KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL STANDARDISED ASSESSMENT

GRADE 10

BUSINESS STUDIES P2

JUNE 2026

MARKS : 100

DURATION : $1\frac{1}{2}$ Hours

This question paper consists of 8 pages.

INSTRUCTIONS AND INFORMATION.

Read the following instructions carefully before answering the questions

1. This paper consists of **THREE** sections.

   SECTION A: **COMPULSORY**
   SECTION B: Consists of **THREE** questions. Answer any **TWO** questions in this section.
   SECTION C: Consists of **TWO** questions. Answer any **ONE** of the two questions in the section.

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

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

3. 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.

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

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

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

SECTION	QUESTION	MARKS	TIME (Minutes)
A: Objective-type questions COMPULSORY	**1**	**20**	**20**
B: THREE Direct/Indirect-type questions. CHOICE: Answer any TWO.	**2**	**20**	**40**
	3	**20**	
	4	**20**	
C: TWO essay-type questions. CHOICE: Answer any ONE.	**5**	**40**	**30**
	6	**40**	
TOTAL		**100**	**90**

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

8. Write neatly and legibly.

SECTION A: (COMPULSORY)

QUESTION 1

1.1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A-D) next to the question number (1.1.1 – 1.1.5) on the ANSWER BOOK, e.g. 1.1.6 A

1.1.1 The owner's personal assets may be seized to pay for the debt of Sip and Joy Cafe.

A liability
B limited liability
C debts
D unlimited liability

1.1.2 Money, goods, or documents are not genuine, but have been made to look exactly like genuine ones in order to deceive people. This is known as …

A counterfeiting
B stealing
C bootlegging
D copying

1.1.3 The … sets out the rights, responsibilities and duties of shareholders and directors at Nonkosi Ltd.

A Notice of Incorporation
B partnership agreement
C Memorandum of Incorporation
D Memorandum of Understanding

1.1.4 A collective refusal of employees to work because of an issue in the workplace, aimed at forcing the employer to give on their demands.

A Go-slow
B Strikes
C Lockout
A. Industrial action

1.1.5 This statement outlines the advantage for Crowd Co-operative Ltd.

A Members are motivated because they are working for themselves.
B All members have one vote regardless of the number of shares held.
C Wasteful duplication of services is eliminated.
D Generates income to finance social programmes.

(5 x 2) (10)

1.2 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A-J) next to the question number (1.2.1-1.2.5) in the ANSWER BOOK, E.G 1.2.6 K.

COLUMN A	COLUMN B
1.2.1 Prospectus	A. is a voluntary association that is established with an aim of servicing its members.
1.2.2 Corporate Social Responsibility	B. people elected to the board of a company by the shareholders to represent shareholder's interests.
1.2.3 Co-operative society	C. it is when individuals take responsibility for the effects of their behaviour and lifestyle on the environment and others.
1.2.4 Socio-economic issues	D. they are problems that affect the economy, often involving that allocation of resources, distribution of wealth, or impact on economic growth and stability.
1.2.5 Directors	E. is a type of business structure that has a separate legal entity from its owners.
	F. is a document inviting the public to buy securities/shares.
	G. they are problems that have a negative effect on the individuals, communities and business.
	H. it is when businesses have social, cultural and environmental responsibilities to the community in which they operate.
	I. people or institutions that owns at least one share of a business.
	J. is the official document filed with the CIPC to register a new company.

(5 x 2) (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, e.g. QUESTION 2 on an NEW page, QUESTION 3 on a NEW page.

QUESTION 2: BUSINESS VENTURES

2.1 Elaborate on the meaning of a State-Owned Company. (4)

2.2 Read the scenario below and answer the questions that follow

NANDIPHA BOUTIQUE (NB)
Nandipha Boutique specialises in selling designer clothes. Nandipha provided capital from her savings to start the business. Nandipha noted that business growth could be restricted due to lack of capital. NB started without executing any legal formalities.

