



**BUSINESS STUDIES  
PAPER 2**

**EXAMINER:** GL  
**MODERATOR:** LF / TG / UM / GO / AK

**DURATION:** 2 HOURS  
**MARKS:** 100 MARKS

**SECTION A**

**QUESTION 1**

1.1.1 C ✓✓

1.1.2 C ✓✓

1.1.3 B ✓✓

1.1.4 A ✓✓

1.1.5 B ✓✓

(10)

1.2.1 Commitment ✓✓

1.2.2 Tax Exemption ✓✓

1.2.3 Private Company ✓✓

1.2.4 Directors ✓✓

1.2.5 Unlimited liability ✓✓

(10)

**NOTE:** No mark awarded if both words are not given.  
i.e. Must say "Tax Exemption" to award TWO marks.  
No marks are awarded if answer is just "Exemption"

**TOTAL SECTION A: 20**

## SECTION B

### QUESTION 2 BUSINESS VENTURES

#### 2.1 Factors to consider a Form of Ownership

- the start-up cost and the future capital ✓
- the size and nature of the business ✓
- tax implications ✓
- how the business will be controlled and managed/management structure ✓
- the risk involved ✓
- how capital will be contributed ✓
- how profits and losses will be shared ✓
- who is responsible for any debts made by the business/liability ✓
- the life span of the business/continuity ✓
- the vulnerability of the business in terms of lawsuits/legal persons ✓ (4)

#### 2.2 Characteristics of Partnership

- There should be at least a minimum ✓ of two people in a partnership. ✓
- The partnership agreement ✓ becomes the basis of the association between the partners. ✓
- Partners combine capital ✓ and may also borrow capital from financial institutions. ✓
- They share the profit ✓ according to the partnership agreement. ✓
- Partners share responsibilities ✓ and they are all involved in making business decisions. ✓
- Every partner in the business has unlimited liability ✓ and are jointly and severally liable for the debts of the business. ✓
- There are no legal requirements ✓ regarding the name of the business. ✓
- Partners share profits made ✓ and they are therefore motivated to work harder. ✓
- The partnership has no legal personality ✓ and therefore has no continuity. ✓
- The partnership does not pay income tax, ✓ only the partners in their personal capacities. ✓
- Auditing of financial statements ✓ is optional. ✓ (4)

#### 2.3 Scenario - HB

##### 2.3.1 Form of ownership

Close Corporation ✓✓ Sub-max (2)

##### Motivation

- The CC has a minimum of one and a maximum of ten members who share a common goal. ✓✓
- OR
- The name must end with the letters CC. ✓✓
  - The owners are known as members. ✓✓
- Sub-max (2)  
Max (4)

### 2.3.2 Public Company ✓✓

#### **Motivation**

The members are considering changing the business to allow the public to buy shares. ✓

**NOTE:** No mark awarded if quote is not given in full. (3)

## 2.4 **Company names**

2.4.1 State Owned Company ✓

2.4.2 Personal Liability Company ✓

2.4.3 Private Company ✓ (3)

## 2.5 **Entrepreneurial qualities**

- Flexibility/Ability to adapt quickly ✓
- Desire for responsibility ✓
- Willpower to overcome obstacles ✓
- Ambition and self-confidence ✓
- Risk takers ✓
- Perseverance ✓
- Management and leadership skills ✓
- High motivation/energy levels ✓
- A high degree of commitment ✓

**NOTE:** Mark first TWO only. (2)

**[20]**

### QUESTION 3

#### BUSINESS ROLES

##### 3.1 Social Responsibility

- that each person has a duty to act in the best interests ✓ of their environment and society as a whole ✓
- that every individual and organisation can contribute towards the well-being of the community ✓ and the environment in which they live. ✓

Sub-max (2)

##### Corporate Social Responsibility

- is about businesses taking responsibility for their impact ✓ on society and the environment ✓
- is also the way in which a business conducts its operations ethically and morally ✓ – that is, how they use human, physical and financial resources. ✓

Sub-max (2)

Max (4)

##### 3.2 Purpose of CSR

- The purpose of CSR is to give back to the community ✓ and provide positive social value. ✓
- This means that organisations make a conscious effort to make a positive impact ✓ and contribute to the long-term wellbeing ✓ and resilience of individuals and communities in which they operate ✓, and to society as a whole. ✓

(4)

##### 3.3 Scenario - CM

###### 3.3.1 Example of social responsibility

	EXAMPLE OF SOCIAL RESPONSIBILITY	MOTIVATION
1.	reducing our carbon footprints / recycling ✓✓	All packing of raw material is recycled. ✓
2.	volunteering in the community ✓✓	At the end of every month, the staff at CM volunteer at Save-A-Pet. ✓
3.	donations to charities ✓✓	Additionally, they donate dog food when visiting the charity. ✓

(9)

**NOTE:** NO mark awarded if quote is not given in full.

NO mark awarded for quote if example of social responsibility is correct.

