KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 11

BUSINESS STUDIES

COMMON TEST

MARCH 2024

MARKING GUIDELINE

MARKS : 100

TIME : 1½ Hours

These marking guidelines consist of 25 pages.

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NOTES TO MARKERS

PREAMBLE

The notes to markers are provided for quality assurance purposes to ensure the following:

(a) Fairness, consistency and reliability in the standard of marking
(b) Facilitate the moderation of candidates' scripts at the different levels
(c) Streamline the marking process considering the broad spectrum of markers across the country
(d) Implement appropriate measures in the teaching, learning and assessment of the subject at schools/institutions of learning

1. For marking and moderation purposes, the following colours are recommended:

Marker:	Red
Senior Marker: Deputy	Green
Chief Marker: Chief Marker: Internal	Brown
Moderator: DBE	Pink
Moderator:	Orange
	Turquoise

2. Candidates' responses must be in full sentences for SECTIONS B and C. However, this would depend on the nature of the question.
3. A comprehensive marking guideline has been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but:
   - Uses a different expression from that which appears in the marking guideline
   - Comes from another credible source
   - Original
   - A different approach is used

   NOTE: There is only ONE correct answer in SECTION A.
4. Take note of other relevant answers provided by candidates and allocate marks accordingly. (In cases where the answer is unclear or indicates some understanding, part-marks should be awarded, for example, one mark instead of the maximum of two marks.)
5. The word 'Sub-max' is used to facilitate the allocation of marks within a question or sub-question.
6. The purpose of circling marks (guided by 'max' in the breakdown of marks) on the right-hand side is to ensure consistency and accuracy in the marking of scripts as well as for calculation and moderation purposes.
7. Subtotals to questions must be written in the right-hand margin. Circle the subtotals as indicated by the allocation of marks. This must be guided by

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'max' in the marking guidelines. Only the total for each question should appear in the left-hand margin next to the appropriate question number.

8. In an indirect question, the theory as well as the response must be relevant and related to the question.

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9. Correct numbering of answers to questions or sub questions is recommended in SECTIONS A and B. However, if the numbering is incorrect, follow the sequence of the candidate's responses. Candidates will be penalised if the latter is not clear.

10. No additional credit must be given for repetition of facts. Indicate with a 'R'.

11. The differentiation between 'evaluate' and 'critically evaluate' can be explained as follows:

    11.1 When 'evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance, e.g. **Positive**: *'COIDA eliminates time and costs spent√ on lengthy civil court proceedings.'*√

    11.2 When 'critically evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance. In this instance candidates are also expected to support their responses with more depth, e.g. 'COIDA eliminates time and costs spent√ on lengthy civil court proceedings√, because the employer will not be liable for compensation to the employee for injuries sustained during working hours as long as it can be proved that the business was not negligent.'√

    NOTE: 1. The above could apply to 'analyse' as well.
    2. Note the placing of the tick (√) in the allocation of marks.

12. The allocation of marks must be informed by the nature of the question, cognitive verb used, mark allocation in the marking guideline and the context of each question.

    Cognitive verbs, such as:

    12.1 Advise, name, state, outline, motivate, recommend, suggest, *(list not exhaustive)* do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.

    12.2 Define, describe, explain, discuss, elaborate, distinguish, differentiate, compare, tabulate, justify, analyse, evaluate, critically evaluate (*list not exhaustive*) require a greater depth of understanding, application and reasoning. Therefore, the marks must be allocated more objectively to ensure that assessing is conducted according to established norms so that uniformity, consistency and fairness are achieved.

13. Mark only the FIRST answer where candidates offer more than one answer for SECTION B and C questions that require one answer.

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14. SECTION B

14.1 If for example, FIVE facts are required, mark the candidate's FIRST FIVE responses and ignore the rest of the responses. Indicate by drawing a line across the unmarked portion or use the word 'Cancel'.

NOTE: This applies only to questions where the number of facts is specified.