2.2.1 Quote TWO characteristics of the Sole Proprietor from the scenario above. (2)

2.2.2 Explain other characteristics of the Sole Proprietor. (4)

2.3 Discuss the disadvantages of Partnership. (6)

2.4 Advise businesses on the differences between private company and personal liability company. (4)

[20]

QUESTION 3: BUSINESS ROLES

3.1 List any THREE types of gambling. (3)

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

STHOKO APPLIANCES (SA)
Sthoko Appliances produces quality home appliances. SA is experiencing the loss of goods due to theft. The management of SA is working on strategies to address the issue.

3.2.1 Identify the socio-economic issue applicable to SA. Motivate your answer by quoting from the scenario above. (3)

3.2.2 Explain the initiatives that SA can take to address the socio-economic issue identified in QUESTION 3.2.1. (4)

3.3 Discuss the impact of bootlegging on businesses. (6)

3.4 Recommend initiatives businesses can take to address unemployment and unproductive labour forces. (4)

[20]

QUESTION 4: MISCELLANOUS TOPICS

BUSINESS VENTURES

4.1 Name any FOUR types of co-operatives. (4)

4.2 Read the scenario below and answer questions that follow

PEACE CONSULTING (PC)
Peace Consulting offers earthworks services. The information at PC is only available to shareholders. The management of PC have improved since directors are accountable to shareholders. However, it has been noted that some directors do not have the direct interest to the company.

4.2.1 Quote TWO advantages of a private company from the scenario above. (2)

4.2.2 Explain other advantages of a private company. (4)

BUSINESS ROLES

4.3 Discuss the impact of violence on businesses. (6)

4.4 Recommend initiatives businesses can take to address inequality and poverty. (4)

[20]

TOTAL SECTION B: 40

SECTION C

Answer **ANY ONE** question in this section

NOTE: Clearly indicate the QUESTION NUMBER of each question chosen. The answer to question must start on a NEW page, e.g. QUESTION 5 on a new page, QUESTION 6 on a NEW page.

QUESTION 5: BUSINESS VENTURES (FORMS OF OWNERSHIP)

When starting a business, owners must be clear about the differences between profit and non-profit companies. They should also take note of characteristics and advantages when choosing a public company. Furthermore, owners must take into consideration the disadvantages when establishing a public company.

Write an essay on the forms of ownership which includes the following aspects:

- Outline the differences between profit and non-profit companies.
- Explain the characteristics of a public company.
- Describe the advantages of a public company.
- Advise businesses on the disadvantages of a public company. **[40]**

QUESTION 6: BUSINESS ROLES (SOCIO-ECONOMIC ISSUES)

Understanding the reasons why socio-economic issues pose a challenge to businesses is essential for business growth and development. Businesses must be well informed about the purpose of inclusivity in the workplace. They must also be aware of the impact of socio-economic issues on businesses and ways to address these issues.

Write an essay on the socio-economic issues which includes the following aspects:

- Outline the reasons why socio-economic issues pose a challenge to businesses.
- Explain the purpose of inclusivity in the workplace.
- Discuss the impact of the following socio-economic issues on businesses:
    - HIV/Aids
    - Political disturbances
- Suggest initiative businesses can take to address the above mentioned socio-economic issues. **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 100

FINAL

KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL
STANDARDISED ASSESSMENT

GRADE 10

BUSINESS STUDIES PAPER 2

MARKING GUIDELINES

JUNE 2026

MARKS : 100

This marking guidelines consists of 21 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 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 appositive/negative manner or take a neutral (positive and negative) stance, e.g. Positive: 'COIDA eliminates time and costs spent ✓ on lengthy civil court proceedings.' ✓

11.2 When 'critically evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance.
In this instance candidates are also expected to support their responses with more depth, e.g. 'COIDA eliminates time and costs spent✓ on lengthy civil court proceedings✓, because the employer will not be liable for compensation to the employee for injuries sustained during working hours as long as it can be proved that the business was not negligent.'✓

NOTE: 1. The above could apply to 'analyse' as well.
2. Note the placing of the tick (✓) in the allocation of marks.

