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Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

BUSINESS STUDIES

EXEMPLAR 2014

MARKS: 300

TIME: 3 hours

This question paper consists of 12 pages.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully before answering the questions.

- This question paper consists of **THREE** sections and covers all broad topics.

 SECTION A: **COMPULSORY**
 SECTION B: **Consists of FIVE QUESTIONS**
 Answer any **THREE** of the five questions in this section.
 SECTION C: **Consists of FOUR questions**
 Answer any **TWO** of the four 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.
- 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
A: Objective type questions COMPULSORY	1	40	30 minutes
B: FIVE direct/indirect type questions (CHOICE: Answer any THREE)	2	60	30 minutes
	3	60	30 minutes
	4	60	30 minutes
	5	60	30 minutes
	6	60	30 minutes
C: FOUR essay type questions (CHOICE: Answer any TWO)	7	40	30 minutes
	8	40	30 minutes
	9	40	30 minutes
	10	40	30 minutes
TOTAL		300	180 minutes

- Begin the answer to **EACH** question on a **NEW** page, for example QUESTION 1 – new page, QUESTION 2 – new page, et cetera.
- Non-programmable calculators may be used.
- Write neatly and legibly.

SECTION A (COMPULSORY)**QUESTION 1**

- 1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.10) in the ANSWER BOOK, for example 1.1.11 B.

- 1.1.1 A business that employs 50 or more employees should ...
- A submit an employment equity plan to the Department of Labour.
 - B pay employees lower wages/salaries.
 - C develop a black empowerment strategy.
 - D not send their employees for skills development.
- 1.1.2 The scorecard system includes elements that measure the ...
- A BBBEE pillars.
 - B CCMA.
 - C National Consumer Tribunal.
 - D parliament of South Africa.
- 1.1.3 Pepe Ltd's balance sheet is a ...
- A verbal report on the financial results of the past financial year.
 - B non-verbal presentation of their financial position.
 - C verbal interpretation of financial information.
 - D non-verbal record of future income and expenditure.
- 1.1.4 If an employee was dismissed because of regular late-coming, he was dismissed ...
- A on grounds of incapacity.
 - B for operational reasons.
 - C on grounds of retrenchment.
 - D on grounds of misconduct.
- 1.1.5 Which ONE of the following is an advantage of corporate social responsibility?
- A Reduces the BBBEE ratings
 - B Makes reporting in financial statements more difficult
 - C Is not the main activity of the business
 - D Attracts investors

- 1.1.6 A company may issue a prospectus when ...
- A there is enough share capital.
 - B it wants to inform people about a new issue of shares.
 - C it wants to register as a company.
 - D it wants to buy back some of its issued shares.
- 1.1.7 Insurance products that pay an income used at retirement, are known as ...
- A long-term loans.
 - B retail bonds.
 - C securities.
 - D annuities.
- 1.1.8 This business function is directly involved in communicating with the media through, for example, issuing press releases:
- A The purchasing function
 - B The public relations function
 - C The general management function
 - D The human resources function
- 1.1.9 This Act allows a business to obtain information about blacklisted customers:
- A Broad-Based Black Empowerment Act, 2003 (Act 53 of 2003)
 - B Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
 - C Employment Equity Act, 1998 (Act 55 of 1998)
 - D National Credit Act, 2005 (Act 34 of 2005, as amended)
- 1.1.10 The best way to resolve conflict in the workplace is to ...
- A transfer the affected worker.
 - B ignore the affected worker.
 - C address the causes of conflict and solve them.
 - D retrench the affected worker.
- (10 x 2) (20)

1.2 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (1.2.1–1.2.5) in the ANSWER BOOK.

- 1.2.1 Businesses that pay the skills development levy can claim a refund when its employees participate in (training and development programmes/wellness programmes).
- 1.2.2 A remuneration package could include (annual leave/regular meetings with the supervisor).
- 1.2.3 (Resignation/Retrenchment) is when an employment contract is voluntarily terminated by the employee.
- 1.2.4 Social rights include the right to (choose and practise a religion/ fair wages and salaries) in the workplace.
- 1.2.5 (Leadership/Management) refers to a process of influencing employees to become achievers in the performance of their duties.

(5 x 2) (10)

1.3 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A–G) next to the question number (1.3.1–1.3.5) in the ANSWER BOOK, for example 1.3.6 H.

COLUMN A	COLUMN B
1.3.1 Learnership	A compulsory scheme created by the government
1.3.2 Indigenous knowledge	B a pool of funds members can use for their health expenses
1.3.3 Equity	C involves practical work experience
1.3.4 Creative thinking	D all employees receive the same treatment
1.3.5 Unemployment Insurance Fund	E knowledge and skills that people in a particular geographical area possess
	F leads to original ideas that are used to solve business challenges
	G a choice between alternatives

(5 x 2) (10)

TOTAL SECTION A: 40

SECTION B

Answer ANY THREE questions from this section.

NOTE: Clearly indicate the QUESTION NUMBER of each chosen question. 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 ENVIRONMENT

2.1 Read the case study below and answer questions that follow.

NATHANIEL'S BRICKS AND TILES

Nathaniel's Bricks and Tiles specialises in the manufacturing of bricks and floor tiles. They have 20 workers who are directly involved in the manufacturing process.

