higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

ECONOMIC ENVIRONMENT
NQF LEVEL 3

(3011023)

19 November 2018 (X-Paper)
09:00–12:00

This question paper consists of 10 pages.

NCV

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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

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 (1.1–1.20) in the ANSWER BOOK.

1.1 Natural resources include:

A Land and marine resources
B Workers in a factory
C Interest earned on investment
D Profit of a business

1.2 An important financial institution that assists in the initial sale of securities:

A Investment bank
B Commercial bank
C Stock exchange
D Brokerage house

1.3 A bargaining council is:

A An association of employees whose main purpose is to regulate relations between employees and employers
B An independent statutory body that is financed by the Department of Labour and provides information on good labour practice
C A series of formal meetings between the representative of the employees (trade union) and the representative of the employers (employer' organisation)
D A group of lawyers fighting for employees' rights

1.4 Break-even point is when income is …

A equal to variable cost.
B equal to expenses.
C more than expenses.
D less than expenses.

1.5 Consumer inflation is measured by:

A PPI
B CPI
C GDP deflator
D Monetary policy

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1.6 The question of what to produce in a free-market economy is decided by:

A Private individuals
B Factories
C The government
D Importers and exporters

1.7 The process of exchanging goods or services for each other in the absence of money is called …

A articles as money.
B investment.
C barter.
D representative money.

1.8 An increase in oil prices will lead to:

A Cost-push inflation
B Demand-pull inflation
C Hyperinflation
D Deflation

1.9 … is the amount that the seller adds to the final costs which represents the profit of the seller.

A Gross profit
B Turnover
C Mark-up
D Net profit

1.10 Which institution is the authoritative body that regulates skills development within a specific economic sector?

A SETA
B ASAA
C SADC
D LRA

1.11 Which of the following is not a method to ensure a more sustainable use of natural environment?

A Impose additional taxes on industries that produce pollutants.
B Make laws to control emissions of harmful substances.
C Allow free entry to natural areas to encourage awareness.
D Maintain ways of controlling negative externalities.

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1.12 Mr and Mrs Yang needed to convert their money from Japanese yen to South African rand. They had ¥500 000 to be converted into rand at an exchange rate of 1¥ = R0,06.

What did they get for their yen?

A R 30 000
B R 3 000
C R 33 000
D R530 000

1.13 The main source of energy in South Africa is …

A water.
B coal.
C electricity.
D gas.

1.14 A characteristic of globalisation is:

A An increased gap between developed and developing countries
B The development of single global market
C Traditional countries become obsolete
D Sell goods at higher prices

1.15 Which of the following is NOT an internal activity of a business organisation?

A Pursuing profits
B Marketing
C Management
D Competitors

1.16 One supplier in the market:

A Oligopoly
B Monopoly
C Free competition
D Sole proprietorship

1.17 A … is a process of appointing a government supplier.

A tender
B procurement
C franchise
D auction

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1.18 The strategy used by manager to generate number options that can be applied when needed:

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

1.19 General attitude or feeling of the public concerning an issue:

A Attitude
B Public opinion
C Public relations
D Marketing

1.20 The way that money moves or flows in and out of a business:

A Cash flow
B Cash generating
C Sales
D Turnover

(20 × 1) **[20]**

QUESTION 2

2.1 Name the remuneration of four factors of production. (4)

2.2 Give TWO examples of costs used to calculate landed costs. (2)

2.3 Give the term usually used in reference to the stock market when people are feeling confident. (1)

2.4 Define the following concepts:

2.4.1 Dividend

2.4.2 Technology

2.4.3 Micro environment

2.4.4 Unemployment

2.4.5 Shares

(5 × 2) (10)

2.5 Calculate how much a sub-contractor would get paid given the following:

Cost to produce:	R100,00
Profit percentage:	25%
Number sold:	50
Seller's percentage profit	20%

(3)
[20]

TOTAL SECTION A: 40

SECTION B

QUESTION 3

3.1 Study the extract given below and answer the questions.

SOUTH AFRICAN RESERVE BANK CUTS REPO RATE TO 5%

On the back of improved inflation figures and no end in sight for the Euro zone crisis, the Reserve Bank surprised economic analysts when it slashed the repo rate by 50 basis points on Thursday for the first time in months.

[Source: *Mail & Guardian,* July 2012]

3.1.1 Define the term *repo rate.* (2)

3.1.2 According to the extract, what are the reasons for the cut in the repo rate? (2 × 2) (4)

3.1.3 'The South African Reserve Bank's most effective way of keeping inflation under control is to increase the repo rate'.

