higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

ECONOMIC ENVIRONMENT
NQF LEVEL 3

(3011023)

10 December 2020 (X-paper)
09:00–12:00

This question paper consists of 10 pages.

483Q1N2010

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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 black or blue 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 Remuneration from investment is called …

A wages.
B profit.
C rent.
D interest.

1.1.2 The role of the government in South Africa includes …

A maintaining a favourable trade balance.
B determining economic policy.
C decreasing the interest rate.
D controlling the amount of money in circulation.

1.1.3 The abbreviation … is used to express the consumer price index, excluding interest rates on mortgage bonds.

A PPI
B CPI
C CPIX
D CPX

1.1.4 The price of Brent crude oil is measured in … per barrel.

A rand
B dollar
C pound
D yen

1.1.5 … is an event in the economic environment.

A Infrastructure
B War
C Inflation
D Consumers

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1.1.6 … increase the efficiency of a product or process that results in an increase in output without an increase in input.

A Socio-political changes
B Economic changes
C Physical changes
D Technological changes

1.1.7 … refers to a situation where jobless workers are looking for work in a healthy economy.

A Cyclical unemployment
B Structural unemployment
C Seasonal unemployment
D Frictional unemployment

1.1.8 Break-even point is where …

A variable costs are equal to income.
B income is equal to expenses.
C income is more than expenses.
D income is less than expenses.

1.1.9 … are the costs that change as the quantity of goods and services a business produces changes.

A Fixed costs
B Variable costs
C Total costs
D Opportunity cost

1.1.10 … refers to money that flows in and out the business.

A Overhead costs
B Cash flow
C Output costs
D Start-up capital

(10 × 1) (10)

1.2 Complete the following sentences by filling in the missing words. Write only the answer next to the question number (1.2.1–1.2.10) in the ANSWER BOOK.

1.2.1 … is something that is generally accepted as payment for goods and services and that can be stored and used at a later stage.

1.2.2 … are payments made by a company to its shareholders when the company earns a profit or surplus.

1.2.3 … is the improvement of people's standards of living, for example by providing houses.

1.2.4 … is calculated at a given interest on the original principal debt or investment over a specified period of time.

1.2.5 … is tax charged when foreign goods and services are imported into South Africa, governed by customs and excise.

1.2.6 A … is a negotiable instrument drawn by a bank on another bank in a foreign country in favour of a particular person or company which is stated on it.

1.2.7 The … acts as a market place where buyers and sellers of shares can meet to trade with one another.

1.2.8 The … is a measure of the value of currency in the international market.

1.2.9 … means to assign an employee to another position or job within the same organisation.

1.2.10 … is the fear or hatred of those who are perceived to be foreign or strange.

(10 × 1) (10)

1.3 Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (1.3.1–1.3.5) in the ANSWER BOOK.

1.3.1 Without entrepreneurs, the natural, human and capital resources would be of much use to anyone.

1.3.2 Fixed costs vary directly to the production of one additional unit.

1.3.3 High inflation decreases the buying power of the currency.

1.3.4 Interest is an amount that the borrower pays on an overdue account.

1.3.5 Critical path is the shortest activity which can be done in parallel.

(5 × 1) (5)

[25]

QUESTION 2

2.1 List FOUR types of infrastructure that have a positive impact on the business. (4)

2.2 Name FOUR causes of unemployment. (4)

2.3 Write down the following acronyms in full:

2.3.1 NSFAS

2.3.2 NCA

(2 × 1) (2)

2.4 PNA booksellers decided to add ready-made plastic covers for exercise books to their stock. The plastic costs R18,00 a roll. Each roll can cover only three exercises books. The gross profit per roll amounts to 30%.

