

# SECONDARY SCHOOL IMPROVEMENT PROGRAMME (SSIP) 2017



**GAUTENG PROVINCE**  
EDUCATION  
REPUBLIC OF SOUTH AFRICA

**GRADE 12**



**SUBJECT: BUSINESS STUDIES**

**LEARNER SOLUTIONS**

**(Page 1 of 34)**

<b>SECTION A: HOMEWORK SOLUTIONS</b>
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<i><b>Hint:</b> You need to be able to calculate the simple and compound interest as well as the differences between these concepts.</i>
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**SESSION NO: 13**

**QUESTION 1:**

- 1.1.1 C✓✓
- 1.1.2 C✓✓
- 1.1.3 B✓✓
- 1.1.4 A✓✓
- 1.1.5 A✓✓

**(5x2) (10)**

**QUESTION 2:**

2.1.1 Underinsurance✓✓

**(2)**

2.1.2 Amount insured X damage (formula) ✓  
 Market value  
 $\frac{R400\ 000}{R500\ 000} \times R300\ 000$  ✓  
 R240 000✓✓

**Max (4)**

- NOTE:**
1. Award full marks (4) if the answer is correct and no workings are shown.
  2. If workings (process/procedure) demonstrate understanding of the concept, but the final answer is wrong, award a maximum of TWO (2) marks.
  3. If there are no workings shown and the answer is incorrect, award a ZERO mark.

**2.1.3 Compound interest**

$$= P(1+r)^n \text{ OR } A = P(1+i)^n \text{ (Accept 't' for 'n')}$$

$$= 20\ 000(1+18/100)^3 \text{ OR } 20\ 000(1.18)^3 \text{ OR } 20\ 000(1.64) \text{ ✓✓✓}$$

$$= \mathbf{R32\ 860,64} \text{ (OR R32 861)}$$

**ALTERNATIVE CALCULATION**

Year 1:  $R20\ 000 + R3\ 600 (R20\ 000 \times 18\%) = R23\ 600$  ✓  
 Year 2:  $R23\ 600 + R4\ 248 (R23\ 600 \times 18\%) = R27\ 848$  ✓  
 Year 3:  $R27\ 848 + R5\ 012.64 (R27\ 848 \times 18\%) = \mathbf{R32\ 860,64} \text{ (OR R32 861)}$

**Max (6)**

- NOTE: 1. Award full marks (6) if the answer is correct and no workings are shown.**
- 2. If workings (process/procedure) demonstrate understanding of the concept, but the final answer is wrong, award a maximum of THREE (3) marks.**
- 3. If there are no workings shown and the answer is incorrect, award a ZERO mark.**

## 2.2 Factors that must be considered when making investment decisions.

### Return on Investment (ROI) √√

- Refers to income from the investment, namely interest, dividends or capital appreciation (growth/increase) on the original amount invested.√
- Generally, there will be a direct link between risk and return.√
- The return should be expressed as net after-tax gains on the investment.√
- Returns can be in the form of capital gains where the asset appreciates in value.√
- The net after-tax return should be higher than the inflation rate.√ Sub max (3)

### Liquidity√√

- An amount of capital could be invested in a type of investment that can easily be converted to cash.√
- The term *liquidity* is used to describe the ease and speed with which investors can convert an investment into cash.√
- Example: an investment in a savings account will be easier to convert into cash than an investment in a fixed deposit which is usually deposited for a fixed period of time.√ Sub max (3)

### Taxation√√

- A good investment will yield good after-tax returns.√
- Income tax implications must be considered in order to ensure a high net after-tax return.√
- Tax rates are not necessarily the same for different investments.√ Sub max (3)

### Inflation rate√√

- Inflation refers to a decrease in the value of money due to rising prices.√
- People are affected by a high inflation rate, because their money/purchasing power decreases.√
- The return on investment should be higher than the inflation rate.√
- Inflation has a positive effect on some investments such as property and shares where the income will increase as inflation increases.√ Sub max (3)

### Investment period√√

- This refers to the duration of the investment which may influence the return on investment.√
- It can be short, medium and/or long term.√

- The investment period will depend on a customer's personal needs.√

Sub max (3)

**Investment planning factors**√√

- Investors should always consider the safest possible investment opportunities.√
- Some investments offer a low income on invested capital, but it could be a safer investment than one that promises a higher income.√
- Examine opportunities with a history of good return.√
- Divide investments between various investment options.√
- The method of calculating the interest/return on investment should be considered.√

Sub max (3)

**Budgets**√√

- Investors can determine the amount of surplus money that can be invested.√
- Investors must budget for unforeseen costs.√
- Budget should provide for contingency plans/investments/savings.√

Sub max (3)

**Volatility/Fluctuations on investment markets**√√

- Fluctuation in national and international economic trends should be considered.√
- The level of volatility will determine the amount of returns.√

Sub max (3)

**NOTE: Mark the first (FOUR) only**

**(4X3) (12)**

**2.3 Distinction between ordinary shares and preference shares**

Ordinary shares	Preference shares
-Ordinary shares only receive dividends√ when profit is made.√	-Some of these types of shares receive dividends√ regardless of profit made.√
-Normally the higher the profit√ the higher the dividend.√	-A fixed rate of return√ is paid on this type of shares.√
-Shareholders are the last to be paid√ if the company is declared bankrupt/liquidated.√	-Shareholders have a preferred claim√ on company assets in the event of bankruptcy/liquidation.√
-Ordinary shares are standard shares√ with no special rights or restriction.√	-These shares enjoy preferential rights√ to dividends/repayment over ordinary shares.√
-Dividends vary from year to year√ according to profits made as determined by the company.√	-Dividends are payable√ according to the type of preference share.√ Non-cumulative preference shareholders will not receive any outstanding dividends from previous years.√
	<b>OR</b>
	Cumulative shareholders will receive outstanding dividends from previous years.

