higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

ECONOMIC ENVIRONMENT
NQF LEVEL 3

(3011023)

11 November 2022 (X-paper)
09:00–12:00

This question paper consists of 8 pages.

261Q1N2211

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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. Start each section on a new page.
5. Use only a blue or black pen.
6. 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 (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 In this economic system the state and private sector share economic responsibilities:

A Traditional system
B Capitalism
C Mixed system
D Command system

1.1.2 One of the instruments used by the South African Reserve Bank to influence money supply, is …

A exchange rate.
B repo rate.
C prime rate.
D inflation rate.

1.1.3 The … bank deals with huge business credits such as agricultural projects.

A discount
B commercial
C land
D Cavendish

1.1.4 The rand/dollar exchange rate is currently at $1 = R14,30. Assume that the rand depreciated by 15%. The new exchange rate would be $1 = …

A R16,47.
B R17,50.
C R12,00.
D R14,45.

1.1.5 One of the following is NOT a strategy that can be used by businesspeople when faced with economic challenges:

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

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1.1.6 All expected business costs on a month-to-month basis, such as rent, are known as … costs.

A fixed
B variable
C overheads
D total

1.1.7 This index helps businesses to know which products are demanded by consumers.

A GDP
B PPI
C CPI
D GNI

1.1.8 … are business transactions that have changed from a manual system to a computerised system.

A Economic changes
B Political changes
C Social changes
D Technological changes

1.1.9 The process of removing natural vegetation completely, is known as …

A environmental sustainability.
B conservation.
C deforestation.
D preservation.

1.1.10 The cost of credit is …

A a loan.
B an overdraft.
C interest.
D fraud.

(10 × 1) (10)

1.2 Complete the table below by determining the cost price. Write only the answer next to the question number (1.2.1–1.2.4) in the ANSWER BOOK.

Costs in rand	34,40	172	**1.2.1**	860	**1.2.2**	**1.2.3**	**1.2.4**
Number of hats	1	5	20	25	30	45	60

(8 × 1) (8)

1.3 Choose ONE term from the list below for each of the following descriptions and write it next to the question number (1.3.1–1.3.6) in the ANSWER BOOK.

public sector; globalisation; broker; securities; liquidity of investment; barter; deficit units

1.3.1 The general name used for all types of shares

1.3.2 Economies of the world are integrated in the flow of goods, services, and capital

1.3.3 Those people who are in need of money in the financial markets

1.3.4 The exchange of goods and services without the use of money

1.3.5 A broader term that includes all levels of government

1.3.6 Buys and sells shares at the JSE on behalf of clients

(6 × 2) (12)
[30]

QUESTION 2

2.1 State THREE functions of the land bank. (3 × 2) (6)

2.2 Briefly explain the concept *double coincidence of wants*. (4)

2.3 Give TWO examples of commodities that were used as means of exchange before money was invented. (2)

2.4 Identify TWO modern means of payment. (2)

2.5 State the difference between *primary* and *secondary market for shares*. (4)

2.6 Explain the impact of foreign direct investment. (4)

2.7 Identify THREE types of market shares. (3)
[25]

TOTAL SECTION A: 55

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SECTION B

QUESTION 3

3.1 Read the extract below and the answer the questions that follow:

Consumer inflation quickens for a second month

Annual consumer price inflation edged slightly higher to 5% in September from 4,9% in August and 4,6% in July. This represents the fifth consecutive month with annual inflation above 4,5% midpoint of the South African Reserve Bank's monetary policy target range. The monthly change in the CPI was 0,2%.

[Source: statssa.gov.za 20 October 2021]

3.1.1 Define the term *inflation*. (2)

3.1.2 What is South Africa's inflation target range? Explain it in terms of the recent report above. (3)

3.1.3 Briefly explain the statement which says that inflation erodes the value of one's income over time. (3)

3.1.4 Identify any cause of inflation in South Africa. (2)

3.1.5 Define the term *economic indicator*. (2)

3.1.6 Identify FOUR economic indicators. (4)

3.2 Differentiate between *direct financing* and *indirect financing*. (4)

3.3 Write the acronym CPIX in full. (1)

3.4 Discuss the impact of an increase in the price of oil on the South African economy. (4)
[25]

QUESTION 4

4.1 Differentiate between *pure economic indicators* and *financial economic indicators* and give one example of each. (2 × 4) (8)

4.2 How does an increase in inflation lead to job losses, poverty, and crime? (5)

4.3 Give FOUR examples of foreign currencies. (4)

4.4 The business environment is made up of THREE environments.

Name these environments. (3)

4.5 Briefly explain the FOUR components of the marketing mix. (4 × 2) (8)

4.6 What is the difference between *promoting* the image of a business and *advertising*? (2 × 2) (4)

4.7 Identify the factor of production to which each of the following statements are referring:

4.7.1 Someone must recognise an opportunity and develop a business idea.

4.7.2 Money and goods that are required to start a business.

4.7.3 Products are made mainly from nature.

4.7.4 Physical presence of human beings and their skills are needed in a business.

(4 × 2) (8)

4.8 Discuss how competition between businesses benefit consumers. (2 × 3) (6)

4.9 Running a business is a risk and the owner must always be prepared for it.

Briefly discuss how your business would respond to the following challenges:

4.9.1 Regular power cuts by Eskom (load shedding)

4.9.2 Producing products that are highly flammable such as wood or fabric

(2 × 2) (4)

[50]

QUESTION 5

Read the extract below and answer the questions that follow:

Wildfires threaten the Highveld farming region.

5.1 With regard to the headline above, discuss how the following people would be affected by the fire:

5.1.1 Farm owners

5.1.2 Workers

(2 × 2) (4)

5.2 Differentiate between *tender* and *procurement*. (2 × 2) (4)

5.3 The state provides services to the public by using the tender process and procurement.

Identify the challenges that these processes have brought in your communities. (2 × 2) (4)

5.4 Which organisation in South Africa is responsible for the collection of tax? (2)

5.5 Elizabeth has just been permanently employed. She earns R14 700. She must pay 15% income tax.

5.5.1 Calculate how much tax she will pay. Show all calculations. (3)

5.5.2 Calculate her disposable income. (3)

5.6 Discuss the importance of tax to the government. (2 × 3) (6)

5.7 List FOUR forms of tax. (4)
[30]

QUESTION 6

6.1 To expand his business, Elroy secured a loan of R35 000 from Nedbank, at 12% interest rate, payable over four years.

6.1.1 Calculate his simple interest costs. (4)

6.1.2 Calculate his compound interest costs. (18)

6.1.3 Calculate his total debt on compounded interest. (3)

6.2 Give FOUR advantages of using credit. (4 × 2) (8)

6.3 Give THREE examples of loans for which a person can apply. (3)

6.4 Differentiate between an *entrepreneur* and *management.* (4)
[40]

TOTAL SECTION B: 145
GRAND TOTAL: 200

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