What will be the effects of an increased repo rate to households and firms? (3 × 2) (6)

3.1.4 Name TWO foreign exchange reserves held by South African Reserve Bank. (2)

3.2 Why is money called medium of exchange? (2)

3.3 Explain FOUR characteristics of mixed economy. (8)

3.4 'Good infrastructure is essential for economic development'. Motivate this statement. (4 × 2) (8)

3.5 Write down the meaning of the term *nationalisation.* (2)

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3.6 In June 2014 the exchange rate was R10, 62 against the American dollar. Assume that the rand has depreciated by 20%.

Calculate the new exchange rate. (Show all calculations.) (3)

3.7 A motor dealer intends importing a delivery vehicle from Germany. The vehicle costs R100 000 before other costs are levied. The import duty is charged at 35%.

Calculate the import duty on the vehicle. (3)
[40]

QUESTION 4

Read the following extract and answer questions.

SOUTH AFRICANS ARE LIVING BELOW THE POVERTY LINE

Yes, poverty has gone down over time – but clearly not enough. And this is only part of dilemma we face in South Africa, because while poverty levels decline, inequality has increased and the gap between the haves and have-nots continues to grow.

[Adapted from: *Mail & Guardian,* 16 September 2011]

4.1 Define the term poverty and give an appropriate example. (4)

4.2 Explain the importance of entrepreneurs in the economy. (3 × 2) (6)

4.3 Briefly explain how the rural urban migration causes poverty. (6)

4.4 Differentiate between market environment and macro environment. (4)

4.5 Which authority is responsible for provision of social services in South Africa? (2)

4.6 Name TWO negative impacts of HIV/AIDS on businesses. (4)

4.7 What effects does inflation have on the current account of the South African balance of payments? (4 × 2) (8)

4.8 What is the main function of financial markets? (2)

4.9 Explain the role that the government plays as supplier or entrepreneur. (4)
[40]

QUESTION 5

5.1 Briefly explain the economic importance of 'energy' as part of South Africa's infrastructure. (3 × 2) (6)

5.2 What is compound interest? (2)

5.3 Buddy borrows R12 000 from the bank at an interest rate of 21% p.a. He repays the loan over six months.

5.3.1 Calculate the interest that Buddy will pay on the loan. (3)

5.3.2 Calculate the total amount that he will repay on the loan. (3)

5.3.3 Calculate his monthly repayments. (2)

5.4 What is *direct proportion*?

5.5 A furniture maker and his assistance want to produce a new wooden framed couch with cloth covered foam cushions. The times they will spend on each activity to complete the tasks on hand is listed below:

ACTIVITY	TIME IN DAYS
A. make wooden arms and legs	3
B. make wooden back	1
C. make wooden base	2
D. cut foam for back and base	1
E. make covers	3
F. fit covers	1
G. put everything together	1

(2)

5.5.1 Use the information provided above to explain the critical path the furniture maker and his assistance must follow in manufacturing the couch. (12)

5.5.2 The furniture maker intends exporting 4 000 couches to England. The following costs will be incurred in manufacturing the couch.

- Material costs R1 600 per couch
- Labels R240 per 600
- Packaging per couch costs R100 per 50
- Shipping costs R2 600 per 100
- Insurance premiums are calculated at 6% of total costs.
- Import duty is charged at a rate of 40%
- The company finances the deal through a loan that costs them R30 000 in interest.

Calculate the total cost of 4 000 couches. Show all calculations. (10)

[40]

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QUESTION 6

6.1 Identify the economic sectors of the following:

6.1.1 Services

6.1.2 Industry

6.1.3 Agriculture

(3 × 2) (6)

6.2 NameTWO examples of renewable resources. (2)

6.3 State THREE functions performed by the Land Bank in the agricultural sector.
(3 × 2) (6)

6.4 Explain how globalisation has resulted in changes in employment conditions.
(3 × 2) (6)

6.5 Name TWO measures used by the government to reduce poverty in South Africa. (4)

6.6 Explain how one secures job opportunities in the agricultural sector. (3 × 2) (6)

6.7 Explain how a supplier's behaviour will directly impact the business operations and success. (4)

6.8 Explain BBBEE in detail. (6)

[40]

TOTAL SECTION B: 160
GRAND TOTAL: 200

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