



## BUFFALO CITY METRO DISTRICT

**GRADE 11**

Stanmorephysics.com

**BUSINESS STUDIES**

**CONTROLLED TEST**

**MARCH 2026**

**Marks: 100**

**Time : 1H30MIN**

**This question paper consists of 7 pages**

**INSTRUCTIONS AND INFORMATION**

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections,

SECTION A:	COMPULSORY
SECTION B:	Consists of questions. Answer any TWO of the three questions in this section.
SECTION C:	Consists of TWO questions. Answer any ONE of the four questions in this section.

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

3. Number the answers carefully according to the numbering system used in this question paper. No marks will be awarded for answers that are numbered incorrectly.

4. Except where other instructions are given, answers must be written in full sentences.

5. Use the mark allocation and nature of each question to determine the length and depth of an answer.

6. Use the table below as guide for mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME
<b>A: Objective-type questions COMPULSORY</b>	<b>1</b>	<b>20</b>	<b>10 minutes</b>
<b>B: THREE direct/indirect-type questions CHOICE: Answer any TWO.</b>	<b>2</b>	<b>20</b>	<b>50 minutes</b>
	<b>3</b>	<b>20</b>	
	<b>4</b>	<b>20</b>	
<b>C: TWO essay-type questions CHOICE: Answer any ONE.</b>	<b>5</b>	<b>40</b>	<b>30 minutes</b>
	<b>6</b>	<b>40</b>	
<b>TOTAL</b>		<b>100</b>	<b>90 minutes</b>

7. Begin the answer to EACH question on a NEW page, for example QUESTION 1 – new page, QUESTION 2 – new page, et cetera.

8. You may use a non-programmable calculator.

9. Write neatly and legibly.

**SECTION A: COMPULSORY**

**QUESTION 1**

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

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

1.1.2 The business has ... control over the micro environment.

- A some
- B full
- C no
- D less

1.1.3 Employees of NATU refused to work until their demands are addressed by their employers and this is referred to as...

- A retrenchment
- B go-slow
- C strike
- D lockout

1.1.4 Tobi's Barber Shop and Lulu's Salon have similar interests and have agreed to work together for mutual benefit. This is referred to as ...

- A merger
- B acquisition
- C alliance
- D takeover

1.1.5 The ... company provides essential services such as water and electricity at reasonable prices.

- A personal liability
- B state-owned
- C public
- D private

(5x2) (10)

1.2	Complete the following statements by using the word(s) in the list below. Write only the word(s) next to the question number (1.2.1–1.2.5) in the ANSWER BOOK. Each word should only be used ONCE.
	dumping; extraction; unlimited; globalisation; psychographics; corruption; processing; demographics; limited; inflation
1.2.1	A country is experiencing ... when there is a general increase in the prices of goods and services.
1.2.2	The characteristics of the population such as age, gender, race, educational background, income levels, and so on is referred to as ...
1.2.3	Socio-economic issue like ... occurs when excess international goods are imported and flood the local markets.
1.2.4	The primary sector deals with ... of raw materials and natural resources.
1.2.5	Business owners and partners have ... liabilities when they have full legal responsibility for all the debts of the business.
	(5x2) (10)
	<b>TOTAL SECTION A: 20</b>

<b>SECTION B</b>										
<b>Answer ANY TWO questions from this section</b>										
<b>QUESTION 2: BUSINESS ENVIRONMENTS</b>										
2.1	Name any TWO components of the macro environment.	(2)								
2.2	Outline the functions of trade unions.	(6)								
2.3	Read the scenario below and answer the question that follows.									
<b>LILLY SPORTWEAR MANUFACTURERS (LSM)</b>  Lilly Sportwear Manufacturers (LSM) is a local, high quality sportwear manufacturer in Qonce. LSM is experiencing a decline in profits due to employees that are lazy and not committed to meet targets. Banks have increased the rate of interest making it difficult for LSM to borrow loans. LSM buys their raw materials from K&H Fabrics who are sometimes late with their deliveries.										
2.3.1	Quote THREE challenges for LSM from the scenario above.	(3)								
2.3.2	Classify LSM's challenges according to the THREE business environments Use the following table as a GUIDE to answer 2.3.1 and 2.3.2	(3)								
<table border="1"> <thead> <tr> <th>CHALLENGES (2.3.1)</th> <th>BUSINESS ENVIRONMENTS (2.3.2)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td></td> </tr> <tr> <td>2.</td> <td></td> </tr> <tr> <td>3.</td> <td></td> </tr> </tbody> </table>		CHALLENGES (2.3.1)	BUSINESS ENVIRONMENTS (2.3.2)	1.		2.		3.		
CHALLENGES (2.3.1)	BUSINESS ENVIRONMENTS (2.3.2)									
1.										
2.										
3.										
2.4	Suggest ways in which businesses can overcome competition in the market.	(6)								
		<b>[20]</b>								
<b>QUESTION 3: BUSINESS VENTURES</b>										
3.1	Elaborate on the meaning of Memorandum of Incorporation	(2)								
3.2	Outline characteristics of a partnership.	(6)								