Shareholders have a right to vote <sup>√</sup> at the Annual General Meeting. <sup>√</sup>	Voting rights are restricted <sup>√</sup> to particular circumstances/resolutions. <sup>√</sup>
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**Max (8)****SESSION NO: 14****QUESTION 1:****1.1 Principles of insurance from the given scenario****1.1.1 Principle of indemnification<sup>√√</sup>**

Motivation

JST insurance company has promised to indemnify Carl's businesses against losses he may suffer due to fire.<sup>√</sup> Sub max (3)

Principle of security<sup>√√</sup>

Motivation

JST has also promised to pay Carl's dependants a large amount of money should Carl lose his life. <sup>√√</sup> Sub max (3)

**Max (6)****1.1.2 Other TWO principles of insurance**Utmost good faith<sup>√√</sup>

- Insured has to be honest in supplying details when entering into the insurance contract. <sup>√</sup>
- Details/Information supplied when claiming should be accurate/true.<sup>√</sup>

Sub max (3)Insurable interest<sup>√√</sup>

- Insured will suffer a financial loss/liability as a result of an insurable risk.<sup>√</sup>
- Insured must have a legal relationship with the object insured in the contract, e.g. a man is legally married to his wife, he can insure her life.<sup>√</sup>

Sub max (3)**Max (6)****1.1.3 Importance of insurance to individuals**

- Provides security for individuals<sup>√</sup> and their next of kin when they reach a certain age (retirement/disability/death).<sup>√</sup>
- Protects individuals against losses due to fire/theft/burglary/motor vehicle accident<sup>√</sup> and storm damages.<sup>√</sup>
- Protects individual against losses due to illness<sup>√</sup> e.g. medical aid).<sup>√</sup>
- Protects individuals against losses due to unemployment<sup>√</sup> e.g. UIF<sup>√</sup>
- Insurance policies can be ceded <sup>√</sup> to creditors as security for a loan.<sup>√</sup>
- Protects individuals from losses because of damages<sup>√</sup> to assets.<sup>√</sup>

**Max (8)****QUESTION 2:****2.1. Insurance concepts****2.1.1 Insurer**

- An insurance company takes over<sup>√</sup>specified risks from a person.<sup>√</sup> (2)

**2.1.2 Insured**

- A person who insures√ their assets/life√ (2)

## 2.2 Benefits of Unemployment Insurance Fund (UIF)

### 2.2.1 Maternity

- Pregnant employees√ receive these benefits for up to 17 weeks/4 months/121 days.√
- If an employee had a miscarriage√ she can claim for up to six weeks/42 days.√

### 2.2.2 Adoption

- Employees may receive these benefits if they adopt a child √ younger than two (2) years.√
- Employees who take unpaid leave/may receive part of their salary√ while caring for the child at home.√
- Only one parent/partner√ may claim.√

### 2.2.3 Illness

- Employees may receive these benefits if they are unable to work√ for more than 14 days without receiving a salary/part of the salary.√
- Employees may not claim these benefits√ if they refuse medical treatment.√

**Max (6)**

**SESSION NO: 15**



### QUESTION 1:

- 1.1.1 D√√
- 1.1.2 C√√
- 1.1.3 A√√
- 1.1.4 B√√
- 1.1.5 C√√

**(5x2) (10)**

### QUESTION 2:

#### 2.1 Forms of ownership

##### 2.1.1

Sole trader√√

Motivation

Mike owns a local Buy and Braai butchery.√

Sub max (3)

Partnership√√

Motivation

Mike has invited his brother to join his business/Mike & Siphon Buy and Braai √

Sub max (3)

**Max (6)**

#### 2.1.2 Comparison between a sole trader and partnership

**Similarities between a sole trader and partnership**

<b>Sole trader</b>	<b>Partnership</b>
-No legal personality ✓ and no continuity ✓	-No legal personality ✓ and no continuity ✓
-Liability of the owner is unlimited. ✓	-Liability of partners is unlimited. ✓
-No legal requirements ✓ regarding the name of the business. ✓	-No legal requirements ✓ regarding the name of the business. ✓
-The business does not pay tax, ✓ owner pays personal income tax. ✓	-Partnership does not pay tax ✓ partners pay personal income tax. ✓
-Auditing of financial statements ✓ is optional ✓	-Auditing of financial statements ✓ is optional ✓

Sub max (8)

**Differences between a sole trade and partnership**

<b>Sole trader</b>	<b>Partnership</b>
-One individual ✓ owns the business. ✓	-Two or more partners ✓ own partnership. ✓
-The owner is responsible for all the financial ✓ and management decisions. ✓	-Partners share responsibilities and they are all involved in decision making.
-Need to have ✓ a trading licence. ✓	-Need to have ✓ a partnership agreement. ✓
-Limited capital ✓ for expansion ✓	-More capital can be raised ✓ if more partners join partnership. ✓

Sub max (8)

**Max (16)****2.1.3 Factors that contribute to the success and/or failure of a partnership**

<b>Factor</b>	<b>Success</b>	<b>Failure</b>
Capital	-Capital can be carefully spent ✓ and managed ✓. -More than one partner contributing ✓ to capital ✓	-May not all have capital ✓ to put into business when needed. ✓ -Unequal inputs ✓ as some partners put in expertise instead of cash. ✓
Taxation	-Partnerships pay VAT only on relevant products sold/services rendered ✓ which reduces tax administration ✓ -The partnership does not pay income tax, ✓ only the partners in their personal capacities ✓	-High-earning partners pay more tax ✓, which may discourage other partners from joining the partnership. ✓ -Partners may withdraw more cash to reduce their tax burden ✓ which may cause cash flow problems for the partnership. ✓
	Sub max (4)	Sub max (4)

**Max (8)****2.1.4 Other factors that can contribute to the success and/or failure of a partnership.**

- Legislation ✓
- Capacity ✓

- Management ✓
- Division of profits ✓ **( 4X1) (4)**

**2.2 Advantages the a non- profit company/ Reasons for the establishment of a non-profit company.**

- Profits are used solely ✓ for the primary objective of the organization. ✓
- They provide social services ✓ to various communities. ✓
- Donors receive ✓ tax deductions. ✓
- The liability of the members ✓ is limited. ✓
- Has continuity ✓ of existence. ✓

**Max (6)**

**SESSION NO: 16**

**QUESTION 1:**

**1.1 Advantages of a PowerPoint presentation**

- Graphic programmes have the capacity to convey ideas ✓ and support what the presenter says. ✓
- Easy to combine ✓ with sound/video clips. ✓
- Simple/Less cluttered slides ✓ may capture the interest of the audience. ✓
- Video clips can provide variety ✓ and capture the attention of the audience. ✓
- Variation of colour/background/sound immediately captures the attention of the audience ✓ and retain their interest throughout the presentation. ✓
- Slides are used to enhance the facts ✓ or summarise information. ✓

