

GAUTENG DEPARTMENT OF EDUCATION
SENIOR CERTIFICATE EXAMINATION

BUSINESS ECONOMICS SG

TIME: 3 hours

MARKS: 300

FEB / MAR 2006

INSTRUCTIONS:

- Answer SIX questions, Question 1 (compulsory) and any FIVE other questions.
 - Number your answers exactly as the questions on the question paper are numbered.
 - Neatness and a systematic presentation of facts are essential. Where possible, answers must be in point format.
 - Plan the length of your answers in relation to the marks allocated to each question.
 - Start each new question on a new page and leave at least one line open between subsections.
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SECTION A
COMPULSORY

QUESTION 1

Choose the correct answer to Questions 1.1 to 1.25 from the four possibilities (A – D) that are provided.

Make a cross (X) over the corresponding letter next to the relevant question number on the **answer sheet** on the **inside cover** of your **answer book**.

- 1.1 Which document of a public company should be registered after incorporation?
- A. The prospectus
 - B. The articles of association
 - C. The memorandum of association
 - D. The notice of the registered office
- 1.2 People who buy shares in a public company receive a portion of the profits in the form of _____.
- A. a bonus
 - B. interest
 - C. share certificates
 - D. dividends
- 1.3 The ultimate purpose of the distribution process is to put products into the hands of _____.
- A. wholesalers
 - B. retailers
 - C. consumers
 - D. All of the above.

- 1.4 What does the concept **monopoly** mean?
- A. The price of a particular article is very low.
 - B. Many producers compete with one another.
 - C. There is no demand for a certain article.
 - D. Only one undertaking sells an article on the market.
- 1.5 With what is the **span** of control concerned?
- A. The number of workers over whom a supervisor has to exercise control
 - B. The duty a person has to carry out his appointed task to the best of his ability
 - C. The right of a person which top management has allocated or delegated to him
 - D. The authority and responsibility which top management has delegated to a person
- 1.6 The holders of which kind of shares are first entitled to the payment of dividends?
- A. Bonus shares
 - B. Ordinary shares
 - C. Founders shares
 - D. Preference shares
- 1.7 How are funds for the (RAF) Road Accident Fund obtained?
- A. Every motorist pays an insurance premium.
 - B. Employers are required to contribute to this fund.
 - C. A levy is included in the price of petrol and diesel.
 - D. Toll payments on certain roads
- 1.8 What does the principle of **averaging** mean?
- A. If property is not insured for the full value, the loss in the case of damage will not be paid out in full.
 - B. It gives the insurer the right to claim from a third party.
 - C. The insured person is placed in the same financial position as before a loss.
 - D. An insured person has an interest in the subject matter to be insured.
- 1.9 In which production system are production costs per unit usually the lowest?
- A. Mass production
 - B. Batch production
 - C. Production on order
 - D. Job production

1.10 Which organisational structure makes use of advisors?

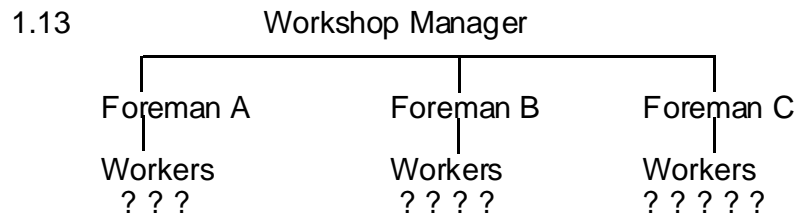
- A. The project organisation
- B. The line and staff organisation
- C. The functional organisation
- D. The line organisation

1.11 The element of management that is aimed at achieving harmony between individual goals, is _____.

- A. disciplinary action
- B. delegation
- C. co-ordination
- D. motivation

1.12 The transfer of authority and responsibility by a supervisor to his subordinate is _____.

- A. activating
- B. guidance
- C. delegation
- D. control



What is the span of control of Foreman B?

