# BUSINESS PRACTICE

**JUNE 2013 EXAMINATION**

**DATE:** 5 JUNE 2013  
**TIME:** 14H00 – 17H00  
**TOTAL:** 100 MARKS  
**DURATION:** 3 HOURS  
**PASS MARK:** 40%

This examination paper consists of 4 sections:

**SECTION A:** Consists of:
- (i) 10 MULTIPLE-CHOICE QUESTIONS (10 MARKS)
- (ii) 5 TRUE OR FALSE QUESTIONS (10 MARKS)
- (iii) 10 MATCHING-STATEMENT QUESTIONS (10 MARKS)

**SECTION B:** Consists of 1 SHORT QUESTION

Answer the question (10 MARKS)

**SECTION C:** Consists of 2 LONG ANSWER QUESTIONS

Answer both questions (40 MARKS)

**SECTION D:** Consists of 2 INTERPRETATIVE QUESTIONS

Answer one of the questions (20 MARKS)

**INSTRUCTIONS:**

1. Read the following instructions carefully before answering the paper, as failure to act upon them will result in a loss of marks.
2. Write your answers in your answer book, which is provided in the exam.
3. Ensure that your name and student number are clearly indicated on your answer book.
4. Write your answers in either blue or black ink in your answer book.
5. Read each question very carefully before you answer it and number your answers exactly as the questions are numbered.
6. Begin with the question for which you think you will get the best marks.
7. Note the mark allocations for each question – give enough facts to earn the marks allocated. Don't waste time by giving more information than required.
8. You are welcome to use diagrams to illustrate your answers.
9. Please write neatly – we cannot mark illegible handwriting.
10. Any student caught cheating will have his or her examination paper and notes confiscated. The College will take disciplinary measures to protect the integrity of these examinations.
11. If there is something wrong with or missing from your exam paper or your answer book, please inform your invigilator immediately. If you do not inform your invigilator about a problem, the College will not be able to rectify it afterwards, and your marks cannot be adjusted to allow for the problem.
12. This paper may be removed from the examination hall after the examination has taken place.

**NOTE:** YOU MAY USE A NON-PROGRAMMABLE CALCULATOR.
(i) MULTIPLE-CHOICE QUESTIONS

Choose the correct option for each of the following. Write only the question number and your chosen answer. For instance, if you think that the correct answer for number 1 is (a), then write it as 1. (a).

1. Which one of the following is a definition of 'enterprise' or 'establishment'?
   - (a) Competitors who do the same or similar things when fulfilling customers' needs.
   - (b) An organised entity consisting of plant and people arranged in such a way as to produce the physical goods or provide the services required.
   - (c) Expertise is available in areas such as systems, and the design of premises.
   - (d) Entities who lay emphasis on providing a service to members instead of obtaining high profits.

2. Which one of the following statements defines services?
   - (a) can be transported
   - (b) quality is easy to measure
   - (c) production can be standardised
   - (d) usually labour-intensive

3. The macro environment refers to:
   - (a) technology.
   - (b) management.
   - (c) marketing.
   - (d) finance.

4. The microenvironment refers to:
   - (a) the social environment.
   - (b) the physical environment.
   - (c) administration.
   - (d) demography.

5. The process whereby management ensures that work is done according to plan is known as:
   - (a) staffing.
   - (b) controlling.
   - (c) leading.
   - (d) training.
6. Which one of the following is not a method of managing risks?
   (a) shifting
   (b) containing
   (c) avoiding
   (d) reducing

7. Which one of the following is based on the anticipated costs, and usually is divided into various types of costs, such as salaries, rentals, travelling expenses, etc.?
   (a) the expenditure budget
   (b) the sales budget
   (c) the cash budget
   (d) the departmental budget

8. Which one of the following is an internal form of the business, usually numbered sequentially for control and recording purposes?
   (a) the she suppliers invoice
   (b) the delivery note
   (c) the goods received voucher
   (d) the suppliers invoice

9. Which one of the following was established in terms of the Standards Act of 1982, to promote standardisation in trade and industry?
   (a) the small business development corporation ltd (SBDC)
   (b) the industrial development corporation of South Africa ltd (IDC)
   (c) the South African bureau of standards (SABS)
   (d) the council for scientific and industrial research (CSIR)

10. Which one of the following is a cheque that has 'pay bearer' written on it and which also means that anybody can take it to a bank to be cashed?
    (a) a cash cheque
    (b) a bearer cheque
    (c) a order cheque
    (d) a crossed cheque

(ii) TRUE OR FALSE QUESTIONS

Indicate whether the following statements are true or false. Motivate all your answers.