3.3	Read the scenario below and answer the question that follows.								
	<b>LINGE WELLNESS (LW)</b>								
	Linge Wellness is a company that focusses on emotional well being of individuals. LW depends on donations that may not always be enough to finance the company's expenses.								
	3.3.1	Name the form of ownership applicable to LW	(2)						
	3.3.2	Discuss the advantages of the form of ownership in QUESTION 3.3.1	(4)						
3.4	Recommend the procedure for the formation of companies.		(6)						
			<b>[20]</b>						
<b>QUESTION 4: MISCELLANEOUS TOPICS</b>									
<b>BUSINESS ENVIRONMENTS</b>									
4.1	Give FOUR examples of contemporary legislation that may affect business operations.		(4)						
4.2	<b>TUMI ARTS &amp; CRAFTS (TAC)</b>								
	Tumi Arts and Crafts (TAC) is a business that produces portraits. TAC obtained an exclusive legal right assigned to their business to print and publish their artistic work. They were also given the right to prohibit other people from making or using their invention.								
	Identify TWO solutions to piracy from the scenario above. Motivate your answer by quoting from the scenario. Use the table below as a GUIDE to answer QUESTION 4.2.								
	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">SOLUTIONS RO PIRACY</th> <th style="width: 50%;">MOTIVATIONS</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td></td> </tr> <tr> <td>2.</td> <td></td> </tr> </tbody> </table>		SOLUTIONS RO PIRACY	MOTIVATIONS	1.		2.		(6)
SOLUTIONS RO PIRACY	MOTIVATIONS								
1.									
2.									
<b>BUSINESS VENTURES</b>									
4.3	Name FOUR aspects that must be included in the prospectus.		(4)						
4.4	Advise businesses on legal requirements of the name of the company.		(6)						
			<b>[20]</b>						

<p><b>SECTION C</b>                  Answer <b>ANY ONE</b> question in this section.  <b>NOTE:</b> 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.</p>	
<p><b>QUESTION 5: BUSINESS ENVIRONMENTS</b></p>	
<p>Businesses benefit from networking with other businesses. Lobbying is used by businesses to influence situations to meet their specific needs. The success of any business depends on the ability to adapt to challenges. Business can use various ways in which they can have a direct influence on the environment.</p>	
<p>Write an essay on adapting to challenges of the business environment in which you include the following aspects:</p> <ul style="list-style-type: none"> <li>• Outline the advantages of networking.</li> <li>• Explain the following types of lobbying:                         <ul style="list-style-type: none"> <li>○ Hedging against inflation</li> <li>○ Bargaining sessions between management and unions</li> </ul> </li> <li>• Discuss any THREE ways in which businesses can adapt to challenges of the business environments.</li> <li>• Suggest ways in which a business can have a direct influence on the environment.</li> </ul>	
	<b>[40]</b>
<p><b>QUESTION 6: BUSINESS VENTURES</b></p>	
<p>Businesses should consider the characteristics of a sole trader as a form of ownership. Personal liability company has advantages that can benefit a business. It is important to differentiate between a private and public companies and businesses should be advised on challenges of establishing a company versus other forms of ownership</p>	
<p>Write an essay on the benefits of a company over other forms of ownership in which you include the following aspects:</p> <ul style="list-style-type: none"> <li>• Outline the characteristics of a sole trader.</li> <li>• Explain the advantages of a personal liability company.</li> <li>• Differentiate between private and public company.</li> <li>• Advise businesses on the challenges of establishing a company versus other forms of ownership</li> </ul>	
	<b>[40]</b>
	<b>TOTAL SECTION C: 40 GRAND TOTAL: 100</b>