- A. 3
- B. 4
- C. 5
- D. 6

1.14 A building with a market value of R40 000 is insured for R80 000. A fire causes damage of R10 000. What amount will be paid out by the insurance company?

- A. R10 000
- B. R6 000
- C. R4 000
- D. R40 000

1.15 The decision by Mercedes to produce cars, trucks and tractors is one which affects the _____ of the product range.

- A. depth
- B. width
- C. extent
- D. relationship

- 1.16 What kind of capital is used to pay salaries and wages to employees?
- A. Fixed capital
 - B. Own capital
 - C. Working capital
 - D. Borrowed capital
- 1.17 The object of re-insurance is to _____.
- A. spread the risk of a loss
 - B. reduce premiums
 - C. adjust premiums to the rate of inflation
 - D. prevent under-insurance of policy holders
- 1.18 A _____ binds himself in writing to make good to the creditor for debts when the debtor cannot pay.
- A. lawyer
 - B. creditor
 - C. surety
 - D. mortgagee
- 1.19 _____ refers to the right which one person has to stand in place of another and avail himself of all the rights and remedies of that other person.
- A. Overinsurance
 - B. Subrogation
 - C. Re-instatement
 - D. Re-insurance
- 1.20 A complete overhaul or replacement of a piece of equipment when it breaks down is known as _____ maintenance.
- A. parts
 - B. remedial
 - C. conditional
 - D. preventative
- 1.21 Which **one** of the following refers to a form of ownership where the people are jointly and severally liable for the debts of the business?
- A. Private company
 - B. Public company
 - C. Partnership
 - D. Close corporation

- 1.22 Which one of the following risks can NOT be insured?
- A. Money in transit
 - B. Theft
 - C. Fire
 - D. Price fluctuations
- 1.23 Which **one** of the following enterprises does not ensure continuity?
- A. Sony (Pty) Ltd
 - B. Iscor Limited
 - C. Kia Motors CC
 - D. Paula and Daughter Florists
- 1.24 Which document stipulates the provisions regarding the NAME of a company?
- A. Memorandum of association
 - B. Working agreement
 - C. Prospectus
 - D. Articles of association
- 1.25 Bread for domestic use is an example of _____ goods.
- A. speciality
 - B. industrial
 - C. select
 - D. convenience

25x2=(50)

Write down only the missing word(s), or give the correct term, next to the correct question number.

- 1.26 Packaging policy according to which certain aspects of the packaging are continually changed, e.g. imprints of well-known soccer players on cooldrink cans
- 1.27 Expensive products to which consumers are brand loyal, e.g. Toyota cars and Sony televisions
- 1.28 The packaging of several, closely related products into one container, e.g. pens and pencils, in one packaging
- 1.29 News carried in the mass media and for which the trader does not pay
- 1.30 The point at which a company shows neither a loss nor a profit
- 1.31 The field of study of work study to improve the productivity of workers
- 1.32 Repair work is performed according to a predetermined schedule regardless of a defect occurring or not

- 1.33 The cost of an enterprise which exists irrespective of the production hours worked or the number of articles produced
- 1.34 The sum of the direct raw material cost and the direct labour cost
- 1.35 A financial plan for a specific period in which certain projections are made
- 1.36 The _____ is a sensitive barometer of economic conditions
- 1.37 The _____ settle differences, disputes and problems between the members through arbitration
- 1.38 The owners or shareholders contribute to the _____ capital of an undertaking
- 1.39 The ability of an undertaking to meet its obligations shows that the undertaking is _____
- 1.40 If the market value of shares drops, a probable reason can be that the company is _____ capitalized.
- 1.41 A choice made between two or more alternatives (element of management)
- 1.42 The application of forces and factors in order to guide workers to perform
- 1.43 The process by which a senior person encourages an employee to perform his duties
- 1.44 This institution provides advances to control boards
- 1.45 This document defines the internal rules by which the company must be managed
- 1.46 An invitation by a public company to the public to buy shares
- 1.47 The concept that entitles the enterprise to sue and be sued
- 1.48 This document contains procedures for the transfer of shares and share certificates
- 1.49 In which form of ownership will you find **underwriting of shares**?
- 1.50 Shoprite Checkers is an example of _____ amalgamation. 25x2=(50)

TOTAL FOR SECTION A: [100]

SECTION B

Answer any FIVE questions from this section .

