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Education

KwaZulu-Natal Department of Education
REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**BUSINESS STUDIES
COMMON TEST
MARCH 2017**

MARKS: 100

TIME: 1 hour

N.B. This question paper consists of 9 pages.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully before answering the questions.

1. This question paper consists of **THREE** sections.

SECTION A: COMPULSORY

SECTION B: Consists of **THREE** questions. Choose any **TWO** questions.

SECTION C: Consists of **TWO** questions.

Answer any **ONE** of the **TWO** questions in this section.

2. Read the instructions for each question carefully and take particular note of what is required.
3. Number the answers correctly according to the numbering system used in this question paper.
4. Except where other instructions are given, answers must be written in full sentences.
5. Use the mark allocation and the nature of each question to determine the length of an answer.
6. Use the table below as a guide for marks and time allocation when answering each question.

QUESTION	SECTION	MARKS	TIME
1	A: Multiple-choice questions and matching COMPULSORY	20	10 minutes
2, 3 and 4	B: THREE Direct questions. (Choose any TWO questions)	40	20 minutes
5 and 6	C: TWO questions. (Choose any ONE of the TWO questions)	40	30 minutes
TOTAL		100	60 minutes

SECTION A: (COMPULSORY)**QUESTION 1**

- 1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A-D) next to the question number (1.1.1 – 1.1.5) in the ANSWER BOOK, **for example 1.1.6 D.**

1.1.1 ... oversees compliance with the National Credit Act, 2005 (Act 34 of 2005).

- A A debt counsellor
- B The National Credit Regulator
- C A credit enforcement agency
- D A credit counsellor

1.1.2 One of the main ingredients in the brewing of the beer produced by SAB Miller is hops. If SAB Miller decides to take over their suppliers of hops to ensure a better quality of supply, this long term strategy would be known as _____.

- A horizontal integration
- B innovation
- C vertical integration
- D product development

1.1.3 Eskoms' load shedding could prevent Cinderella Cleaners from keeping to their daily schedules. This can be seen as _____ in their SWOT analysis.

- A a strength
- B a weakness
- C an opportunity
- D a threat

1.1.4 _____ indicates qualifications, experience, responsibilities and physical effort and skills that are necessary for the job.

- A job analysis
- B job specification
- C job description
- D job enlargement

1.1.5 An example of unprofessional and unethical behaviour is _____.

- A sell second hand furniture at lower prices than new furniture
- B employing unskilled workers.
- C concealing harmful information about a new product launched in the market
- D finding a substitute for the competitor's product.

(5 x 2) (10)

- 1.2 Choose a description from **COLUMN B** that matches a term/Act in **COLUMN A**. Write only the letter (A-E) next to the question number (1.2.1 – 1.2.5) in the **ANSWER BOOK**.

For Example: 1.2.6 F.

COLUMN A	COLUMN B
1.2.1 Compensation for Occupational Injuries and Diseases Act. (Act 61 of 1997)	A. selects the most suitable candidate for the job
1.2.2 Screening	B. pay received for a specific piece of work done.
1.2.3 Piecemeal	C. Provides compensation for disablement sustained during the course of employment.
1.2.4 PESTLE	D. encourages skills training for certain designated groups of people.
1.2.5 Interview	E. An industrial analysis tool used to analyse the challenges in the macro-environment:
	F. eliminates unsuitable candidates for the position
	G. Calculation based on an agreed hourly rate.
	H. A formal procedure conducted between the shortlisted candidate and the employer for a vacant post.

(5 x 2) (10)

TOTAL SECTION A: 20

SECTION B

Answer any **TWO** questions from this Section.

QUESTION 2

2.1 Read the following statements and identify the legislation relevant to each statement.

2.1.1 The management of Themba Manufacturing Enterprise has to send their employees for training. (2)

2.1.2 The Department of Labour's main goal is to radically transform education and training in South Africa. (2)

2.1.3 This Act makes provision for the establishment of trade unions and chamber of commerce. (2)
[6]

2.2 Implemented strategies must be evaluated continuously. List the steps used in this evaluation process. (6)

2.3 Distinguish between product development and market development. (8)
[20]

QUESTION 3

- 3.1 Identify the problem-solving technique described in each of the following instances:
- 3.1.1 Tom is engaged in a role-play conversation with an imaginary person in the other chair to clarify the positives and negatives of a proposed solution to a problem. (2)
- 3.1.2 Tony asks the question as to which part of the product can be substituted to remove the problem/create an improvement. (2)
- 3.1.3 Each member of a group gives one of their solutions and members are not allowed to criticise. (2)
(6)
- 3.2 Elaborate on the meaning of problem solving. (6)
- 3.3 Evaluate the effectiveness of brainstorming as an advanced creative thinking technique to solve business problems. (8)
[20]

QUESTION 4

4.1 State whether the statements below represent the role of the interviewer (employer) or interviewee (applicant) during the interview process.