###### 3.3.2 Define ethically

Being in accordance with the rules or standards for right conduct or practice ✓

(1)

##### 3.4 Goal of CSR

The goal of CSR is to have a positive impact ✓ on communities, consumers, employees, the environment and stakeholders. ✓

Businesses are increasingly turning to CSR to make a difference ✓ and to build a positive brand around their enterprise. ✓

(2)

[20]

### QUESTION 4: MISCELLANEOUS TOPICS

## **BUSINESS VENTURES**

### **4.1.1 Advantages of non-profit**

- Profits are used solely ✓ for the primary objective of the organisation. ✓
- The company does not pay tax, ✓ so all earnings can be cycled back into the organisation to improve it. ✓
- Donations made by donors are tax-deductible, ✓ therefore it motivates people to donate to the organisation. ✓
- Employees of non-profits are not personally liable ✓ for the debts of the non profit. ✓
- The liability ✓ of the members is limited. ✓
- An NPC's existence can last long ✓ after the founders leave the business. ✓
- Can receive grants/aid ✓ from the government.
- A surplus of income is retained ✓ to further the goals of the business. ✓
- Must prepare the financial statements at the end of the year ✓ and is not compelled to audit the financial statements. ✓
- NPCs are not compelled ✓ to hold an AGM. ✓

(4)

### **4.1.2 Disadvantages of non-profit**

- Need professional assistance ✓ to set up this organisation. ✓
- Does not generate enough capital ✓ to cover their expenses. ✓
- Donations may not always be enough ✓ to finance the company's expenses. ✓
- Assets are not distributed to the members ✓ upon closing down. ✓
- Creating an NPC takes time ✓/effort/money. ✓
- Obtaining grants ✓ can be a slow and tiring process. ✓
- Incorporators cannot take along the assets accumulated by the NPC ✓ if they decide to leave. ✓
- They are not allowed to pay bonuses ✓ to members. ✓
- They are compelled ✓ to prepare annual financial statements. ✓

(4)

### **4.2 Co-operatives**

- housing co-operative ✓
- worker co-operative ✓
- social co-operative ✓
- agricultural co-operative ✓
- co-operative burial society ✓
- financial services co-operative ✓
- consumer co-operative ✓
- transport co-operative ✓

(2)

**NOTE:** Mark the first TWO only.

## BUSINESS ROLES

### 4.3 Initiatives to address inclusivity.

- Businesses should educate managers and employees ✓ on the benefits of diversity in the workplace. ✓
- They should create new policies or amending current ones ✓ – from recruitment to performance evaluations and promotions. ✓
- Businesses should also value individual differences in the workforce, ✓ and make employees feel welcome and accepted. ✓
- They should design the workplace so that it is not segregating any employees ✓ based on their special requirements and needs. ✓
- Businesses can also create mentorship programmes ✓ to ensure that every employee has the opportunity to advance. ✓
- For example: Coaches and Mentors of South Africa (COMENSA) is an exclusive professional association ✓ for individual and corporate providers, buyers and trainers of coaching and mentoring services. ✓

(6)

### 4.4. Diversity and Segregate

Diversity: means having a range of people with various racial, ✓ ethnic, socioeconomic, and cultural backgrounds and various lifestyles, experience, and interests. ✓

Sub-max (2)

Segregate: means the separation or isolation of a race, ✓ class, or ethnic group by discriminatory means. ✓

Sub-max (2)

Max (4)

**[20]**

**TOTAL SECTION B: 40**

## SECTION C

### QUESTION 5 BUSINESS VENTURES

#### 5.1 Introduction

- Forms of ownership refers to the legal position of the business and the way it is owned. ✓
- An entrepreneur may decide which of the forms of ownership will best suit their type of business. ✓

**NOTE:** Consider any other relevant introduction  
ONE marks awarded for TWO facts.

(2 x 1) (2)

#### 5.2 Difference between private company and public company

##### Private Company

- May not offer shares ✓ to the general public. ✓
- Shares ✓ are not freely transferable.
- Minimum ✓ of one director. ✓
- Name must end with ✓ Proprietary Limited/(Pty) Ltd. ✓
- Annual financial statements ✓ need not be audited and published. ✓
- Does not need to publish a prospectus ✓ as it cannot trade its shares publicly. ✓
- The company is not required to raise the minimum ✓ subscription/issue minimum shares. ✓