QUESTION 2
FORMS OF OWNERSHIP

2.1 Fill in the missing term(s) to complete the following statements. Write down only the term(s) next to the relevant question number in your answer book.

2.1.1 _____ amalgamation refers to the amalgamation of businesses which do not supply the same product.

2.1.2 Holders of _____ shares may only share in the surplus profits after all shareholders have received a dividend.

2.1.3 A public company obtains legal entity after the _____ has been issued.

2.1.4 When a company issues a prospectus, the minimum number of subscriptions should be received within _____ days.

2.1.5 The liability for debts of a sole trader is _____. (10)

2.2	Melanie & Son Beverages	ABC Shoes (Pty) Ltd
	A	B

2.2.1 Identify the forms of ownership presented in **A** and **B**. (4)

2.2.2 If the two businesses were to amalgamate, what type of amalgamation will it be? (2)

2.2.3 Give FOUR characteristics of a Close Corporation. (8)

2.2.4 State THREE characteristics of ABC Shoes (Pty) Ltd. (6)

2.3 State THREE advantages of a partnership. (6)

2.4 List FOUR aspects that must be mentioned in the articles of association of a public company. (4)
[40]

QUESTION 3
MARKETING FUNCTION

You are the newly appointed marketing manager of a recently established jewellery store, Mntanami Ltd. It is your responsibility to compile the marketing mix to start the exchange process and in so doing, satisfy the needs of the consumers.

Answer the following questions.

3.1 PACKAGING

- 3.1.1 What are the aims of Mntanami Ltd with their products' packaging? (4)
- 3.1.2 What type of packaging can be considered by Mntanami Ltd for their products? (2)
- 3.1.3 State any FOUR other packaging formats they can use. (4)

3.2 DISTRIBUTION /PRICING

- 3.2.1 Which FOUR methods of eliminating intermediaries can be considered by the marketing manager? (8)
- 3.2.2 State THREE reasons for using an indirect distribution channel. (6)
- 3.2.3 State FIVE factors which may affect price determination. (10)

3.3 Give the correct term(s) described in each of the following statements. Write only the answers next to the appropriate question numbers.

- 3.3.1 The policy on the choice, design, packaging and trade mark
 - 3.3.2 A registered symbol or brand that has given exclusive legal protection to both the brand name and related designs
 - 3.3.3 This is the shortest and simplest channel of distribution for secondary goods with no middlemen involved. (6)
- [40]**

QUESTION 4 FINANCIAL FUNCTION

4.1 Complete the following sentences by filling in the missing word(s). Write down only the answer(s) next to the question number.

- 4.1.1 In the _____ budget the firm plans to acquire fixed assets within the next five or more years.
- 4.1.2 The transfer of authority from the middle order management to a subordinate is known as _____.
- 4.1.3 The _____ budget is used to determine current expenses.
- 4.1.4 A _____ is issued by the bank after a client's creditworthiness has been determined.
- 4.1.5 A _____ is an example of borrowed capital.