12. The allocation of marks must be informed by the nature of the question, cognitive verb used, mark allocation in the marking guideline and the context of each question.

Cognitive verbs, such as:

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

12.2 Define, describe, explain, discuss, elaborate, distinguish, differentiate, compare, tabulate, analyse, evaluate, *(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	**Maximum: 32**
Content	
Conclusion	
Insight	**8**
TOTAL	**40**

15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, a body, and a conclusion?	**2**
Analysis and interpretation	Is the 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')	**2**
Synthesis	Are there relevant decisions/facts/responses made based on the questions? **Option 1: Only relevant facts: 2 marks (No '-S')** Where a candidate answers 50% or more (two to four sub-questions) of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis **Option 2: Some relevant facts: 1 mark (One '-S')** Where a candidate answers less than 50% (only one sub-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. **Option 3: Some relevant facts: 1 mark (One '-S')** 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. **Option 4: No relevant facts: 0 marks (Two '-S')** Where a candidate answers less than 50% (only one sub-question) of the question with no Relevant facts; two '-S' appear in the left margin Award a ZERO mark for synthesis	
Originality	Is there evidence of one or two examples, not older than two (2) years, that are based on recent information, current trends and developments?	**2**
	TOTAL FOR INSIGHT:	**8**
	TOTAL MARKS FOR FACTS:	**32**
	TOTAL MARKS FOR ESSAY (8 + 32):	**40**

NOTE:
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**
TOTAL	**40**

15.7 When awarding marks for facts, take note of the sub-maxima indicated, especially if candidates do not make use of the same subheadings. Remember, headings and subheadings are encouraged and contribute to insight (structuring/logical flow/sequencing) and indicate clarity of thought. (See MARK BREAKDOWN at the end of each question.)

15.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.

15.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation/subheadings as indicated in the marking guideline.

15.10

15.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.

15.10.2 With effect from November 2015, the TWO marks will not necessarily appear at the end of each completed sentence. The ticks (✓) will be separated and indicated next to each fact, e.g. 'Product development is a growth strategy ✓, where businesses aim to introduce new products into existing markets.'✓ This will be informed by the nature and context of the question, as well as the cognitive verb used.

15.11 With effect from November 2017, the maximum of TWO (2) marks for facts shown as headings in the marking guidelines, will not necessarily apply to each question. This would also depend on the nature of the question.

SECTION A: (COMPULSORY)

QUESTION 1

1.1

1.1.1 D ✓✓
1.1.2 A ✓✓
1.1.3 C ✓✓
1.1.4 B ✓✓
1.1.5 A ✓✓ **(10)**

1.2

1.2.1 F ✓✓
1.2.2 H ✓✓
1.2.3 A ✓✓
1.2.4 G ✓✓
1.2.5 B ✓✓ **(10)**

BREAKDOWN OF MARKS

QUESTION 2	MARKS
1.1	10
1.2	10
TOTAL	20

TOTAL SECTION A: 20

SECTION B

QUESTION 2: BUSINESS VENTURES

2.1 Meaning of a State-Owned Company.

- A state owned company has the government as its major shareholder✓ and falls under the Department of Public Enterprise. ✓
- These companies take on the role of commercial enterprise✓ on behalf of the government. ✓
- Examples of state-owned companies in South Africa include Armscor, Alexkor, SAA, Eskom, Transnet. ✓
- Any other relevant answer related to the meaning of a state-owned company.

Max. (4)

2.2 Sole Proprietor

2.2.1 Quote TWO characteristics of the Sole Proprietor from the scenario above.

- Nandipha provided capital from her savings to start the business. ✓
- NB started without executing any legal formalities. ✓

NOTE: 1. Mark the first TWO (2) only.
2. Only award marks for responses that are quoted from the scenario. **Max. (2)**

2.2.2 Other characteristics of the Sole Proprietor.

- There are no legal requirements✓ regarding the name of the business. ✓
- The owner has a personal interest in the management✓ and the services that is rendered. ✓
- Sole trader are not compelled by law✓ to audit financial statements✓
- The owner has unlimited liability✓, therefore, is personally liable for the debt of the business. ✓
- A sole trader has limited capital for expansion✓ and lacks continuity of existence. ✓
- Profit generated is added to the owner's✓ taxable income. ✓
- The business has no legal personality✓ and therefore has no continuity/Continuity depends on the life and health of the owner. ✓
- There are no special requirements✓ when the owners want to close the business. ✓
- Any other relevant answer related to the characteristics of a sole proprietor.