**NOTE: Mark the first FOUR only**

**(4x2) (8)**

**1.2 Recommendation for improvement of next presentation**

- Revise objectives that were not achieved. ✓✓
- Use humour appropriately. ✓✓
- Always be prepared to update/keep her information relevant. ✓✓
- Reflect on any problem/criticism and avoid it in future presentations. ✓✓
- Any information that the presenter receives as feedback from a presentation should be analysed and where relevant, incorporated/used to update/amend her presentation. ✓✓
- Reflect on the time/length of the presentation to add/remove content. ✓✓
- Increase/Decrease the use of visual aids or replace/remove aids that did not work well. ✓✓
- Reflect on the logical flow of the format/slides/application of visual aids. ✓✓

**Max (8)**



**QUESTION 2: 30 Marks****2.1 Introduction**

- A verbal presentation will focus on an oral/spoken presentation to the directors.√
- The purpose of a verbal presentation is to exchange information as it involves speaking and listening for both the presenter and the audience/directors.√
- Visual aids combine pictures and sound that will enhance the quality of the presentation.√
- Visual aids can help to convey a large amount of facts in a short time.√
- Choosing the most effective visual aids should capture the attention of the directors and support the logical flow of the presentation.√
- When responding to the directors' questions/remarks, the presenter should not be aggressive/defensive.√
- Any other introduction relevant to a verbal presentation supported by visual aids.

**Max (2)****2.2 Factors to be considered when preparing for a presentation**

- Clear purpose/intentions/objectives√ and main points of the presentation.√
- Main aims captured√ in the introduction/opening statement of the presentation.√
- Information presented√ should be relevant and accurate.√
- Fully conversant √with the content/objectives of the presentation.√
- Background/Diversity/Size/Pre-knowledge of the audience√ to determine the appropriate visual aids.√
- Prepare a rough draft of the presentation√ with a(n) logical structure/format/introduction, body and conclusion.√
- Conclusion shows a summary of the key facts√ and how it relates to the objectives/shows that all aspects have been addressed.√
- Create visual aids/graphics√ that will consolidate the information/facts to be conveyed to the audience.√
- Find out about the venue for the presentation√, e.g. what equipment is available/appropriate. √
- Consider the time frame for presentation√, e.g. fifteen minutes allowed to complete the presentation.√
- Rehearse √to ensure a confident presentation/time was used effectively.√
- Prepare for the feedback session√, by anticipating possible questions. √

**Max (14)****2.3 Effectiveness/Advantages of posters and overhead projector****2.3.1 Effectiveness of posters**

- Useful in promoting the logo/vision of the business.
- It should be colourful/eye-catching/creative to support the core message of the presentation.

- May contain large illustrations/pictures/features of the products/key concepts to emphasise detail, e.g. creative jewellery/unique features of the jewellery.
- Can make impact when placed strategically in/outside the venue.

Sub max (4)

### 2.3.2 Effectiveness/Advantages of overhead projector

- Summaries/Simple graphics/Diagrams/Processes may be explained easily on transparencies.
- It can be prepared manually (OHP pens) or electronically on computer/ copier.
- A useful replacement/back-up if computer/electronic equipment fail or are not available.
- Effective transparencies/projections should be clear and visible, e.g. large print, few words/lines.

Sub max (4)

**Max (8)**

### 2.4 Responding to questions in a non-aggressive and professional manner.

- Understand each question/comment before responding.√√
- Listen carefully to each question and then respond.√√
- Address questions and not the person.√√
- Acknowledge good questions.√√
- Remain professional, polite, calm and open.√√
- Use simple language and examples to support your argument.√√
- Ability to answer the questions and follow up on it.√√
- Rephrase questions if uncertain/ensure that you understand what is being asked √√
- Do not get involved in a debate/argument.√√
- Do not allow one member of the audience to dominate the discussion/session and ask all the questions.√√
- Avoid answering difficult questions when the answer is not known.√√
- Apologise for the error and promise to provide everyone with the correct details.√√
- Address the whole audience and not only the person asking the question.√√

**Max (12)**

### 2.5 Conclusion

- A well-prepared presentation creates a good impression and will attract potential investors.√√
- A good presentation promotes the image of the business/owner/ management.√√
- Being professional during a verbal presentation and feedback/questions session should contribute to the success of the sales pitch and Robyn may get the contract.√√
- Any other relevant conclusion related to presenting information

**Max (2)****(40)**

<b>SECTION B: TYPICAL EXAM QUESTIONS SOLUTIONS</b>
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**SESSION NO:** 13

**QUESTION 1:**

**1.1.1** Danny's life insurance policy is no longer relevant<sup>√</sup> because his employees have skills and they can manage the business without his guidance.<sup>√</sup>  
The risk is low<sup>√</sup> because the business will not fail due to lack of skills and expertise.<sup>√</sup> **Max (4)**

**1.1.2** Danny must find out how much he will receive from the insurance company if he surrenders his life insurance policy.<sup>√√</sup>  
He can reinvest the money he received from the insurance company to an investment option that will yield a better return on investment.<sup>√√</sup>  
Any other relevant recommendation related to how Danny should review his insurance policy. **Max (4)**

**1.1.3 Meaning of viability of insurance for individuals**

- This is the ability of the insurer<sup>√</sup> to pay out when it is necessary.<sup>√</sup>
- It is important to select a reputable<sup>√</sup> and well established insurance company.<sup>√</sup>
- Insurance must make financial sense as insurance cost can be high<sup>√</sup> and they are often based on risk factors.<sup>√</sup>
- The individual must be certain that there is a real risk<sup>√</sup> that needs to be covered.<sup>√</sup>
- The insurance must not cost more <sup>√</sup> than what it would cost to replace the goods insured.<sup>√</sup>
- The insured must take all reasonable steps to reduce the risk themselves<sup>√</sup> and to inform the insurance company of the depreciation of their assets over time.<sup>√</sup>
- Any other relevant answer related to the meaning of viability of insurance for individuals. **Sub max (2)**

Example: A person will pay less to insure his/her car if it is parked in a safe place and has an alarm.<sup>√√</sup>

- Any other relevant example related to the meaning of viability of insurance for individuals. **Sub max (2)**