4.1.1 Allocating the same amount of time to each applicant (2)

4.1.2 Being positive and showing interest in the business (2)

4.1.3 Discussing duties and responsibilities of the job (2)

[6]

4.2 Read the extract of the employment contract below and answer the questions that follow.

EMPLOYMENT CONTRACT

Name of Employee: Nalini Govender

Gender: Female

Age: 47 years

TERMS AND CONDITIONS OF THE CONTRACT

- Annual leave is based on employee performance.
- Working hours: As per operational hours of the business.

4.2.1 Name any TWO aspects that should be included in an employment contract. (4)

4.2.2 Critically evaluate the terms and conditions of the contract in the scenario above. Make recommendations that are in line with the Basic Conditions of Employment Act, 1997 (Act 75 of 1997). (10)
[20]

TOTAL FOR SECTION B: [40]

SECTION C**ANSWER ANY ONE QUESTION FROM THIS SECTION****QUESTION 5****Ford Kuga: Can you claim money back?**

Johannesburg - Appallingly handled, a public relations fiasco and a lesson in how not to handle crisis communication - the Ford Kuga issue has not only cost one person his life but allegedly destroyed almost 50 vehicles (the company disputes this).

"The National Consumer Commission has concerns for the users of the Kuga and the various life-threatening incidents. A product which poses risks to consumers doesn't have a place in our marketplace.

"The short answer is that if the model is 'hazardous' or 'unsafe' as defined by the Consumer Protection Act (CPA), then the consumer can return the vehicle to Ford within six months of purchase and ask for his money back (or a replacement vehicle). The third option is to ask for/accept an offer from Ford to repair the car.

That section of the Act requires that goods must be free of defects, safe and in good working order. But it's not as simple as returning your Kuga to the dealer and asking for your money back.

Adapted: Saturday Star, 27 January 2017

With reference to the article above:

- Outline the purpose of the Consumer Protection Act, 2008 (Act 68 of 2008) (CPA).
- Discuss TWO consumer rights as specified in the CPA that is applicable in the above article
- Evaluate the impact of the CPA on Ford Kuga
- Discuss the penalties/consequences for Ford Kuga if they do not comply with the Act.

[40]

QUESTION 6

Ethical behaviour and professionalism are the cornerstones of good and responsible business practice. Although ethics are not defined by law, businesses must execute ethical business practices otherwise competitors and consumers can sue them for unethical practice

Write detailed notes and refer to the following aspects:

- Outline FIVE ways in which professional, responsible and ethical business practice should be conducted.
- Distinguish between *professional behaviour* and *ethical behaviour*.
- Elaborate on the reasons why taxation and the unauthorised use of workplace funds are regarded as issues that challenge the ethical behaviour of businesses.
- Suggest strategies that could be used to address the above issues.
- Motivate Judge Mervin King's role in encouraging ethical and effective business practice.

TOTAL FOR SECTION C: [40]

GRAND TOTAL: [100]

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NOTE TO MARKERS

1. Note that no marks will be awarded for indicating Yes/No in evaluation type questions requiring substantiation or motivation. (Applicable to SECTIONS B and C.)
2. The differentiation between "evaluate" and "critically evaluate" can be explained as follows:
 - 2.1 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." ✓
 - 2.2 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: The above could apply to "analyse" as well.

3. The allocation of marks must be informed by the nature of the question, cognitive verb used, mark allocation in the memorandum and the context of each question.
Cognitive verbs, such as:
 - 3.1 Advise, name, state, mention, 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.
 - 3.2 Describe, explain, discuss, elaborate, justify, devise, 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.