Sam, one of the employees, was injured at work and lost his arm despite all the necessary health and safety requirements being in place. Sam demanded that he be paid for losing his arm.

Nathaniel's Bricks and Tiles refused to pay Sam arguing that it was not the business's responsibility to compensate workers for injuries sustained while they are on duty.

- | | | |
|-------|---|-------------|
| 2.1.1 | Name and explain the Act that allows Sam to claim for compensation. | (4) |
| 2.1.2 | Do you think Sam's demand for compensation is justified? Support your opinion with a reason. | (4) |
| 2.1.3 | Explain the procedure that Sam must follow to claim for compensation. | (6) |
| 2.1.4 | Discuss the consequences for Nathaniel's Bricks and Tiles for not complying with the Act identified in QUESTION 2.1.1. | (6) |
| 2.1.5 | State any THREE advantages of this Act for businesses in general. | (6) |
| 2.2 | Recommend measures businesses can introduce to ensure that their operations do not affect human health negatively. | (8) |
| 2.3 | Businesses operate in diverse communities and they have a diverse workforce. Discuss the obligations of businesses in terms of their broad-based approach with specific reference to inclusivity. | (6) |
| 2.4 | Justify the introduction of broad-based black economic empowerment (BBBEE). | (4) |
| 2.5 | The Labour Relations Act, 1995 (Act 66 of 1995) provides for the establishment of trade unions and employer organisations. Distinguish between these two types of organisations. | (4) |
| 2.6 | Evaluate the impact of the Consumer Protection Act, 2008 (Act 68 of 2008) on businesses. | (12) |
| | | [60] |

QUESTION 3: BUSINESS VENTURES

- 3.1 Name the type of presentation described in each statement below:
- 3.1.1 Printed copies of financial statements to support an electronic presentation on this year's financial results
 - 3.1.2 Production figures for 2013 and 2014 on a histogram
 - 3.1.3 A short video explaining the steps to complete an application form
 - 3.1.4 Drawings and pictures in the user manual of a fax machine
 - 3.1.5 A flow chart explaining the steps in the production process (10)
- 3.2 Distinguish between *limited liability* and *unlimited liability*. (4)
- 3.3 Compare the success or failure of a *personal-liability company* and a *partnership* in terms of:
- 3.3.1 Capacity
 - 3.3.2 Legislation
 - 3.3.3 Management (12)
- 3.4

A building in the centre of Paarl was damaged in a fire. The building was insured for R500 000 and the damage caused was R120 000. The building was valued at R750 000.
- 3.4.1 Name the party responsible for assessing the above-mentioned claim and determining the extent of the damage. (2)
 - 3.4.2 Calculate the amount of money that will be paid for the fire damage. Show ALL calculations. (6)
 - 3.4.3 Explain the clause that is applicable to the above situation. (4)
- 3.5 Suppose a building is insured for R300 000 and its market value is R200 000. It is completely destroyed in a storm. Rebuilding costs amount to R200 000. Describe the role of the insurance company in this regard. (6)
- 3.6 Raymond is the manager of Fine Clothing. He explains work procedures, rewards employees for excellence and punishes them if targets are not met.
- 3.6.1 Identify the leadership style described above. (2)
 - 3.6.2 Evaluate the impact of this leadership style on business operations. (8)
- 3.7 Explain TWO types of preference shares. (6)
- [60]**

QUESTION 4: BUSINESS ROLES

- 4.1 Identify the problem-solving technique described in each of the following instances:
- 4.1.1 Sandy engaged in a role-play conversation with an imaginary person in the other chair to clarify the advantages and disadvantages of a proposed solution to a problem.
 - 4.1.2 The management of Thandi's Bed and Breakfast has requested a group of experts to complete questionnaires to help them solve certain business problems.
 - 4.1.3 All members first generate ideas on their own and then share their ideas with other group members. (6)
- 4.2 Evaluate the effectiveness of brainstorming to solve business problems. (8)
- 4.3 Read the extract below and answer the questions that follow.
- ABC LTD**

The vision of ABC Ltd, one of the world's largest diversified mining groups, is inspired by a statement made by the company's founder. He said: 'The aims of this group have always been to make a profit and a permanent contribution to the well-being of our employees.'
- 4.3.1 Advise ABC LTD on how to contribute towards the well-being of their employees. (10)
 - 4.3.2 Recommend THREE corporate social investment initiatives that ABC Ltd can undertake. (6)
 - 4.3.3 Distinguish between *corporate social investments* and *corporate social responsibility*. (4)
- 4.4 Distinguish between a *dispute* and a *grievance*. (4)
- 4.5 Suggest FIVE ways that businesses can use to deal with difficult employees. (10)
- 4.6 Discuss how South African businesses should address environmental issues to maintain sustainability and also explain the benefits of addressing these issues. (12)
- [60]**

QUESTION 5: BUSINESS OPERATIONS

- 5.1 Read the scenario below and answer the questions that follow.