2.4.1 Calculate how much it will cost to cover 32 exercise books with ready-made plastic covers. Show the calculations. (3)

2.4.2 Calculate the break-even turnover if the fixed cost is R20 000. (2)

[15]

TOTAL SECTION A: 40

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SECTION B

QUESTION 3

3.1 What is the remuneration of a landlord called? (1)

3.2 What is the economic importance of labour in a business environment? (2 × 2) (4)

3.3 Explain the following factors of production:

3.3.1 Entrepreneur

3.3.2 Capital

(2 × 2) (4)

3.4 Business use PEST analysis before responding to changes in the business environment. Write down the acronym PEST in full. (4)

3.5 What is PEST analysis used for? (2)

3.6 Describe FOUR efforts by government to assist the economically disadvantaged in South Africa. (4 × 2) (8)

3.7 Identify which form of unemployment is referred to in each of the following instances.

3.7.1 John loses his job owing to recession.

3.7.2 Wandi picks fruit in summer and does not know what to do in winter.

(2 × 2) (4)

3.8 Explain the term *physical environment* in your own words. (3)

3.9 Give TWO examples of resources found within the physical environment. (2)

3.10 Briefly explain the economic system used in South Africa. (2)

3.11 Briefly explain THREE disadvantages of the economic system mentioned in QUESTION 3.10. (3 × 2) (6)

[40]

QUESTION 4

Study the extract below and answer the questions.

South African banks fighting over scarce IT skills

South African banks are battling to find qualified IT professionals and are competing over a dwindling supply of skilled workers. This can result in the failure of a bank. Standard Bank recently announced that a total of 91 branches will be closed as the bank opt for digital banking.

[Source: *Sunday Times*, 16 June 2019]

4.1 Define the concept *competitor.* (2)

4.2 What do you understand by the term *bank failure*? (2)

4.3 Explain how the closure of Standard Bank branches can affect the South African economy. (3 × 2) (6)

4.4 Give FOUR functions of the South African Reserve Bank. (6)

4.5 Briefly explain FOUR functions of financial markets. (4 × 2) (8)

4.6 Describe THREE threats to the business environment as a result of changes in technology. (3 × 2) (6)

4.7 Explain how can training be used as a method of addressing the human resource needs of the South African Banks. (3 × 2) (6)

4.8 Good infrastructure is essential for the economic development of the country.

Motivate this statement. (2 × 2) (4)

[40]

QUESTION 5

5.1 What is the purpose of critical path analysis? (2)

5.2 Give THREE aspects that the exporter needs to consider when constructing a critical path analysis. (6)

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

5.4 List any FOUR economic indicators that indicate the direction of an economy. (4)

5.5 Differentiate between *primary* and *secondary* markets for shares. (4)

5.6 Phuthuma Nathi offered an upcoming entrepreneur a loan of R200 000 as start-up capital at 20% fixed interest rate. The loan was for a period of 3 years.

5.6.1 Calculate the simple interest at the end of 3 years.
Show the calculations. (3)

5.6.2 Calculate the compound interest at the end of 3 years.
Show the calculations. (5)

5.6.3 What is the total interest at the end of 3 years? (2)

5.7 What must exporters do to manage their cash flow efficiently? (2 × 2) (4)

5.8 Cost-push inflation is a general increase in prices caused by increases in factor costs.

Briefly explain the causes of cost-push inflation. (4 × 2) (8)
[40]

QUESTION 6

6.1 Explain in your own words what *market shares* are. (2)

6.2 List FIVE types of shares. (5)

6.3 Explain the negative effects of the following on a business:

6.3.1 HIV/AIDS (2 × 2) (4)

6.3.2 Increase in indirect tax (VAT) (2 × 2) (4)

6.4 In your own words, explain the term *institutionalisation.* (4)

6.5 South Africa has many minerals and other natural resources.

Briefly explain how natural resources can contribute to economic growth.
(3 × 2) (6)

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6.6 Give THREE examples of fixed costs. (3)

6.7 Mimi exported 2 000 scarves to England. The total costs she incurred to make one scarf is R50 and the packaging is R10 for 250 scarves. The shipping company charges R350 for 1 000 scarves.

Calculate the total cost for exporting 1 000 scarves. (4)

6.8 Use the following exchange rates to answer the questions that follow:

£1	R18,73
¥1	R0,13

6.8.1 Lesego wants to go and work in London. He must have R20 000 in his bank account before he can travel.

Calculate how much Lesego needs in pounds (£). (2)

6.8.2 While in London, Lesego buys a PlayStation for £550.

Calculate how much he paid in rand value. Show the calculations. (3)

6.8.3 He decides to buy an additional PlayStation in Japan at 70 000 Japanese yen.

Calculate how much he will pay in rand value. Show the calculations. (3)
[40]

TOTAL SECTION B: 160
GRAND TOTAL: 200

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