - Any other relevant answer related to the meaning of the market environment.
- Max (2)

2.2 Components of the market environment


2.2.1 Consumers/Customers

- Consumers/customers refer to individuals or other businesses that purchase products and services from a business. ✓✓
- Consumers are the final users of the product/service. ✓✓
- The market is the new and old customers who have money to buy goods/services. ✓✓
- Customer's preferences and taste does change as time goes by, so it is essential for businesses to conduct market research to ensure that their target market's changing needs are continuously met. ✓✓
- If customers are not happy with the products or services of a business, they will turn to a competitor. ✓✓
- Any other relevant answer related to consumers/customers as a component of the market environment.

Any (1 × 2) (2)

2.2.2 Suppliers

- Suppliers are individuals or other businesses that provide/supply businesses with the inputs or resources that they need in order to produce/ manufacture their product or services. ✓✓
- If suppliers fail to provide businesses with quality resources/inputs or if the suppliers don't deliver these resources/ inputs on time or at the right prices, then the businesses will not be able to meet their goals/objectives. ✓✓
- Businesses need to ensure that they identify reliable suppliers in the market. ✓✓
- Businesses can establish a good relationship with their suppliers by signing long-term contracts for their raw materials at fixed prices. ✓✓
- Any other relevant answer related to suppliers as a component of the market environment.

Any (1 × 2) (2)**2.3. Opportunities and threats****2.3.1.**


OPPORTUNITY	THREAT
Businesses in the same industry as DH are relocating to other areas. ✓✓	Didi is located in a high crime area. ✓
Didi specialises in cutting and styling hair. ✓	Her business does not have sufficient capital to buy equipment to cater for a large number of clients. ✓
Submax (2)	Submax (2)

Max (4)**2.4 Features of the macro environment****2.4.1 Economic**

- The economic environment refers to all the external economic factors ✓ that influence buying habits of consumers and businesses. ✓
- The economic environment relates to all the economic factors ✓ that affect commercial and consumer behaviour. ✓
- The economic environment consists of all external factors in the immediate marketplace and the broader economy ✓, which includes inflation, petrol price, interest rates and exchange rates. ✓
- Any other relevant answer related to the economic environment.

Max (2)**2.4.2 Social**

- Social aspects ✓ include changes in culture and demographics. ✓
- The social environment refers to the immediate physical and social setting ✓ in which people live, and the society in which businesses operate. ✓
- The cultural environment affecting businesses ✓ includes religion, customs, and traditions that influence actions and decisions. ✓
- The demographic environment refers to the socio-economic characteristics of a population that businesses use ✓ to identify the product preferences and purchasing behaviours of customers. ✓
- Any other relevant answer related to the social environment.

Max (2)

2.4.3 Political

- The political environment represents the government and its institutions, ✓ and the public and private stakeholders that influence businesses. ✓
- The political environment refers to the actions taken by the government ✓ that affects daily business activities. ✓
- The institutional environment refers to the three levels of government in South Africa, ✓ that puts in place laws and rules that regulate how businesses operate. ✓
- All influences that a government has on businesses ✓ could be classified under this environment. ✓
- Any other relevant answer related to the political environment.

Max (2)**2.5 Reasons why the macro environment can be a challenge to businesses**

- The macro environment cannot be controlled by a business. ✓✓
- This environment is always changing and therefore leads to challenges for businesses. ✓✓
- This means that businesses are constantly faced with challenges that arise due to the macro environment. ✓✓
- Any other relevant answer related to reasons to why the macro environment can be a challenge to businesses.

Any (2 × 2) (4)**[20]****QUESTION 3: BUSINESS OPERATIONS****3.1 TWO Factors that influence the organisational structure**

- Size of the company ✓
- Technology ✓
- Resources ✓
- Strategic goals of the company ✓
- Any other relevant answer related to factors that influence the organisational structure.

NOTE: Mark the first TWO (2) only.**Any (2 x 1) (2)****3.2 Business Functions****3.2.1 Business Functions from scenario**

BUSINESS FUNCTIONS		MOTIVATION
1.	General management ✓✓	Dave manages the different business functions in a manner that will provide maximum benefit to all parties concerned. ✓
2.	Administration ✓✓	Lutho ensures the efficient capturing and processing of data and information. ✓
Submax (4)		Submax (2)

NOTE: 1. Mark the first TWO (2) only.**2. The answer does not have to be in tabular format.****3. Award marks for the quality concepts even if the quotes were incomplete.****4. Do not award marks for the motivations if the business functions were**

incorrectly identified.

