



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 11**

**NOVEMBER 2011**

**BUSINESS STUDIES**

**MARKS: 300**

**TIME: 3 hours**

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This question paper consists of 8 pages.

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## INSTRUCTIONS AND INFORMATION

1. Read the following instructions carefully before answering the questions.
2. This question paper consists of THREE sections and covers all learning outcomes:
 

**SECTION A**      COMPULSORY  
**SECTION B**      Consists of THREE COMPULSORY questions.  
**SECTION C**      Consists of FOUR questions. Answer any TWO of the four questions.
3. Consider the time allocation for each question when answering the questions.
4. Read the instructions for each question carefully and take particular note of what is required.
5. Number the answers carefully according to the numbering system used in this question paper.
6. Except where other instructions are given, answers must be written in full sentences.
7. Use the mark allocation and the nature of each question to determine the length of an answer.
8. Start the answer to each question on a new page, for example: QUESTION 2 – New page, QUESTION 3 – New page, etc.
9. Use the table below as a guide for marks and time allocation when answering each question:

QUESTION	SECTION	MARKS	TIME
1	<b>SECTION A:</b> Multiple choice questions, True or False, Matching Items. <b>(Compulsory)</b>	40	30 minutes
2	<b>SECTION B:</b> Three questions <b>(Compulsory)</b>	60	30 minutes
3		60	30 minutes
4		60	30 minutes
5	<b>SECTION C:</b> Essay questions: Answer any TWO of the four questions.	40	30 minutes
6		40	30 minutes
7		40	30 minutes
8		40	30 minutes
	<b>TOTAL</b>	<b>300</b>	<b>180 minutes</b>

**SECTION A: COMPULSORY****QUESTION 1**

1.1 Four possible options are provided as 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 D.

- 1.1.1 This is when a business owner will aim for a quantity slightly above the break-even point to ensure that a profit is made.
- A Break-even analysis
  - B Variable costs
  - C Fixed costs
  - D Safety margins (2)
- 1.1.2 The challenges of the market environment include:
- A Poor quality products
  - B Political changes
  - C Consumer demand
  - D Strikes (2)
- 1.1.3 Sales promotion is taking place when ...
- A the business receives favourable publicity.
  - B prices of goods are increased.
  - C products are produced in big volume.
  - D free product samples are given to consumers. (2)
- 1.1.4 This is a contract where land or property is rented for a specified time by the owner to a tenant:
- A Franchising
  - B Outsourcing
  - C Business plan
  - D Leasing (2)
- 1.1.5 This is the development of world markets:
- A Dismissal
  - B Adaptation
  - C Unemployment
  - D Globalisation (2)

- 1.1.6 Characteristics of a successful team include:
- A Holding meetings twice a month
  - B Clear roles and responsibilities
  - C Focus on qualifications of members
  - D Getting rid of members who perform poorly (2)
- 1.1.7 Membership in a private company is restricted to a maximum of ...
- A 20
  - B 7
  - C 10
  - D 50 (2)
- 1.1.8 This is the process of ensuring that standards that have been laid down in the planning process have been met:
- A Quality control
  - B Safety management
  - C Production planning
  - D Production sectors (2)
- 1.1.9 ... is classified under the primary sector.
- A Forestry
  - B Financing
  - C Manufacturing
  - D Transport (2)
- 1.1.10 This type of packaging is used for expensive products like diamond rings:
- A Kaleidoscopic
  - B Multiple/combination
  - C Re-usable
  - D Speciality (2)

1.2 Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A – H) next to the question number (1.2.1 – 1.2.5) in the answer book, for example 1.2.6 J

	COLUMN A		COLUMN B
1.2.1	Mpoke Engineering sponsors the local netball tournament in Mount Fletcher	A	Remedial maintenance
1.2.2	Companies such as Kentucky Fried Chicken and Wimpy rely on entrepreneurs to manage the branches of their fast-food outlets	B	Interrupted production
1.2.3	Exists where there is a group of people that share the same objectives and responsibilities	C	Ethics
1.2.4	These are costs which are constant. They remain the same even if production increases or decreases	D	Social responsibility
1.2.5	Repairs if the machinery breaks down	E	Franchise
		F	Teamwork
		G	Outsourcing
		H	Fixed costs

(5x2) (10)

1.3 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only “True” or “False” next to the question number (1.3.1 – 1.3.5) in the answer book.

- 1.3.1 Batch production is the production of products in large quantities. (2)
- 1.3.2 The business has a complete control over the micro environment. (2)
- 1.3.3 The geographically scattered market is a reason for direct distribution by manufacturers. (2)
- 1.3.4 A business plan is a logical formation of ideas into a realistic plan. (2)
- 1.3.5 Sales promotion involves person to person or face to face contact with the potential customer. (2)

[40]

**TOTAL SECTION A: 40**

**SECTION B: COMPULSORY****QUESTION 2**

- 2.1 An income statement is done to determine whether your business will be viable or not. It indicates how much profit to expect by showing all your income and expenses over a specific period of time.

**INSTRUCTIONS**

Complete the income statement of Siza Hardware for the month ending 30 June 2011, using the following information:

Sales R40 000, wages R50 000, Advertising R30 000, Telephone R1 500, Costs of sales R20 000, Electricity R1 500

(20)

- 2.2 Read the following extract and answer the questions that follow:

**EXCESSIVE PROFITS!**

For any company, it is a great challenge and a wonderful achievement to make a good profit. However, in Telkom's case, it's a disgrace.

