BUSINESS ECONOMICS

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 4 SHORT QUESTIONS
ANSWER ALL THE QUESTIONS (10 MARKS)

SECTION C: CONSISTS OF 4 LONG ANSWER QUESTIONS
ANSWER ALL THE QUESTIONS (40 MARKS)

SECTION D: CONSISTS OF 3 INTERPRETATIVE QUESTIONS
ANSWER ANY 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 WILL NEED A NON-PROGRAMMABLE CALCULATOR, PENCIL AND RULER TO COMPLETE THIS EXAM.
(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 statement is false with regard to private companies?
   - (a) The free transfer of its shares is restricted.
   - (b) The maximum number of shareholders is 50.
   - (c) At least two directors are required.
   - (d) Profits are distributed by dividends to shareholders.

2. Which of the following forms of advertising has the shortest lifespan?
   - (a) newspapers
   - (b) magazines
   - (c) TV
   - (d) outdoor

3. Which type of internal transport would lift very heavy items?
   - (a) conveyor belt
   - (b) overhead crane
   - (c) chute
   - (d) forklift

4. Which statement is *incorrect* with regard to general dealers?
   - (a) personal and friendly service
   - (b) country residents can obtain most of their essential daily needs from the general dealer
   - (c) customers can buy on account
   - (d) prices are low

5. Which statement does *not* apply to junior memberships of the JSE?
   - (a) voting rights
   - (b) form of apprenticeship
   - (c) must pass qualifying JSE examinations
   - (d) no privileges
6. *Working capital* would not be needed for:

(a) purchasing inventories.
(b) account payments.
(c) asset replacement.
(d) financing debtors.

7. _____ would *not* be an advantage of rail transport.

(a) Reliability
(b) Regularity
(c) Cheap fares
(d) Flexibility

8. Which of the following would *not* be classified as an in-store retailer?

(a) factory shop
(b) supermarket
(c) spaza shop
(d) discount house

9. Which statement would *not* be an advantage of interrupted production?

(a) production process is easy to change
(b) machinery is specialised
(c) machinery is less expensive
(d) production can change according to demand

10. Which of the following is *not* an external factor affecting the purchasing function?

(a) international political conditions
(b) economic conditions
(c) reliability of suppliers
(d) purchasing policy

(ii) **TRUE OR FALSE QUESTIONS**

Indicate whether the following statements are True or False. Motivate all your answers.

1. Voting power varies according to shareholding in co-operatives.
2. The media is protected against consumerism.
3. Appropriate notices must be displayed in storing dangerous materials.
4. Small-scale production is more profitable when the final product is large and expensive.
5. More expertise exists in a partnership than in a sole proprietor. [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. direct selling to consumers</td>
<td>(a) agent</td>
</tr>
<tr>
<td>2. interest of a person in a company</td>
<td>(b) stock taking</td>
</tr>
<tr>
<td>3. analysis of how jobs are done and how long the job takes</td>
<td>(c) private</td>
</tr>
<tr>
<td>4. a person who arranges transactions between buyers and sellers</td>
<td>(d) stags</td>
</tr>
<tr>
<td>5. last day of the financial year</td>
<td>(e) share</td>
</tr>
<tr>
<td>6. no financial audit required</td>
<td>(f) bears</td>
</tr>
<tr>
<td>7. limited scope for raising capital</td>
<td>(g) work study</td>
</tr>
<tr>
<td>8. prospectus required</td>
<td>(h) retailer</td>
</tr>
<tr>
<td>9. speculators who sell shares they do not own</td>
<td>(i) closed corporation</td>
</tr>
<tr>
<td>10. speculators who buy shares in a company before it is listed</td>
<td>(j) public company</td>
</tr>
</tbody>
</table>
SECTION B: SHORT QUESTIONS (10 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1
Describe your understanding of the production gap. [3]

QUESTION 2
Identify the minimum and maximum number of members allowed in a closed corporation. [2]

QUESTION 3
What are the questions that market research would tend to focus on? [4]

QUESTION 4
Name the type of costs that do not change according to the number of products manufactured. [1]
SECTION C: LONG ANSWER QUESTIONS (40 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1

Explain your understanding of the functions of a stockbroker. [10]

QUESTION 2

Briefly describe public companies under the following headings.
- Formation
- Sharing of profits and losses
- Scope for raising capital
- Shareholders' liability for business debts
- Minimum and maximum number of owners
- Taxation
- Management and control
- Continuity
- Number of directors
- Name [10]

QUESTION 3

Define the following terms:

(a) public relations (1)
(b) marketing mix (4)
(c) product life cycle (4)
(d) product range (1) [10]

QUESTION 4

Bar coding and electronic scanning have many benefits for the manufacturer, the retailer and the consumer.

Identify and describe five benefits of bar coding and electronic scanning. [5 × 2 = 10]
QUESTION 1

"Phew! Fooling some of the people all the time is damn hard work."

Advertising is a powerful marketing activity. In order for an organisation to create or maintain a competitive advantage, advertising its product or services is vitally important.

(a) Identify the purposes of advertising. (9)

(b) List the aspects that need to be considered when choosing an appropriate media channel. (6)

(c) Identify the strengths of radio advertising. (5) [20]

OR
QUESTION 2

Sole proprietorships are probably the most common form of ownership. They include all those people who have become 'self-employed', sometimes because they have no alternative.

(a) Describe the features of a sole proprietorship. (14)

(b) Identify three advantages and three disadvantages of a sole proprietorship. (6) [20]

OR

QUESTION 3

There are three main types of production systems, which are determined by the nature of what is being produced, and how the finished product is sold. These systems are 'job production', 'batch production' and 'mass production'.
(a) Describe your understanding of these three main types of production systems. Include an example of each. \( (3 \times 3 = 9) \)

(b) The advantages of proper planning and control in production can be seen from a number of viewpoints. Discuss these advantages from the following viewpoints: the raw materials supplier; wholesalers and retailers; factory workers; and consumers. \( (8) \)

(c) Define quality control. \( (3) \) [20]

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