NOTE: Do not award marks for responses that were quoted from QUESTION 2.2.1.

Max. (4)

2.3 Disadvantages of Partnership.

- There can be a lack of capital and cash flow✓ because of limited contributions by partners. ✓
- Partners are jointly and severally liable for the actions✓ of the other partners. ✓
- Partnership lacks continuity, ✓ if one partner dies/retires, the remaining partners need to draw up a new agreement. ✓
- Partnership is not a separate legal entity✓ and therefore partners are liable for the debts in their own capacity. ✓
- Different personalities and options of partners✓ can lead to conflict disagreements. ✓
- Each business partner is legally responsible✓ for the joint liability of the partnership. ✓
- A partnership has unlimited liability✓ which means that partners risk losing their personal possessions. ✓
- Discussion between partners can slow down decision-making, ✓ and they may disagree on important business decisions. ✓
- In large partnership businesses, the partners may struggle to agree✓ on business issues. ✓
- Changes or transfer of ownership can be difficult ✓and generally require a new partnership to be established. ✓
- Loss in profits and stability of the business can occur✓ if a partner resigns/dies/ loses interest in the business or is declared bankrupt. ✓
- Profits are divided between partners according to the partnership agreement✓ and not according to the income distributed. ✓
- Any other relevant answer related to disadvantages of partnership. **Max. (6)**

2.4 Differences between private company and personal liability company.

PRIVATE COMPANY	PERSONAL LIABILITY COMPANY
- The name of the company ends with letters (Pty) Ltd.✓✓	- The name of the company ends with letters Inc. ✓✓
- The directors are not personally liable for the debts of the business. ✓✓	- The directors are personally liable for the debts of the business. ✓✓
- Any other relevant answer related to private company.	- Any other relevant answer related to personal liability company.
Sub-max. (2)	**Sub-max. (2)**

Max. (4)

NOTE:

1. **The answer does not have to be in a tabular format.**
2. **The differences do not have to link but must be clear.**
3. **Award maximum of TWO (2) marks if differences are not clear/ Mark either private company or personal liability company only.**

[20]

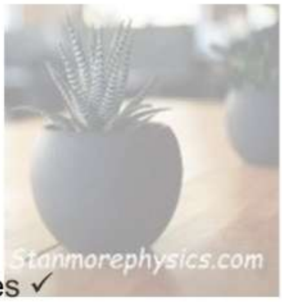
BREAKDOWN OF MARKS

QUESTION 2	MARKS
2.1	4
2.2.1	2
2.2.2	4
2.3	6
2.4	4
TOTAL	20

QUESTION 3: BUSINESS ROLES

3.1 THREE types of gambling.

- Pyramid schemes ✓
- Illegal gambling ✓
- Money laundering ✓
- Card games ✓
- Casino ✓
- National lottery ✓
- Scratch cards ✓
- Slot machines ✓
- Horse betting ✓
- Unofficial lottery type schemes ✓
- Bingo halls ✓
- Unlicensed casino's ✓
- Internet gambling, as it is sometimes linked to organised crime animal fighting. ✓
- Unlicensed operations offering gambling to the public. ✓



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

3.2 Socio-economic issues

3.2.1 Identification of the socio-economic issue applicable to SA.

- Crime ✓✓ (2)

Motivate

- SA is experiencing the loss of goods due to theft. ✓ (1)

NOTE: Do not award marks for motivation if the socio-economic Issue is incorrectly identified.

