# JUNE 2012 EXAMINATION

**DATE:** 13 JUNE 2012  
**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 5 true or false questions. Answer all the 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 (40 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

(10 MARKS)

ANSWER ALL THE QUESTIONS

TRUE OR FALSE QUESTIONS

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

1. An advantage of self-service is that shoplifting is not a problem.
2. The maximum number of members in a partnership is 30.
3. A member of a closed corporation becomes a provisional taxpayer.
4. Vending machines are non-store retailers.
5. Mass production is easy to change.

[5 × 2 = 10]
SECTION B: SHORT QUESTIONS (50 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1
List the factors that should be taken into account when deciding what form of ownership (what type of business) to choose when starting a business.

[7]

QUESTION 2
Define the following costing terms:
(a) fixed costs (2)
(b) variable costs (2)
(c) overhead costs (2) [6]

QUESTION 3
Give four factors that determine fire insurance premiums. [4 × 2 = 8]

QUESTION 4
The tourism industry advertises extensively through magazines.
(a) Describe the strengths of this form of advertising. (5)
(b) Explain briefly why companies use advertising agencies, instead of doing their own advertising. (2) [7]

QUESTION 5
Quality control is vital in any organisation with regard to products and services delivered.
(a) Define quality control. (2)
(b) Explain the purpose of quality control. (3 × 2 = 6) [8]

QUESTION 6
List three advantages of paying for consumer goods and services in cash, and three advantages of paying for consumer goods and services on credit. [6]
QUESTION 7

Explain the circumstances under which small-scale production is more advantageous than mass production. [4 × 2 = 8]
SECTION C: LONG ANSWER QUESTIONS (40 MARKS)

ANSWER ANY TWO OF THE QUESTIONS

QUESTION 1
Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.

(a) Discuss the various categories of price determination in the marketing mix. \((3 \times 3 = 9)\)

(b) Discuss the importance of knowing where a product is in its product life cycle. \((3 \times 2 = 6)\)

(c) Distinguish between market research and marketing research. \((5)\) [20]

AND / OR

QUESTION 2
In most economies, many types of business ownership exist. The most common form of ownership is the sole proprietorship.

(a) Briefly discuss your understanding of a free market economy. \((5)\)

(b) Outline the features of a sole proprietorship. \((7)\)

(c) Give the advantages and disadvantages of a sole proprietorship. \((8)\) [20]

AND / OR

QUESTION 3
Managing stock effectively is important for any organisation, as without sufficient stock, production and sales will grind to a halt.

(a) Explain your understanding of stock control and stock taking. \((10)\)

(b) Discuss the benefits of barcoding and electronic scanning. \((5 \times 2 = 10)\) [20]

[40]