14.2 If two facts are written in one sentence, award the candidate FULL credit. Point 14.1 above still applies.

14.3 If candidates are required to provide their own examples/views, brainstorm this at the marking centre to finalise alternative answers.

14.4 **Use of the cognitive verbs and allocation of marks:**

14.4.1 If the number of facts are specified, questions that require candidates to 'describe/discuss/explain' may be marked as follows:

- Fact 2 marks (or as indicated in the marking guidelines)
- Explanation 1 mark (two marks will be allocated in Section C)

The 'fact' and 'explanation' are given separately in the marking guideline to facilitate mark allocation.

14.4.2 If the number of facts required is not specified, the allocation of marks must be informed by the nature of the question and the maximum mark allocated in the marking guideline.

14.5 **ONE mark may be awarded for answers that are easy to recall, requires one word answers or is quoted directly from a scenario/case study. This applies to SECTIONS B and C in particular (where applicable).**

15. SECTION C

15.1 The breakdown of the mark allocation for the essays is as follows:

Introduction	**Maximum: 32**
Content	
Conclusion	
Insight	**8**
TOTAL	**40**

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15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, a body, and a conclusion?	**2**
Analysis and interpretation	Is the candidate able to break down the question into headings/subheadings/interpret it correctly to show understanding of what is being asked? Marks to be allocated using this guide: All headings addressed: 1 (One 'A') Interpretation (16 to 32 marks): 1 (One 'A')	**2**
Synthesis	Are there relevant decisions/facts/responses made based on the questions? **Option 1 :Only relevant facts: 2 marks (No '-S')** Where a candidate answers 50% or more (two to four sub-questions) of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis **Option 2 : Some relevant facts: 1 mark (One '-S')** Where a candidate answers less than 50% (only one sub-questions) of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum ONE (1) mark for synthesis. **Option 3 : Some relevant facts: 1 mark (One '-S')** Where a candidate writes FOUR sub-questions, but one/two/three sub-question with irrelevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. **Option 4 :No relevant facts : 0 marks (Two '-S')** Where a candidate answers less than 50% (only one sub-question) of the question with no Relevant facts; two '-S' appear in the left margin Award a ZERO mark for synthesis	
Originality	Is there evidence of one or two examples, not older than two (2) years, that are based on recent information, current trends and developments?	**2**
	TTAL FOR INSIGHT: **TOTAL MARKS FOR FACTS:** **TOTAL MARKS FOR ESSAY (8 + 32):**	**8** **32** **40**

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NOTE:
1. **No marks will be awarded for contents repeated from the introduction and conclusion.**
2. **The candidate forfeits marks for layout if the words INTRODUCTION and CONCLUSION are not stated.**
3. **No marks will be awarded for layout, if the headings INTRODUCTION and CONCLUSION are not supported by an explanation.**

15.3 Indicate insight in the left-hand margin with a symbol e.g. ('L, A, -S and/or O').

15.4 The breakdown of marks is indicated at the end of the suggested answer/marking guideline to each question.

15.5 Mark all relevant facts until the SUB MAX/MAX mark in a subsection has been attained. Write SUB MAX/MAX after maximum marks have been obtained, but continue reading for originality "O".

15.6 At the end of each essay indicate the allocation of marks for facts and marks for insight as follows:(L – Layout, A – Analysis, S – Synthesis, O – Originality) as in the table below.

CONTENT	MARKS
Facts	**32 (max.)**
L	**2**
A	**2**
S	**2**
O	**2**
TOTAL	**40**

15.7 When awarding marks for facts, take note of the sub-maxima indicated, especially if candidates do not make use of the same subheadings. Remember, headings and subheadings are encouraged and contribute to insight (structuring/logical flow/sequencing) and indicate clarity of thought. (See MARK BREAKDOWN at the end of each question.)

15.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.

15.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation/subheadings as indicated in the marking guideline.

15.10

15.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.

15.10.2 With effect from November 2015, the TWO marks will not necessarily appear at the end of each completed sentence.

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The ticks (√) will be separated and indicated next to each fact, e.g. 'Product development is a growth strategy √, where businesses aim to introduce new products into existing markets.'√

This will be informed by the nature and context of the question, as well as the cognitive verb used.

