higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

ECONOMIC ENVIRONMENT
NQF LEVEL 3

(3011023)

18 November 2024 (X-paper)
09:00–12:00

Calculators may be used.

This question paper consists of 10 pages.

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)
ECONOMIC ENVIRONMENT
NQF LEVEL 3
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer all the questions.
2. Read all the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Use only a black or blue pen.
5. Write neatly and legibly.

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SECTION A

QUESTION 1

1.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.15) in the ANSWER BOOK.

1.1.1 ONE of the following institutions is NOT a financial intermediary.

A JSE
B Banks
C SARS
D Pension funds

1.1.2 If the rand is trading at R18,50 against the dollar, suppose that the rand appreciates by 5%, the new exchange rate would be … to the dollar.

A R19,43
B R17,57
C R 19,75
D R 16,57

1.1.3 … refers to the amount of money that is paid for labour for working for a specified period.

A Earnings
B Wage rate
C Salary
D Royalties

1.1.4 One of the following is NOT an element of the marketing mix.

A Product
B Place
C Procurement
D Promotion

1.1.5 The total expenses of receiving goods at the place of retail sale is known as …

A export costs.
B landed costs.
C import costs.
D transport costs.

1.1.6 … protects the rights of employees.

A Labour law
B Labour court
C Safety and security
D Private security

1.1.7 Interest and exchange rates are regarded as …

A fixed.
B compounded.
C variable.
D itemised.

1.1.8 An increase in … can lead to cost-push inflation.

A exports
B income tax
C consumption spending
D VAT

1.1.9 Which currency is used by the United Kingdom to do their transactions?

A yen
B pound
C dollar
D rand

1.1.10 … form part of the market environment of a business.

A Staff
B Stock control
C Competitors
D Managers

1.1.11 In the balance of payment, which account is used to record inflow and outflow of capital?

A Current account
B Unrecorded transactions account
C Foreign exchange
D Financial account

1.1.12 … is when investors feel confident about the performance of the economy.

A Bull market
B Local market
C Global market
D Bear market

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1.1.13 Which business function works on promoting the image of the business?

A Public relations
B Production
C Marketing
D Human resource

1.1.14 Which ONE of the following strategies imply that management play a wait-see-role when facing unpredictable circumstances?

A Contingency strategy
B Offensive strategy
C Opposition strategy
D Passive strategy

1.1.15 An example of a non-renewable natural resource is …

A trees.
B sun.
C fish.
D water.

(15 × 1) (15)

1.2 Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (1.2.1–1.2.10) in the ANSWER BOOK.

1.2.1 Items are said to be in direct proportion when they increase at the same ratio.

1.2.2 Direct financing means that you borrow money straight from the bank.

1.2.3 During high inflow of funds into the South African economy, the rand gets stronger.

1.2.4 *Portfolio investment* refers to the purchase of assets where the investor is only interested in the financial return on investment.

1.2.5 Technological changes take place when business transactions have changed from a manual system to a computerised system.

1.2.6 The micro-environment involves factors that are beyond the control of the management of the business.

1.2.7 The market environment is also referred to as industry environment.

1.2.8 The Department of Environmental Affairs is responsible for drafting the Basic Conditions of Employment Act?.

1.2.9 Businesses make profit when they reach the break-even point.

1.2.10 An external factor like climatic conditions can affect labour productivity.

(10 × 1) (10)

1.3 Define each of the following terms:

1.3.1 Exports

1.3.2 Inflation

1.3.3 Poverty

1.3.4 Economics

1.3.5 Financial market

(5 × 2) (10)

QUESTION 2

Choose the correct term from those in brackets. Write only the answer next to the question number (2.1–2.5) in the ANSWER BOOK.

2.1 Under market shares, travel and tourism will be (consumer services/ consumer goods).

2.2 An increase in (interest rate/technology) is an example of a structural change in the economy.

2.3 Mr. Lesetja Kganyago is the governor of the (SARS/SARB).

2.4 (Risk transfer/Risk reduction) occurs when the business pays another party to accept their risk.

2.5 When the rand gains value against the dollar, we say it (appreciates/depreciates)

(5 × 1) (5)

[40]

TOTAL SECTION A: 40

SECTION B

QUESTION 3

3.1 Read the following extract and answer the questions:

Energy and food-fuelling crisis

Two major suppliers of energy and fertilizer, Russia and Ukraine, have caused disruptions in supply for both developing and developed countries, through their conflict.

The most fundamental change has been Europe's shift away from reliance on Russian gas. Europe reacted to the supply disruptions in two ways: looking for its gas elsewhere and accelerating the move to renewable energy.