(10)

4.2 Explain the following concepts briefly:

- | | | |
|-------|------------------------|-----|
| 4.2.1 | Underwriting of shares | (8) |
| 4.2.2 | Prospectus | (4) |
| 4.2.3 | Own capital | (4) |
| 4.2.4 | Borrowed capital | (4) |

4.3 “High stock levels have advantages as well as disadvantages, the optimum stock is therefore a balance between the two.” State FIVE advantages of efficient stockpiling. (10)
[40]

QUESTION 5 INSURANCE

- | | | |
|-------|---|-------------|
| 5.1 | State THREE risks which are not insurable. | (6) |
| 5.2 | State FOUR examples of insurable interest. | (8) |
| 5.3 | List the steps which must be followed when fire insurance is taken out. | (8) |
| 5.4 | With the aid of an example, explain the meaning of the term re-insurance . | (4) |
| 5.5 | State FIVE advantages of insurance. | (10) |
| 5.6 | A property with a market value of R120 000 is insured for R80 000. | |
| 5.6.1 | What type of insurance is this? | (1) |
| 5.6.2 | How much will be paid out if damage of R20 000 occurs? | (3) |
| | | [40] |

QUESTION 6 PRODUCTION FUNCTION

- | | | |
|-------|---|-----|
| 6.1 | Name THREE factors affecting quality control. | (6) |
| 6.2 | Define the following concepts: | |
| 6.2.1 | Break-even point | (4) |
| 6.2.2 | Direct labour costs | (4) |

- 6.3 Management has a choice of a number of production systems. Name THREE such production systems. (6)
- 6.4 Choose from the words in brackets the correct word(s) to complete each of the following statements. Write down only the correct word(s) next to the relevant question number in your answer book.
- 6.4.1 (Specialized/Standard machines) are built to standard specifications on a large scale for delivery to numerous similar factories.
- 6.4.2 (Mass production/Production on order) costs per unit are usually high.
- 6.4.3 (Long-term/Short-term) decisions are covered in the choice and development of the product range.
- 6.4.4 (Machine loading/Scheduling) is done with the aid of calculated standard time. (8)
- 6.5 During the planning of factory safety, certain safety measures must be considered. List THREE such measures. (6)
- 6.6 State THREE advantages of efficient production planning and control for the worker. (6)
- [40]**

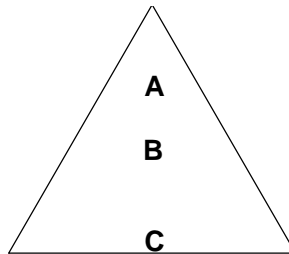
QUESTION 7**THE ENTERPRISE AND ITS ENVIRONMENT/ADMINISTRATION FUNCTION**

- 7.1 State FOUR services of the South African Reserve Bank. (8)
- 7.2 State FOUR services rendered by the Council for Scientific and Industrial Research. (8)
- 7.3 State FOUR services of the Chambers of Commerce and sakekamers. (8)
- 7.4 Write down only the word(s), (data / information / management information statistics) next to each of the relevant question numbers.
- 7.4.1 _____ is the collection of facts and figures that have to be processed before they can be used for decision making.
- 7.4.2 _____ should be presented in an understandable format. It needs to be complete and up-to-date.
- 7.4.3 Company records such as figures, reports, etc., are examples of _____.

- 7.4.4 _____ is collected by means of questionnaires, telephone surveys and observation.
- 7.4.5 _____ is the processed data which is used to make decisions. (10)
- 7.5 State THREE factors which influence the decision to centralize or decentralize. (6)
[40]

QUESTION 8
GENERAL MANAGEMENT FUNCTION

- 8.1 Three levels of management may be identified. Answer the following questions.



- 8.1.1 What level of management functions at **A**?
What type of decisions are being taken at this level?
- 8.1.2 What level of management functions at **B**?
What type of decisions are being taken at this level?
- 8.1.3 What level of management functions at **C**?
What type of decisions are being taken at this level? 3x4=(12)
- 8.2 State THREE advantages of the line organisation structure. (6)
- 8.3 State FOUR principles/requirements of effective planning. (8)
- 8.4 As personnel officer of Stanbic Enterprise it is your responsibility to ensure that the staff stay motivated. State SIX factors that can influence the motivation of workers. (6)
- 8.5 List FOUR principles of decision-making. (8)
[40]

TOTAL FOR SECTION B: [200]

TOTAL: 300

END