**Max (4)**

**1.2** Public company <sup>√√</sup>

**(2)**

**1.3 Functions of the JSE**

- Gives opportunities to financial institutions<sup>√</sup>, e.g. insurance companies to invest their access funds in shares.<sup>√</sup>
- Serves as a barometer/indicator<sup>√</sup> of economic conditions in South Africa.<sup>√</sup>

- Keeps investors informed√ by publishing share prices daily.√
- Acts as a link√ between investors and public companies.√
- Shares are valued√ and assessed by experts.√
- Small investors√ are invited to take part in the economy of the country through the buying/selling of shares.√
- Venture capital market√ is made possible.√
- Strict investment rules√ ensure as a disciplined/orderly market for securities.√
- Encourages√ new investments.√
- Mobilises the funds√ of insurance companies and other institutions.√
- Raises√ primary capital.√
- Regulates the market√ for dealing with shares.√
- Plans, researches and advises√ on investment possibilities.√
- Ensures that the market√ operates in a transparent manner.√
- Provides protection√ for investors.√
- Encourages short-term√ investment.√
- Facilitates electronic trading√ of shares/STRATE.√
- Any other relevant answer related to the functions of the JSE. **Max (10)**

#### 1.4 Types of investments that can be bought through the JSE

- Buying unit trusts.√√
- Other registered financial service providers, e.g. brokers.√√
- Investing online.√√
- Any other relevant recommendations related to ways of investing in the JSE.

**NOTE: 1. Mark the first TWO (2) only.**

**2. Do not accept shares**

**(2x1) (2)**

#### 1.5 RSA Retail Savings Bonds

No

- Businesses are not allowed to invest in RSA Retail Savings Bonds, only the public can invest on this investment option. √√
- The reason for the introduction of RSA Retail Savings Bonds is to encourage the public to save their money.√√

**NOTE: Do not allocate marks for “yes or no”**

**Max (4)**

#### QUESTION 2:

##### 2 Investment options

2.1 RSA Retail Savings bonds √√

(2)

##### 2.2. Impact of the type of RSA Retail Savings bonds

###### Positives/Advantages

- Easy to buy√ at Pick 'n Pay outlets/Post Offices/online at RSA Retail Bonds website and directly from the National Treasury.√
- No administration/registration costs√, which minimises the cost of the investment.√

- No fees or commissions are payable✓, which may increase the return on the investment.✓
- Interest rate can be more than what banks generally offer✓, making it a competitive investment opportunity.✓
- The longer the investment✓, the higher the rate of return.✓
- The return offered by retail bonds are generally good✓ as they take into account the effects of inflation.✓
- Investment secured/Risk low✓ because it is guaranteed by the government.✓
- Investors can choose to reinvest their interest✓ at the same rate as the initial investment.✓
- Interest is received twice a year at a fixed rate✓ in March and September.✓
- Any other relevant answer related to the advantages of RSA Retail Bonds

### AND/OR

#### Negatives/Disadvantages

- Retail bonds cannot be ceded to banks✓ as security for obtaining loans.✓
- A minimum of R1 000 must be invested✓, which may be difficult for some small investors to accumulate.✓
- Retail bonds are not freely transferable✓ amongst investors.✓
- Investors need to have valid SA identification/should be older than 18 years✓ which may discourage foreigners/young people to invest.✓
- Penalties are charged for early withdrawals✓, if the savings is less than 12 months old.✓
- Any other relevant answer related to the negative impact/disadvantages of RSA Retail
- Savings Bonds/Government Retail Bonds on investors

**Max (10)**

#### 2.3 Effectiveness/ Advantages of unit trust as another type of investment

- Managed by a fund manager✓ to buy shares on the stock exchange.✓
- The investor has a variety to choose from/a wider range of shares✓ and a lower degree of risk.✓
- Safe investments✓, as it is managed according to rules and regulations.✓
- A small amount✓ can be invested per month.✓
- Easy to invest in✓, as investors simply fill in several forms or invest online.✓
- Easy to cash in✓ when an investor needs money.✓
- Fluctuations in unit trust rates of return are often not so severe✓ because of diversity of the investment fund.✓
- Generally beats inflation✓ on the medium/long term.✓
- Offer competitive returns✓ in the form of capital growth and dividend distribution.✓
- Fund managers are knowledgeable/experts/reliable/trustworthy✓ as they are required to be accredited to sell unit trusts.✓

- Any other relevant answer related to the advantages of unit **Max (10)**

**QUESTION 3****3.1 Investment concepts**

3.1.1 Shares√√

3.1.2 Dividend√√

3.1.3 Capital gain√√

**(6)****3.2 Types of preference shares****Participating preference shares** √√

Shareholders:

- are guaranteed minimum fixed dividends.√
- are entitled to share in any surplus company profits.√
- receive higher dividends when the company performs well.√
- have preferential rights over ordinary shares on repayment when the company closes down.√
- Any other relevant answer related to a description of participating preference shares.

Sub max (3)

**Cumulative preference shares**√√

Shareholders are:

- entitled to receive minimum fixed dividends.√
- compensated for past dividends that were not paid out when profits were too low to declare dividends/Receive dividends not previously paid out.√
- Any other relevant answer related to a description of cumulative preference shares.

Sub max (3)

**Non-cumulative preference shares**√√

- Shareholders are not compensated for past dividends that were not paid out when profits were low.√
- Any other relevant answer related to a description of non-cumulative preference shares.

Sub max (3)

**Redeemable preference shares**√√

- Shares can be redeemed/bought back at the option of the issuing company, either at a fixed price on a specified date/over a certain period of time.√
- Any other relevant answer related to a description of redeemable preference shares.

Sub max (3)

**Convertible preference shares**√√

- Shares can be converted into a predetermined number of ordinary shares on the date specified when the preference shares were issued.√
- Any other relevant answer related to a description of convertible preference shares.

Sub max (3)

**NOTE: Mark the first THREE (3) types of preference shares only.**

Types (6)  
Description (3)  
**Max (9)**

### 3.3 Risk factor and return on investment on shares and fixed property

#### 3.3.1 Shares

##### Return on investment

- The more shares√, the higher the dividend pay-outs. √
- Any other relevant answer related to shares and return on investment.

