higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

ECONOMIC ENVIRONMENT
NQF LEVEL 3

(3011023)

7 March 2018 (X-Paper)
09:00–12:00

This question paper consists of 10 pages.

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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. 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 The factors of production are …

A capital, entrepreneurship, goods and services.
B natural resources, entrepreneurship, goods and services.
C goods, services, labour and capital.
D natural resources, labour, capital and entrepreneurship.

1.1.2 Money is …

A the same thing as credit.
B what keeps people interdependent.
C a measure of accounting unit.
D being replaced by barter trade.

1.1.3 The/A … is an institution that acts as a link between different parties in financial transactions.

A Land Bank
B South African Reserve Bank
C Johannesburg Stock Exchange
D financial intermediary

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

A Rand
B Dollar
C Euro
D Pound

1.1.5 An example of a company listed on the AltX:

A Sanlam
B Edcon group
C Gemini Garden Service
D Lynnwood Private Hospital

1.1.6 New securities are issued in the … market.

A secondary
B primary
C capital
D factor

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1.1.7 A natural unit consisting of living and non-living parts that interact to form a stable system is a/an …

A environment.
B ecosystem.
C natural resource.
D institution.

1.1.8 An increase in general price levels results in a decrease in/lower …

A buying power.
B disposable income.
C inflation rate.
D consumer price index.

1.1.9 Taurus has saved R50 000,00 to pay for an imported bike costing £5 000. The exchange rate is £1 = R14,50. Taurus has …

A enough money to pay for the bike.
B R22 500,00 too little.
C R22 500,00 too much.
D None of the above.

1.1.10 Completing a task in the shortest possible time, using all necessary resources effectively, is called …

A a break-even analysis.
B a critical-path analysis.
C a Gantt chart.
D the production cycle.

(10 × 1) (10)

1.2 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (1.2.1–1.2.10) in the ANSWER BOOK.

1.2.1 Personal loans can be obtained to buy a house.

1.2.2 Barter trade is regarded as a medium of exchange.

1.2.3 Representative money is used as a medium of exchange in South Africa.

1.2.4 Four main categories of financial instruments are traded in the capital market.

1.2.5 A bear market occurs when investors feel uncertain or less confident about the financial market.

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1.2.6 A decrease in interest rates contributes to an increase in the inflation rate.

1.2.7 Drought can have negative implications for an economy.

1.2.8 Don was fired without a hearing. This is a case for the Department of Social Welfare.

1.2.9 When calculating simple interest, the original amount that was borrowed is used to work out how much interest is due for payment.

1.2.10 Critical-path analysis is the route through the critical path which has no spare time in any of the activities.

(10 × 1) (10)

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1.3 Choose a word from COLUMN B that matches a description in COLUMN A. Write only the letter (A–D) next to the question number (1.3.1–1.3.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.3.1	Used as standard basis of exchange	A	capital
1.3.2	Natural item such as farmland that is used to produce goods and services	B	market basket
1.3.3	Manufactured item such as machinery that is used to produce goods and services	C	scanning
1.3.4	Production indicator that shows how much is being produced	D	gross domestic product
1.3.5	International economy, characterised by free trade in goods and services	E	foreign exchange market
1.3.6	Representative of commonly purchased consumer items	F	money
1.3.7	Checking the macro-environment	G	vision
1.3.8	Purpose of business	H	mission
1.3.9	International market in which one currency can be exchanged for another currency	I	global market
1.3.10	Money that flows in and out of the business	J	cash flow
		K	income and expenses
		L	gross national product
		M	natural resource

(10 × 1) (10)
[30]

QUESTION 2

2.1 Name TWO functions of the Johannesburg Stock Exchange (JSE). (2)

2.2 Name THREE reasons why the informal sector is economically important. (3)

2.3 Define each of the following terms:

2.3.1 Inflation rate

2.3.2 Exchange rate

(2 × 2) (4)

2.4 What is the primary aim of an entrepreneur? (1)

[10]

TOTAL SECTION A: 40

SECTION B

QUESTION 3

3.1 What is *barter trade*? (1)

3.2 Explain each of the following terms/concepts:

3.2.1 Micro-environment

3.2.2 Infrastructure

3.2.3 Boycott

3.2.4 Code of Conduct

3.2.5 Privatisation

(5 × 2) (10)

3.3 3.3.1 Discuss THREE kinds of consumer credit. (3 × 2) (6)

3.3.2 Name ONE advantage of each type of consumer credit in QUESTION 3.3.1. (3)

3.4 Tabulate FIVE differences between the mixed economic system and the command economic system. (5 × 2) (10)

3.5 Global warming may negatively affect geographical features, such as mountains, lakes, seas, etc.

Explain the impact of global warming on the tourism industry. (4 × 2) (8)

