



**KWAZULU-NATAL PROVINCE**

**EDUCATION**  
REPUBLIC OF SOUTH AFRICA

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 11**

**BUSINESS STUDIES**  
**PROVINCIAL STANDARDISED ASSESSMENT**  
**MARCH 2026 TEST**

**MARKS : 100**

**TIME : 1½ Hours**

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

## INSTRUCTIONS AND INFORMATION

Read the following instructions carefully before answering the questions.

- This question paper consists of THREE sections

**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 ONE of the TWO questions in this section.

- Read the instructions for each question carefully and take particular note of what is required.
- Number the answers correctly according to the numbering system used in this question paper. No marks will be awarded for answers that are numbered incorrectly. Stanmorephysics.com
- Except where other instructions are given, answers must be in full sentences.
- Use the mark allocation and nature of each question to determine the length and depth of an answer.
- Use the table below as a guide for mark and time allocation when answering each question.

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

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

**SECTION A (COMPULSORY)**

**QUESTION 1**

**1.1 Various options are provided as possible answers to the following questions. Write down the question number (1.1.1–1.1.5) and the correct letter next to it ONLY. Example: 1.1.6 A**

1.1.1 The internal environment consists of the ... environment of the business.

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



1.1.2 Organisations that are established to protect the interests and rights of employees in the workplace are known as...

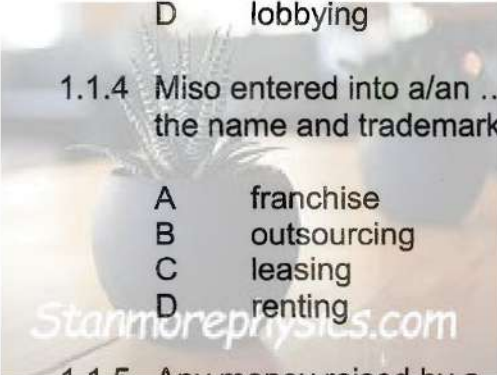
- A workplace forums
- B regulators
- C unions
- D intermediaries

1.1.3 An organised process where individuals, business and organisations use their influence to change government policy refers to...

- A networking
- B power relationships
- C strategic alliance
- D lobbying

1.1.4 Miso entered into a/an ... agreement, when he obtained the right to use the name and trademark of McDonald's.

- A franchise
- B outsourcing
- C leasing
- D renting



1.1.5 Any money raised by a ... company needs to be used by the company to cover its expenses.

- A state-owned
- B non-profit
- 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.

corruption; outsourcing ; go-slow ; notice of incorporation;  
services; leasing ; ethical conduct ; lockout; prospectus;  
construction

- 1.2.1 An act of dishonesty such as bribery, theft, collusion, and kickbacks is known as....
- 1.2.2 A form of industrial action where employers refuse workers' entry to the business premises.
- 1.2.3 The tertiary sector refers to industries that offer....
- 1.2.4 A/An ... is a written invitation to the public to buy shares.
- 1.2.5 Thulani Traders made use of ... when they used the services of Zonke Accountants to do their financial statements.

(5x2) (10)

**TOTAL SECTION A: [20]**

**SECTION B**

Answer ANY TWO questions in 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, for example QUESTION 2 on a NEW page, QUESTION 3 on a NEW page, et cetera.

**QUESTION 2: BUSINESS ENVIRONMENTS**

- 2.1 Name any THREE examples of contemporary socio - economic issues that pose challenges to businesses. Stanmorephysics.com (3)
- 2.2 Read the scenario below and answer the questions that follow.

**TECHSTYLE CLOTHING (TC)**

TechStyle Clothing is a growing fashion brand that designs trendy clothing and accessories. Rose Clothing copied TC's original digital designs. This hampered TC's sales.

- 2.2.1 Identify ONE solution to piracy from the scenario above. Motivate your answer by quoting from the scenario. (3)

Use the TABLE below as a GUIDE to answer QUESTION 2.2.1.

SOLUTION TO PIRACY	MOTIVATION

- 2.2.2 Discuss any other solutions to piracy. (6)
- 2.3 Explain the advantages of networking. (4)
- 2.4 Advise businesses on the projects that can be undertaken by businesses as part of social responsibility. (4)

**[20]**

**QUESTION 3: BUSINESS VENTURES**

- 3.1 State any FOUR aspects that must be included in the prospectus. (4)
- 3.2 Read the scenario below and answer the questions that follow.

**BEDFIN MANUFACTURERS (BM)**

Bedfin Manufacturers specializes in the production of quality beddings. BM is considering leasing two production machines from Tomlin Suppliers. The contract with Tomlin Suppliers stipulated that the lessor will conduct regular maintenance on these machines. BM also noted that no added tax advantages would be derived from leasing expenses. These machines could also be returned to the lessor when it no longer was needed by BM.

- 3.2.1 Quote TWO advantages of Leasing from the scenario above. (2)
- 3.2.2 Explain other advantages of Leasing to BM. (4)
- 3.3 Discuss the disadvantages of a Public Company. (6)
- 3.4 Advise entrepreneurs on the contractual obligations of Franchising. (4)

**[20]**

**QUESTION 4: MISCELLANEOUS TOPICS** ✓

**BUSINESS ENVIRONMENTS**

- 4.1 State TWO components of macro environment. (2)
- 4.2 Read the scenario below and answer the questions that follow.