Sub max (2)

##### Risk

- Shares have low/medium risk√ over a long term/investment period.√
- Ordinary shares have the highest risk√ as the investor may lose the full or part of the investment when the company is dissolved/bankrupt/liquidated.√
- Preference shareholders' risk is lower√, as they have preferential claims on the assets of the liquidated company/may receive some compensation before ordinary shareholders.√
- Share prices are linked to factors that investors cannot control√, e.g. economic conditions, operational success of the company√, etc.
- Share prices are volatile/unstable/unpredictable/share values may increase/decrease sharply within hours√ which contribute to the uncertainty of the value of an investment on the short term.√
- Any other relevant answer related to level of risk of shares.

Sub max (2)

**Max (4)**

#### 3.3.2 Fixed property

##### Return on investment

- Return on property is earned in the form of rental/sales/capital gains√ at a higher price than what it was bought for (including the transfer costs and taxes).√
- The location/size of the property√ may also influence the growth in value over time.√
- Any other relevant answer related to fixed property and return on investment.

Sub max (2)

##### Risk

- Low risk√ over a long term.√
- Risk may be determined by economic conditions√ and may influence the value of property.√
- Any other relevant answer related to the level of risk of fixed property.

Sub max (2)  
**Max (4)**

#### 4.1.1 Compound interest:

##### OPTION 1:

$$\text{Year 1: } 10\,000 \times 5\% \times 1 = R500\checkmark$$

$$\begin{aligned} \text{Year 2: } & 10\,500 \sqrt{\times 5\% \times 1} = R525 \sqrt{\phantom{x}} \\ \text{Year 3: } & 11\,025 \sqrt{\times 5\% \times 1} = R551.25 \sqrt{\phantom{x}} \end{aligned}$$

$$\begin{aligned} \text{Amount of interest after 3 years: } & R500 + R525 + R551.25 \\ & = \underline{R1576.25} \sqrt{\phantom{x}} \end{aligned} \quad (5)$$

**OPTION 2:**

$$\begin{aligned} P(1+r)^n \sqrt{\phantom{x}} \quad \text{OR} \quad P(1+i)^n \\ 10\,000 \sqrt{(1+0.05)^3} \sqrt{\phantom{x}} \quad \text{OR} \quad 10\,000(1.05)^3 \quad \text{OR} \quad 10\,000 \times 1.05 \times 1.05 \times 1.05 \\ = R11\,576.25 \sqrt{\phantom{x}} \end{aligned}$$

$$\begin{aligned} \text{Amount of interest} & = 11\,576.25 - 10\,000 \\ & = \underline{R1\,576.25} \sqrt{\phantom{x}} \end{aligned} \quad (5)$$

- NOTE:**
1. Award full marks (5) if the answer is correct and no workings are shown.
  2. If workings (process/procedure) demonstrate understanding of the concept, but the final answer is wrong, award a maximum of THREE (3) marks.
  3. If there are no workings shown and the answer is incorrect, award a ZERO mark.

**4.1.2 Simple interest:**

$$I = \frac{P \times r \times t}{100} \quad \text{OR} \quad (I = P \times r/100 \times t) \quad \text{OR} \quad (A = P(1+in)) \sqrt{\phantom{x}} \quad (\text{Accept 'n' for 't'})$$

$$10\,000 \times 5\% \sqrt{\phantom{x}} \times 3 \sqrt{\phantom{x}} = \underline{R1\,500} \sqrt{\phantom{x}} \quad (4)$$

- NOTE:**
1. Award full marks (4) if the answer is correct.
  2. If workings (process/procedure) demonstrate understanding of the concept, but the final answer is wrong, award a maximum of THREE (3) marks.
  3. If there are no workings shown and the answer is incorrect, award a ZERO mark.

**4.2 Difference between compound and simple interest.**

Compound interest	Simple interest
- Interest earned on original amount invested $\sqrt{\phantom{x}}$ , as well as interest earned in previous period(s). $\sqrt{\phantom{x}}$	- Interest earned on the original amount $\sqrt{\phantom{x}}$ and not on the interest accrued. $\sqrt{\phantom{x}}$
- The principal amount grows $\sqrt{\phantom{x}}$ with the addition of interest to it. $\sqrt{\phantom{x}}$	- The principal amount remains the same $\sqrt{\phantom{x}}$ over the entire period of investment. $\sqrt{\phantom{x}}$
- Interest is calculated on the higher principal amount $\sqrt{\phantom{x}}$ and again added to it. $\sqrt{\phantom{x}}$	- The interest is kept separate $\sqrt{\phantom{x}}$ unless it is reinvested. $\sqrt{\phantom{x}}$
- Yields high $\sqrt{\phantom{x}}$ return on investment. $\sqrt{\phantom{x}}$	- Yields less $\sqrt{\phantom{x}}$ return on investment. $\sqrt{\phantom{x}}$
- Total amount of interest earned on investment $\sqrt{\phantom{x}}$ is high. $\sqrt{\phantom{x}}$	- Total amount of interest earned on investment $\sqrt{\phantom{x}}$ is less. $\sqrt{\phantom{x}}$
- Any other relevant answer related to	- Any other relevant answer related to



compound interest.	simple interest.
Sub max (4)	Sub max (4)

- NOTE:** 1. The answer does not have to be in tabular format, but the distinction must be clear.  
2. Award a maximum of FOUR (4) marks, if the distinction is not clear. **Max (8)**

**SESSION NO:** 14

**QUESTION 1:**

**1.1 Types of insurance**

Short term Insurance/Insurance√√

Motivation

Zenzele has insured his business stock against theft and fire.√

Sub max (3)

Long term insurance/ Assurance √√

Motivation

He also took out life cover on one of his key employees. √

Sub max (3)

**Max (6)**

**1.2 Differences between insurance and assurance**

<b>Insurance</b>	<b>Assurance</b>
-Based on the principle√ of indemnity√	-Based on the principle√ of security/certainty√
-Is a form of risk management in which the insured transfers the cost of potential loss√ to another entity for monetary compensation known as a premium√	-It is a contract where the insurer undertakes to pay an agreed sum of money√ after a certain period has expired/on the death of the person, whichever occurs first. √
-It covers a specified event√ that may occur.√	-Specified event is certain √, although the time of event is uncertain.√
-Applicable√ to short term insurance. √	-Usually applicable√ to long term insurance.√
-Any other relevant answer related to insurance.	Any other relevant answer related to assurance.
-Sub max (4)	Sub max(4)