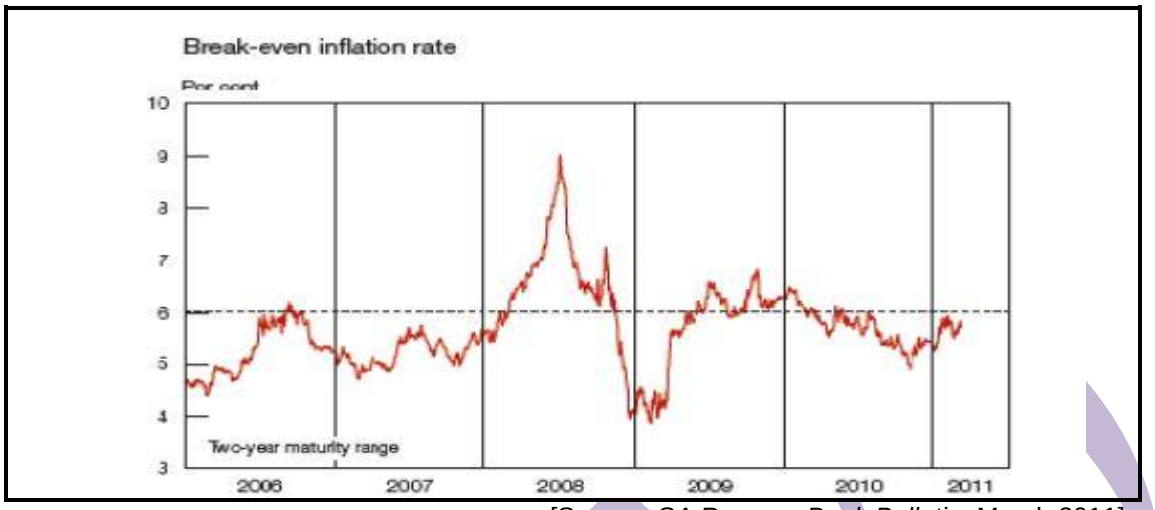
3.6 Name TWO impacts that an increase in the Rand value will have on the economy. (2)

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QUESTION 4

4.1 Study the economic indicator below and answer the questions.



[Source: *SA Reserve Bank Bulletin*, March 2011]

4.1.1 What was the trend of the South African inflation rate between 2008 and 2009? (2)

4.1.2 Name THREE effects that a decrease in inflation would have on domestic tourism. (3 × 2) (6)

4.1.3 Does the 2011 inflation rate comply with the 2016 inflation target of South Africa?

Substantiate your answer. (2)

4.1.4 Briefly explain why inflation is a problem in the economy. (5 × 2) (10)

4.1.5 What impact will fuel levies have on inflation? (2 × 2) (4)

4.1.6 Give TWO reasons why government turns to taxing fuel as a source of income. (2 × 2) (4)

4.2 Calculate the percentage decrease in profit if Company A makes a profit of R240 000,00 during the first quarter and the profit falls to R228 000,00 during the second quarter. (4)

4.3 Calculate the break-even turnover if the fixed cost is R15 000,00 and the weighted average gross profit percentage equals 84%. Round off to the nearest rand. (4)

4.4 Complete the conversion table below ((a) (b) (c) and (d)) to determine the relative values of the currencies.

Rand	R3,52	(a)	(b)	(c)	R1 760,00
US dollars ($)	$1	$20	$100	$250	(d)

(4)

[40]

QUESTION 5

5.1 Give a full description of the acronym CPIX. (2)

5.2 Name TWO sources of income for the government. (2)

5.3 Mr Blom, a middle-aged man, lost his job when he was retrenched. He then decided to start a Maxi Taxi transport service. His business expenses in the first month were R3 000,00 and his income was R4 800,00.

5.3.1 What is the ratio of his expenses to his income? Write your answer in the simplest form using 6 as the lowest common factor. (3)

5.3.2 If Mr Blom decided to divide the profit between himself and Paul in the ratio of 7:3, how much does each one get? (4)

5.4 Define each of the following terms/concepts:

5.4.1 Sin tax

5.4.2 Structural unemployment

5.4.3 Non-renewable resources

(3 × 2) (6)

5.5 Differentiate between the *technological* and *institutional environment*, giving an example of each. (6)

5.6 In your own words, explain what a business in the informal sector is and give an example of an informal business. (3)

5.7 Name TWO alternative energy sources that businesses can use to save electricity. (2)

5.8 List THREE purposes of the Basic Conditions of Employment Act. (6)

5.9 Briefly explain how constantly changing and upgrading technology benefits businesses. (3 × 2) (6)

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QUESTION 6

6.1 Libra invested R20 000,00 in June 2014 for a three-year period. The bank offers 20% interest on the investment.

Calculate how much interest she will have earned by the end of the third year, using the following methods. Show all your calculations.

6.1.1 Simple interest (4)

6.1.2 Compound interest (6)

6.2 The exchange rate is R15,00 = $1 and a business exports 2 500 television sets to the USA at R100,00 each. (4)

Calculate the total amount received in dollars.

6.3 XYZ Traders buys perfumes and sells them at a local market. The cost price of one bottle of perfume is R370,00.

6.3.1 Calculate how much a customer will pay for a bottle of perfume if the profit mark-up of the business is 28%.

6.3.2 Calculate the selling price of a bottle of perfume if 10% discount is granted.

(2 × 4) (8)

6.4 Describe FIVE ways in which the government can distribute wealth or alleviate poverty in South Africa. (5 × 2) (10)

6.5 What effect does a drop in interest rates have on the economy? (4 x 2) (8)

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TOTAL SECTION B: 160
GRAND TOTAL: 200

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