**Sub-max** (6)

##### Public Company

- Trades its shares publicly ✓ on the Johannesburg Securities Exchange (JSE). ✓
- Shares ✓ are freely transferable. ✓
- Minimum ✓ of three directors. ✓
- Name must end ✓ with Limited/Ltd. ✓
- Annual financial statements ✓ need to be audited and published. ✓
- Have to register and publish a prospectus ✓ with the Companies and Intellectual Property Commission/CIPC. ✓
- Must raise a minimum subscription ✓ before the commencement of the company. ✓

**Sub-max** (6)

**Max** (12)

### 5.3 Advantages of a public company

- Public companies enjoy the ability to raise funds ✓ through the sale of the company's stock to the public. ✓
- The business has its own legal identity ✓ and can own assets/property. ✓
- Managed by at least three ✓ competent, highly skilled directors. ✓
- Directors bring creative ideas ✓ which encourage innovation/high productivity. ✓
- Shareholders can sell/transfer ✓ their shares freely. ✓
- The ability to raise large amounts of capital in public exchanges ✓ enables the company to carry out capital-intensive activities. ✓
- Strict regulatory requirements ✓ protect shareholders. ✓
- Easy to raise funds for growth ✓ through the sale of shares. ✓
- Additional shares can be raised ✓ by issuing more shares or debentures. ✓
- No limitation on the number of shareholders, ✓ so growth/expansion is not limited. ✓
- Shareholders have limited liability for the debt of the company ✓ and may lose only the amount invested in the business. ✓
- The management of the company can improve ✓ since directors are accountable to shareholders. ✓
- The public has access to information ✓ and this could motivate them to buy shares from a company. ✓

**Max (10)**

### 5.4 Disadvantages of private company

- Private companies are subject to many legal requirements ✓ and regulations which can be onerous. ✓
- Decision-making takes time ✓ because of the large number of people in management. ✓
- The private company cannot be listed on the stock exchange ✓ therefore, it cannot sell shares to the public. ✓
- 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. ✓
- The Private company pays tax on the profits of the business ✓ and on declared dividends and are therefore subject to double taxation. ✓
- Directors may sometimes be held liable for debts ✓ if it can be proven that they committed fraud. ✓
- Some shareholders may not exercise their voting rights ✓ resulting in choosing the wrong person as a director. ✓

**Max (10)**

### 5.5 Characteristics of a personal liability

- A personal liability company is required to have a minimum of one director ✓ on the board of directors. ✓
- The Memorandum of Incorporation ✓ can be altered to require more than one director on the board. ✓
- Directors have unlimited liability ✓ and they are jointly liable for the debts of the business even if they are no longer active in the office. ✓
- The Memorandum of Incorporation ✓ should state that it is a personal liability company. ✓

**Max (8)**



## 5.6 Conclusion

- The public company is a company that is registered ✓ to offer shares and stock to the general public. ✓
- Public companies are trading in a open market ✓ called the Johannesburg Stock Exchange in order to raise capital. ✓
- Ownership of a public company is distributed among shareholders ✓ through the free trade of shares and stock. ✓

**NOTE:** Consider any other relevant conclusion  
TWO marks awarded for ONE fact.

(2)

**[40]**

<b>QUESTION 5: BUSINESS VENTURES</b>		
Introduction	2	MAX 32
Private vs Public	12	
Advantages of public company	10	
Disadvantages of private company	10	
Personal Liability Company	8	
Conclusion	2	
<b>LASO</b>		
Layout	2	MAX 8
Analysis	2	
Synthesis	2	
Originality	2	
<b>TOTAL</b>		<b>40</b>

## QUESTION 6 BUSINESS ROLES

### 6.1 Introduction

- Corporate social responsibility is about businesses taking responsibility for their impact on society and the environment ✓
- It is also the way in which a business conducts its operations ethically and morally – that is, how they use human, physical and financial resources. ✓

**NOTE:** Consider any other relevant introduction  
ONE marks awarded for TWO facts. (2 x 1) (2)

### 6.2 Initiatives to address inequality and poverty

- Businesses can support poverty alleviation programmes ✓ that are offered by the government. ✓
- They can also donate things ✓ such as money or food parcels to local NGOs. ✓
- Some businesses may invest in young startups ✓ that could potentially be a competitor, buyer or supplier. ✓
- Business could also organise and encourage entrepreneurial programmes for startups. ✓ In this way, they can stimulate growth in the economy. ✓
- Businesses can provide bursaries to matriculants for furthering their studies ✓ or offer learnerships/apprenticeships for scarce skills within their organisations. ✓
- Employees could offer their time ✓ and/or services through volunteer programs. ✓
- Businesses could also upskill their employees ✓ through targeted training in the workplace. ✓