15.11 With effect from November 2017, the maximum of TWO (2) marks for facts shown as headings in the marking guidelines, will not necessarily apply to each question. This would also depend on the nature of the question.

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SECTION A

QUESTION 1

1.1

1.1.1 C √√

1.1.2 B √√

1.1.3 C √√

1.1.4 A√√

1.1.5 D √√ **(5 x 2) (10)**

1.2

1.2.1 takeover √√

1.2.2 lockout √√

1.2.3 regulator √√

1.2.4 personal liability√√

1.2.5 leasing√√ **(5 x 2) (10)**

TOTAL SECTION A: [20]

BREAKDOWN OF MARKS

QUESTION 1	MARKS
1.1	10
1.2	10
TOTAL	20

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SECTION B

Mark ONLY the FIRST TWO questions answered in this Section.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 Components of the micro environment.

- Vision, mission statement, goals and objectives √
- Organisational structure√
- Organisational resources√
- Organisational culture√
- Management and leadership√
- Eight business functions√
- Any other relevant answer related to components of the micro environment.

Mark the first THREE only. **Max (3)**

2.2

CHALLENGES	BUSINESS ENVIRONMENTS	STATE OF CONTROL
frequently absent from work due to HIV/AIDS related issues. √	Micro environment√	Full control√
MG Electrical Appliances has lost many customers to Trilectric Appliances. √	Market environment√	Less/Little control√
The business is experiencing a decline in profits due to an increase in the petrol price. √	Macro environment√	No control√
Sub max (3)	Sub max (3)	Sub max (3)

NOTE:

1. **Mark the first challenge for each environment only.**
2. **If the business environment is not linked to the challenge, mark the challenge only.**
3. **Accept responses in any order.** **Max (9)**

2.3 Negative impact of piracy on businesses.

- It can undermine the music/movie industry as they lose money. √√
- Drives up the prices of products in order to compensate for the loss in sales. √√
- Leads to job losses in the industry. √√
- The music industry feel reluctant to develop new talents as the element of risk is too high.√√

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- May cause damage to the value of the businesses. √√
- The businesses lose out on sales and income which in turn threatens industry.
- The business loses out on productivity and profits. √√

- Artist may see no value in producing a new set of music or movies because of the reduced sales. √√. **Max (4)**

2.4 Ways in which businesses can overcome competition in the market

- Businesses must ensure that they produce unique/ differentiated goods or services for the target market. √√.
- Businesses need to provide more personalised services by being responsive to their customer's needs/ wants. √√.
- Goods / services must be priced lower than competitor's goods/ services in the market. √√.
- Businesses must produce high quality goods / services that the customers might be interested in.√√
- Create a positive image / publicity through regular engagements in community development projects. √√.
- Businesses must improve on customer services and keep customers happy. √√.
- Businesses must create a positive outlook by regularly renovating their premises and improving their systems. √
- Businesses must undertake good marketing campaigns that will draw the attention of the target market. √√
- Businesses must offer low-cost extras such as improved credit terms/discounts/loyalty schemes etc. √√.
- Businesses must ensure that they have well-trained and dedicated employees that create a better working atmosphere. √√.
- Any other relevant answer to the ways in which businesses can overcome competition in the market

Max (4)
[20]

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QUESTION 3: BUSINESS VENTURES

3.1 CHARACTERISTICS OF A SOLE TRADER

- A sole trader is a business that is owned and managed by one person. √
- Assets and profits in this business belong to the owner. √
- Legally there is no separation between the business and the individual running it. √
- If the business is facing legal action, the owner is held legally responsible for the debts of the business. √
- The sole proprietorship does not pay tax as the owner pays tax in their own capacity. √
- The profit made by the sole proprietorship is added to any other income earned by the owner and SARS then calculates the amount payable. √
- There are no legal and administrative formalities in the formation of a sole trader.√
- A sole proprietor is not a legal entity and agreements are entered into by the owner in their personal capacity. √
- Business has unlimited liability, and the private possessions of the owner can be used to pay the debts of the business. √
- Any other relevant answer related to characteristics on a sole trader.

