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.
(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 incorrect with regard to amalgamation?
   (a) seasonal fluctuations and economic cycles have a less severe impact on the holding company
   (b) greater opportunity for mass production
   (c) development of monopolistic tendencies
   (d) costs are reduced with regard to co-ordination and direction of policy

2. Which type of company is the simplest form of business?
   (a) sole trader
   (b) partnership
   (c) private company
   (d) public company

3. Which statement is incorrect with regard to a private limited liability company?
   (a) must consist of a minimum of one and a maximum of 50 persons
   (b) the company shares are freely transferable among the owners
   (c) members of the public may not purchase shares in the company
   (d) the company name must end with (Pty) Ltd

4. Low food and beverage cost percentages could indicate:
   (a) high wastage.
   (b) incorrect pricing of food and beverage items.
   (c) high sales in relation to the purchases.
   (d) low sales in relation to the purchases.

5. Which of the following is not a fixed asset?
   (a) hotel beds
   (b) land and building
   (c) cash in bank
   (d) kitchen equipment
6. Which type of shares receive a fixed dividend each year?
   (a) ordinary shares  
   (b) preference shares  
   (c) bonus shares  
   (d) founders shares

7. Which statement would not be an advantage of interrupted production?
   (a) machinery is less expensive than mass production  
   (b) the system is flexible  
   (c) fluctuations in demand can be managed  
   (d) it takes longer to produce a product

8. Which of the following state departments would control imports and exports?
   (a) Department of Trade and Industry  
   (b) Department of Forestry  
   (c) Department of Telecommunications  
   (d) Department of Water

9. Due to its complexity, what human resource management function is normally supported by consultants?
   (a) recruitment and selection  
   (b) industrial relations  
   (c) health and safety  
   (d) HR planning

10. Which one of the following institutions falls under the private sector?
    (a) Eskom  
    (b) Telkom  
    (c) DSTV  
    (d) SABC

(ii) TRUE OR FALSE QUESTIONS

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

1. A close corporation is a legal person.
2. Factoring means the purchasing of a portion of the company's creditors.
3. In a socialist system consumers have no free choice.
4. Specialisation leads to inflexibility.
5. Preference shareholders receive larger dividends than ordinary shareholders.
(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. food in a restaurant</td>
<td>(a) socialism</td>
</tr>
<tr>
<td>2. up to date information</td>
<td>(b) tertiary production</td>
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<tr>
<td>3. unify and harmonise activities</td>
<td>(c) legal personality</td>
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<tr>
<td>4. written communication</td>
<td>(d) co-ordination</td>
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<tr>
<td>5. collective ownership of the means of production</td>
<td>(e) privatisation</td>
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<tr>
<td>6. TV personality</td>
<td>(f) administrative function</td>
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<tr>
<td>7. limited liability company</td>
<td>(g) land bank</td>
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<tr>
<td>8. rendering services to members</td>
<td>(h) interrupted production</td>
</tr>
<tr>
<td>9. lighter burden for the taxpayer</td>
<td>(i) co-operatives</td>
</tr>
<tr>
<td>10. financial assistance to farmers</td>
<td>(j) instructions</td>
</tr>
</tbody>
</table>
SECTION B: SHORT QUESTIONS  (10 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1
Identify the essential elements of the capitalist system. [3]

QUESTION 2
Briefly explain the difference between primary production and secondary production. [2]

QUESTION 3
Explain your understanding of what 'plant' means. [2]

QUESTION 4
Describe your understanding of a 'policy'. [3]

[10]
SECTION C: LONG ANSWER QUESTIONS

(40 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1

Every business needs stock to operate and therefore stock needs to be carefully managed.

(a) Give two examples of tangible and two examples of intangible stock in a restaurant or hotel. 

(2 x 2 = 4)

(b) What aspects must be monitored with regard to stock? 

(3)

(c) If the seats in a restaurant or the rooms in a hotel are not used or sold on any one day, they can never be sold again, unlike other companies that have tangible products. Discuss this statement. 

(3) [10]

QUESTION 2

Explain your understanding of organisational planning and job analysis. 

[10]

QUESTION 3

Describe five duties of the purchaser function. 

[5 x 2 = 10]

QUESTION 4

Discuss five requirements and characteristics of a partnership. 

[5 x 2 = 10]

[40]
SECTION D: INTERPRETATIVE QUESTIONS (20 MARKS)

ANSWER ANY ONE OF THE QUESTIONS

QUESTION 1

In order for the organisation to achieve its objectives, management must carry out several tasks that include planning, organising, leading and controlling.

Housekeeping standards play an important role in the reputation of any hotel.

Discuss the four main management functions of a housekeeper in a hotel. [4 × 5 = 20]

OR

QUESTION 2

The marketing function is critical in helping an organisation to understand the needs of its customers.

"Our study concludes that this is the percentage of our customers who will buy from us without any effort whatsoever on our part."

The marketing function is critical in helping an organisation to understand the needs of its customers.

Bearing this in mind, explain your understanding of the marketing mix, citing examples of each aspect in the hospitality industry. [4 × 5 = 20]

OR
QUESTION 3

Information is critical to any organisation's survival, as internal and external environments have an impact on all organisations.

Bearing this statement in mind, discuss the external environment affecting your organisation. [20]

[20]

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