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 6 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.
TRUE OR FALSE QUESTIONS

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

1. If a partner in a partnership becomes insolvent, the partnership always ceases to exist.

2. Newspaper advertising has a short life span.

3. No bad debts are incurred in a mail order business.

4. Sugar is the final product in stock in the manufacturing of cold drinks.

5. The disadvantage of a process production layout is that large numbers of products cannot be manufactured simultaneously.

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

ANSWER ALL THE QUESTIONS

QUESTION 1
Recently there has been a shift in the demand for farm-produced products, therefore the preservation of agricultural co-operatives will once again be of the utmost importance.

Describe the main functions of producers' (agricultural) co-operatives in South Africa. [5 × 2 = 10]

QUESTION 2
The consumer is the final user of consumer products.

Briefly discuss the different categories of consumer products. [3 × 2 = 6]

QUESTION 3
Public relations is a vital part of any organisation and often falls within the marketing department of a company.

Explain the different ways in which an organisation can communicate with the public in terms of its public relations. [5 × 2 = 10]

QUESTION 4
Advertising can be very expensive but is necessary in order to increase demand for a product or service.

Discuss the characteristics of a good advertisement. [4 × 2 = 8]

QUESTION 5
Purchasing is an important aspect of every business and must be done with great care, especially as businesses operate in an ever-changing world.

Outline the internal and external factors affecting the purchasing function. [9]
QUESTION 6

Briefly outline your understanding of the following terms used in connection with public companies:

(a) Memorandum of Association (2)
(b) Articles of Association (2)
(c) Limited Liability (3) [7]

[50]
SECTION C: LONG ANSWER QUESTIONS (40 MARKS)

ANSWER ANY TWO OF THE QUESTIONS

QUESTION 1
Without production there are no consumers! Production management is crucial in the planning, organising, leading and controlling of a company’s human and material resources.

Discuss the tasks of production management. [20]

AND / OR

QUESTION 2
In public companies capital is often acquired from the public in the form of shares.

(a) Distinguish between the need for working capital and the need for fixed capital. (8)

(b) Differentiate between the shareholders of ordinary shares and shareholders of preference shares. (12) [20]

AND / OR

QUESTION 3
A general dealer, normally a sole proprietor, is an important retailer who meets consumers’ needs in country towns and suburbs.

(a) Briefly describe your understanding of a general dealer. (3)

(b) Outline the advantages and disadvantages of a general dealer. (7)

(c) Briefly explain the sole proprietor form of ownership. (3)

(d) List the features of a sole proprietorship. (7) [20]

[40]