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BUSINESS STUDIES

MEMORANDUM

COMMON TEST

MARCH 2017

NATIONAL
SENIOR CERTIFICATE

GRADE 12

MARKS: 100

N.B. This memorandum consists of 21 pages.

Business Studies - Gr 12

Business Studies
March 2017 Common Test
NSC - Memorandum

Business Studies
March 2017 Common Test
NSC - Memorandum

March 2017 Common Test

SECTION B

QUESTION 2

- 2.1
- 2.1.1 Skills Development Act, 1998 (Act 97 of 1998) / Skills Development Act / SDA ✓✓
- 2.1.2 The National Skills Development Strategy / (NSDS) ✓✓
- 2.1.3 The Labour Relations Act, 1995 (Act 66 of 1995) / The Labour Relations Act / LRA ✓✓ (6)
- 2.2 Steps in strategy evaluation
- Examine the underlying basis of a business strategy. ✓✓
 - Define parameters to be measured. ✓✓
 - Define target values for the parameters. ✓✓
 - Perform measurements. ✓✓
 - Compare expected performance with actual performance. ✓✓
 - Take corrective action where necessary. ✓✓
- NOTE: Accept steps in any order.**

5 x 2 (10)

OR

- Examine the set objectives/targets that were set. ✓✓
 - Measure the business performance against the original objectives/targets. ✓✓
 - Compare expected performance with the actual performance. ✓✓
 - Take corrective action where necessary. ✓✓
- NOTE: Accept steps in any order.**

Max (6)

5 x 2 (10)

TOTAL SECTION A: [20]

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QUESTION 3

3.1

3.1.1 Empty-chair technique ✓✓

3.1.2 SCAMPER ✓✓

3.1.3 Nominal group technique ✓✓ (6)

3.2

- Process of analysing a situation ✓ to identify strategies to bring about change. ✓
- It is a process ✓ that requires creative/critical thinking. ✓
- Alternative solutions are generated/identified ✓ and critically evaluated. ✓
- Effective problem solving ✓ results in good decision making. ✓
- Problems can be solved by a group/team ✓ or an individual. ✓
- Various techniques may be used, ✓ e.g. brainstorming, etc. ✓

Any other relevant answer related to the meaning of problem solving.

Max (6)

3.3

Effectiveness of brainstorming to solve business problems

Positives

- Non-critical discussion takes place, ✓ where all ideas are considered. ✓
- Team members can build ✓ on each other's ideas. ✓
- Stimulates ✓ creative thinking. ✓
- Allows team members to look at the problem ✓ in a different perspective. ✓

Any other relevant, positive answer related to the effectiveness of brainstorming in solving business problems.

AND/OR

Negatives

- Discussions can be dominated ✓ by one strong team member. ✓
- Shy people ✓ may not give their inputs. ✓
- The team may lose out on brilliant ideas ✓ from shy people. ✓
- Team members may criticise one another's ideas ✓ and this may create conflict. ✓

Any other relevant, negative answer related to the effectiveness of brainstorming in solving business problems.

Max (8)

[20]

2.3 Product development vs. Market development

Product development	Market development
- Businesses generate new ideas ✓ and develop a new product or service. ✓	- A process of exploring/finding/ searching new markets ✓ for existing products. ✓
- The introduction of a new product or service ✓ into existing markets. ✓	- Businesses sell their existing products ✓ to new markets ✓ / Involves targeting consumers in a potential market ✓ that is outside its normal target market. ✓
- Example: A cell phone manufacturer designs a new phone ✓ that can also be used to make internet phone calls.	- Example: Finding new markets ✓ in other towns and cities. ✓
- Any other relevant answer related to product development.	- Any other relevant answer related to market development.
Sub max (4)	Sub max (4)

NOTE: 1. The answer does not have to be in tabular form as long as the distinction is clear.

2. Allocate TWO (2) marks each when candidates use an example to distinguish between the strategies.

Max (8)
[20]

4.2.2 BCEA

- The terms and conditions of employment ✓ are not in accordance with labour legislation/BCEA. ✓
- Employees are entitled to leave ✓ regardless of work performance. ✓
- Hours of work that are not specified ✓ could lead to labour exploitation. ✓

Any other relevant answer related to evaluation of annual leave and working hours.