Max (3)

Note: Mark the first THREE only.

3.2.1 IDENTIFICATION

- Franchising√√

Sub max (2)

MOTIVATION

- After much research and analysis, she decided to buy into the MacDonald's business venture. √

Sub max (1)
Max (3)

NOTE: Do not award marks for motivation, if Identification is incorrect.

3.2.2 ADVANTAGES OF FRANCHISING

- Forms of financing that are not available√ to the public are often available to franchisees.√
- Purchasing a franchise could be cheaper√ than starting your own business.√
- A business is based on a proven idea√ and the product and service are tried and tested.√
- Reduced√ long-term financial risk.√
- Management advice is often provided√ so it is not necessary to be a business expert.√
- Franchises often offer√ entrepreneurial help.√
- Established suppliers give bulk discounts√ as they form part of a larger group.√
- Businesses can use a recognised brand name√ and registered trademark. √
- The systems, operations and services√ are well established. √
- Franchise agreements dictate how you run the business√, so there may be little room for creativity. √

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- There are usually restrictions on where you operate√, the products you sell and the suppliers you use. √

- Franchises often have an established reputation and image√, proven management and work practices, access to national advertising and ongoing support.√
- Franchises offer the independence of a small business ownership√ supported by the benefits of a big business network. √
- You do not necessarily need business experience√ to run a franchise. √
- Franchisors usually provide the training√ you need to operate their business model. √
- Franchises have a higher rate of success√ than start-up businesses. √
- The marketing and advertising costs can be shared√, so they are lower than for a non-franchised business. √
- There is often access to group support√ from other franchisees and a network of communication and legal advice. √
- An operational franchise is an established business√ so there is less financial risk. √
- Franchisees and their staff receive training√ and support from the franchisor. √
- Banks will more likely grant financial assistance√ to an established business. √
- The product is already well known in the market√, which guarantees sales and good return. √
- Franchisees benefit from lower costs √due to centralised buying by the franchiser. √
- Any other relevant answer related to advantages of franchising.

Max (6)

3.3 CONTRACTUAL IMPLICATIONS OF LEASING

- There are several responsibilities and contractual implications relating to lease agreements. The main responsibilities and contractual rights of the lessee are:
- the right to occupy an asset√, for example, a property√
- the right to use the asset√, for example, a delivery van√
- the responsibility to keep the asset√ in good order or condition√
- the responsibility of paying fees√ or rent on time√
- not making any alterations or changes√ without the consent of the lessor√
- where an asset needs to be insured√, the lease agreement must stipulate it. √
- Any other relevant answer related to contractual implications of leasing.

Max (4)

3.4 DISADVANTAGES OF OUTSOURCING

- The loss of management control over the task may affect the staff and can lead to frustration. √√
- There may be a lack of personal care and quality as the business is not personally involved in the execution of the function. √√
- There are often hidden costs in outsourcing. √√
- The business relies on the outsourced company to produce the goods and services and non-delivery by a supplier can lead to the loss of unsatisfied staff or customers, financial loss and frustration. √√
- Confidential issues could be at risk if the information is given to another company that performs

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the function that is outsourced. √√

- Control of the outsourced products can be more complex. √√

- The outsourcing company will dictate the terms of the contract, which could put you at a disadvantage – if you are in desperate need – when negotiations start. √√
- It could be risky to share information about payroll, medical records, or any other confidential information with the outsourcing company. √√
- An outsourcing company could go bankrupt, and this can seriously affect the business. √√
- If only part of the business operations is outsourced, current staff might feel threatened and staff morale may suffer. √√
- Any other relevant answer related to disadvantages of outsourcing.