Province of the  
**EASTERN CAPE**  
EDUCATION

Iphondo leMpuma Kapa: Isebe leMfundo  
Provinsie van die Oos Kaap: Departement van Onderwys  
Porafensie Ya Kapa Botjhabela: Lefapha la Thuto

# BUFFALO CITY METRO DISTRICT



**GRADE 11**

**BUSINESS STUDIES**

**MARKING GUIDELINES**

**MARCH 2026**

**MARKS: 100**

This marking guideline consists of 18 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:  
Subject teacher: Red  
Departmental Head / Moderator: Green  
Cluster Leader: Orange
  2. Candidates' responses must be in full sentences for SECTIONS B and C. However, this would depend on the nature of the question.
  3. A comprehensive marking guideline has been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but:  
Uses a different expression from that which appears in the marking guideline
    - Comes from another credible source
    - Original
    - A different approach is used
- NOTE: There is only ONE correct answer in SECTION A.**
4. Take note of other relevant answers provided by candidates and allocate marks accordingly. (In cases where the answer is unclear or indicates some understanding, part-marks should be awarded, for example, one mark instead of the maximum of two marks.)
  5. The word 'Sub-max' is used to facilitate the allocation of marks within a question or sub-question.
  6. The purpose of circling marks (guided by 'max' in the breakdown of marks) on the right-hand side is to ensure consistency and accuracy in the marking of scripts as well as for calculation and moderation purposes.
  7. Subtotals to questions must be written in the right-hand margin. Circle the subtotals as indicated by the allocation of marks. This must be guided by 'max' in the marking guidelines. Only the total for each question should appear in the left-hand margin next to the appropriate question number.
  8. In an indirect question, the theory as well as the response must be relevant and related to the question.

9. Correct numbering of answers to questions or sub questions is recommended in SECTIONS A and B. However, if the numbering is incorrect, follow the sequence of the candidate's responses. Candidates will be penalised if the latter is not clear.
10. No additional credit must be given for repetition of facts. Indicate with an 'R'.
11. The differentiation between 'evaluate' and 'critically evaluate' can be explained as follows:
- 11.1 When 'evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance, e.g. Positive: 'The autocratic leadership style provides strong leadership which makes new employees feel confident and safe' ✓.
- 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. 'The autocratic leadership style provides strong leadership which makes new employees feel confident and safe, as expectations/roles are clearly explained to avoid confusion'. ✓
- NOTE:**
1. The above could apply to 'analyse' as well.
  2. Note the placing of the tick (✓) in the allocation of marks.
12. The allocation of marks must be informed by the nature of the question, cognitive verb used, mark allocation in the marking guideline and the context of each question. Cognitive verbs, such as:
- 12.1 Advise, name, state, outline, motivate, recommend, suggest, (list not exhaustive) do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.
- 12.2 Define, describe, explain, discuss, elaborate, distinguish, differentiate, compare, tabulate, analyse, evaluate, critically evaluate (list not exhaustive) require a greater depth of understanding, application and reasoning. Therefore, the marks must be allocated more objectively to ensure that assessing is conducted according to established norms so that uniformity, consistency and fairness are achieved.
13. Mark only the FIRST answer where candidates offer more than one answer for SECTION B and C questions that require one answer.
- 14.
- 14.1 If for example, FIVE facts are required, mark the candidate's FIRST FIVE responses and ignore the rest of the responses. Indicate by drawing a line across the unmarked portion.
- NOTE:**
1. This applies only to questions where the number of facts is specified.
  2. The above also applies to responses in SECTION C (where applicable)
- 14.2 If two facts are written in one sentence, award the candidate FULL credit. Point 14.1 above still applies.

14.3 If candidates are required to provide their own examples/views, brainstorm this at the marking centre to finalise alternative answers and consult with the Internal Moderator at the DBE for approval.