**GREENFIELD FARM (GF)**

Greenfield Farm focuses on farming activities such as growing vegetables and raising livestock. It supplies fresh produce to local markets and factories. Fresh Foods buys raw vegetables and meat from Greenfield Farm and processes them into packaged food products such as canned vegetables and frozen meals.

- 4.2.1 Name TWO business sectors in which Greenfield Farm and Fresh Foods operates. Stanmorephysics.com (2)
- 4.2.2 Explain the relationship/link between the business sectors. (6)

**BUSINESS VENTURES**

- 4.3 Name any TWO legal requirements of a company. (2)
- 4.4 Differentiate between a Private and Public Company. (4)
- 4.5 Suggest to entrepreneurs the disadvantages of Outsourcing. (4)

**TOTAL SECTION B: [20]  
[40]**

**SECTION C**

**Answer ONE question in this section.**

**NOTE:** Clearly indicate the QUESTION NUMBER of the chosen question.  
The answer to EACH question must start on a NEW page, for example QUESTION 5 on a NEW page, QUESTION 6 on a NEW page, etcetera.

**QUESTION 5: BUSINESS ENVIRONMENTS (INFLUENCES AND CHALLENGES OF BUSINESS ENVIRONMENTS)**

Businesses operations are influenced by the three business environments. Businesses easily control the micro environment, have less control in the market environment and no control in the macro environment. The macro environment and the market environment pose a lot of challenges that have an impact on businesses. Businesses must devise strategies to overcome competition. Stanmorephysics.com

Write an essay on influence and challenges of business environments, in which you take the following into account.

- Outline reasons why businesses have more control over the micro environment and no control over the macro environment.
- Explain challenges of the macro environment.
- Discuss FOUR challenges of the market environment.
- Recommend ways in which businesses can overcome competition in the market

[40]

**QUESTION 6: BUSINESS VENTURES (BENEFITS OF A COMPANY OVER OTHER FORMS OF OWNERSHIP)**

Entrepreneurs should understand the characteristics of a Sole trader before choosing it has a form of ownership. When deciding to invest in a state-owned company, it is important for entrepreneurs to also consider the disadvantages of this form of ownership. Entrepreneurs should take into consideration the benefits of establishing a company versus other forms of ownership, especially legal status and liability and ownership and management. Understanding the procedure for the formation of a company is key to allowing the process to run smoothly.

Write an essay on benefits of a company over other forms of ownership, in which you take the following into account.

- Outline the characteristics of a Sole trader.
- Explain the disadvantages of a State-owned Company.
- Discuss the following benefits of establishing a company versus other forms of ownership:
  - Legal status and liability
  - Ownership and management
- Advise entrepreneurs on the procedure for the formation of companies.

[40]

**TOTAL SECTION C: [40]**

**TOTAL MARKS: [100]**

# FINAL



**KWAZULU-NATAL PROVINCE**  
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## NATIONAL SENIOR CERTIFICATE

GRADE 11

**BUSINESS STUDIES**  
**PROVINCIAL STANDARDISED ASSESSMENT**  
**MARCH 2026 TEST**  
**MARKING GUIDELINES**

**MARKS : 100**

**TIME : 1½ Hours**

**These marking guidelines consist of 25 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:

Marker:	Red
Senior Marker:	Green
Deputy Chief Marker:	Brown
Chief Marker:	Pink
Internal Moderator:	Orange
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.
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 a '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, 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.

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

14. **SECTION B**

14.1 If for example, FIVE facts are required, mark the candidate's FIRST FIVE responses and ignore the rest of the responses. Indicate by drawing a line across the unmarked portion or use the word 'Cancel'.

**NOTE:** This 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: 32</b>
Content	
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?  <b>Option 1 :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  <b>Option 2 : Some relevant facts: 1 mark (One '-S')</b> Where a candidate answers less than 50% (only one sub-questions) of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum ONE (1) mark for synthesis.  <b>Option 3 : Some relevant facts: 1 mark (One '-S')</b> Where a candidate writes FOUR sub-questions, but one/two/three sub-question with irrelevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis.  <b>Option 4 :No relevant facts : 0 marks ( Two '-S')</b> Where a candidate answers less than 50% (only one sub-question) of the question with no Relevant facts; two '-S' appear in the left margin Award a ZERO mark for synthesis	
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/markings 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	<b>32 (max.)</b>
L	<b>2</b>
A	<b>2</b>
S	<b>2</b>
O	<b>2</b>
<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.

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.

15.10.1 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.

15.9 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**



**(5 x 2) (10)**



**1.2**

- 1.2.1 corruption ✓✓
- 1.2.2 lockout ✓✓
- 1.2.3 services ✓✓
- 1.2.4 prospectus ✓✓
- 1.2.5 outsourcing ✓✓

**(5 x 2) (10)**

**TOTAL SECTION A: [20]**

**BREAKDOWN OF MARKS**

QUESTION 1	MARKS
1.1	10
1.2	10
<b>TOTAL</b>	<b>20</b>

**SECTION B**

Mark **ONLY** the **FIRST TWO** questions answered in this Section.

