JUNE 2013 EXAMINATION

DATE: 11 JUNE 2013
TIME: 14H00 – 16H00 TOTAL: 100 MARKS
DURATION: 2 HOURS PASS MARK: 40%

(BUS-BEC)
BUSINESS ECONOMICS

THIS EXAMINATION PAPER CONSISTS OF 3 SECTIONS:

SECTION A: CONSISTS OF:
(i) 5 TRUE OR FALSE QUESTIONS (10 MARKS)
(ii) 10 MATCHING-STATEMENT QUESTIONS (10 MARKS)
ANSWER ALL THE QUESTIONS

SECTION B: CONSISTS OF 7 SHORT QUESTIONS (50 MARKS)
ANSWER ALL THE QUESTIONS

SECTION C: CONSISTS OF 3 LONG ANSWER QUESTIONS (30 MARKS)
ANSWER TWO OF THE QUESTIONS

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.
(i) TRUE OR FALSE QUESTIONS

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

1. Preference shareholders acquire voting rights.
2. Pipelines carry fluids.
3. The handling of goods must be kept to a minimum when transporting them.
4. A partnership has limited liability.
5. A growth in sales would come from the growing buying population in the declining stage of a product’s life cycle. [5 × 2 = 10]

(ii) 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. medium of exchange</td>
<td>(a) non-durable consumer goods</td>
</tr>
<tr>
<td>2. binding offer made by a manufacturer</td>
<td>(b) sole proprietor</td>
</tr>
<tr>
<td>3. no legal formalities</td>
<td>(c) closed corporations</td>
</tr>
<tr>
<td>4. short life span</td>
<td>(d) memorandum of association</td>
</tr>
<tr>
<td>5. product, price, place and promotion</td>
<td>(e) bears</td>
</tr>
<tr>
<td>6. company's constitution</td>
<td>(f) tender</td>
</tr>
<tr>
<td>7. speculators who sell shares they do not own</td>
<td>(g) advertising</td>
</tr>
<tr>
<td>8. swapping of commodities</td>
<td>(h) marketing mix</td>
</tr>
<tr>
<td>9. annual audits are not required</td>
<td>(i) money</td>
</tr>
<tr>
<td>10. directed at a group of people</td>
<td>(j) barter</td>
</tr>
</tbody>
</table>
SECTION B: SHORT QUESTIONS  (50 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1
Briefly outline the advantages of sea transport.  
[3 × 2 = 6]

QUESTION 2
Name and describe five categories of in-store retailers.  
[10]

QUESTION 3
A company can use several different categories of media to advertise its products or services. Identify five categories and give an example to explain each category identified.  
[5 × 2 = 10]

QUESTION 4
Identify the different JSE membership categories.  
[5]

QUESTION 5
Describe your understanding of stock control and stock taking.  
[6]

QUESTION 6
Identify the types of organisations that form the private sector of the economy.  
[5]

QUESTION 7
Identify the form of ownership that would be the most likely choice for each of the following kinds of business. Explain why the business would make that choice.

(a) a new gold mine  

(b) a firm of attorneys  

(c) a corner café  

(d) a travel agency  

[50]
QUESTION 1

(a) Answer the following with respect to public companies:

i. Identify the documents which form the basis of the legal contracts associated with the formation of a public company. (1)

ii. State the minimum number of owners required to form a public company. (1)

iii. State the minimum number of directors that should be appointed within a public company. (1)

iv. Explain what the letters 'Ltd' at the end of the name of a public company implies. (2) [5]

(b) Explain five advantages of a public company. (5 × 2 = 10) [15]

AND / OR

QUESTION 2

The product is the lifeblood of the firm and has to satisfy the needs of the consumer. Regular decisions have to be taken in respect of expanding or reducing product ranges, adapting existing products or creating new products.

Explain the following in terms of the design of a product:

(a) Advantages of using standardised products or components (6)

(b) Simplification (1)

(c) Determination of costs (2)

(d) Patents and patent rights (2)

(e) Quality and design (2)

(f) Consumer complaints (2) [15]

AND / OR
QUESTION 3

Marketing is the management process responsible for identifying, anticipating
and satisfying customer requirements, profitably.

Discuss this statement in detail.  

[15]  

Section A: 20 marks  
Section B: 50 marks  
Section C: 30 marks  
TOTAL: 100 MARKS