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:

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

15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, paragraphs 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?	<b>2</b>
Marks to be allocated using this guide: All headings addressed: 1 (One 'A') Interpretation (16 to 32 marks): 1 (One 'A')		
Synthesis	Are there relevant decisions/facts/responses made based on the questions?	<b>2</b>
Option 1:	<b>Only relevant facts: 2 marks (No '-S')</b> Where a candidate answers 50% or more (two to four sub-questions) of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis.	
Option 2:	<b>Some relevant facts: 1 mark (One '-S')</b>	

	Where a candidate answers less than 50% (only one sub-question) of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis.	
Option 3:	<b>Some relevant facts: 1 mark (One '-S')</b> Where a candidate answers FOUR sub-questions, but one/two/three sub-questions with no relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis.	
Option 4:	<b>No relevant facts: 0 mark (Two '-S')</b> Where a candidate answers less than 50% (only one sub-question) of the questions with no relevant facts; two '-S' appears in the left margin. Award a ZERO mark for synthesis.	
Originality	Is there evidence of one or two examples, not older than two (2) years that are based on recent information, current trends and developments?	<b>2</b>
<b>TOTAL FOR INSIGHT:</b>		<b>8</b>
<b>TOTAL MARKS FOR FACTS:</b>		<b>32</b>
<b>TOTAL MARKS FOR ESSAY (8 + 32):</b>		<b>40</b>

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

**2. The 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/ marking guideline to each question.
- 15.5 Mark all relevant facts until the SUB MAX/MAX mark in a subsection has been attained. Write SUB MAX/MAX after maximum marks have been obtained, but continue reading for originality "O".

- 15.6 At the end of each essay indicate the allocation of marks for facts and marks for insight as follows: (L – Layout, A – Analysis, S – Synthesis, O – Originality) as in the table below.

CONTENT	MARKS
Facts	32 (max.)
L	2
A	2
S	2
O	2
<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

QUESTION 1

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

(5X2) (10)

- 1.2 1.2.1 inflation ✓✓  
1.2.2 demographics ✓✓  
1.2.3 dumping ✓✓  
1.2.4 extraction ✓✓  
1.2.5 unlimited ✓✓

(5x2) (10)

TOTAL SECTION A: 20

QUESTION 2

2.1 **Components of the macro environment**

- social ✓
- political ✓
- legal ✓
- economic
- technological ✓
- physical ✓
- global/international environments ✓

Mark the first TWO only

Max (2)

2.2 **Functions of trade unions**

- Protecting the interest of workers ✓✓
- Representing the interest of general society and minority groups through media and negotiations ✓✓
- Influencing government decisions ✓✓
- Influencing management for better working conditions, salaries and benefits ✓✓
- Representing employees corporately and individually ✓✓
- Improving the material benefits of their members ✓✓
- Advancing the interest of members ✓✓
- Providing legal and financial advice. ✓✓
- Providing benefits and educational facilities to its members ✓✓
- Supporting gender equality ✓✓
- Protecting members in times of retrenchments and disciplinary hearings ✓✓
- Protecting the interests of their members during disciplinary procedures ✓✓
- Any other relevant answer related to the functions of trade unions

Max (6)

2.3

2.3.1 Challenges of the micro environment	2.3.2 Business environment
- LSM is experiencing a decline in profits due to employees that are lazy and not committed to meet targets. ✓	Micro ✓
- Banks have increased the rate of interest making it difficult for LSM to borrow loans ✓	Macro ✓
- LSM buys their raw materials from K&H Fabrics who are sometimes late with their deliveries. ✓	Market ✓
Submax (3)	Submax (3)

2.4

**Ways in which businesses can overcome competition in the market.**

- Businesses must ensure that they produce unique/ differentiated goods or services for the target market. ✓✓
- Businesses need to provide more personalised services by being responsive to their customer's needs/wants. ✓✓
- Goods/services must be priced lower than competitor's goods/services in the market. ✓✓
- Businesses must produce high-quality goods/services that the customers might be interested in. ✓✓
- Create a positive image/publicity through regular engagements in community development projects. ✓✓
- Businesses must improve on customer services and keep customers happy. ✓✓
- Businesses must create a positive outlook by regularly renovating their premises and improving their systems. ✓✓
- Businesses must undertake good marketing campaigns that will draw the attention of the target market. ✓✓
- Businesses must offer low-cost extras such as improved credit terms/loyalty schemes, and so on. ✓✓
- Businesses must ensure that they have well-trained and dedicated employees that create a better working atmosphere. ✓✓

**Max (6)**

**Max (6)**

**QUESTION 3: BUSINESS VENTURES**

**3.1 Meaning of Memorandum of Incorporation**

- MOI serves as the constitution ✓ of a company. ✓
- Companies are governed ✓ according to the rules stated in the MOI. ✓
- Each company must provide a copy of its MOI ✓ to the Companies and Intellectual Property Commission (CIPC). ✓
- MOI describes the relationship ✓ between the business and its stakeholders. ✓
- MOI describes the rights, responsibilities and duties ✓ of the shareholders and directors. ✓
- Provides details about incorporation, ✓ the number of directors and the share capital. ✓

- Includes information ✓ about a company's name/registration office and records. ✓
- Any other relevant answer related to the meaning of Memorandum of Incorporation.