- NOTE:** 1. The answer does not have to be in tabular format, but the differences must be clear.  
2. Award a maximum of FOUR (4) marks, if the difference is not clear. **Max (8)**

**1.3 Insurance concepts**

1.3.1 Insurable risk√√

1.3.2 Life insurance√√

1.3.3 Good faith/Honesty√√

1.3.4 Endowment/ Retirement annuity√√ (8)

**1.4 Differences between insurable and non-insurable risks and practical examples of each type of risk.**

<b>Insurable risks</b>	<b>Non-insurable risks</b>
-Risks that cannot be shifted to insurance companies√, businesses/individuals must carry such risks themselves.√	-Insurance companies cannot work out a premium √ that the business must pay.√
-Any other relevant answer related to the description of insurable risk.	-Any other relevant answer related to the description of non- insurable risk.
Sub max 2	Sub max 2
<b>Examples of insurable risks</b>	<b>Examples of non-insurable risks</b>
-Theft√ -Burglary√ -Fidelity insurance√ -Money in transit√ -Fire√ -Storms/Wind/Rain/Hail√ -Damage to/Loss of assets/vehicles/ equipment/buildings/premises -Injuries on premises√	-Nuclear weapons/-war√ -Changes in fashion√ -Improvement in technology√ -Irrecoverable debts √ -Financial loss due to bad management √ -Possible failure of a business √ -Shoplifting during business hours√ -Loss of income if stock is not received in time√ -Wars√
<b>NOTE: Mark the first TWO examples only (2x1) (2)</b>	<b>NOTE: Mark the first TWO examples only (2x1) (2)</b>

**NOTE:** 1. The answer does not have to be in tabular format, but the differences must be clear.  
2. Award a maximum of TWO (2) marks, if the difference is not clear.  
**Max (8)**

**QUESTION 2: 31 Marks 30 Minutes**

**2.1 Insurance concepts**

2.1.1 Average clause √√ (2)

**Motivation**

- John's property is under insured/is insured for less than its value.
- The insurer will only pay the average between the actual value and the insured value. This means that the insured will have to carry a part of the risk that is not insured.
- Any other relevant answer related to reasons why insurance companies will apply the average clause. Sub max (2)

**Max (4)**

**2.1.2 Insurance calculations**

Amount insured X damage (formula) ✓

Market value

R200 000 ✓ X R100 000 ✓

R300 000

R66, 666 ✓✓

**Max (4)**

**2.1.3 Reinstatement** ✓✓

**(2)**

Motivation

- Insured is restored to almost the same financial position ✓ as before the loss occurred. ✓
- Neither the insurer nor the insured ✓ may profit from insurance. ✓
- Principle of re-instatement may be applied ✓ if the item was over-insured. ✓
- Any other relevant answer related to the reason why insurance companies will apply reinstatement.

Sub max (2)

**Max (4)**

**2.2 Advantages of insurance for businesses**

- Transfers the risk from the business/insured ✓ to an insurance company/ insurer. ✓
- The transfer of the risk is subject to the terms and conditions ✓ of the insurance contract. ✓
- Protects the business against theft and loss of stock and/or damages ✓ caused by natural disasters such as floods, storm damage, etc. ✓
- The business will be compensated for insurable losses ✓, e.g. destruction of property through fire. ✓
- Business assets, e.g. vehicles/equipment/buildings need to be insured ✓ against damage and/or theft. ✓
- Business is protected against the loss of earnings ✓ e.g. strikes by employees result in losses worth millions of rands. ✓
- Protects the business against deeds of dishonesty ✓ by employees. ✓
- Insurance can be taken against the life of partners ✓ in a partnership. ✓
- Should the services of key personnel be lost due to accidents or death, ✓ the proceeds of an insurance policy can be paid out to the business/ beneficiaries. ✓
- Replacement costs for damaged machinery and equipment are very high ✓, therefore, insurance can reduce/cover these cost. ✓
- Any other relevant answer related to the advantages of insurance for businesses.

**Max (10)**

**2.3 Types of compulsory insurance**

**Unemployment Insurance Fund (UIF)** ✓✓

- The UIF provides benefits (such as unemployment, maternity, etc.) to workers who have been working and become unemployed for various reasons, so the business is not solely responsible to make provision in this regard. ✓

- Businesses only contribute 1% (of a total of 2%) towards UIF, therefore reducing the expenses of providing UIF benefits themselves.√
- Affordable contributions may make it possible for businesses to appoint substitute workers in some instances.√
- As the UIF also pays out to dependants of deceased contributors, the business cannot be held responsible in this regard √
- Any other relevant answer related to UIF Sub max (3)

### Road Accident Fund (RAF) √√

- The RAF provides compulsory cover for all road users in South Africa, which include South African businesses.√
- As drivers of business vehicles are indemnified against claims by persons injured in vehicle accidents/claims of dependants of people killed in vehicle accidents, the responsibility for these claims may be reduced.√
- The next of kin of workers who are injured or killed in road accidents, may claim directly from RAF, so businesses cannot be held totally responsible in this regard.√
- Any other relevant answer related to RAF. Sub max (3)

### Compensation for Occupational Injuries and Diseases Act.√√

- Compensates employees for injuries and diseases incurred at work or resulting from unemployment.√
- The contribution payable is reviewed every few years and varies for different industries according to the risk associated with that type of work.√
- All employers are obliged to register with COIDA as employees are entitled for compensation for accidents and diseases as a result of workplace injuries. √
- The fund also covers employers for any legal claim that workers may bring against them. √
- Employers must report all accidents within 7 days and occupational diseases within 14 days to the commissioner.√
- Only employers are responsible for paying compensation for occupational injuries and diseases and may not claim money back from employees.√
- Any other relevant answer related to COIDA. Sub max (3)

**NOTE: Mark the first THREE (3) only**

**Max (9)**

## QUESTION 3:

### 3.1 Differences between life insurance and retirement annuities

Life insurance	Retirement annuities
-Provides the next of kin with income√ when the insured person dies √	-Serves as pension/additional income√ to people with pension funding. √
-Premium is based on the life expectancy√ of the insured.√	-Taken out as insurance against the possibility√ that a retired person might outlive their resources.√
-Premiums are usually higher√ than other	-Contributions are tax deductible√ up to a

types of policies.√	certain maximum amount.√
-The policy has a cash value√ which may be used to help the insured pay the fixed premium payments in later years.√	-Cannot be paid out before the age of 55 years√ and usually linked to a specific date.√
-Any other relevant answer related to life insurance.	-Any other relevant answer related to retirement annuities.
Sub max (4)	Sub max (4)

**NOTE:** 1. The answer does not have to be in tabular format, but the differences must be clear.

2. Award a maximum of FOUR (4) marks, if the difference is not clear.  
Max (8)

### 3.2 Justify the reasons why insurance is regarded as an investment.

- Insurance protects business√ and individual assets.√
- Many businesses have pension funds for their employees√ that benefit their employees.√
- It protects businesses √ against negative financial impacts.√
- Any other relevant answer related to the reasons why insurance is regarded as an investment.