Max (4)

[20]

BREAKDOWN OF MARKS

QUESTION 1	MARKS
3.1	3
3.2.1	3
3.2.2	6
3.3	4
3.4	4
TOTAL	20

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QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1

4.1.1

- The trade union meets regularly with management of Devatech Civils to address issues of improving working conditions of their members.√

- The employees also receive legal and financial advice from the trade union.√

Max (2)

4.1.2.1 Functions of Trade Unions

- Ensures that all employee are treated equally in the workplace.√√
- Representing the interest of general society and minority groups through media and negotiations.√√
- Influencing government decisions.√√
- Representing employees corporately and individually. √√
- Improving material benefits of their members.√√
- Establishing minimum economic and legal conditions/influencing economic policy and law.√√
- Playing a role as moral institutions that will uplift the weak and oppressed and give them the dignity and justice they deserve. √√
- Protecting workers from unfair labour practices and unfair dismissal.√√
- Take legal action on behalf of members when necessary.√√
- Any other relevant answer related to function of trade unions

Max (4)

4.2 Purpose of Labour Relations Act

- Provides a framework where the employees, trade unions and employers work together to discuss matters relating to employment, e.g. wages, conditions of employment. √√
- Promotes orderly negotiations and employee participation √ in decision making in the workplace. √√
- Promotes resolution of labour disputes. √√
- Promotes fair employment practices. √√
- Outlines the relationship between employees and employers. √√
- Provides simple procedures for the registration of trade unions and employers' organisations. √ √
- Regulates the rights of trade unions and facilitates collective bargaining. √√
- Allows workplace forums where employees may participate in decision making. √√
- Establishes the Commission for Conciliation, Mediation and Arbitration (CCMA) to resolve labour disputes through statutory conciliation, mediation and arbitration. √√
- Clarifies the transfer of contracts of employment procedures. √√
- Deals with strikes and lockouts and workplace forums. √√
- Establishes workplace forums to promote the interest of all employees in the workplace whether they belong to the trade union or not. √√

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- Any other relevant answer related to the purpose of the Labour Relations Act.

Max (4)

BUSINESS VENTURES

4.3 PROCEDURE FOR THE FORMATION OF COMPANIES

- Determine the people√ establishing the company. √
- Prepare a memorandum of incorporation√, open a bank account, and register for taxation. √
- File a notice of incorporation √and obtain a unique registration number. √
- Draw up a prospectus√ for potential investors. √
- Register the company√ at the Companies and Intellectual Property Commission (CIPC). √
- A company becomes a legal entity√ once registration has been finalised. √
- A company is registered and may start doing business once:
  - the name of the company√ has been approved. √
  - the prescribed fees√ have been paid. √
  - the Notice of Incorporation √have been lodged. √
  - the application to incorporate a new company√ has been processed by the CIPC. √
- Any other relevant answer related to procedure for the formation of a company.

Max (6)

4.4 LEGAL REQUIREMENTS OF THE NAME OF A COMPANY

- If a name is reserved at the CIPC, it cannot be used by another company. √√
- Names can be reserved by a business for six months. √√
- The name of a company is subject to approval by CIPC. √√
- The name of a company must be original and may not be misleading. √√
- A company's name must appear on all company documents. √√
- The name of a company must show the type of company, that is:
  - the name of the non-profit company must end with NPC. √√
  - he name of a personal liability company must end with Incorporated or Inc. √√
  - the name of a private company must end with Proprietary Limited or Pty Ltd. √√
  - the name of a public company must end with Limited or Ltd. √√
  - the name of a state-owned company must end with SOC Ltd. √√
- The name of the company must not be offensive, promote violence or hatred and cause any harm. √√
- The name must not be shortened and translated. A company is not allowed to use a misleading name. √√
  - Any other relevant answer related to legal requirements of the name of a company.

Max (4)

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BREAKDOWN OF MARKS

QUESTION 1	MARKS
4.1.1	2
4.1.2.	4
4.2.	4
4.3	6
4.4	4
TOTAL	20

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SECTION C

Mark only the First question answered in this Section.

