JUNE 2013 EXAMINATION
DATE: 12 JUNE 2013
TIME: 09H00 – 11H00
TOTAL: 100 MARKS
DURATION: 2 HOURS
PASS MARK: 40%

(VOC-1212)
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)

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

SECTION C: CONSISTS OF 3 LONG ANSWER QUESTIONS
ANSWER ANY TWO OF THE QUESTIONS (30 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.
SECTION A (20 MARKS)

ANSWER ALL THE QUESTIONS

(i) TRUE OR FALSE QUESTIONS

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

1. Production, with regard to factors of production, is not confined to tangible (touchable) goods.
2. Closed corporations have shareholders.
3. Stocktaking of fixed assets is done monthly.
4. The human resources department perform a staff function.
5. The continuity of a partnership is at risk.  \[5 \times 2 = 10\]

(ii) MATCHING-STATEMENT QUESTIONS

Match the statements in Column B to the terms 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. product, price, promotion and place</td>
<td>(a) SA Reserve Bank</td>
</tr>
<tr>
<td>2. the conservation of natural resources</td>
<td>(b) organisational structure</td>
</tr>
<tr>
<td>3. exact details of goods required</td>
<td>(c) factors of production</td>
</tr>
<tr>
<td>4. few legal formalities</td>
<td>(d) marketing mix</td>
</tr>
<tr>
<td>5. formal channels of communication</td>
<td>(e) capitalism</td>
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<tr>
<td>6. monopolies can develop</td>
<td>(f) purchasing specification</td>
</tr>
<tr>
<td>7. monetary policy control</td>
<td>(g) policy</td>
</tr>
<tr>
<td>8. one business merges with another</td>
<td>(h) sole trader</td>
</tr>
<tr>
<td>9. guideline for decision making</td>
<td>(i) the physical business environment</td>
</tr>
<tr>
<td>10. land, labour, capital and enterprise</td>
<td>(j) amalgamation</td>
</tr>
</tbody>
</table>

[10]

[20]
SECTION B: SHORT QUESTIONS (50 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1
Production management takes place in the kitchen department of a hotel or restaurant.
Briefly list what the production manager, e.g. the chef, will aim to achieve. [5 × 2 = 10]

QUESTION 2
Outline the circumstances under which Government or local authority may choose to engage in commercial undertakings on its own account. [3 × 2 = 6]

QUESTION 3
Identify the services that local chambers of commerce provide. [7]

QUESTION 4
List the three main areas of responsibility undertaken by human resources management. [3 × 2 = 6]

QUESTION 5
A friend of yours is looking at the prospect of starting a guesthouse. He needs to know the various forms of capital within the business environment in order to start and operate the guesthouse.
Briefly explain the different forms of capital to your friend. [4 × 2 = 8]

QUESTION 6
Briefly discuss the broad external economic environment and its impact on businesses. [6]

QUESTION 7
Briefly describe the two types of production systems. Include an example of each. [7]
SECTION C: LONG ANSWER QUESTIONS (30 MARKS)

ANSWER TWO OF THE QUESTIONS

QUESTION 1

The vast majority of the large hotels are public companies. A public company is an association of persons who establish the company with the intention of making a profit. The members each purchase shares, which contributes to the capital of the company. These shares are transferable to other members of the public.

Discuss a public company with limited liability as follows:

(a) Describe the implications for shareholders and creditors of a company that has limited liability. (5)

(b) Identify five advantages of a limited liability company. (5 × 2 = 10) [15]

AND / OR

QUESTION 2

Co-ordination is essential to bring together all the functional areas of the organisation.

As the general manager of a hotel, explain how you would co-ordinate the functional areas in your hotel. [15]

AND / OR

QUESTION 3

Various levels of management plan different aspects of the business operation.

Identify and describe the three levels of management, as well as their planning responsibilities. [15]

[30]

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