Max. (3)

3.2.2 Initiatives that SA can take to address the socio-economic issue identified in QUESTION 3.2.1.

- Offer employment opportunities✓ to unemployed youth. ✓
- Provide skill centres✓ to promote self-employment and entrepreneurship. ✓
- Businesses should encourage their employees✓ to participate in community policing forums. ✓
- They should also become involved in sustainable projects aiming to combat

crime✓ within the local community. ✓
- Businesses could sponsor special sports programmes✓ by providing finance (for example, prize money) for special community events. ✓
- Adopt a school ✓ by providing most of its needs. ✓
- Any other relevant answer related to the negative impact of crime on businesses. **Max. (4)**

3.3 Impact of bootlegging on businesses.

- Businesses lose out ✓on profit.✓(Businesses lose out on profit ✓when fewer authentic/original goods are sold). ✓
- Businesses may experience decline in sales✓ due to fake/imitated distribution of products. ✓
- Businesses may be forced to implement price adjustment strategies✓ to minimise the impact. ✓
- Businesses expenses will increase✓ if legal actions are taken. ✓
- Any other relevant answer related to the impact of bootlegging on businesses.

Max. (6)

3.4 Initiatives businesses can take to address unemployment and unproductive labour forces.

- Provide skills development programmes through learnerships. ✓✓
- Offer bursaries to the community to improve the level of education. ✓✓
- Create jobs for members of the community. ✓✓
- Provide entrepreneurial programmes that can promote self-employment. ✓✓
- Support existing small businesses to create more employment opportunities. ✓✓
- Any other relevant answers related to the initiatives businesses can take to address unemployment and unproductive labour forces. **Max. (4)**

[20]

BREAKDOWN OF MARKS

QUESTION 3	MARKS
3.1	3
3.2.1	3
3.2.2	4
3.3	6
3.4	4
TOTAL	20

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS VENTURES

4.1 FOUR types of co-operatives.

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

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

4.2 Private company

4.2.1 TWO advantages of a private company from the scenario above.

- The information at PC is only available to shareholders.✓
- The management of PC have improved since directors are accountable to shareholders. ✓

NOTE: 1. Mark the first TWO (2) only.
2. Only award marks for responses that are quoted from the scenario. **Max. (2)**

4.2.2 Other advantages of a private company.

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

NOTE: Do not award marks for responses quoted from QUESTION 4.2.1.

Max. (4)

BUSINESS ROLES

4.3 Impact of violence on businesses.

- Violence has a negative effect on the workforce✓ as it impacts on the safety and security of workers in the workplace. ✓
- The trauma that workers experience✓ could result in a lack of productivity of the employee. ✓
- Employee absenteeism may increase due to illness✓ like depression as a result of the trauma experienced. ✓
- The business will spend more money✓ on employees that require counselling.✓
- This may become costly as security measures such as installing security gates and burglar alarms✓ are expensive to install and maintain. ✓
- Any other relevant answer related to the impact of violence on businesses.

Max. (6)

4.4 Initiatives businesses can take to address inequality and poverty.

- Invest in a young starter SME that can be a business competitor, buyer or supplier. ✓✓
- Attract the best employees by being socially responsible and offering the best volunteering programs. ✓✓
- Support poverty alleviation programmes that are offered by the government. ✓✓
- Donate money/food parcels to local NGO's. ✓✓
- Increase employment through economic growth. ✓✓
- Introduce more training programmes and apprenticeship to develop skills. ✓✓
- Encourage entrepreneurship through business training and mentoring entrepreneurs. ✓✓
- Improve infrastructure and services in poor communities. ✓✓
- Any other relevant answer related to the initiatives businesses can take to address inequality and poverty.