QUESTION 5: BUSINESS ENVIRONMENTS

5.1 Introduction

- Businesses must engage in lobbying and networking to keep good relations with their stakeholders. √
- Lobbying enables businesses to have a say in government policy. √
- Power relationships enable businesses to strive to keep good relationships with other businesses. √
- Any other relevant introduction related to lobbying / networking/ power relationships.

Any (2x1) (2)

Meaning of lobbying and networking.

Lobbying

- Lobbying refers to the process of trying to influence legislation√ or parliamentary decision making. √
- It involves acquiring public support for an issue√ such as children or animal rights. √
- It is an organised process where individuals, business and organisations use their influence√ to change government policy. √
- Lobbying specifically applies to law-makers and government officials√ and it is a participatory approach to government. √
- It is done by various people with similar motives, √ beliefs or commercial positions. √
- Any other relevant answer related to the meaning of lobbying.

Sub Max (6)

Networking

- Networking refers to a coordinated activity √ where people who have similar objectives meet and exchange information and ideas. √
- During networking session, √ entrepreneurs can meet new people and build alliances with others. √
- The goal of networking is to reach as many people as possible √ and to make every connection count. √
- Networking assists√ in acquiring new business leads. √
- Networking benefits the business√ by helping to identify best practice. √
- Networking can help the business√ identify new business trends. √
- Any other relevant answer related to the meaning of networking.

Sub Max (6)

Max (12)

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5.3 Reasons why businesses lobby

- Businesses lobby their regulator or supervisory body√ in order to try influence prices, policies, regulations and other decisions made by the regulator or the supervisory body.√
- Businesses or people lobby or change laws√ like, child labour laws, clean air and water laws, municipal regulations, etc. √
- Their views are important and heard, √ thus making a difference and giving solutions to business challenges. √
- Lobbying advances√ what the business must deliver on and builds public trust. √
- Lobbying helps to find solutions√ to emerging generic challenges. √
- Any other relevant answer related to the reasons why businesses lobby.

Max (10)

5.4 Types of lobbying

5.4.1 Hedging against inflation √√

- Businesses use hedging to protect their financial investments√ by spreading the risk. √
- Businesses invest surplus fund√ so that its value grows at a faster rate than inflation.√
- They can hedge against inflation by investing their surplus assets/money√ in investments with intrinsic value e.g. gold/oil/property etc.√
- The business use hedging by buying bonds, shares, property or buying precious metals like gold√ to protect capital from the effects of inflation. √
- It is a method that businesses try to reduce the risk√ when unsure about possible price fluctuations.√
- Any other relevant answer related to hedging against inflation as a type of lobbying.

Sub max (4)

5.4.2 Bargaining sessions between management and unions√√

- These sessions enable employees to negotiate with employers√ as a group to protect employees' rights. √
- Bargaining sessions prevent labour strikes√ and provide critical information to people in power.√
- Businesses make sure that their representatives are trained/skilled√ to negotiate own their behalf.√
- The purpose of bargaining sessions is to find a win-win√ situation for all parties.√
- Management will try to convince the union to accept its proposal√ and the union will try to persuade management to accept their demands.√
- The outcome of a successful bargaining session can protect the business from the negative impact of strikes√ caused by lose in productivity.√
- Businesses need to be fair/transparent√ to establish trust and good communication with unions.√
- Any other relevant answer related to bargaining sessions between management and unions as a type of lobbying.

Sub max (4)

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5.4.3 Influencing supervisory body/regulators√√

- There are large number of supervisory bodies and regulators√ who operate in the business environment.√
- Businesses take an active role√ in professional bodies.√
- Through their membership/advocacy/submissions they may be able to influence √changes to existing regulations.√
- Business managers are involved in debates and discussions√ that shape public policies. √
- Businesses influence and negotiate with these regulators√ to protect their own sustainability.√
- It is in the best of interest of businesses to adhere to the guidelines and restrictions√ of these bodies in order to stay in businesses.√
- Any other relevant answer related to influencing supervisory body / regulators as a type of lobbying.