Sub max (4)

Recommendation

- Employees are entitled to 21 days annual leave or 1 day after every 17 days worked. ✓✓
- Working hours are restricted to 8 or 9 hours per day in a 45 hour work week, depending on the employment contract. ✓✓
- A meal interval of 60 minutes after every 5 hours worked, should be allowed. ✓✓
- The contract is incomplete e.g. maximum of 10 hours overtime per week. This must be specified in the contract. ✓✓
- The business will experience many disputes where the contract is not clear/specific. ✓✓

Any other relevant answer related to recommendation of leave and working hours.

Sub max (6)

Discussion (4)
Recommendations (6)
(Max) (10)

QUESTION 4

4.1

4.1.1 Interviewer/Employer ✓✓

(2)

4.1.2 Interviewee/ Applicant ✓✓

(2)

4.1.3 Interviewer/Employer ✓✓

(2) [6]

4.2

4.2.1 Employment Contract

- Key performance areas/Duties and responsibilities. ✓✓
- Code of conduct. ✓✓
- Job description. ✓✓
- Name and address of the business/employer. ✓✓
- Name and address and other personal information of the employee. ✓✓
- Job title. ✓✓
- Probation period. ✓✓
- Bonus and salary/employee wage/salary and method of calculating the wage/salary. ✓✓
- Remuneration package/other payments the employee is entitled to. ✓✓
- The date of commencement of employment. ✓✓
- Details of termination of a contract/notice period. ✓✓
- Rate of overtime payment. ✓✓
- All deductions that will be made from the employee salary/wage must be clearly indicated. ✓✓
- Leave. ✓✓
- Working hours. ✓✓

Any other relevant answer related to the aspects included in an employment contract.

NOTE: Mark first TWO (2) only.

(Any 2 x 2) (4)

5.3 Consumer rights

5.3.1 Right to return goods/have goods replaced/claim a refund ✓✓

- Goods that are unsafe/defective ✓ may be replaced by the supplier. ✓
- Faulty items may be returned ✓ for a full refund. ✓
- They may return faulty items if the fault occurs within six months ✓ after purchasing the item. ✓
- Have it replaced/claim a refund ✓ as defined in the CPA. ✓

Any other relevant answer related to the consumer's right to return goods

Sub max (6)

5.3.2 Right to complain ✓✓

- Consumers may use various methods/channels to complain ✓ about poor quality goods/services. ✓
- They can complain via customer care desks ✓ /consumer hotlines/ombudsman etc. ✓

Any other relevant answer related to the consumer's right to complain as defined in the CPA.

Sub max (6)

5.3.3 Right to fair value/good quality and safety ✓✓

- Consumers have the right to demand ✓ quality service or goods. ✓
- They have the right to return faulty items ✓ if the fault occurs within six months after purchasing the item. ✓
- Consumers may receive an implied ✓ warranty or a written warranty. ✓

Any other relevant answer related to the consumers' right to fair value, good quality and safety.

Sub max (6)

NOTE: MARK ONLY THE FIRST TWO CONSUMER RIGHTS

(Any 2 x 6) (12)

SECTION C

QUESTION 5: BUSINESS ENVIRONMENTS (LEGISLATIONS)

5.1 Introduction

- The CPA was promulgated/introduced to redress economic inequalities of the past. ✓
- It applies to consumers/buyers in South Africa. ✓
- It promotes the social/economic welfare of consumers in South Africa. ✓
- The Act impacts on almost every business sector in South Africa. ✓
- Consumers are regarded as recipients of goods and services. ✓

Any other relevant introduction related to the Consumer Protection Act.

(2 x 1) (2)

5.2 Purpose of the Consumer Protection Act (CPA)

- Promotes fair/accessible and sustainable places for people to sell their products. ✓✓
- Establishes national standards to protect consumers. ✓✓
- Provides guidelines for better consumer information and to prohibit unfair business practices. ✓✓
- Promotes responsible consumer behaviour. ✓✓
- Promotes consistent laws relating to consumer transaction and agreement. ✓✓
- Establishes a National Consumer Commission (NCC). ✓✓
- Ensures that consumers have access to information they need, to make informed choices. ✓✓
- Promotes the rights and full participation of historically disadvantaged individuals as consumers. ✓✓
- Ensures that consumers are not misled/deceived by suppliers of goods/services. ✓✓
- Promotes consumer safety by protecting them from hazardous products/services. ✓✓
- Strengthens a culture of consumer rights and responsibilities. ✓✓
- Empowers consumers to take legal action if their rights are not upheld. ✓✓
- Protects consumers against contracts that include unfair terms which limit the liability of suppliers. ✓✓
- Protects consumers against unscrupulous businesses such as fly-by-night franchisors. ✓✓
- Allows consumers and businesses to resolve disputes fairly. ✓✓

Any other relevant answer related to the purpose of the Consumer Protection Act.