Max. (4)
[20]

BREAKDOWN OF MARKS

QUESTION 4	MARKS
4.1	4
4.2.1	2
4.2.2	4
4.3	6
4.4	4
TOTAL	20

TOTAL SECTION B: 40

SECTION C

QUESTION 5: BUSINESS VENTURES (FORMS OF OWNERSHIP)

5.1 Introduction

- The management of the business must be familiar of the differences between profit companies and non-profit companies. ✓
- Considering the characteristics applicable to a public company is crucial for entrepreneurs when choosing the best form of ownership. ✓
- Prospective owners/shareholders need to have a clear understanding of the advantages and disadvantages of starting a public company. ✓
- Any other relevant introduction related to the difference of profit and non-profit companies, characteristics of a public company, advantages of public company and disadvantages of public company. **(Any 2 × 1) (2)**

5.2 Differences between profit and non-profit companies

PROFIT COMPANIES	NON-PROFIT COMPANIES
- The company is established for only one aim and that is to make profit. ✓✓	- The company is established for charity purposes or to promote social and cultural activities. ✓✓
- A company incorporated for financial gain for its shareholders. ✓✓	- A non-profit company is an association incorporated not for gain. ✓✓
- The Memorandum of Incorporation sets out who the directors and shareholders are as well as their rights, duties responsibilities. ✓✓	- The Memorandum of Incorporation defines the purpose and its operations. ✓✓
- It also sets out the number of shares that the company is authorised to issue. ✓✓	- The company have an independent legal entity, but the board of trustee is protected unless found negligent or fraudulent. ✓✓
- Profit companies are responsible for paying taxes based on their profit. ✓✓	- Non-Profit Companies are not required to pay taxes on the net income. ✓✓
- Any other relevant answer related to profit companies.	- Any other relevant answer related to non-profit companies.
Sub-max. (6)	Sub-max. (6)

NOTE:

1. **The answers do have to be in a tabular format.**
2. **The differences do not have to link but must be clear.**
3. **Award maximum of six (6) marks if differences are not clear/ Mark either profit companies or non-profit companies.** **Max. (12)**

5.3 Characteristics of a public company

- A minimum of one person✓ is required to start a public company. ✓
- The company name ends✓ with the letters Ltd. ✓
- Shareholders have limited liability✓ and are not personally liable for the debts of the business. ✓
- Individuals can own shares in this company✓ and these shares are freely transferable. ✓
- A prospectus is issued to the public✓ to invite the public to invest in the company to raise capital. ✓
- A public company has a separate legal personality✓ and therefore has unlimited continuity. ✓
- Requires three or more directors✓ and three or more shareholders. ✓
- Profits are shared in the form of dividends✓ in proportion to the shares held. ✓
- A public company is required to hold an AGM✓ where shareholders vote to elect a new board of directors. ✓
- Must register with the Registrar of Companies✓ by drawing up a Memorandum of Incorporation. ✓
- Raises capital by issuing shares to the public✓ and borrowing capital by issuing debentures. ✓
- Auditing of financial statements is compulsory✓ and audited statements are made available to shareholders and the public. ✓
- Any other relevant answer related to the characteristics of a public company.

Max. (12)

5.4 Advantages of a public company

- Public companies enjoy the ability to raise funds✓ through the sale of the company's stock to the public in the Johannesburg Stock Exchange (JSE).✓
- The business has its own legal identity✓ and can own assets/property. ✓
- Managed by at least three competent✓, highly skilled directors. ✓
- Directors bring creative ideas✓ which encourage innovation/high productivity. ✓
- Shareholders can sell/transfer their shares freely✓ to the general public. ✓
- The ability to raise large amounts of capital in public exchanges✓ enables the company to carry out capital-intensive activities. ✓
- Strict regulatory requirements✓ protect shareholders. ✓
- Easy to raise funds for growth✓ through the sale of shares. ✓
- Additional shares can be raised✓ by issuing more shares or debentures. ✓
- No limitation on the number of shareholders, ✓ so growth/expansion is not limited. ✓
- Shareholders have limited liability for the debt of the company✓ and may lose only the amount invested in the business. ✓
- The management of the company can improve✓ since directors are accountable to shareholders. ✓
- The public has access to information✓ and this could motivate them to buy shares from a company. ✓
- Any other relevant answer related to the advantages of a public company.