**QUESTION 2: BUSINESS ENVIRONMENTS**

**2.1 Examples of contemporary socio-economic issues**

- low income levels ✓
- piracy ✓
- inflation ✓
- social, cultural and demographic issues ✓
- economic crime ✓
- population growth ✓
- illiteracy ✓
- lack of skills ✓
- unavailability of natural resources ✓
- inefficiency in the use of resources ✓
- exhaustion of natural resources ✓
- dumping ✓
- strikes ✓



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

**Max (3)**

**2.2.1**

<b>SOLUTIONS TO PIRACY</b>	<b>MOTIVATION</b>
Copyright ✓✓	Rose Clothing copied TC's original digital designs. ✓

**Max (3)**

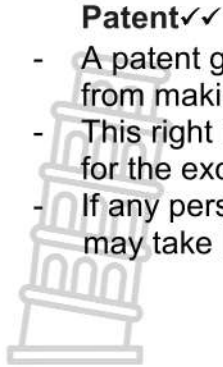
**NOTE: Do not award marks for motivation, if identification is incorrect. Award mark for the identification even if the motivation /quote is incomplete.**

**2.2.2 Solutions to piracy**

**Trademark ✓✓**

- Trademark refers to a sign, character or word that is protected by law to represent a product or company. ✓
- These are used by businesses so that their products or the business itself is easily identifiable. ✓
- Trademarks that are registered are protected forever, on condition that they are renewed every ten years by paying a renewal fee. ✓
- Damages may be claimed from individuals who make use of the trademark illegally. ✓
- Any other relevant answer related to trademark.

**Heading (2)**  
**Explanation (1)**  
**Sub max (3)**



**Patent** ✓✓

- A patent gives the creator of the product the right to prohibit other people from making or using their invention. ✓
- This right is granted by government for a limited period of up to twenty years for the exclusive right to an invention. ✓
- If any person or business uses the invention without permission, the creator may take legal action against them. ✓

**Heading (2)**  
**Explanation (1)**  
**Sub max (3)**  
**Max (6)**

**2.3 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. ✓
- Any other relevant answer related to advantages of networking.



**Max (4)**

**2.4 Projects that can be undertaken by businesses as part of social responsibility**

- Businesses must allow employees to get involved in social development programmes. ✓✓
- Businesses must protect the environment and participate in community upliftment programmes. ✓✓
- Engage in environmentally friendly campaigns such as recycling or re-using scarce resources. ✓✓
- Businesses must support less fortunate people, by providing donations to charity organisations. ✓✓
- They can also engage in economic development and provide education on HIV/AIDS awareness programmes. ✓✓
- Any other relevant answer related to projects that can be undertaken by businesses as part of social responsibility

**Max (4)**

**[20]**

**BREAKDOWN OF MARKS**

QUESTION 2	MARKS
2.1.	3
2.2.1	3
2.2.2	6
2.3	4
2.4	4
<b>TOTAL</b>	<b>20</b>

**QUESTION 3: BUSINESS VENTURES**

**3.1 Aspects that must be included in the prospectus**



- Name of the company ✓
- Company overview, including the vision, mission, and goals of a business ✓
- Product or service portfolio ✓
- Market analysis and strategy ✓
- Management team ✓
- The risks and potential of the business ✓
- Available financial and share information ✓
- Company's assets and liabilities ✓
- Financial position ✓
- Profits and losses ✓
- Cash flow ✓
- Prospects for growth ✓
- Pre-incorporation contracts that have to be signed ✓
- Date of registration of prospectus ✓
- The minimum subscription ✓
- Purpose of the offer ✓
- Share capital ✓
- Shares issued ✓
- Property owned ✓
- Preliminary expenses ✓

**Note:** Mark the first FOUR only.

**Max (4)**

**3.2.1 Advantages of leasing from the scenario:**

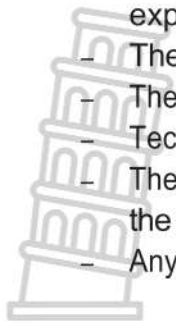
- The contract with Tomlin Suppliers stipulated that the lessor will conduct regular maintenance on these machines. ✓
- These machines could also be returned to the lessor when it no longer was needed by BM. ✓

**Max (2)**

**Note:** 1. Mark the first TWO only.  
 2. Do not award marks if answers are not quoted from the scenario.

**3.2.2 Other advantages of Leasing**

- There is no large financial outlay ✓ as the cost is spread over a number of months or years. ✓
- The lessor normally covers the maintenance or replaces ✓ any damaged parts or equipment. ✓
- There are tax advantages ✓, as rental payments are calculated as operating costs and therefore tax-deductible. ✓
- It makes budgeting, planning and administration practices easier ✓ and provides better control over cash flow. ✓
- It is easy to lease a better or newer version of the product ✓ without the capital outlay. ✓
- Leasing costs ✓ are tax-deductible. ✓



- It is easier to find finance for a lease agreement ✓ than for the purchasing of an expensive asset. ✓
- The asset is used only until it is no longer needed ✓ or until the end of the lease term. ✓
- The lessor ✓ is usually an expert in the field. ✓
- Technicians are always on standby ✓ to offer advice and training. ✓
- The reputation of the company that leases the asset is at stake ✓, so it will make sure that the lessee receives the best after-sales service. ✓
- Any other relevant answer related to advantages of leasing.