Sub max (4)
Max (12)

5.5 Ways businesses can form power relations

5.5.1 Strategic alliance/Partnership agreements √√

- Businesses form partnership agreements in order to benefit each in each other's involvement.√√
- These partnership alliances help parties involved to benefit in infrastructure development and scarce skills. √√
- These alliances are designed to build on the expertise of each partner and on the way and on the way in which they complement each other. √√

Sub max (4)

5.5.2 Persuasion of large investors√√

- If a business has a powerful investor, the business can often benefit from the relationship so that it can gain credit more easily and better deals from suppliers. √√
- Businesses invite powerful influential people to sit on their board of directors in order to get advice from those people. √√
- Having such powerful as part of the business may have a positive influence √ on the reputation and image of the business. √√
- If a business has a large/powerful investor, the business can gain credit more easy/get better deals from suppliers. √√

Sub max (4)

5.5.3 Company representatives' influence √√

- This representative fulfils an important function in trying to persuade investors to invest in a particular business practice.√√
- People will make decisions based on the company's image, personality, communication style and power of persuasion. √√
- Businesses must invest time and energy to recruit the right person for this job. √√

Sub max (4)
Max (12)

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5.6 Conclusion

- Businesses can benefit from strong relationships with government.√√
- Businesses also benefit from good relationships with other businesses to keep abreast with recent legislation and government policies.√√
- Any other relevant conclusion related to lobby/ networking/ power relationships.

Any (1x2) (2)
[40]

QUESTION 5: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	
Meaning of lobbying and networking	12	
Reasons why businesses lobby	10	**Max**
Types of lobbying	12	**32**
Ways businesses can form power relations	12	
Conclusion	2	
INSIGHT		
Layout	2	
Analysis/Interpretation	2	**8**
Synthesis	2	
Originality/Examples	2	
TOTAL MARKS		**40**

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all.

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QUESTION 6: BUSINESS VENTURES

6.1 INTRODUCTION

- In order for a partnership to be formed a partnership agreement is required. √√
- Directors of the past and present are held jointly liable for the debts of a personal liability company. √√
- It is much easier to raise more capital in a public company than a private company. √√
- Companies have limited liability as opposed to other forms of ownerships. √√
- Any other relevant introduction related to characteristics of a partnership/disadvantages of a personal-liability company/differences between a private and public company/challenges in establishing a company versus other forms of ownerships.

Any (2 x 1) (2)

6.2 CHARACTERISTICS OF A PARTNERSHIP

- A partnership is an agreement between two or more persons. √√
- Each partner contributes to the partnership, for example, skills, resources or money into the business. √√
- Profit and losses are shared among partners according to the partnership agreement. √√
- Partnerships are not legal entities. This means that partnerships do not pay tax in their personal capacities. √√
- Profit is divided among partners in a ratio as agreed in the partnership agreement. √√
- No legal requirements regarding the name of the business. √√
- Partners have unlimited liability and are jointly and severally liable for the debts of the business. √√
- The auditing of financial statements is optional. √√
- Partners share responsibilities and they are all involved in decision-making. √√
- No legal formalities to start, only a written partnership agreement is required. √√
- Partnership has no legal personality and therefore has no continuity when a partner leaves the business. √√
- Partners share responsibilities and they are all involved in decision-making. √√
- The legal liabilities lie with the partners and they cannot shift the liability to the business.√√
- Any other relevant answer related to characteristics of a partnership.

Max (10)

6.3 DISADVANTAGES OF A PERSONAL LIABILITY COMPANY

- Difficult and expensive to establish√ a Personal Liability Company compared to Close Corporations and Sole Proprietorship. √
- Large management structures√ can result in decision-making taking time. √
- The Personal Liability Company is not allowed√ to sell shares to the public. √

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- Directors may sometimes act in their own interest√, not in the company's best interest. √
- Annual financial statements must be reviewed by a qualified person√, which is an extra expense to the company. √
- Difficult and expensive to establish√ as the company is subjected to many legal requirements. √
- Pays tax on the profits of the business√ and on declared dividends/subject to double taxation. √
- Directors of the personal liability company√ have unlimited liability. √
- Some shareholders may not exercise their voting rights√ resulting in choosing the wrong person as a director. √
- A meeting may not begin, or a matter may not be debated√ unless at least three shareholders are present. √
- Restricted from raising funds√ directly from the public. √
- Costs and formalities√ associated with forming a company. √
- Tax is paid on the taxable income of the company√, and companies pay secondary tax on dividends distributed to shareholders. √
- Any other relevant answer related to disadvantages of a personal liability company.