Firstly, Telkom is a monopoly, so there are no competitors. If no one is allowed to compete against you, winning is no great achievement.

Secondly, most of Telkom's shares belong to the State, and we all know how many doors that will open for you!

Thirdly, Telkom's rates are among the highest in the world. So the huge profit is no surprise – the consumers have paid for it.

Finally, to all those who bought Telkom shares when they were cheap, I would like to point out that their huge profits were made at the expense of the poor fools who have to pay the exorbitant phone rates.

Source: *Financial Mail*, June 2010

- 2.2.1 Define the word *profit*. (2)
- 2.2.2 Explain how businesses make profit. (4)
- 2.2.3 Explain why the writer thinks Telkom's profits are a "disgrace". (4x2) (8)
- 2.2.4 What is a *monopoly*? (2)
- 2.2.5 Discuss the implication of monopoly when saying: "..., most of Telkom's shares belong to the State". (2)
- 2.3 Mr. Hoffman will have to decide whether to establish a new business or to buy an existing business.

Explain any FOUR advantages of buying an existing business. (4x2) (8)

- 2.4 Identify FIVE advantages of a partnership. (5x2) (10)

- 2.5 The retailer is the final link between the wholesaler and the consumer. The customers of the retailer are the general public.

List any TWO types of retailers. (2x2) (4)

**[60]**

**QUESTION 3**

- 3.1 In an effort to promote South African goods, a “Proudly South African” slogan and logos has been launched as a branding strategy for home grown products and services that are uniquely South African.
- 3.1.1 Identify any THREE elements of branding. (3x2) (6)
- 3.1.2 List any FIVE advantages of brand names. (5x2) (10)
- 3.2 Supply any FIVE advantages of foreign marketing. (5x2) (10)
- 3.3 Discuss any FIVE different forms of packaging. 5+(5x2) (15)
- 3.4 Businesses are regarded as good citizens, just like individuals. Good citizens are compassionate and work to improve society for all.
- Discuss FIVE ways in which businesses can get involved with the well-being of their employees and communities. (5x2) (10)
- 3.5 3.5.1 Who is responsible to monitor that factories comply with the Occupational Health and Safety Act? (1)
- 3.5.2 Explain FOUR health and safety measures that can be implemented to safeguard factory workers. (4x2) (8)
- [60]**

**QUESTION 4**

- 4.1 Siphon manufactures fake perfumes. The packaging brand names and logos look like the original products. He sells the perfumes to street hawkers who, in turn, sell them to the public.
- 4.1.1 Does Siphon follow ethical business practices?  
Give TWO reasons for your answer. 1+(2x2) (5)
- 4.1.2 Explain FIVE advantages associated with operating your business ethically. (5x2) (10)
- 4.2 Suggest any SIX strategies that can be used to manage stress. (6x2) (12)
- 4.3 Menzi: “Your business is flourishing. You seem not to be affected by the poor economic conditions. How do you manage?”  
Siya: “It’s just to have necessary qualities unique to the entrepreneur, which makes one to be a successful businessman.”
- Explain any FIVE qualities referred to by Siya. (5x2) (10)
- 4.4 Identify FIVE contents of a founding statement. (5x2) (10)
- 4.5 The modern marketer has many pricing techniques or strategies that can be used when determining the price of a product.
- Explain the THREE basic pricing techniques. 3+(3x2) (9)
- 4.6 List any TWO advantages of vending machines. (2x2) (4)
- [60]**

**TOTAL SECTION B: 180**

**SECTION C:**

Answer any TWO questions.

**NOTE:** Indicate the question number. The answer to EACH QUESTION must begin on a NEW PAGE, for example, QUESTION 5 on a new page, QUESTION 6 on a new page, etc.

**QUESTION 5**

The Sahara family intends to start a company of their own. They do not want to sell shares to the public; neither do they want to be listed on the Johannesburg Securities Exchange.

Identify and discuss the pros and cons of the company which the Sahara family intends to establish and give a brief outline of its formation.

[40]

**QUESTION 6**

The HIV/Aids pandemic is one of the greatest socio-economic challenges in this country and is having a devastating impact on the economy and markets.

As the Managing Director of a factory in Port Elizabeth, you are required to report on how HIV/Aids affect and challenges your business. Indicate what strategies management can put in place to deal with this challenge in the workplace.

[40]

**QUESTION 7**

Mrs Roji has a winning idea that will bring success in her business. This is possible if the business can manufacture rugby balls for the 2011 Rugby World Cup in New Zealand. She approaches you to advise her whether to use mass production or the jobbing production system.

Discuss the TWO production systems mentioned above and recommend the best production system Mrs Roji can use to manufacture the rugby balls.

[40]

**QUESTION 8**

A good example of franchising is Nando's fast foods. They are found in almost every city around the country. A small business owner buys the right to sell the goods and services of a large well-established company. The person buying a franchise is known as franchisee and the person selling the rights is known as a franchisor.

Elaborate on the contents of a contract and in your discussion include advantages and disadvantages of both franchisor and franchisee.

[40]

**TOTAL SECTION C: 80**

**GRAND TOTAL: 300**