**Max (4)**

### 3.3. Distinction between compulsory and non- compulsory insurance

Compulsory	Non-compulsory
-Is required by Law/there are legal obligations√ for it to be taken out and paid for.√	Is voluntary/the insured has a choice√ whether to enter into an insurance contract.√
-It is regulated by Government√ and does not require insurance contracts/brokers.√	Insured will enter into a legal insurance contract with the insurer√, who may be represented by an insurance broker.√
-Payment is in the form of a levy/ contribution paid into a common fund√ from which benefits may be claimed under certain conditions.√	Monthly/Annual payments/premiums that must be paid√ in order to enjoy cover for a nominated risk.√
-Any other relevant answer related to compulsory insurance.	-Any other relevant answer related to non-compulsory insurance.
Sub max (4)	Sub max (4)

**NOTE:** 1. The answer does not have to be in tabular format, but the differences must be clear.

2. Award a maximum of FOUR (4) marks, if the difference is not clear.  
Max (8)

### 3.4 Road Accident Fund

#### 3.4.1 No

- RAF only pays for serious injuries that render a person incapable for work.√√
- RAF only pays for the injury resulted in 30% or more impairment of the whole person.√√
- Any other relevant answer motivation.

**Max (4)**

**3.4.2 Provisions of the Road Accident Fund**

- Provides cover for all drivers of motor vehicles against claims by persons injured in vehicle accidents. √√
- The next of kin people who are injured/killed in road accidents are compensated from the fund.√√
- Pays approved claims to drivers/passengers/pedestrians injured in an accident due to the negligence of the driver of the vehicle.√√
- The fund does not cover damages to assets/property/motor vehicles.√√
- The nature of the injury will determine the amount to be paid from the fund.√√
- Any other relevant answer related to the provisions of RAF.

**NOTE: Mark the first THREE (3) provisions only****(3x2) (6)****SESSION NO: 15****QUESTION 1:****1.1 Forms of ownership**

1.1.1 Personal Liability company √√

1.1.2 Partnership √√

1.1.3 State owned company √√

1.1.4 Close Cooperation √√

1.1.5 Private company√√

**(10)**

1.2.1 Agricultural cooperative/Cooperative√√

**(2)****1.2.2 Impact of cooperative****Positives/Advantages**

- Access to resources√ and funding. √
- Decision making is made√ by a group.√
- Each member has an equal √ share in the business.√
- The decisions are democratic√ and fair.√
- Members are motivated √ because they are working for themselves.√
- Can gain extra capital√ by asking its members to buy shares.√
- Members may receive greater advantage√ than expected because of the combined action of the members.√
- Any other relevant answer related to the positives/advantages of cooperatives.

**AND/OR****Negatives/ Disadvantages**

- Decisions are often difficult √ to reach.√
- Difficult to grow √ a cooperative.√
- Very few promotion positions√ for staff.√
- The business cannot expand √due to limited fund.√

- The success of cooperatives depends ✓ on the support of the members. ✓
- Shares are not ✓freely transferable. ✓
- Lacks experienced ✓ and skilled business leaders. ✓
- Any other relevant answer related to the negative/disadvantages of cooperatives

**Max (10)****1.2.3 Comparison between a partnership and personal liability company**

Criteria	Partnership	Personal liability company
Name	-No specific ✓ requirement ✓	-Ends with ✓ INC ✓
Capital	-Partners can contribute ✓ skills/assets or capital. ✓	-Shares issued ✓ to founders/promoters ✓
Formation	-Legal agreement between partners ✓ and usually a partnership agreement/ partnership article is signed. ✓	-File Memorandum of Incorporation (MOI) ✓ with the Companies and Intellectual Property Commission (CIPC). ✓
Legal person	-Partnership does not have ✓ a separate legal personality ✓	-Company has a separate ✓ legal personality. ✓
	-Any other relevant answer related to partnership.	-Any other relevant answer related to personal liability company.
	Sub max (4)	Sub max (4)

**Max (8)****QUESTION 2: 20 Marks****2.1 Private company****2.1.1 Evaluation of a private company Evaluation**

- The name of the company does not end with LTD. ✓✓
- The memorandum of association and article association do no longer exist. ✓✓
- The company is no longer managed by one director. ✓✓
- The shareholders are no longer limited to fifty people. ✓✓
- Any other relevant answer related to the evaluation of Grobler and sons.

Sub max (4)

**Recommendations**

- The name of the private company must end with (PTY) Ltd. ✓✓
- The company must file the Memorandum of Incorporation (MOI) with the Companies and Intellectual Property Commission (CIPC). ✓✓
- The company can appoint three or more directors ✓✓
- The number of shareholders can be more than fifty. ✓✓
- Any other relevant recommendations related to the private company.

**NOTE: Recommendations must be linked to the scenario.**

Sub max (8)

**Max (12)**

**2.2.2 Differences between a private company and a state owned company**

Private company	State owned company
-The company name ends√ in (PTY) Ltd√	-The company name ends√ with SOC.√
-Shareholders share the profit√ of the company in the form of a dividend.√	-Profits are distributed √ to all sectors.√
-Does not offer√ essential services.√	-Offer essential services√ which may not be offered by the private sector.√
-Charge high prices√ for goods and services.√	-Prices are kept√ reasonable.√
-Any other relevant answer related to a private company.	-Any other relevant answer related to a state owned company.
-Sub max (4)	-Sub max (4)

- NOTE:**
- 1.The answer does not have to be in tabular format, but the differences must be clear.
  2. Award a maximum of FOUR (4) marks, if the difference is not clear.  
**Max (8)**

**QUESTION 3:****3.1 Introduction**

- A sole trader is a business that is owned and managed by one person.√
- A sole trader has limited company for expansion and lacks continuity of existence. √
- A public company can raise a large amount of money by issuing shares to the public.√
- The company has continuity of existence.√
- Any other relevant introduction related to a sole trader and public company.