3.3 Activities of the administration function

3.3.1 Handling of information

- Information is collected ✓ from both outside and inside the business. ✓
- Correct and reliable information should be available ✓ for meaningful decision-making and to run the business successfully. ✓
- Any other relevant answer related to handling of information.

Submax (2)

3.3.2 Office practice

- Office practice refers to how the administrative staff ✓ should handle their duties. ✓
- It covers matters such as □ the dress code for employees/proper filing of documents/telephone etiquette/internet usage by staff. ✓
- Any other relevant answer related to office practice.

Submax (2)

(4)

3.4. Difference between management and leadership

MANAGEMENT	LEADERSHIP
A manager understands the goals ✓ of the business. ✓	A leader creates ✓ a vision/sets direction. ✓
Managers ensure that tasks ✓ given to subordinates are completed. ✓	Leaders create the team ✓ and inspire the subordinates.
He/she guides ✓ human behaviour. ✓	He/she influences ✓ human behaviour. ✓
A manager communicates ✓ through management functions, for example, line function. ✓	A leader communicates ✓ using vision/charisma. ✓
A person becomes a manager ✓ because he/she is appointed to the position. ✓	Leaders are born ✓ with natural/instinctive leadership skills. ✓
Any other relevant answer related to management.	Any other relevant answer related to leadership.
Submax (2)	Submax (2)

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

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

3. Award a maximum of TWO (2) marks if the difference is not clear/mark either management or leadership only.

Max (4)

3.5 The purpose of the financial function

- Determines how much capital the business needs. ✓✓
- Establishes the sources for acquiring the capital. ✓✓
- Decides how to invest/allocate the capital funds in the business. ✓✓
- Ensures that the business can generate enough income to cover the cost of raising capital. ✓✓
- Prepares financial statements to present to the bank/investors to convince them that the business is financially healthy. ✓✓
- Any other relevant answer related to the purpose of the financial function.

Any (2 × 2) (4)

[20]

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1 Examples of intermediaries

- wholesalers ✓
- retailers ✓
- agents ✓
- brokers ✓
- transportation services ✓

NOTE: Mark the first FOUR (4) only.

(4 × 1) (4)

4.2 Business environments from statements

- 4.2.1 Market environment. ✓✓
- 4.2.2 Micro environment. ✓✓
- 4.2.3 Macro environment. ✓✓

(3 × 2) (6)

BUSINESS OPERATIONS

4.3. Difference between quality control and quality assurance.

QUALITY CONTROL	QUALITY ASSURANCE
Inspection of the final product ✓ to ensure that it meets the required standards. ✓	Inspection is carried out during and after the production process ✓ to ensure required standards are met at every stage of the process.
Includes setting targets/measuring performance ✓ and taking corrective measures. ✓	Ensures that every process is aimed at getting the product right first time ✓ and prevents mistakes from happening again. ✓
Any other relevant answer related to quality control.	Any other relevant answer related to quality assurance.
Submax (2)	Submax (2)

**NOTE: 1 The answer does not have to be in tabular format.
2 The difference does not have to link but they must be clear.
3 Award a maximum of TWO (2) marks if the difference is not clear/mark either quality control or quality assurance only.**

Max (4)

4.4. Business functions and their motivations.

BUSINESS FUNCTION	MOTIVATION
Financial	"TBD prepares a budget to spend their cash" ✓
Public relations	"They respond immediately to customer complaints" ✓
Marketing function	"TBD advertises their bags in the national newspaper to increase their market share" ✓

Submax (4)

Submax (2)

SECTION C**QUESTION 5: BUSINESS ENVIRONMENTS****5.1 Introduction**

- The macro environment has a big effect on businesses and they have no control over it. ✓
- Businesses need to have proper knowledge of the components of the macro environment. ✓
- All three business environments have✓ an interrelationship to each other and businesses must know when to use each.
- There are many challenges posed by the market environment and although businesses cannot change it, they can influence it. ✓
- Any other relevant introduction related to macro environment/components of macro environment/interrelationship between micro, market, macro environment/reasons why macro environment can be a challenge.

(2 × 1) (2)**5.2 Meaning of macro environment**

It refers to the interaction of businesses with forces outside of themselves.

- The macro environment is also known as the external environment. ✓✓
- The external environment presents both opportunities and threats. ✓✓
- It is always changing and developing. ✓✓
- Businesses have no control over this environment. ✓✓
- Any other relevant answer related to the meaning of macro environment

Max (6)**5.3. Components of macro environment and the practical examples****Social and demographic environment✓✓**

- Deals specifically with the people of the community, ✓ country and target market✓
- Composition of the consumer force✓e.g., suppliers, investors, buyers and their tastes and preferences✓
- Any other relevant answer related to the social and demographic environment.