Max (2)

### 3.2 Characteristics of a partnership.

- An agreement between two or more people who combine labour, capital and resources towards a common goal. ✓✓
- Partners combine capital and may also borrow capital from financial institutions. ✓✓
- No legal requirements regarding the name of the business. ✓✓
- Partners have unlimited liability and are jointly and severally liable for the debts of the business. ✓✓
- Profit is shared according to the partnership agreement. ✓✓
- Partnership does not pay tax partners pay personal income tax. ✓✓
- Auditing of financial statements is optional. ✓✓
- Partners share responsibilities and they are all involved in decision making. ✓✓
- No legal formalities to start, only a written partnership agreement is required. ✓✓
- The partnership does not pay income tax, only the partners in their personal capacities. ✓✓
- Diversity, specialisation and different skills of the partners can be used. ✓✓
- Partnership has no legal personality and therefore has no continuity. ✓✓
- Partners share responsibilities and they are all involved in decision making. ✓✓
- Any other relevant answer related to the characteristics of a partnership

Max(6)

### 3.3 3.3.1 Form of ownership from the scenario

Non-profit company ✓✓

Max (2)

### 3.3.2 Advantages of a non-profit company

- The company has an independent legal personality, ✓ but directors will be liable for any loss, damage or costs sustained by the company if acting in the name of the company. ✓
- The assets of the company are in the name of the organisation, ✓ not in its members. ✓
- Non-profit companies continue to exist ✓ even if the membership changes. ✓
- The assets and liabilities (debts) of the organisation are held separately ✓ from those of its members. ✓
- May make a profit ✓ but may not share any of the profits with its members. ✓
- Profits can only be used ✓ to conduct the work of the organisation. ✓
- All of a non-profit company's assets and income must be used ✓ to advance its stated objects, as set out in its MOI. ✓
- The members exercise power in general meetings in the sense that they can
- appoint or remove directors, ✓ amend the MOI of the company, and dispose of the NPO's assets. ✓
- Non-profit companies must prepare the financial statements at the end of the
- year ✓ and are not compelled to audit the financial statements. ✓
- Non-profit companies are not compelled ✓ to attend the general annual

- meeting (AGM). ✓

Max (6)

**3.4 Procedure for the formation of companies.**

- Minimum number of people establishing a company. ✓✓
- Reservation a company name with the registrar of companies, CIPC COR9.4 with fee payment. ✓✓
- Prepare Memorandum of incorporation indicating the rights, duties and responsibilities of shareholders/Nature of company/Securities/Meetings/Directors. ✓✓
- File a Notice of Incorporation to commence a business/trade of raise finance. ✓✓
- The company needs to open a bank account and register with South African Revenue Services. ✓✓
- Register for unemployment insurance fund (UIF) with the department of labour. ✓✓
- Register with the commissioner for Compensation for Occupational Injuries and Deases Act (COIDA) for protection of injuries at work. ✓✓
- Draw up a prospectus to inform investors about company and shares to offer. ✓✓
- Any other relevant answer related to the procedure for the formation of companies.

Max (6)

**QUESTION 4: MISCELLANEOUS TOPICS  
BUSINESS ENVIRONMENTS**

**4.1 Examples of contemporary legislation**

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

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

Max (4)

**4.2 Solutions to piracy from the scenario**

SOLUTIONS TO PIRACY	MOTIVATIONS
1. Copyright ✓✓	TAC obtained an exclusive legal right assigned to their business to print and publish their artistic work. ✓
2. Patent ✓✓	They were also given the right to prohibit other people from making or using their invention. ✓
Submax (4)	Submax (2)

**4.3 Aspects that must be included in the prospectus.**

- Company overview, including the vision, mission and goals of a business ✓
- Product or service portfolio ✓
- Market analysis and strategy ✓
- Management team ✓
- The risk and potential of the business ✓
- Available financial and share information ✓
- Company's assets and liabilities ✓
- Financial position and securities attached ✓
- Profits and losses with audited financial statements ✓
- Cash flow ✓
- Prospects for growth ✓
- Pre-incorporation contracts that have been signed ✓
- Date of registration of the prospectus ✓
- The minimum subscription ✓
- Any other relevant answer related to aspects that must be included in the prospectus.