**Max (4)**

**Note: Do not award marks for responses quoted from the scenario.**

**3.3 Disadvantages of a Public Company**

- Tax is paid on the taxable income of the company ✓, and companies pay secondary tax on dividends distributed to shareholders. ✓
- Must disclose ✓ all financial information. ✓
- Complicated process ✓ to incorporate a public company. ✓
- Must appoint an auditor, audit committee ✓, and a company secretary. ✓
- A large amount of funds ✓ are spent on financial audits. ✓
- Stocks ✓ have to be traded publicly. ✓
- A full report must be submitted ✓ to the major shareholders each year. ✓
- Difficult and expensive to establish ✓ as the company is subjected to many legal requirements. ✓
- The more shareholders ✓, the less profit acquired. ✓
- Shareholders may be allowed little or no input ✓ into the affairs of the company. ✓
- Due to legislation, decisions take longer ✓ and there may be disagreements. ✓
- Financial affairs must be known publicly ✓, this information could be used to competitors' advantage. ✓
- Any other relevant answer related to disadvantages of a Public Company.

**Max (6)**

**3.4 Contractual obligations of Franchising**

- Policies that govern the product and services. ✓✓
- Royalties and the dates of payment. ✓✓
- The form of ownership that the franchise will use. ✓✓
- Operation specifications like marketing strategy and pricing. ✓✓
- A termination clause that details the circumstances under which the parties may end the legal relationship. ✓✓
- Any other relevant answer related to contractual obligations of Franchising.

**Max (4)**

**[20]**

**BREAKDOWN OF MARK ALLOCATION**

3.1	4
3.2.1	2
3.2.2	4
3.3	6
3.4	4
<b>TOTAL</b>	<b>20</b>

**QUESTION 4: MISCELLANEOUS**

**BUSINESS ENVIRONMENTS**

**4.1 Components of macro environment**

- Social /Cultural/Demographic ✓
- Legal / Political ✓
- Economic ✓
- Technological ✓
- Physical / Natural ✓
- Global/international environments ✓

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

**Max (2)**

**4.2.1 Quotation**

- Primary sector ✓
- Secondary sector ✓

**Max (2)**

**4.2.2 The relationship / link between the business sectors.**

- The primary sector depends on the secondary sector for manufactured goods ✓ such as machinery/equipment/ fertilisers, e.g. a farmer may require seeds from another farm. ✓
- The primary sector is dependent on the tertiary sector ✓ for the customer needs. ✓
- The secondary sector processes the raw materials ✓ obtained from the primary sector into more useful products. ✓
- The secondary sector depends on the primary sector ✓ for raw materials and products. ✓
- The secondary sector depends on other secondary/ industries ✓ e.g. BMW needs tyre from DUNLOP another secondary sector player. ✓
- Secondary sector needs the tertiary sector ✓ to sell their processed or manufactured goods and for services such as banks, insurance, transport and communication. ✓
- The tertiary sector depends on the primary sector ✓ for raw materials that do not need processing by the secondary sector. ✓
- The tertiary sector depends on the secondary sector ✓ for manufactured goods such as office machines/ office furniture / stationery etc. ✓

**Max (6)**

**BUSINESS VENTURES**

**4.3 Legal requirements of a company**

- If a name is reserved at the CIPC, it cannot be used by another company. ✓
- Names can be reserved by a business for six months. ✓
- The name of a company is subject to approval by CIPC. ✓
- The name of a company must be original and may not be misleading. ✓
- A company's name must appear on all company documents. ✓

- The name of a company must show the type of company, that is:
  - o the name of the non-profit company must end with NPC. ✓
  - o the name of a personal liability company must end with Incorporated or Inc. ✓
  - o the name of a private company must end with Proprietary Limited or Pty Ltd. ✓
  - o the name of a public company must end with Limited or Ltd. ✓
  - o the name of a state-owned company must end with SOC Ltd. ✓
- The name of the company must not be offensive, promote violence or hatred and cause any harm. ✓
- The name must not be shortened and translated. ✓
- A company is not allowed to use a misleading name. ✓