Sub-max (4)**Economic environment ✓✓**

- Economic factors that have an effect on consumer buying and spending. ✓
- Changes in interest rates, exchange rates, inflation, income levels and taxes✓
- Any other relevant answer related to the economic environment.

Sub-max (4)**Technological environment ✓✓**

- Is a fast-changing environment and has forced businesses to keep- up- to- date with new trends✓
- e.g., internet, e-mails, electronic commerce, iPods, cellphones, IT✓
- Any other relevant answer related to the technological environment.

Sub-max (4)**Natural and physical environment✓✓**

- Forces that are present in the natural environment✓ e.g., pollution, infrastructure, natural resources✓
- Any other relevant answer related to the natural and physical environment.

Sub-max (4)

International/global environment✓✓

- Refers to all happenings in the rest of the world that influence local business enterprises✓e.g., technological innovations/ telecommunication / international trade✓
- Any other relevant answer related to the international environment.

Sub-max (4)

Legal and political environment✓✓

- Policies, frameworks and rules that businesses must obey and consider, laws that impact the functioning of the business✓ e.g., Labour relations Act, BCEA, NCA, CPA, etc. ✓
- Any other relevant answer related to the legal and political environment.

Sub-max (4)

Institutional environment✓✓

- Refers to the three spheres of government in South Africa, local, provincial and national government✓e.g., local municipalities, district municipalities and metropolitan municipalities✓
- Any other relevant answer related to the institutional environment.

Sub-max (4)

NOTE: Mark the first SIX (6) only.

Max (24)

5.4. Interrelationship between environments

- Business environments work independently✓, no business environment can work in isolation✓
- Micro environment✓ has a direct influence on market environment✓
- Market environment✓ has a direct influence on micro environment✓
- Both micro and market environment cannot control macro environment✓ but can adapt to the influences from macro environment✓
- A change in natural environment✓, e.g., weather patterns can influence availability of natural resources✓
- This can cause an increase in prices✓which will affect consumers and suppliers✓
- Any other relevant answer related to interrelationship between business environments

Max (10)

5.5. Sources of financing available for expanding businesses.

Bank loans. ✓✓

- This is money borrowed from the bank✓ and will be repaid over a period of time. ✓
- The money is repaid✓ with interest. ✓
- The entrepreneur who borrowed the money will attach his/her fixed assets✓ as surety to the value of the loan. ✓

- Bank loans are usually used✓ for long-term financing. ✓
- Bank overdraft✓✓
- It is a short-term loan added onto the account of an entrepreneur✓. It is also repaid with interest over a set period of time. ✓
- Any other relevant answer related to bank overdraft as a source of finance.

Receivable finance ✓✓

- This is a loan provided to businesses while waiting for payment✓ of the goods/service and is used to avoid a cash flow shortage. ✓
- The loan is equal to the outstanding invoices✓ that are due. ✓
- Any other relevant answer related to the receivable finance as a source of finance.

Angel funding✓✓

- This is money offered by wealthy entrepreneurs to other businesses✓ for a share in that business. ✓
- This is usually used at the start of a business✓ and carries a high risk for the investor. ✓
- Any other relevant answer related to the Angel funding as a source of finance.

5.6. Conclusion

- The success of a business depends on the strategies developed and implemented. ✓✓
- Components of macro environment give businesses a better understanding of the external environment and the industry in which it competes. ✓✓
- All three business environments have an interrelationship to each other and businesses must know when to use each. ✓✓
- There are many challenges posed by the market environment and although businesses cannot change it, they can influence it. ✓✓

(1 × 2) (2)

Question 5 Breakdown of mark allocation		
DETAILS	MAXIMUM	TOTAL
Introduction	2	
Macro environment	6	
Social and demographic environment	24	
Economic environment		
Technological environment		
Natural and physical environment		
International/global environment		
Legal and political environment		
Institutional environment		
Interrelationship between the environment	10	
Sources of financing	6	
Conclusion	2	
INSIGHT		8

TOTAL MARKS

40

QUESTION 6

BUSINESS OPERATIONS (BUSINESS FUNCTIONS)

6.1 Introduction

- The purchasing function plays an important role in buying quality raw materials and services for the business. ✓
- The NCA was introduced to provide both credit providers and credit applicants with clear guidelines regarding their rights and responsibilities. ✓
- The CPA was introduced to prevent consumers from exploitation by businesses. ✓
- It ensures the full participation of previously disadvantaged individuals in the economy. ✓
- Any other relevant introduction related to the activities of the purchasing function, the purpose of the National Credit Act, the purpose of the Consumer Protection Act, the consumer rights as outlined in the NCA, the impact of these Acts on businesses. ✓

Max (2)