Max (12)

6.4 DIFFERENTIATING BETWEEN PRIVATE AND PUBLIC COMPANY

PRIVATE COMPANY	PUBLIC COMPANY
• Ends with√ Pty Ltd√	• Ends with√ Ltd√
• May not offer shares√ to the general public. √	• Trades its shares publicly√ on the Johannesburg Securities Exchange. √
• Shares√ are not freely transferable√	• Shares√ are freely transferable. √
• Minimum√ of one director√.	• Minimum√ of three directors. √
• Annual financial statements√ need not be audited and published. √	• Annual financial statements√ need to be audited and published. √
• Does not need to publish a prospectus√ as it cannot trade its shares publicly.√	• Must register and publish a prospectus√ with the Companies and Intellectual Property Commission/CIPC. √
• The company does not have to raise the minimum subscription√ or issue minimum shares. √	• Must raise a minimum subscription√ prior to commencement of the company.√
Sum max (8)	**Sub max (8)**
• Any other relevant answer related to differences between a private and public company.	

Max (16)

NOTE:
1. **Answers do not have to be in tabular format.**
2. **Award a maximum of EIGHT (8) marks if the differences are not clear. Mark either private or public company.**

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6.5 CHALLENGES OF ESTABLISHING A COMPANY VERSUS OTHER FORMS OF OWNERSHIPS

- The owners of the company have more liability. Directors might not have a personal stake in the company. √√
- If directors change, there might be a difference in the continuity of management. √√
- Directors may not have a personal interest in the business, and this could prevent the business from gaining help to maximise growth and profits. √√
- There may be a conflict between the owners of the company and the management in control. √√
- Politics can get in the way and directors are appointed for the wrong reasons. √√
- A company may cease to exist if it is deregistered by CIPC. √√
- Directors who do not have a personal interest in the business might not attract investors. √√
- The limited liability aspect of the company generates more paperwork in the registration process. √√
- When directors change, there could be a lack of continuity in management. √√
- Companies have more taxation requirements. √√
- The more shares there are the less profit per share. √√
- A company must submit a detailed report to all stakeholders at the end of each financial year. √√
- A large amount of money is spent on financial audits and accounting fees because of government regulations. √√
- Companies must disclose all financial information. This could provide their competitors with an unfair advantage. √√
- State-owned companies often deliver non-profitable services that leads to the government losing money through the business. √√
- Any other relevant answer related to challenges of establishing a company versus other forms of ownership.

Max (8)

6.6 CONCLUSION

- A partnership is able to raise capital by adding more partners to their business. √√
- Directors of a personal liability company will have to work at their optimum best, to try and reduce the debt of the company. √√
- Public companies are a good choice, as they are listed on the JSE and can therefore sell shares to the public as opposed to a private company. √√
- Entrepreneurs may experience challenges establishing a company, has it may require a lot of capital and its procedures are lengthy. √√
- Any other relevant conclusion related to characteristics of a partnership/disadvantages of a personal- liability company/differences between a private and public company/challenges in establishing a company versus other forms of ownerships.
    - **Any (1 x 2) (2)**

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QUESTION 6: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	**Max 32**
Characteristics of partnership	10	
Disadvantages of Personal Liability Company	12	
Differences Private and Public Company	16	
Challenges of establishing a company versus other forms of ownership	8	
Conclusion	2	
INSIGHT		**8**
Layout	2	
Analysis/Interpretation	2	
Synthesis	2	
Originality/Examples	2	
TOTAL MARKS		**40**

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all.

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