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

**Max (4)**

**4.4 Legal requirements of the name of the company**

- The name of a company must be original and must not be misleading. ✓✓
- A company's name must appear on all company documents e.g. on letterheads. ✓✓
- Reserving a name for a company is the first step to register a company, but it is not compulsory. ✓✓
- Names can be reserved for a period of 6 months by the CIPC. ✓✓
- The name must not be similar/same as any other company unless it is part of the group. ✓✓
- The name must not imply/suggest/mislead a person to believe that the company is part of another person/business/the state. ✓✓
- The name must not be offensive/promote violence/hatred and cause any harm. ✓✓
- The name must not be shortened and translated. ✓✓
- The name of a company must indicate the type of company as follows:  
The name of a company must end with NPC/Ltd/(Pty)Ltd/PLC/SOC. ✓✓
- Any other relevant answer related to the legal requirements of the name of the company.

**Max (6)**

## SECTION C

### QUESTION 5: BUSINESS ENVIRONMENTS

#### 5.1 Introduction

- Businesses should network and have a coordinated activity with people who have similar objectives and exchange information and ideas. ✓
- Lobbying allows for individuals, businesses and organisations to use their influence to change government policy. ✓
- Necessary measures need to be put in place by businesses to assist in minimising the effects of these challenges. ✓
- Businesses should devise ways in which they can have a direct influence on the environments. ✓
- Any other relevant introduction related to the advantages of networking/ types of lobbying/ways in which businesses can adapt to challenges of the business environments/projects that can be undertaken by businesses as part of social responsibility.

(Any 2 x 1) (2)

#### 5.2 Advantages of networking

- Businesses can attract new customers resulting in increased market share and profitability. ✓✓
- Networking can be an excellent source of new perspectives and business ideas. ✓✓
- Allows managers to build new business relationships and generate new business opportunities. ✓✓
- Plays a role in the marketing and expansion of a business. ✓✓
- Assists businesses in making future business decisions. ✓✓
- Businesses can gain support when representation to various authorities is planned. ✓✓

Max (8)

#### 5.3 Types of lobbying

##### Hedging against inflation

- Businesses use hedging to protect their financial investments by spreading the risk.
- Businesses invest surplus fund so that its value grows at a faster rate than inflation.
- They can hedge against inflation by investing their surplus assets/money in investments with intrinsic value e.g. gold/oil/property etc.
- The business use hedging by buying bonds, shares, property or precious metals like gold to protect capital from the effects of inflation.
- It is a method that businesses try to reduce the risk when unsure about possible price fluctuations.

Submax (6)

##### Bargaining sessions between management and unions

- These sessions enable employees to negotiate with employers as a group to protect employees' rights.
- Bargaining sessions prevent labour strikes and provide critical information to people in power
- Businesses make sure that their representatives are trained/skilled to negotiate own their behalf.
- The purpose of bargaining sessions is to find a win-win situation for all parties.

- Management will try to convince the union to accept its proposal and the union will try to persuade management to accept their demands.
- The outcome of a successful bargaining session can protect the business from the negative impact of strikes caused by low productivity.
- Businesses need to be fair/transparent to establish trust and good communication with unions.

Submax (6)  
Max (12)

## 5.4 Ways in which businesses can adapt to challenges of the business environments.

### 5.4.1 Information management √√

- Information must be found/recorded/stored/easily retrieved √ and effectively used. √
- Businesses need to implement an effective information management system √ which is accessible and useful to all staff. √
- Information must be managed efficiently, and a system must be put in place √ so that the relevant staff can easily access it. √
- Any other relevant answer related to information management as a method to adapt to challenges of the business environments.

Way (2)  
Discussion (4)  
Submax (6)

### 5.4.2 Strategic responses √√

- Management needs to design strategic responses to various challenges √ by analysing all information, identifying stakeholders involved. √
- Get a clear picture √ of each stakeholder's viewpoints and requirements. √
- Businesses should have a strategic plan √ to respond to changes in the business environment. √
- Any other relevant answer related to strategic responses as a method to adapt to challenges of the business environments.