6.2 Purchasing procedure

Determine the need for the product/Requisition ✓✓

- Liaise with the financial department to establish the budget for the purchasing of goods and services. ✓✓
- Determine the product/material/ resource needs of the businesses. ✓✓
- Find the right quality/ quantity of goods and services at the right price and at the right time. ✓✓

Determine the price of the product ✓✓

- Find the best price by obtaining quotes/tenders or making enquiries. ✓✓

Select/Choose a suitable supplier ✓✓

- The purchasing department should choose reliable suppliers for its raw materials/products. ✓✓

Max (10)

6.3 Purpose of Consumer Protection Act

- Promotes responsible ✓ consumer behaviour. ✓
- Strengthens a culture ✓ of consumer rights and responsibilities. ✓
- Establishes national standards ✓ to protect consumers. ✓
- Establishes ✓ a National Consumer Commission (NCC). ✓
- Ensures that consumers have access to information ✓ they need to make informed choices. ✓
- Provides guidelines for better consumer information ✓ and prohibits unfair business practices. ✓
- Empowers consumers to take legal action ✓ if their rights are not upheld. ✓
- Promotes consumer safety by protecting them ✓ from hazardous products/services. ✓
- Promotes fair/accessible and sustainable places ✓ for people to sell their products. ✓
- Protects consumers against contracts ✓ that include unfair terms which limit the liability of suppliers. ✓

- Any other relevant answer related to the purpose of the Consumer Protection Act.

Max (10)

6.4 The impact of the National Credit Act on businesses

Positives/Advantages

- Lowers bad debts✓ resulting in better cash flow. ✓
- Protects business✓ against non-paying consumers. ✓
- Increases cash sales✓ as credit can only be granted to qualifying customers. ✓
- Prevents reckless lending✓ by financial institutions. ✓
- Ensures that businesses settle their debts✓ on time so that they can obtain good credit scores. ✓
- Ensures that credit process is transparent, ✓ for example, both businesses and customers know their responsibilities. ✓
- Any other relevant answer related to the positives/advantages of the NCA on businesses.

AND/OR

Negatives/Disadvantages

- Businesses are forced to budget✓ to keep more cash/have enough cash on hand for stock purchases. ✓
- Businesses can no longer take the risk✓ of selling poor-quality goods at high prices. ✓
- Businesses can no longer carry out✓ credit marketing. ✓
- Leads to loss of sales✓ as many businesses may no longer qualify to buy on credit. ✓
- Businesses can only buy limited stock✓ as credit is not available resulting in loss of customers. ✓
- Complicates the purchasing process✓ because of too much administration work in the credit providing process. ✓
- The purchasing department must know✓ the terms and conditions of credit granting and the NCA. ✓
- It may take longer to purchase goods✓ and this could influence the overall efficiency of the business. ✓
- The Act compels businesses to sell quality products✓ or they may be forced to reimburse consumers. ✓
- Any other relevant answer related to the negatives/disadvantages of the NCA on businesses.

Max (16)

6.5 Consumer rights as outlined in the NCA

Consumers have a right to:

- apply for credit ✓✓
- receive information in their official language ✓✓
- be protected from unfair discrimination in granting credit. ✓✓
- be given reasons why a credit application is refused. ✓✓
- be informed about the interest rate and any other costs of the proposed credit transaction. ✓✓

- receive a copy of a credit contract and a replacement copy when the consumer asks for one apply for debt counselling if a customer has too much debt. ✓✓
- Any other relevant answer related to the consumer rights as outlined in the NCA.

Max (10)

6.6 Conclusion

- The purchasing function should ensure that ordered goods are delivered at the agreed price, right quantities, and right quality. ✓✓
- Businesses should comply with the NCA to avoid any penalties. ✓✓
- The CPA ensures the full participation of previously disadvantaged individuals in the economy. ✓✓
- Businesses need to adhere to consumer rights outlined in the NCA. ✓✓
- Any other relevant conclusion related to the activities of the purchasing function, the purpose of the National Credit Act, the purpose of the Consumer Protection Act, the consumer rights as outlined in the NCA, the impact of these Acts on businesses.

(1 × 2) (2)

Question 6 Breakdown of mark allocation		
DETAILS	MAXIMUM	TOTAL
Introduction	2	
Purchasing Procedure	10	32
Differences between cash and credit payment	8	
Consumer rights in terms of the NCA	12	
The impact of NCA on the purchasing function	16	
Conclusion	2	
INSIGHT		8
TOTAL MARKS		40

LASO – For each component:
 Allocate 2 marks if all requirements are met.
 Allocate 1 mark if some requirements are met.
 Allocate 0 marks where requirements are not met at all.