**Note: Mark the first TWO only.**

**Max (2)**

**4.4 Difference between Private and Public Company**

<b>Private company</b>	<b>Public company</b>
- The name must end with ✓ Proprietary Limited/ Pty Ltd ✓	- The name must end with ✓ Limited/Ltd ✓
- May not offer ✓ shares to the general public ✓	- Trades its shares publicly ✓ on the Johannesburg Securities Exchange ✓
- Shares are not ✓ freely transferable ✓	- Shares are freely ✓ transferable ✓
- Minimum ✓ of one director ✓	- Minimum ✓ of three directors ✓
- Annual financial statements ✓ need not be audited and published ✓	- Annual financial statements ✓ need to be audited and published ✓
- Does not need to publish a prospectus ✓ as it cannot trade its shares publicly ✓	- Must register and publish a prospectus ✓ with the Companies and Intellectual Property Commission/CIPC ✓
- The company does not have to raise ✓ the minimum subscription or issue minimum shares ✓	- Must raise a minimum subscription ✓ prior to commencement of the company ✓
- Any other relevant answer related to private company.	- Any other relevant answer related to public company.
<b>Sub max (2)</b>	<b>Sub max (2)</b>

**Max (4)**

- Note:**
1. **Answers do not have to be in tabular format.**
  2. **The differences do not have to link but must be clear.**
  3. **Award a maximum of 2 marks if the differences are not clear.**
- Mark either private company or public company only.**

**4.5 Disadvantages of Outsourcing**

- The loss of management control over the task may affect the staff and can lead to frustration. ✓✓
- There may be a lack of personal care and quality as the business is not personally involved in the execution of the function. ✓✓
- There are often hidden costs in outsourcing. ✓✓
- The business relies on the outsourced company to produce the goods and services and non-delivery by a supplier can lead to the loss of unsatisfied staff or customers, financial loss and frustration. ✓✓
- Confidential issues could be at risk if the information is given to another company that performs the function that is outsourced. ✓✓
- Control of the outsourced products can be more complex. ✓✓
- The outsourcing company will dictate the terms of the contract, which could put you at a disadvantage – if you are in desperate need – when negotiations start. ✓✓
- It could be risky to share information about payroll, medical records, or any other confidential information with the outsourcing company. ✓✓
- An outsourcing company could go bankrupt, and this can seriously affect the business. ✓✓
- If only part of the business operations are outsourced, current staff might feel threatened and staff morale may suffer. ✓✓
- Any other relevant answer related to disadvantages of Outsourcing.

**Max (4)**

**[20]**

**BREAKDOWN OF MARK ALLOCATION**

<b>4.1</b>	<b>2</b>
<b>4.2.1</b>	<b>2</b>
<b>4.2.2</b>	<b>6</b>
<b>4.3</b>	<b>2</b>
<b>4.4</b>	<b>4</b>
<b>4.5</b>	<b>4</b>
<b>TOTAL</b>	<b>20</b>

**SECTION C**

**QUESTION 5: BUSINESS ENVIRONMENTS**

**5.1 Introduction**

- Businesses have more control over micro environment because it consist of internal factors that they can manage directly. ✓
- Businesses are affected by challenges in the macro environment which must be dealt with to adapt, and succeed in a dynamic environment. ✓
- The challenges of the macro and market environment have a negative impact on businesses. ✓
- Business must find ways in which they can overcome competition in the market. ✓
- Any other relevant introduction related to reasons why businesses have full control over the micro-environment and macro environment/challenges in the macro and market environment/ways in which businesses can overcome competition in the market.

**Any (2x1)(2)**

**5.2.1 Reasons why businesses have full control over the micro-environment**

- Micro environment consists of internal factors/ affairs that businesses have full control over. ✓✓
- A business determines its own mission, organizational structure and resources. ✓✓
- It's an internal environment that exist and controlled within the business. ✓✓
- Any other relevant answer related to reasons why businesses have full control over the micro-environment.

**Sub max (4)**

**5.2.2 Reasons why businesses have no control over the macro environment.**

- The macro environment refers to the external and uncontrollable factors that influence the business operations. ✓✓
- The components of macro environment are extensive and completely out of business control. ✓✓
- Business cannot change / influence the macro environments conditions such as political, demographics and social factors. ✓✓
- Any other relevant answer related to reasons why businesses have no control over the macro environment.

**Sub max (4)**

**Max (8)**

**5.3 Challenges of macro environment**

**5.3.1 Changes in income levels ✓✓**

- The number of goods/services that consumers can purchase ✓ is determined by their net incomes. ✓
- Net income is the gross income minus all deductions. ✓ When consumers' net income decreases, they are only able to buy goods and services that are necessary, and so the profitability and productivity of the business will decrease. ✓
- Unemployment, high interest rates, high inflation rates, or an increase in taxes, ✓ leave consumers with less money to spend on goods and services. ✓

- Reduced spending ✓ will lower profits for businesses. ✓
- Any other relevant answer related to changes in income levels.

**Challenge(2)**  
**Explanation(2)**  
**Submax. (4)**

**5.3.2 Political changes ✓✓**

- The government decides ✓ its own objectives and ideologies. ✓
- With a change in government, ✓ businesses have to adapt to new laws and policies. ✓
- A change in government can result in political instability ✓ which can scare away possible investors and tourists, and in turn threaten the survival of a business. ✓
- In some countries, there is a high level of political instability and civil war, ✓ which makes it very difficult for businesses to operate there efficiently and profitably. ✓
- Any other relevant answer related to political changes.