Way (2)  
Discussion (4)  
Submax (6)

### 5.4.3 Mergers, takeovers, acquisitions and alliances √√

- Businesses can acquire the shares √ of another company. √
- Businesses can choose to purchase/merge with another business √ to have a larger market share. √
- They can undertake a new venture with another company, √ which can be a safer way than expanding the existing business. √
- Any other relevant answer related to mergers, takeovers, acquisitions and alliances as a method to adapt to challenges of the business environments.

Way (2)  
Discussion (4)  
Submax (6)

### 5.4.4 Organisation design and flexibility √√

- Businesses need to be flexible in their organisational design and strategies √ so that they can compete in a changing market. √



- Organisation design is a process to integrate people/information/ technology of an organisation√ so that improves the profitability of the business. √
- Any other relevant answer related to organisational design and flexibility as a method to adapt to challenges of the business environments.

Way (2)  
Discussion (4)  
Submax (6)

#### 5.4.5 Direct influence of the environment and social responsibility √√

Businesses need to be flexible by getting involved in research and development √ so that if resources run out or if environmental legislation changes the business can adapt and continue to operate. √

Social responsibility refers to the obligations a business has √ to protect and improve the interests of all its stakeholders. √

Through social responsibility a business can influence its business environments √ and address challenges linked to socio-economic issues in its social environment. √

Businesses must be more aware and involved in social responsibility projects and programmes√ that can benefit the community. √

Take part in projects that uplift the community √ in which the business operates.

√Businesses use CSI projects √ as a marketing tool for their business. √

Any other relevant answer related to direct influence of the environment and social responsibility as a method to adapt to challenges of the business environments.

Way (2)  
Discussion (4)  
Submax (6)

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

**Max. (16)**

### 5.5 Ways in which a business can have a direct influence on the environment

- Businesses need to be flexible by getting involved in research/ development so that they can continue to operate. √√
- Influencing their suppliers by signing long term contracts for their raw materials at fixed prices. √√
- Influencing their customer base by creating new uses for a product, taking customers away from competitors, finding new customers and convincing them they need the new product. √√
- Influencing regulators through lobbying and bargaining and can influence their owners using information contained in annual reports. √√
- Initiating bargaining sessions between management and unions. √√
- Influencing their owners using information contained in annual reports. √√
- Negotiate strategic alliance agreement through contractual processes. √√
- Any other relevant answer related to ways in which businesses can have a direct influence on the environment.

**Max. (10)**

## 5.6 Conclusion

- Management can use networking to reach as many people as possible and make every connection count. √√
- Businesses should try to influence legislation or the government decision-making processes to remain profitable. √√
- Adapting to challenges of the business environment can be achieved by businesses if management stay abreast with the latest developments. √√
- Social responsibility projects undertaken by businesses can be used as a marketing strategy to promote their products. √√
- Any other relevant conclusion related to the advantages of networking/ types of lobbying/ways in which businesses can adapt to challenges of the business environments/projects that can be undertaken by businesses as part of social responsibility.

(Any 1 x 2)(2)

<b>Breakdown of mark allocation</b>		
<b>DETAILS</b>	<b>MAXIMUM</b>	<b>TOTAL</b>
Introduction	2	32max
Advantages of networking	8	
Types of lobbying	12	
Ways in which businesses can adapt to challenges of the business environments.	16	
Ways in which a business can have a direct influence on the environment	10	
Conclusion	2	
<b>INSIGHT</b>		
Layout	2	8
Analysis	2	
Synthesis	2	
Originality	2	
<b>TOTAL MARKS</b>		<b>40</b>

## QUESTION 6: BUSINESS VENTURES

### 6.1 Introduction

- Business should consider sole trader as a form of business ownership where an individual is responsible for setting up and running a business. ✓
- Personal liability company is mainly suitable for businesses such as lawyers, engineers, and accountants. ✓
- Both public and private companies are legal persons who have the capacity and powers to act on its own. ✓
- Businesses should carefully decide when establishing a company because setting up a company is an expensive and complicated procedure with many legal requirements to follow. ✓

(Any 2 x 1) (2)

### 6.2 Characteristics of a sole trader

- One person can form a sole trader and is easy to start. ✓✓
- It is inexpensive to start, and the owner does not have to pay tax. ✓✓
- There are no legal and administrative formalities in the formation of a sole trader. ✓✓
- The profit of the business belongs to the owner as there is no distinction between the owner and the business. ✓✓
- A sole proprietor is not a legal entity and agreements are entered into by the owner in his/her personal capacity. ✓✓
- Business has unlimited liability and the private possessions of the owner can be used to pay the debts of the business. ✓✓
- Any other relevant answer related the characteristics of a Sole trader.