Max. (12)

5.5 Disadvantages of a public company

- Public companies are vulnerable to increased scrutiny✓ from the government and the public. ✓
- Difficult and expensive to establish✓ as the company is subjected to many legal requirements. ✓
- They must prepare their financial reports✓ in accordance with the Generally Accepted Accounting Principles (GAAP). ✓
- Directors may not be motivated to work very hard ✓ because shareholders decide on the directors' remuneration. ✓
- Directors may not have a direct interest in the company, ✓ which slows down the growth and profit. ✓
- Increased director's fees, will increase expenses✓ which will reduce net profit. ✓
- Some shareholders may not exercise their voting rights✓ resulting in choosing the wrong person as a director. ✓
- A full financial report must be submitted✓ to the major shareholders each year. ✓
- A large management structure can result in longer timeframes✓ for decision-making. ✓
- Auditing of financial statements✓ are compulsory. ✓
- Any other relevant answer related to the disadvantages of a public company.

Max. (10)

5.6 Conclusion

- When choosing the most suitable form of ownership it is advisable that business owners understand the differences between profit and non-profit companies. ✓✓
- Entrepreneurs should ensure that they comprehend the characteristics of a public company in order to take informed decisions about the establishment of the company. ✓✓
- Businesses must conduct research on the advantages and disadvantages that are related to public companies to help the business when identifying the challenges that could arise during company operations. ✓✓
- Any other relevant conclusion related to the difference of profit and non-profit companies, characteristics of a public company, advantages of public company and disadvantages of public company. **(Any 1 × 2) (2)**

BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max 32
Differences between profit and non-profit companies	12	
Characteristics of a public company	12	
Advantages of a public company	12	
Disadvantages of a public company	10	
Conclusion	2	
Insight		
Layout	2	8
Analysis/interpretation	2	

Synthesis	**2**	
Originality/ examples	**2**	
TOTAL MARKS		**40**

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

QUESTION 6: BUSINESS ROLES (SOCIO-ECONOMIC ISSUES)

6.1 Introduction

- Managers should be aware of how socio-economic issues pose a challenge to business operations. ✓
- Inclusivity means valuing the differences between people and consciously promoting diversity in the workplace. ✓
- Business operations are affected by several socio-economic issues, which include HIV/Aids, and political disturbance, etc. ✓
- To address HIV/Aids and political disturbance, businesses will need a concerted effort from all sectors of society. ✓
- Any other relevant introduction related to the reasons why socio-economic issues poses a challenge to businesses/ purpose of inclusivity in the workplace/ impact of socio-economic issues on businesses/ initiatives businesses can take to address the socio economic issues. **(Any 2 × 1) (2)**

6.2 Reasons why socio-economic issues pose a challenge to businesses.

- Businesses may not be well supported by customers because of their limited disposable income. ✓✓
- Absenteeism of employees affected by HIV/AIDS will result in a decrease in productivity of the business. ✓✓
- Counterfeiting, bootlegging and crime may lead to loss of profit for businesses. ✓✓
- Businesses may feel pressurised to offer corporate social responsibility projects in disadvantaged communities, this in turn could lead to increased business costs and decreased profitability. ✓✓
- Socio-economic issues affect consumer spending due to poverty and unemployment. ✓✓
- These issues place extra burdens and expenditure on businesses as they have to develop policies/support systems/ informative programs to address them. ✓✓
- Businesses are expected to create as many job opportunities as possible to

assist the government to address these issues which place a financial burden on them. ✓✓
- They must also educate employees on social issues and how to become involved in the community to address these social issues. ✓✓
- Any other relevant answer related to the reasons why socio-economic issues poses a challenge to businesses. **Max. (12)**

6.3 Purpose of inclusivity in the workplace.

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

Max. (14)