JOHNNY'S TRADERS

Johnny's Traders has two vacancies; one for a marketing manager and another for a purchasing manager. The enterprise has advertised these vacancies in newspapers and on the Internet.

- 5.1.1 What type of recruitment did Johnny's Traders use? Justify your answer. (4)
- 5.1.2 State FOUR advantages of this type of recruitment. (8)
- 5.2 Brownly Ltd has recently appointed four new employees. The human resources manager has decided to draw up an induction programme for the new employees. Indicate the benefits that Brownly Ltd could gain from an induction programme. (10)
- 5.3 Explain the impact of a total quality management system on small and large businesses with reference to continuous skills development. (12)
- 5.4 Read the case study below and answer the questions that follow.

TRANDY SUPERMARKET

Trandy Supermarket buys their milk directly from Easy Dairy Farm. A day after delivery Trandy Supermarket discovered that the milk had become sour. Trandy Supermarket immediately informed Easy Dairy Farm about the situation but nothing was done. Easy Dairy Farm lost many customers as a result of this challenge.

- 5.4.1 Advise Easy Dairy Farm on how to implement a continuous improvement cycle to improve the quality of their product. (8)
- 5.4.2 Discuss how total client satisfaction and the continuous improvement of processes and systems could assist Easy Dairy farm to sell good quality milk. (8)
- 5.4.3 Briefly state the benefits of implementing a good quality control system in a business. (10)

[60]

QUESTION 6: MISCELLANEOUS TOPICS

6.1 When people work together they can learn from one another and achieve more than they can as individuals. Discuss FOUR criteria that individuals can use to assess themselves with regard to team performance. (12)

6.2 Insurance benefits businesses and individuals. Do you agree with this statement? Motivate your answer. (10)

6.3 Read the statement below and answer the questions that follow.

Shawn inherited R30 000 from a relative. He wants to buy shares on the Johannesburg Security Exchange (JSE).

6.3.1 Can Shawn buy shares by himself on the Johannesburg Security Exchange (JSE)? Motivate your answer. (4)

6.3.2 State FOUR functions of the Johannesburg Security Exchange (JSE). (8)

6.4 Evaluate the impact of the Basic Conditions of Employment Act, 1997 (Act 75 of 1997) on business operations. (8)

6.5 Explain the following types of strategies:

6.5.1 Defensive strategies (4)

6.5.2 Forward vertical integration (4)

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

Westwood Clothing Ltd manufactures school uniforms in Kokstad. Management is concerned about the high levels of absenteeism amongst employees. Although the business is well managed, they also experience cash flow problems.

6.6.1 In which business sector can Westwood Clothing Ltd be classified? (2)

6.6.2 Identify the business environment affected by the challenges in the above scenario. (2)

6.6.3 Quote, from the scenario, the challenges that Westwood Clothing Ltd are experiencing. (2)

6.6.4 Suggest ways in which the business can address the challenges identified in QUESTION 6.6.3. (4)
[60]

TOTAL SECTION B: 180

SECTION C

Answer ANY TWO questions.

NOTE: Clearly indicate the QUESTION NUMBER of the chosen question. The answer to EACH question must start on a NEW page, for example QUESTION 7 on a NEW page, QUESTION 8 on a NEW page, et cetera.

QUESTION 7

Vusi's Stores have been experiencing a decline in sales due to a loss of customers to competitors. The management of Vusi's Stores decides to conduct a planning session to come up with strategies to increase sales and to attract customers.

Formulate TWO possible strategies that Vusi's Stores can include in their strategic planning to address the challenges in the scenario. Discuss how Vusi's Stores can apply the Porter's Five Forces model to analyse their market environment.

[40]**QUESTION 8**

You are the financial advisor who must assist a client who wants to invest R5 million for three years in ONE of the following investment options:

- A fixed-deposit bank account for three years at simple interest of 8,5% per year
- Shares in a well-known listed company at R5 per share. Dividends of 95 cent per share have been paid out in the past two years. The directors have indicated that this amount will not change for the next three years.
- Government retail bonds for three years at 8% per year, compounded annually
- A small shopping centre with 10 shopping outlets (units). Rent per unit will be fixed at R60 000 per year for the next three years.

Support your customer to make the best investment decision by:

- Explaining each investment option listed above
- Describing the risk involved in each option
- Calculating the return on each investment (show calculations clearly)

Recommend the best investment option to your client and motivate your recommendation.

[40]

QUESTION 9

The King Code provides a framework to corporate governance for best business practices. Business ethics and professional conduct are guided by this code.

Distinguish, with examples, between *professional behaviour* and *unprofessional behaviour*. Explain possible reasons why prices in rural areas and unfair advertising are regarded to be unethical business practices. Discuss ways in which professional, responsible, ethical and effective business practice should be conducted.

[40]**QUESTION 10**

The human resource manager wants to appoint a new receptionist and has received various applications after advertising the post.

Explain the human resources procedures of selecting and interviewing that the HR manager can apply in order to identify the most suitable candidate. Discuss the legalities of the employment contract that both the employer and new employee should sign. Briefly outline the contents that should appear in the employment contract.

[40]

TOTAL SECTION C: 80
GRAND TOTAL: 300