[Source: The Royal Institute of International Affairs, 2023]

3.1.1 Name TWO natural resources that Russia exports. (2)

3.1.2 Explain how European countries reacted to the supply disruptions caused by the conflict between Russia and Ukraine. (2 × 2) (4)

3.2 Four European countries ordered solar panels from an American company as alternative energy source. The whole order was €64 000, at €8 000 per panel. Calculate how much each country would pay if they ordered in the following way:

3.2.1 France, 2 panels

3.2.2 Portugal, 1 panel

3.2.3 Belgium, 3 panels

3.2.4 Netherlands, 2 panels (4 × 2) (8)

3.3 Differentiate between *foreign currency* and *domestic currency* and provide ONE example for each. (6)

3.4 What is the remuneration of capital? (1)

3.5 Give TWO examples of commodities exported by South Africa. (2)

3.6 List FOUR steps that a manager can take to scan the environment in which their business operates. (4)

3.7 Distinguish between an *entrepreneur* and the *manager.* (2 × 2) (4)

3.8 Briefly describe TWO causes of unemployment. (2 × 2) (4)

3.9 List FIVE types of local and international financial markets. (5)
[40]

QUESTION 4

4.1 Read the article and answer the questions that follow.

SA Financial markets in turmoil as rand weakens, JSE shares tumble

The rand remained subdued almost unchanged at R19,81, against the US dollar by close of trading at the JSE after hitting a new all-time low of R19,86 on Tuesday on the back of a stronger US dollar, along with local political and electricity issues.

[Source: *news24.com*, 2023]

4.1 Calculate the percentage by which the Rand has appreciated from R19,86 to R19,81. Show all your calculations. (4)

4.2 Discuss how financial markets help to ensure that the economy functions well and efficiently. (5 × 2) (10)

4.3 Discuss the impact of an increase in corporate tax on South Africa's businesses. (5 × 2) (10)

4.4 Briefly explain the importance of managers to be aware of changes in the business environment. (3 × 2) (6)

4.5 List FOUR elements of the marketing mix. (4)

4.6 Briefly explain how the charge account works as consumer credit. (2)

4.7 Explain the concept *double coincidence of wants*. (3)

4.8 Identify the strategy where the manager moves resources from one area to another area of the business. (1)
[40]

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QUESTION 5

5.1 Give FIVE functions of the JSE. (5)

5.2 Differentiate between a *share* and a *dividend*. (4)

5.3 Name SIX economic indicators. (4)

5.4 Define the term *physical environment* with reference to the business. (2)

5.5 The acronym *P.E.S.T.* represents the factors of which businesses must be aware when they scan the environment.

List the factors. (4)

5.6 Give FIVE services that commercial banks offer to the South African public. (5)

5.7 It is considered that The Superfans who wanted to go and watch the 2024 Olympics in Paris should have had at least R250 000,00 each, for travel and accommodation for a week, at an exchange rate of R20.54 to €1.

5.7.1 Calculate the amount in euro each superfan should have in order to travel to Paris. Show all calculations. (3)

5.7.2 Suppose the rand appreciates by 10%, calculate the new estimated rand amount each superfan would need to travel to Paris. (6)

5.8 The street vendor sells her fat cakes for R2,70 each. Complete the following table:

Selling price	R8,10	(b)	(c)	R13,50
Number of fat cakes	(a)	6	9	(d)

(4)

5.9 Name the national department that is responsible for the implementation of the fiscal policy. (1)

5.10 Define the term *labour*. (2)

[40]

QUESTION 6

6.1

Lower fuel prices stabilize producer inflation in June

Hard on the heels of Wednesday's announcement that consumer price increases moderated to their lowest in 2024, Thursday's factory prices update from Stats SA provided more proof that inflation is heading in a direction that could support a decision by the Reserve Bank to start cutting rates this year.
Annual producer price inflation for June was 4,6%, unchanged from May and slightly ahead of the Bloomberg consensus forecast of 4,5%. However, the month-on-month producer price index (PPI) reading decreased by 0,3%, according to Stats SA.

By Denene Erasmus: *Business Day, 25 July 2024*

Inflation rates are problematic for both consumers and businesses.

Discuss the impact of inflation rates on the economy (5 × 2) (10)

6.2 Differentiate between *simple interest* and *compound interest*. (4)

6.3 Define the term *exchange rate*. (2)

6.4 Discuss how the exchange rate can affect the inflow and outflow of money in the South African economy. (5 × 2) (10)

6.5 Differentiate between *break-even analysis* and *break-even point*. (4)

6.6 The Hub mini furniture store manufactures and sells dining room chairs. The owner offered Andrew, his truck driver, a 5% share of the profit instead of wages, to ensure that everyone benefits from the success of the business. The production cost amounts to R800 each per chair. The owner intends to make a 15% profit. The store managed to sell 50 chairs.

6.6.1 Calculate the total revenue The Hub has made. (7)

6.6.2 Calculate Andrew's share of the profit. (3)

[40]

TOTAL SECTION B: 160
GRAND TOTAL: 200

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