6.4 Impact of the following socio-economic issues on businesses:

6.4.1 HIV/Aids

- Loss of skilled staff ✓due to HIV related illnesses. ✓
- Profits will be lower✓ as production decreases. ✓
- High absenteeism from illness✓ resulting to a decrease in productivity. ✓
- Conflict can arise among staff✓ if they discover that a worker is HIV positive. ✓
- Businesses find it difficult to keep up production levels✓ and to meet deadlines because of poor staff morale. ✓
- Businesses face increased costs✓ of finding/recruiting/training replacements. ✓
- The pool of available skilled workers is getting smaller✓ due to the high rate of HIV infection. ✓

- The costs of finding replacement employees✓ and recruiting are high. ✓
- Decrease in the number of consumers✓ cause a drop in the demand for goods and services. ✓
- Costs such as insurance/retirement funds/health/safety are higher✓ as a result of HIV for the business. ✓
- Businesses face increased costs of paying benefits✓ like housing subsidies, medical care, funeral care and pension funds. ✓
- Staff morale might be low ✓as they are concerned about their health thus lowering productivity. ✓
- Any other relevant answer related to the impact of HIV/Aids on businesses. **Sub-max. (6)**

6.4.2 Political disturbances

- People involved in service delivery protests may block roads✓ preventing employed people from going to work. ✓
- Scares off potential investors✓ due to low profits as a result of low productivity. ✓
- Businesses may be forced to close✓ especially those located in townships. ✓
- May results in losses of production✓ as employees stay absent from work during political disturbances. ✓
- Many businesses suffer losses✓ as a result of damage to property. ✓
- Riots can result in increased unemployment✓ if shopkeepers are forced to shut down. ✓
- Any other relevant answer related to the impact of political disturbance on businesses. **Sub-max. (6)**

Max. (12)

6.5 Initiatives businesses can take to address the above mentioned socio-economic issues.

6.5.1 HIV/Aids

- Businesses should conduct regular workshops and information sessions on the effects of HIV/AIDS on the employees and their peers. ✓✓
- They should initiate and develop counselling programmes for infected/ affected persons/employees. ✓✓
- Businesses should also develop strategies to deal with the issues around "stigma" and "discrimination". ✓✓

- They should offer voluntary HIV/ AIDS testing and counselling in the workplace and encourage employees to join HIV/AIDS support groups. ✓✓
- Businesses should roll out or support HIV/AIDS prevention programmes in the community and provide counselling programmes/train counsellors to provide support to infected and affected persons/employees. ✓✓
- Any other relevant answer related to the initiatives businesses can take to address the impact of HIV/Aids. Sub-max. (4)

6.5.2 Political disturbances

- Businesses should engage community forums to assist in promoting political tolerance.✓✓
- Establish relationships with political organisations.✓✓
- Offer financial support to promote political education where necessary.✓ ✓
- Any other relevant answer related to the initiatives businesses can take to address political disturbance. Sub-max. (4)

Max. (8)

6.6 Conclusion

- Businesses must be well conversant with the reasons why socio-economic issues poses a challenge in order to ensure that they remain profitable and sustainable in the market. ✓✓
- Businesses should cater for diversity in their employment programmes to avoid discrimination in order to empower inclusivity in the workplace. ✓✓
- Businesses must put necessary means to minimize the impact of HIV/Aids and political disturbances. ✓✓
- To address the devastating effects of socio-economic issues, the private sector can partner with the government to deal with HIV/AIDS and political disturbances. ✓✓
- Any other relevant conclusion related to the reasons why socio-economic issues poses a challenge to businesses/ purpose of inclusivity in the workplace/ impact of socio economic issues on businesses/ initiatives businesses can take to address the socio-economic issues. **(Any 1 × 2) (2)**

BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	
Reasons why socio-economic issues poses a challenge to businesses	12	
Purpose of inclusivity in the workplace	14	
Impact of the following socio-economic issues on businesses: ○ HIV/Aids ○ Political disturbance	12	**Max 32**
Initiative to address the above socio-economic issues	8	
Conclusion	2	
Insight		
Layout	2	
Analysis/interpretation	2	**8**
Synthesis	2	
Originality/ examples	2	
TOTAL MARKS		**40**

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

TOTAL SECTION C: 40

GRAND TOTAL: 100