**Challenge(2)**  
**Explanation(2)**  
**Submax. (4)**

**5.3.3 Contemporary legal legislation ✓✓** *stanmorephysics.com*

- The government has passed laws ✓ to check the activities and operations of businesses. ✓
- Businesses that fail to obey these laws could be fined ✓ or the owners could be sent to prison. ✓
- Businesses must comply with legislation in place ✓ which is not always easy to do. ✓
- Other new laws that present a challenge to businesses ✓ are the National Credit Act (NCA) (No. 34 of 2005), Consumer Protection Act (CPA) (No. 68 of 2008), and the Labour Relations Act (LRA) (No. 66 of 1995). ✓
- Any other relevant answer related to contemporary legal legislation

**Challenge(2)**  
**Explanation(2)**  
**Submax. (4)**

**5.3.4 Labour restrictions ✓✓**

- The government has passed several laws ✓ that impose restrictions on business operations. ✓
- These laws create a legal framework that protects employees from being exploited by their employers, ✓ and also restricts the practices of employers. ✓
- Some employers find this legal framework restrictive ✓ while others see it as an important part of protecting the rights of employees and ensuring democracy in the workplace. ✓
- Any other relevant answer related to labour restrictions

**Challenge(2)**  
**Explanation(2)**  
**Submax. (4)**

**5.3.5 Micro-lending** ✓✓

- This refers to individuals or businesses that grant small loans ✓ to those who cannot get credit from commercial banks. ✓
- They normally charge higher interest rates ✓ and their repayment period is shorter than those of the commercial banks. ✓
- There is little protection for those who make use of these loans ✓ because micro lenders are not regulated by the South African Banking Act (No. 94 of 1990) and so do not subscribe to the Code of Banking Practice of South Africa. ✓
- Any other relevant answer related to micro lending

**Challenge (2)**  
**Explanation(2)**  
**Submax. (4)}**

**5.3.6 Globalisation/International trade** ✓✓

- Refers to the exchange of products, services, capital, and labour across national borders, ✓ that is, businesses are competing with international businesses for local customers. ✓
- Labour is cheap in some countries. ✓ These countries can manufacture products at reduced prices and sell their excess products in other countries at lower prices, this is called dumping. ✓
- Dumping makes it difficult for local businesses to be competitive ✓ in the global market. ✓
- The migration of skilled labour ✓ can result in local skills shortages. ✓
- The benefit of globalisation is that it has led to the faster and easier transfer ✓ of knowledge and skills between countries. ✓
- Any other relevant answer related to globalization/international trade

**Challenge(2)**  
**Explanation(2)**  
**Submax. (4)}**

**5.3.6 Social values and demographics**

**Social values** ✓✓

- These include the beliefs, norms, and values ✓ that are shared by a particular society or a group of people. ✓
- It influences consumers' buying habits ✓ because consumers buy products they identify with. ✓
- Social values can impact consumers' buying habits ✓ and it includes attitudes towards saving or brand loyalty. ✓
- Any other relevant answer related to social values

**Challenge(2)**  
**Explanation(2)**  
**Submax. (4)}**

**Demographics** ✓✓

- This refers to the characteristics of the population ✓ such as age, gender, race, and so on. ✓
- Changes in the characteristics of demographics of the population ✓ affect the products/services that businesses need to produce. ✓
- Entrepreneurs need to remain informed ✓ of changes in demographics. ✓
- Any other relevant answer related to demographics

**Challenge(2)**  
**Explanation(2)**  
**Submax. (4)}**

**5.3.7 Socio-economic issues**

- Socio-economic issues like crime, poverty, HIV/AIDS, and corruption ✓ influence business operations in different ways. ✓
- Businesses have to spend a lot of money on insurance to secure themselves against crime, ✓ which in turn leads to a higher cost of production and a decrease in profits. ✓
- The HIV/AIDS pandemic has contributed to the illness and death of many productive members of society, ✓ which further leads to a decrease in the size of the labour force, and a decrease in the size of the consumer market. ✓
- Any other relevant answer related to socio-economic issues

**Challenge(2)**  
**Explanation(2)**  
**Submax. (4)**  
**Max (12)**

**5.4 Challenges of the market environment**

**5.4.1 Shortages of supply ✓✓**

- Essential for a business to have a regular supply ✓ of all the materials that are inputs in the production process. ✓
- Any shortage ✓ can have a seriously negative effect on production and profits. ✓
- Dissatisfied customers can damage the reputation ✓ and threaten the future of the business. ✓
- The business needs to plan and communicate ✓ well so that any change in goods and services needed is fulfilled on time. ✓
- Any other relevant answer related to shortage of supply.

**Challenge(2)**  
**Explanation(2)**  
**Submax. (4)**

**5.4.2 Strong competition ✓✓**

- Other businesses which sell similar/substitute products ✓ pose a problem to/threaten the success of a business. ✓
- Consumers will buy ✓ from the business where they get the most value for their money. ✓
- If a business is not able to match the quality of service/products ✓ and the price of its competitors, it will be in real danger. ✓
- Businesses could find that they are unable to make sufficient profit ✓ when the demand is not high enough to support the supply of the same goods/ services. ✓
- The business must ensure that it differentiates itself from its competitors ✓ in order to gain a competitive advantage. ✓
- The challenges around competitors can be industry rivalry ✓ where businesses aim to sell more than competitors, new entrants with better products/cheaper or better substitutes ✓
- Businesses should be aware of competitors ✓ and their prices/influences/operation. ✓
- Any other relevant answer related to strong competition.