1. Production goods are goods bought by consumers, e.g. foodstuffs and household furniture.

2. Production managers often draw a route chart so that workers have a visual reminder of the order in which they must do the job.

3. Administration has mainly to do with recording and presenting financial information.
4. The four Ps of marketing when put together are called the marketing mix, i.e. product, price, place and population.

5. The balance sheet summarises all the transactions in which money was received by the business (the revenues), as well as all the transactions in which money was spent by the business. [5 × 2 = 10]

(iii) MATCHING-STATEMENT QUESTIONS

Match the terms in Column B to the statements in Column A. Write down the answers only, for example 1. (a).

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. two parallel lines are drawn across the face of a cheque but no particular bank or account is stipulated</td>
<td>(a) variable life insurance policy</td>
</tr>
<tr>
<td>2. stipulates a particular bank or account into which the cheque must be paid</td>
<td>(b) bills of exchange and promissory notes</td>
</tr>
<tr>
<td>3. a point-to-point service that was intended to replace the cumbersome analogue leased lines</td>
<td>(c) garnishee order</td>
</tr>
<tr>
<td>4. a whole life policy whose benefits vary depending on the success of the insurance company investing those funds</td>
<td>(d) investors</td>
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<tr>
<td>5. a life insurance policy which gives the policyholder the freedom to switch from whole life to term and back, according to his or her circumstances</td>
<td>(e) general crossing</td>
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<td>6. negotiable instruments which are widely used in inland trade, foreign trade and other transactions</td>
<td>(f) speculators</td>
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<tr>
<td>7. is issued by a magistrate's court against someone owing money</td>
<td>(g) annuity policies</td>
</tr>
<tr>
<td>8. persons who buy and sell shares with the intention of making short-term profits</td>
<td>(h) special crossing</td>
</tr>
<tr>
<td>9. persons who intend on making long-term profits and are also interested in the present and future dividends from the shares</td>
<td>(i) diginet</td>
</tr>
<tr>
<td>10. policies that make provision for an amount payable yearly or at other regular intervals</td>
<td>(j) adjustable life assurance policy</td>
</tr>
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SECTION B: SHORT QUESTION

ANSWER THE QUESTION

QUESTION 1

Briefly define the following terms:

(a) 'specialisation' (2)
(b) 'parallelism' (diversification) (2)
(c) 'differentiation' (2)
(d) 'integration' (2)
(e) 'standardisation' (2) [10]
SECTION C: LONG ANSWER QUESTIONS

ANSWER BOTH QUESTIONS

QUESTION 1

(a) Identify ten characteristics of a public company. (10)

(b) Briefly discuss the reasons why one business would buy a controlling interest in another business. (10) [20]

QUESTION 2

(a) Briefly discuss the advantages of a stock exchange listing for companies (10)

(b) Give five reasons why a bank would dishonour a cheque and provide the action to be taken by the holder of the cheque, in each case. (10) [20] [40]
SECTION D: INTERPRETATIVE QUESTIONS (20 MARKS)

ANSWER ONE OF THE QUESTIONS

QUESTION 1
A 23-year old family member just moved to the city to start her first job and has to open a bank account. What tips would you give her to make her aware and protect her against card fraud? [20]

OR

QUESTION 2
Public relations play a pivotal role in creating and shaping a favourable company image. Discuss the function and objectives of the public relations department. [20]

Section A: 30 marks  
Section B: 10 marks  
Section C: 40 marks  
Section D: 20 marks  
TOTAL: 100 MARKS