JUNE 2012 EXAMINATION

DATE: 12 JUNE 2012

TIME: 09H00 – 12H00
TOTAL: 100 MARKS

DURATION: 3 HOURS
PASS MARK: 40%

(BUSBUS10)

BUSINESS PRACTICE

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)

ANSWER ALL THE QUESTIONS

SECTION B: CONSISTS OF 3 SHORT QUESTIONS
ANSWER ALL THE QUESTIONS (25 MARKS)

SECTION C: CONSISTS OF 2 LONG ANSWER QUESTIONS
ANSWER BOTH QUESTIONS (25 MARKS)

SECTION D: CONSISTS OF 2 INTERPRETATIVE QUESTIONS
ANSWER 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.
(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. Economics is the study of the system of money flows that determine:
   (a) the needs and wants of people.
   (b) the production and consumption of goods and services.
   (c) the production and consumption of motor vehicles.
   (d) how organisations operate.

2. In countries with a free market system, the business world can be divided into two sectors (sections):
   (a) private and public
   (b) formal and informal
   (c) rural and urban
   (d) private and informal

3. An example of an informal business is:
   (a) a supermarket.
   (b) a car dealership.
   (c) a school.
   (d) a person selling toys from his or her home.

4. Quality control goes hand-in-hand with:
   (a) generalisation.
   (b) communication.
   (c) productivity.
   (d) standardisation.

5. _____ sell goods and services, but only to retailers:
   (a) Distributors
   (b) Retailers
   (c) Wholesalers
   (d) Manufactures
6. SITE means:

(a) standard income tax of employers.
(b) standard income tax of employees.
(c) standard income tax of executives.
(d) standard inclusive tax of employees.

7. A macro environment refers to:

(a) the internal and external influences on the business.
(b) the internal influences on the business.
(c) the external influences on the business.
(d) the factors that have a bearing directly on target market for the goods and services an organisation produces or provides.

8. Integration occurs when:

(a) one enterprise is responsible for the manufacture of all parts of a finished product.
(b) two enterprises are responsible for the manufacture of all parts of a finished product.
(c) one enterprise is responsible for the distribution of all parts of a finished product.
(d) two enterprises are responsible for the distribution of all parts of a finished product.

9. The factors that contribute to a total productive effort are usually classified under the following four main headings:

(a) water, electricity, speed of production, capital
(b) land, labour, capital, enterprise
(c) labour, facilities, land, employees
(d) employees, employers, tax, capital

10. Managers who want to operate ethically should:

(a) ignore the law of the country when it comes to the enterprise.
(b) force their employees to work late to complete their tasks.
(c) exert pressure on their subordinates and their superiors to conform.
(d) establish clear organisational policies and enforce them. [10]

(ii) TRUE OR FALSE QUESTIONS

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

1. The private sector consists of central government, regional government, regional administrations and local authorities.

2. Automation refers to the substitution of machines by people.

3. Parallelism or diversification occurs when an organisation offers or produces only one type of product or service.

4. A school is an example of a profit-making organisation.

5. Net profit is the amount left over after deducting the cost of sales. [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. commercial transactions or business activities that occur electronically, over the Internet</td>
<td>(a) agents</td>
</tr>
<tr>
<td>2. a person who sees a business opportunity and uses it to try to make a profit, in spite of the risk involved</td>
<td>(b) standardisation</td>
</tr>
<tr>
<td>3. decisions taken by a number of interested parties to determine certain norms, requirements and characteristics of products and services</td>
<td>(c) manufacturers</td>
</tr>
<tr>
<td>4. they supply goods and services directly to the end user</td>
<td>(d) e-commerce</td>
</tr>
<tr>
<td>5. businesses that make goods, either by hand or by using machinery</td>
<td>(e) business practice</td>
</tr>
<tr>
<td>6. persons or organisations authorised to enter into contracts with other parties on behalf of the principal</td>
<td>(f) specialisation</td>
</tr>
<tr>
<td>7. occurs when an organisation decides to offer or produce only one type of product or service</td>
<td>(g) free market system</td>
</tr>
<tr>
<td>8. the actual implementation of business management methods and procedures in the workplace</td>
<td>(h) entrepreneur</td>
</tr>
<tr>
<td>9. the financial system found in capitalist countries</td>
<td>(i) informal sector</td>
</tr>
<tr>
<td>10. consists of very small businesses that do not comply with most of the legal formalities</td>
<td>(j) retailers</td>
</tr>
</tbody>
</table>
SECTION B: SHORT QUESTIONS (25 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1

(a) List five features of a sole proprietorship. (5)

(b) Discuss briefly the advantages and disadvantages of a private company. (5) [10]

QUESTION 2

Tabulate five differences between a public company and a co-operative. [10]

QUESTION 3

(a) Define a merger. (2)

(b) List three ways in which amalgamation takes place. (3) [5]

[25]
SECTION C: LONG ANSWER QUESTIONS (25 MARKS)

ANSWER BOTH QUESTIONS

QUESTION 1

Explain why financial record keeping in a business is important.

In your answer also explain which laws (Acts) require that records should be kept, and briefly mention the purpose of these Acts. [10]

QUESTION 2

(a) Discuss the advantages and disadvantages of mass production. (8)

(b) Explain the steps in the marketing process. (7) [15]

[25]
SECTION D: INTERPRETATIVE QUESTIONS (20 MARKS)

ANSWER ONE OF THE QUESTIONS

QUESTION 1

(a) JDs Fashion is a small retail business. The total cost in November was R65 000. During December it's running expenses were as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>R5 000</td>
</tr>
<tr>
<td>Salaries</td>
<td>R30 000</td>
</tr>
<tr>
<td>Wages</td>
<td>R40 000 (including extra workers for the busy period)</td>
</tr>
<tr>
<td>Water and Electricity</td>
<td>R2 000</td>
</tr>
<tr>
<td>Telephone</td>
<td>R1 000</td>
</tr>
</tbody>
</table>

Tabulate the total costs for the month of December. (6)

(b) The owner of JDs Fashion only uses a counter book to capture all the financial details of his business.

State whether you think this is sufficient record keeping and, if not, outline some sound advice you would give him to improve his record keeping. (13)

(c) Explain the term budgetary control. (1) [20]

OR

QUESTION 2

(a) Elaborate on the difference between a stop order and a debit order. (5)

(b) Discuss the advice that you, as a company's financial advisor, would give the company on stock exchange listings. (15) [20] [20]