**Challenge(2)**  
**Explanation(2)**  
**Submax. (4)**

**5.4.3 Changes in consumer behaviour ✓✓**

- A business is dependent on its customers ✓ /to purchase its products. ✓
- Consumers are influenced by many factors ✓ / and are mostly unpredictable in their buying behaviour. ✓
- Consumers' preferences and tastes can change ✓ / as fashions change and as technology advances. ✓
- Changes in consumer behaviour, spending habits, tastes and preferences ✓ present an ongoing challenge to businesses. ✓
- The challenges include keeping up with changes in consumer tastes and demand by doing research ✓, finding ways to influence consumer demand /and /conducting /advertising /campaigns /and consumer surveys. ✓
- Businesses should be aware of and understand changes in demand ✓ and the behavioural patterns of consumers and adjust accordingly. ✓
- Any other relevant answer related to changes in consumer behaviour.

**Challenge(2)**  
**Explanation(2)**  
**Submax. (4)**

**5.4.4 Demographics and psychographic ✓✓**

- Consumers' attitude, interest, opinions and lifestyle ✓ determine the characteristics of the consumer. ✓
- It is difficult to determine the demographics/psychographics of the target market ✓ because they change frequently. ✓
- Business should be aware of the diversity of the markets ✓ and the cultural and social influences on the choices people they make. ✓
- The challenges include collecting/interpreting information about the target market ✓ and to use the data to develop a marketing strategy. ✓
- Business need to study the attitudes, tastes and desires ✓ of the market. ✓
- The demographics and psychographics can change quickly and businesses need to change just as quickly ✓ if they want to retain their customers. ✓
- Any other relevant answer related to demographics and psychographic.

**Challenge(2)**  
**Explanation(2)**  
**Submax. (4)**

**5.4.5 Socio-cultural factors ✓✓**

- Social-cultural factors describe the common behaviour and attitudes ✓ of a particular society. ✓
- As society changes ✓ so will the cultural values and practices of individuals. ✓
- Business must be aware of change ✓ and that they can avoid threats and take advantage of the new opportunities that the change may present. ✓
- Business should be aware of social trends and influential campaigns ✓ that promote buying. ✓
- The challenge is to gather information about changes ✓ and to respond to them by adapting practices to maintain and increase its customer base. ✓
- Any other relevant answer related to socio-cultural factors.

**Challenge(2)**  
**Explanation(2)**  
**Submax. (4)**  
**Max (16)**

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

### 5.5 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/discounts/loyalty schemes etc. ✓✓
- Businesses must ensure that they have well-trained and dedicated employees that create a better working atmosphere. ✓✓
- Any other relevant answer to the ways in which businesses can overcome competition in the market

**Max (10)**

### 5.6 Conclusion

- Businesses have full control over all components/departments of the micro environment and should ensure the efficient running of the business. ✓✓
- Businesses must pay careful attention to challenges that are posed by macro and market environment and devise strategies to overcome those challenges. ✓✓
- Although businesses cannot control the market environment , they can adapt their strategies to respond effectively to the challenges of the market environment. ✓✓
- Businesses that respond effectively to competition are more likely to grow , remain competitive and achieve long-term success. ✓✓
- Any other relevant conclusion related to reasons why businesses have full control over the micro-environment and macro environment/challenges in the macro and market environment/ways in which businesses can overcome competition in the market.

**Any (1x2) (2)**

**QUESTION 5: BREAKDOWN OF MARK ALLOCATION**

DETAILS	MAXIMUM	TOTAL
Introduction	2	<b>Max 32</b>
Control over micro and macro environments	8	
Challenges of macro environment	12	
Challenges of market environment	16	
Ways in which businesses can overcome competition in the market	10	
Conclusion	2	
<b>INSIGHT</b>		
Layout	2	<b>8</b>
Analysis/Interpretation	2	
Synthesis	2	
Originality/Examples	2	
<b>TOTAL MARKS</b>		<b>40</b>

**LASO – For each component:**

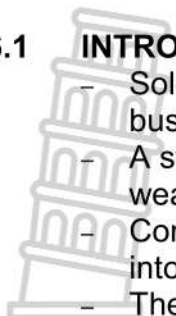
**Allocate 2 marks if all requirements are met.**

**Allocate 1 mark if some requirements are met.**

**Allocate 0 marks where requirements are not met at all.**

**QUESTION 6: BUSINESS VENTURES**

**6.1 INTRODUCTION**



- Sole traders have a high degree of flexibility and autonomy in managing their business. ✓
- A state-owned company can be used for political gain and this could lead to weak governance and poor strategic decisions. ✓
- Companies have specialized, professional management that allow it to enter into contracts in its own name. ✓
- The procedure for the formation of a company will allow entrepreneurs to conduct feasibility studies and assemble resources. ✓
- Any other relevant introduction related to characteristics of a Sole trader/disadvantages of a State-owned company/benefits of a company versus other forms of ownership/procedure for the formation of a company.