**Max** (10)

#### ***Examples to form part of O (Originality) in LASO***

- For example: ABSA offers learnerships to people who want to work in the Banking branch.
- For example: The Shoprite Group helps fight hunger in vulnerable communities through its surplus food donation programme and mobile soup kitchens.
- Woolworths donates more than R1.5 million every month on behalf of customers to schools and charitable organisations.
- For example: Entrepreneurial initiatives offered by Investec include a start up school, finance readiness and market readiness programmes.

### 6.3 Initiatives to address HIV/AIDS

- Businesses should conduct regular workshops and information sessions ✓ on the effects of HIV/AIDS on the employees and their peers. ✓
- They should initiate and develop counselling programmes ✓ for infected/ affected persons/employees. ✓
- Businesses should also develop strategies to deal with the issues ✓ around “stigma” and “discrimination”. ✓
- They should offer voluntary HIV/ AIDS testing and counselling ✓ in the workplace and encourage employees to join HIV/AIDS support groups. ✓
- Businesses should roll out or support HIV/AIDS prevention programmes in the community ✓ and provide counselling programmes/train counsellors to provide support to infected and affected persons/employees. ✓

**Max** (10)

### ***Examples to form part of O (Originality) in LASO***

- For example: The Volkswagen Group has committed itself to protecting HIV positive employees from discrimination and to promoting an open and respectful coexistence.

#### **6.4 Initiatives to address piracy**

- Businesses must raise awareness ✓ of piracy. ✓
- They can protect their intellectual property and electronic inventions ✓ through copyright and patents. ✓
- Software product keys decrease end-user piracy. ✓ For example, free filesharing sites often transmit viruses. ✓
- Tamper-proof software is designed to protect the software ✓ against modification and reverse engineering. ✓
- Software owners can also include a watermark ✓ within the source code. ✓
- This is hidden within the software ✓ and can prove ownership of the program when extracted. ✓

**Max** (10)

#### **6.5 Initiatives to address counterfeiting and bootlegging**

- Businesses must raise awareness ✓ of counterfeiting. ✓
- They should secure a patent, trademark or copyright, ✓ and register these in other countries where counterfeit product may originate. ✓
- Businesses must use technology to make it easier to identify ✓ and stop counterfeiters by creating distinctive patterns using special devices to uncover fakes. ✓
- Examples such as holograms, smart cards, biometric markers and inks, ✓ can be employed to protect and authenticate genuine products. ✓
- Retailers must invest in stopping the problem before it happens ✓ or before it becomes more difficult to regulate. ✓
- They should also track down and prosecute counterfeiters ✓ by monitoring the market. ✓
- Businesses should find easy ways for their customers to identify ✓ and report fake products. ✓
- Facebook provides a demo video ✓ to learn how to take down counterfeits on Facebook. ✓
- Consumers may also call the hotline ✓ or send an email ✓ to [reportillicit@cgcsa.co.za](mailto:reportillicit@cgcsa.co.za)

### ***Examples to form part of O (Originality) in LASO***

- For example: Nike now owns the basic design of an Air Jordan 1 which means that bootleggers that do not alter the design of the shoe risk being found guilty of trademark infringement.
- Example: educate customers from buying from unauthorised sources; businesses should implement monitoring software that help detect where counterfeit versions of their products are living online.
- Example: To find counterfeiters, you may need to go searching for them. Having the capability to do this can start with monitoring the market. As an example, you may have someone who crawls online stores looking for unauthorized sellers.

**Max** (10)

#### 6.4 Conclusion

- The goal of CSR is to have a positive impact ✓ on communities, consumers, employees, the environment and stakeholders. ✓
- Businesses are increasingly turning to CSR to make a difference ✓ and to build a positive brand around their enterprise. ✓

**NOTE:** Consider any other relevant conclusion  
TWO marks awarded for ONE fact.

(2)

**[40]**

<b>QUESTION 6: BUSINESS ROLES</b>		
Introduction	2	MAX 32
Inequality & Poverty	10	
HIV/AIDS	10	
Piracy	10	
Bootlegging & Counterfeiting	10	
Conclusion	2	
<b>LASO</b>		
Layout	2	MAX 8
Analysis	2	
Synthesis	2	
Originality	2	
<b>TOTAL</b>		<b>40</b>

**TOTAL SECTION C: 40**

**GRAND TOTAL: 150**