Max (12)

- The provisions in the Act increase the risks for insurance companies✓ in protecting businesses against unforeseen claims and lawsuits. ✓
- Supply chain management for stock levels will have to be managed differently✓ as defective goods have to be replaced within six months at the request of the customer. ✓
- Legal contracts must be worded in plain language and pitched✓ at the level of the consumer who is being targeted. ✓
- **Ford Kuga** have to replace/repair faulty items/refund money✓ if the fault occurs within six months after purchase. ✓
- Information technology systems need to be improved✓ as the retailer must keep more detailed records of interactions with consumers/be able to report to the National Consumer Commission. ✓

Any other relevant answer related to disadvantages of CPA. Max (16)

5.5 Penalties for non-compliance:

- The Act imposes fines of up to R1million✓ or 10% of turnover for each offence. ✓
- The National Consumer Commission is responsible for overseeing✓ the compliance by businesses with the CPA. ✓
- Failure to adhere with CPA may result in a fine✓ or even imprisonment in severe cases ✓
- In special cases an employer will be held jointly and severally liable✓ with its employee for contravening the CPA. ✓

Max (6)

5.6 Conclusion

- Businesses have a duty to perform quality services and supply quality goods; ✓✓
- Consumers must act responsibly when purchasing goods and/or services. ✓✓

Any other relevant conclusion relating to CPA.

(2 x 1) (2)

5.4 Impact of CPA on Ford Kuga

Positives/Advantages

- There is now only one law for protecting consumers✓ and this makes it easier to enforce and apply the law✓
 - Protects the consumers from unfair, exploitative and aggressive business✓ and marketing activities. ✓
 - Promotes consumer rights✓ and ensures that businesses do not violate these rights. ✓
 - Allows all consumers fair access✓ to goods and services. ✓
 - Educates consumers✓ about how to participate in the goods and services market responsibly. ✓
 - Enables consumers and businesses to resolve disputes fairly✓ and in a way that respects the rights of both parties. ✓
 - Disputes may also be addressed✓ by the National Consumer Commission. ✓
 - Ensures that consumers do not buy goods of poor quality✓ which do not meet quality standards. ✓
 - Forces **Ford Kuga** to promote✓ and provide consumer education. ✓
 - Consumers are forced to make responsible✓ and informed decisions. ✓
 - Enables **Ford Kuga** to resolve disputes fairly✓ through the National Consumer Commission/Consumer Court/Industrial ombudsmen. ✓
 - **Ford Kuga** may build a good image✓ when they ensure that consumer rights are not violated. ✓
 - May gain consumer loyalty, ✓ if they comply with CPA. ✓
- Any other relevant answer related to the advantages of CPA.

AND/OR

Negative Impact/Disadvantages

- **Ford Kuga** must disclose more information✓ about their products and processes. ✓
- The Act encourages✓ consumers to complain. ✓
- Consumers can take advantage✓ of businesses. ✓
- The processes and procedures required of the businesses✓ by the Act can be expensive and time consuming. ✓
- Some businesses feel they are unnecessarily burdened✓ by the processes required by the CPA. ✓
- Non-compliance✓ may result in heavy penalties. ✓
- Staff need to be trained and legal experts need to be consulted, ✓ which can be expensive for smaller businesses. ✓
- **Ford Kuga's** documents need to be redone/translated✓ in order to comply with the requirement that consumers have a right to receive contracts in simple and understandable language. ✓

Insight consists of the following components:

Layout/Structure	Is there an introduction, body, proper paragraphs and conclusion?	2
Analysis and Interpretation	Learners' ability to break down the question/interpret it correctly to show understanding of what is being asked.	2
Synthesis	Are there relevant decisions/facts/responses made based on the questions? Marks to be allocated using this guide: No relevant facts: 0 (Two -S') Some relevant facts: 1 (One -S') Only relevant facts: 2 (Zero -S') NB: If there are no -S' award the maximum of TWO (2) marks. NOTE: A fact could be incorrect but relevant to the question. In this case, do not penalise the learner for synthesis.	2
Originality	Examples, recency of information, current trends and developments.	2
	TOTAL FOR INSIGHT:	8
	TOTAL MARKS FOR FACTS:	32
	TOTAL MARKS FOR ESSAY (8 + 32)	40

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

BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
5.1 Introduction	2	32
5.2 Purpose of CPA	12	
5.3 Consumer rights	12	
5.4 Impact of Consumer Protection Act on businesses	16	
5.5 Penalties for non-compliance	6	
5.6 Conclusion	2	
INSIGHT		
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 only some of the requirements are met.
Allocate 0 marks where requirements are not met at all.

6.3 Distinction between professional and ethical behaviour

Professional behaviour	Ethical behaviour
- Refers to what is right/wrong/acceptable✓ in a business. ✓	- Refers to the principles of right and wrong/acceptable✓ in society. ✓
- Set of standards✓ of expected behaviour. ✓	- Conforms to a set of values✓ that are morally acceptable. ✓
- Applying a code of conduct✓ of a profession or business. ✓	- Forms part of a code of conduct✓ to guide employees to act ethically. ✓
- Focuses on developing a moral compass✓ for decision making. ✓	- Focuses on upholding the reputation✓ of a business/profession. ✓
- Includes guidelines✓ on employees appearance/communication/attitude/responsibility ✓	- Involves following the principles of right or wrong ✓ in business activities/practices/dealings. ✓
- Any other relevant answer related to professional behaviour in a business.	- Any other relevant answer related to ethical behaviour in a business.
Sub max (4)	Sub max (4)
	Max (6)

NOTE: 1. The answer does not have to be in tabular format, but the distinction must be clear.

2. Award a maximum of FOUR (4) marks, if the distinction is not clear.

6.4**6.4.1 Taxation**

- The government needs revenue from taxation✓ to provide essential services such as housing, education, infrastructural development and health care. ✓
- Professional behaviour for the business in this regard would be for the business not to avoid tax✓ by falsifying financial records. ✓
- Company tax, VAT and personal income tax✓ are some of the main sources of income for the government. ✓
- Tax evasion is illegal in South Africa✓ and is regarded as a crime punishable with a fine or even prison sentence. ✓
- SARS oversees✓ the collection of tax. ✓

Any other relevant evaluation on taxation.

Sub max (6)

6.5 THE KING CODE

The King code provides a framework ✓ to corporate governance best business practices. ✓
Business ethics and professional ✓ conduct are guided by this code ✓.
The reason for the development and implementation of the codes ✓ was the occurrence of corruption in businesses. ✓

The King Report on Corporate Governance ✓ was first published in 1994 by Judge Mervyn King ✓. It explains the relationship between the company and its stakeholders ✓ such as employees, customers and suppliers. ✓

King code III is applicable to all entities, ✓ public, private and non-profit. ✓ Compliance with the King code is one of the main pre-requisites for a company ✓ to be listed on the Johannesburg Securities Exchange (JSE). ✓ King III encourages all entities, ✓ not only public companies, to adopt the King III principles. ✓

According to Judge Mervyn King, the King code sets out three pillars ✓ of good corporate governance ✓ such as:

- Effective, ethical leadership ✓
- Sustainable business practices ✓
- Good corporate citizenship ✓

Judge Mervyn King's role on good governance relies on the following fundamental principles-

- Fairness ✓ means that the interests of all the stakeholders must be taken into account. ✓
- Accountability ✓ refers to the ability of the board of directors to clarify and give good reasons for its actions. ✓ Business should justify ✓ their actions ✓
- Businesses should be accountable for their actions. ✓ / responsible for their decisions and actions. ✓
- Responsibility ✓ refers to the requirement of the board to take good care of the assets, investments and interests of the stakeholders. ✓
- Transparency ✓ refers to the disclosure of the company's financial, risk, social and environmental performance ✓. Information / decisions and actions must be made known ✓ to all stakeholders. ✓ It should be easy for others to see ✓ what actions are performed. ✓
- Discipline ✓ - A commitment to governance ✓
- Independence ✓ - Not being susceptible to undue influence. ✓
- Social issues ✓ in relating to the outside world, the environment, the wider community. ✓

Strategies to Address Taxation

- Employees should report any tax evasion or tax avoidance in a business. ✓✓
- Consumers, suppliers and buyers should ensure that all products are correctly invoiced and recorded. ✓✓
- The public should report any suspicion of tax fraud to SARS. ✓✓
- Businesses should be aware and up to date with the latest SARS regulations and tax laws. ✓✓
- Business should pay their taxes to avoid penalties and interest and even imprisonment. ✓✓

Any other relevant answer related to strategies to address taxation.