**Any (2 x 1)(2)**

**6.2 Characteristics of sole trader**



- A sole trader is a business that is owned and managed by one person. ✓✓
- There are no legal requirements regarding the name of the business. ✓✓
- Sole trader has limited capacity for expansion and lacks continuity of existence. ✓✓
- The necessary capital to run the business is provided by the sole owner. ✓✓
- Assets and profits in this business belong to the owner. ✓✓
- Legally there is no separation between the business and the individual running it. ✓✓
- If the business is facing legal action, the owner is held legally responsible for the debts of the business. ✓✓
- The sole proprietorship does not pay tax as the owner pays tax in their own capacity. ✓✓
- The profit made by the sole proprietorship is added to any other income earned by the owner and SARS then calculates the amount payable. ✓✓
- There are no legal and administrative formalities in the formation of a sole trader. ✓✓
- A sole proprietor is not a legal entity and agreements are entered into by the owner in their 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 to characteristics of a sole trader.

**Max (10)**

**6.3 Disadvantages of State-owned Company**

- May result in poor management ✓ as the government is not always as efficient as the private sector. ✓
- Inefficiency due to the size ✓ of the business. ✓
- Often rely on ✓ government subsidies. ✓
- A lack of incentive for employees to perform ✓ if there is an absence of other motivators such as productivity bonuses. ✓
- A lack of incentive for employees to perform ✓ if there is no share in the profit. ✓
- Government can lose money ✓ through the business. ✓
- Losses must be met by ✓ the taxpayer. ✓
- Shares are not freely tradable ✓, making it difficult to raise capital. ✓

- SOC must follow strict regulations ✓ for operations to raise capital. ✓
- Financial statements ✓ must be audited. ✓
- Any other relevant answer related to disadvantages of a State-owned company.

**Max (14)**

## 6.4 Benefits of establishing a company versus other forms of ownership

### 6.4.1 Legal status and liability

- A company has its own legal status ✓, trading name, and owns its assets. ✓
- Shareholders' private assets are protected ✓ as they have limited liability. ✓
- The shareholders have no ✓ direct legal responsibility. ✓
- Companies have their names ✓, and these are protected. ✓
- Any other relevant answer related to legal status and liability.

**Sub max (6)**

### 6.4.2 Ownership and management

- Shareholders are able to buy and sell shares ✓ freely in a public company. ✓
- The company is managed by ✓ qualified and competent board of directors. ✓
- A company is less likely to use consultants ✓ as it has a larger pool of skills and expertise. ✓
- Directors are more likely to take risks and allow ✓ growth opportunities for the business. ✓
- Some of the other forms of ownership e.g. sole proprietor ✓ has to rely on his/her own abilities to manage the business. ✓
- Any other relevant answer related to ownership and management.

**Sub max (6)**

**Max (12)**

## 6.5 Procedure for the formation of companies

- Determine the people establishing the company. ✓✓
- Prepare a memorandum of incorporation, open a bank account, and register for taxation. ✓✓
- File a notice of incorporation and obtain a unique registration number. ✓✓
- Draw up a prospectus for potential investors. ✓✓
- Register the company at the Companies and Intellectual Property Commission (CIPC). ✓✓
- A company becomes a legal entity once registration has been finalised. ✓✓
- A company is registered and may start doing business once:
  - the name of the company has been approved. ✓✓
  - the prescribed fees have been paid. ✓✓
  - the Notice of Incorporation have been lodged. ✓✓
  - the application to incorporate a new company has been processed by the CIPC. ✓✓
- Any other relevant answer related to procedure for the formation of companies.

**Max (10)**

**6.6 Conclusion**

- A sole trader is an ideal form of ownership for small-scale, or start-up businesses, due to its simple registration process. ✓✓
- An entrepreneur who understands the disadvantages of a state-owned company will be able to identify market gaps and opportunities for a new business that serves unmet needs. ✓✓
- Entrepreneurs should invest in companies over other forms of ownership, as companies have increased operational longevity. ✓✓
- Entrepreneurs who follow the correct procedure for the formation of a company, ensures that the company is properly constituted under the law. ✓✓
- Any other relevant conclusion related to characteristics of a Sole trader/disadvantages of a State-owned company/benefits of a company versus other forms of ownership/procedure for the formation of a company.

**Any (1 x 2) (2)**

**QUESTION 6: BREAKDOWN OF MARK ALLOCATION**

DETAILS	MAXIMUM	TOTAL
Introduction	2	<b>Max 32</b>
Characteristics of a Sole Trader	10	
Disadvantages of a State-owned Company	14	
Benefits of establishing a company versus other forms of ownership	12	
Procedure for the formation of companies	10	
Conclusion	2	
<b>INSIGHT</b>		
Layout	2	<b>8</b>
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 some requirements are met.**

**Allocate 0 marks where requirements are not met at all.**