Max (8)

### 6.3 Advantages of a personal liability company

- Personal liability companies are subject to fewer disclosure ✓ and transparency requirements. ✓
- The board of a personal liability company must include at least one director, ✓ or any other minimum number as stipulated in its MOI. ✓
- The life span of a personal liability company ✓ is continuous. ✓
- Directors of a personal liability company are not compelled ✓ to attend the Annual General Meeting (AGM). ✓
- Audited financial statements are optional; ✓ otherwise, the financial statements need to be independently reviewed unless exempt by regulation. ✓
- A personal liability company does not have to lodge ✓ its annual financial statements with the Commission. ✓
- Shareholders of a personal liability company have a right of pre-emption ✓ in respect of the issue of new securities unless the MOI provides otherwise. ✓
- The Act imposes personal liability on directors ✓ who are knowingly part of reckless or fraudulent business. ✓
- Any other relevant answer related to advantages of a personal liability company.

Max (12)

### 6.4 Difference between private and public company

PRIVATE COMPANY	PUBLIC COMPANY
<ul style="list-style-type: none"> <li>- May not offer shares to the general public. ✓</li> <li>- Shares are not freely transferable. ✓</li> <li>- Minimum of one director. ✓</li> <li>- Name must end with Proprietary Limited/(Pty) Ltd. ✓</li> <li>- Annual financial statements need not be audited and published. ✓</li> <li>- Does not need to publish a prospectus as it cannot trade its shares publicly. ✓</li> <li>- The company is not required to raise the minimum subscription/issue minimum shares. ✓</li> <li>- Any other relevant answer related to the private company</li> </ul>	<ul style="list-style-type: none"> <li>- Trades its shares publicly on the Johannesburg Securities Exchange. ✓</li> <li>- Shares are freely transferable. ✓</li> <li>- Minimum of three directors. ✓</li> <li>- Name must end with Limited/Ltd. ✓</li> <li>- Annual financial statements need to be audited and published. ✓</li> <li>- Have to register and publish a prospectus with the Companies and Intellectual Property Commission/CIPC. ✓</li> <li>- Must raise a minimum subscription prior to commencement of the company. ✓</li> <li>- Any other relevant answer related to the public company.</li> </ul>
Submax (8)	Submax (8)

**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 EIGHT (8) marks if differences are not clear/  
Mark either private or public company only.

**Max (16)**

**6.5 Challenges of establishing a company versus other forms of ownership**

- The owners of the company have more liability. Directors might not have a personal stake in the company. ✓✓
- If directors change, there might be a difference in the continuity of management. ✓✓
- Directors may not have a personal interest in the business, and this could prevent the business from gaining help to maximise growth and profits. ✓✓
- There may be a conflict between the owners of the company and the management in control. ✓✓
- Politics can get in the way and directors are appointed for the wrong reasons. ✓✓
- A company may cease to exist if it is deregistered by CIPC. ✓✓
- Directors who do not have a personal interest in the business might not attract investors. ✓✓
- The limited liability aspect of the company generates more paperwork in the registration process. ✓✓
- When directors change, there could be a lack of continuity in management. ✓✓
- Companies have more taxation requirements. ✓✓
- The more shares there are the less profit per share. ✓✓
- A company must submit a detailed report to all stakeholders at the end of each financial year. ✓✓

- A large amount of money is spent on financial audits and accounting fees because of government regulations. ✓✓
- Companies must disclose all financial information and this could provide their competitors with an unfair advantage. ✓✓
- State-owned companies often deliver non-profitable services that leads to the government losing money through the business. ✓✓

Max (10)

6.6

Conclusion

- The success or failure of a business operation can be influenced by their chosen form of ownership. ✓✓
- There are various challenges of establishing a company than starting another type of a business. ✓✓

(Any 1 x 2)(2)

Breakdown of mark allocation		
DETAILS	MAXIMUM	TOTAL
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Characteristics of a sole trader.	8	
Advantages of a personal liability company.	12	
Difference between private and public company	16	
Challenges of establishing a company versus other forms of ownership	10	
Conclusion	2	
<b>INSIGHT</b>		
Layout	2	8
Analysis	2	
Synthesis	2	
Originality	2	
<b>TOTAL MARKS</b>		<b>40</b>