Any 2 x 2 (4)

Max (10)

6.4.2 Unauthorised use of workplace funds

- Fraud is a theft, misuse of money ✓ that belongs to the employer. ✓
- Fraud increases the cost of doing business, ✓ affects competition and discourages investors by raising prices to absorb the losses. ✓
- This leads up to money laundering ✓ which affect the economy and also unethical. ✓

Any other relevant evaluation on unauthorised use of workplace funds.

Sub max (6)

Strategies to Address Unauthorised use of workplace funds

- The business and management should keep a tight control of company funds. ✓✓
- Only authorized and trustworthy employees should be given access to company money. ✓✓
- Management should audit all spending regularly. ✓✓
- Clear policies should be in place so that employees are aware what is considered to be theft. ✓✓
- Limit, to the absolute minimum, the number of employees who have access to funds. ✓✓
- Formulate a fraud prevention strategy. ✓✓
- Identify vulnerable areas. ✓✓
- Combat fraud through internal auditing. ✓✓

Any other relevant answer related to strategies to address unauthorised use of workplace funds.

Any 2 x 2 (4)

Max (10)

BREAKDOWN OF MARK ALLOCATION

Details	Maximum	Total
6.1 Introduction	2	Max 32
6.2 Professional, responsible and ethical business practice	10	
6.3 Distinction between ethical and professional behaviour	6	
6.4 Two Unethical issues:	20	
Description and Strategies		
Motivation King code	10	
Conclusion	2	
INSIGHT		
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 only some of the requirements are met.
 Allocate 0 marks where requirements are not met at all.

Ethical business practice as contained in the King code III can therefore be summarised as:

- Ethical leadership ✓ and corporate citizenship ✓
- The establishment of and rules ✓ governing a company board of directors ✓
- **Audit** ✓ committees ✓
- Governance ✓ of risk ✓
- Governance of information ✓ technology ✓
- Compliance with laws, ✓ rules, codes and standards ✓
- Internal ✓ audits ✓
- Governing **stakeholder** ✓ relationships ✓
- Integrating reporting ✓ and **disclosure**. ✓

The king code is not enforced by law, ✓ but sections of the code have been incorporated into pieces of legislation. ✓ For example, many sections of the King II form part of companies' Act of South Africa of 2008. ✓

Max (10)

Conclusion

- A business code on ethics and conduct should improve relationships and eliminate unethical business practices. ✓✓
- Employees who do not adhere to a code of ethics and conduct should be disciplined. ✓✓
- Businesses can make use of good corporate governance to address issues that challenge ethical and professional behaviour. ✓✓
- Any other relevant conclusion related to ethical and professional business practices.

(1 x 2) (2)

[40]

BREAKDOWN OF MARK ALLOCATION

Insight consists of the following components:

Layout/Structure	Is there an introduction, body, proper paragraphs and conclusion?	2
Analysis and interpretation	Learners' ability to break down the question/interpret it correctly to show understanding of what is being asked.	2
Synthesis	Are there relevant decisions/facts/responses made based on the questions? Marks to be allocated using this guide: No relevant facts: 0 (Two -'S') Some relevant facts: 1 (One -'S') Only relevant facts: 2 (Zero -'S') NB: If there are no -'S' award the maximum of TWO (2) marks. NOTE: A fact could be incorrect but relevant to the question. In this case, do not penalise the learner for synthesis.	2
Originality	Examples, recency of information, current trends and developments.	2
TOTAL FOR INSIGHT: TOTAL MARKS FOR FACTS: TOTAL MARKS FOR ESSAY (8 + 32)		8 32 40

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

TOTAL SECTION C: [80]

GRAND TOTAL: [100]

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