**Max (2)****3.2 Factors that contribute to success and/or failure of a sole trader and public company.****3.2.1 Factors that contribute to success and/or failure of a sole trade**

Factor	Success	Failure
Capacity	-Easy to control√ since it is a small business√	-Difficult to continue√ and grow long term.√ -Difficult to get good, well-trained staff√ as they are expensive.√ -Owner has to manage√ and carry out all business functions.√
	Sub max (2)	Sub max (2)
Management	-One owner√ so there are no disagreements.√  -Can make quick decisions√ without having to consult others.√	-Owner has to do all the administration/management/decision-making√ in the business.√  -Owners has to rely on own decisions√ and could make incorrect ones.
	Sub max (2)	Sub max (2)



Taxation	<ul style="list-style-type: none"> <li>-Owner only taxed on profits√ in personal capacity.√</li> <li>-Depending on how much income the owner earns√, his/her tax rate may be lower than the company tax rate.√</li> <li>-If the owner earns below a certain threshold amount per year, √ no income tax is payable and the business's profits are thus not taxed.√</li> </ul>	<ul style="list-style-type: none"> <li>-If profits get too big may end up paying√ high tax in personal capacity.√</li> <li>-Failure by the owner to comply with personal income tax regulations√ could lead to substantial financial penalties imposed by SARS.√</li> </ul>
	Sub max (2)	Sub max (2)
Division of profits	<ul style="list-style-type: none"> <li>-Owner receives all profits√ from the business which can lead to capital growth √</li> </ul>	<ul style="list-style-type: none"> <li>-Owner needs to budget carefully√ so that business debts are covered.√</li> <li>-If the owner does not make a profit, √ the income and livelihood of the owner may be severely affected.</li> <li>-The owner is personally liable for the loss of the business. √</li> </ul>
	Sub max (2)	Sub max (2)
Legislation	<ul style="list-style-type: none"> <li>-No registration required√ to establish this business.√</li> <li>-Expensive annual audit of financial statements√ is not required.√</li> <li>-Unlimited liability may encourage the owner√ to work harder to ensure the success of the business.√</li> </ul>	<ul style="list-style-type: none"> <li>-Unlimited liability√ of debts.√</li> <li>-Personal debts√ and business debts are one√</li> <li>-Must comply with relevant municipal regulations√ or it could close down.√</li> <li>-The owner is personally liable for the business debt√; he/she may be reluctant to take calculated risk.√</li> </ul>
	Sub max (2)	Sub max (2)

**Max (20)**

### 3.2.2 Factors that contribute to success and/or failure of a public company

Factor	Success	Failure
Capacity	<ul style="list-style-type: none"> <li>-Can raise large amounts of capital√ as shares/ debentures can be sold to the public/shareholders.√</li> <li>-Share capital clause in the Memorandum of Incorporation (MOI) √ may be changed to issue more shares.√</li> <li>-May attract financially strong investors√ if share value increases/remain</li> </ul>	<ul style="list-style-type: none"> <li>-Large capacity of the company can also lead to its downfall√ in that structures and processes may become too costly.√</li> </ul>

	stable.√	
	Sub max (2)	Sub max (2)
Management	-Management is in the capable hands of a board of directors√ who have skills, knowledge and abilities. √	-Directors may not have a direct interest in the company, √ which can hamper growth and profit maximization.√ -Large management structure√ can result in decision making taking time.√ -Directors' fees increase the company's expenses√ which reduces net profit.√ -If corporate governance requirements and guidelines as contained in the King 111 report) are not adhered to√ the company may be open to legal challenges.√
	Sub max (2)	Sub max (2)
Taxation	-Can obtain tax rebates√ if they are involved in SCI projects.√ -Can obtain government tenders√ and renew their licenses if they do not evade tax.√	-Subject to double taxation√ e.g. shareholders pay secondary tax this can have a negative impact to a company that is already financially struggling. √
	Sub max (2)	Sub max (2)
Division of profits	-Profits could be split between company√ and share-holders.√ -Shareholders receive return on investment, when dividends are paid out √ according to the type and number of shares held in the company √ -Large profits may be used for expansion/kept in a reserve fund√ for future growth.√	-Dividends are not always paid out√ depending on the company's performance.√ -Shares can increase/decrease in value√ and affect investor confidence.√
	Sub max (2)	Sub max (2)
Legislation	-The company and its owners (shareholders) are separate entities, √ which may encourage more people to join the company. √ -Limited liability allows for	-Formation procedures are time consuming/complicated/expensive√, as many legal documents need to be prepared/ submitted.√ -High formation/establishment expenses√ require large start-up capital.√

	<p>greater risk taking√, which may lead to growth of the business.√</p> <p>-Auditing of financial statements, gives shareholders the assurance that the business is being properly managed√ and supports raising additional finance. √</p>	<p>-Annual audit of financial statements √ is costly.√</p> <p>-If a public company does not comply with legislation, its licence maybe withdrawn√ by the Companies and Intellectual Property Registration Office (CIPRO)/Companies and Intellectual Property Commission (CIPC).√</p>
	Sub max (2)	Sub max (2)

**Max (20)****3.3 Advantages of a public company**

- The business has its own √ legal identity.√
- Easy to raise funds for growth √ through the sale of shares.√
- Shareholder is only liable √for the amount which is invested √/Shareholders have √ limited liability.√
- Can appoint a knowledgeable √ board of directors.√
- It is easy to buy √ and sell shares √
- Can afford to pay better salaries √ and attract skilled employees.√
- Strict legal control √ protects investors.√
- A private company that wants to grow √ can change into a public company.√
- Can afford to do projects √ that benefits the country. √
- Any other relevant answer related to the advantages of a public company.

**Max (6)****3.4 Conclusion**

- A public company allows people to buy shares in the company and contribute to economic growth.√√
- Sole traders make up a large portion of small/micro and medium sized businesses. √√
- Any other relevant conclusion related to a public company and sole trader.

**Max (2)****(40)****Breakdown of mark allocation**

Details	Maximum	Total
Introduction	<b>2</b>	<b>32</b>
Success and/or failure factors of a sole trader	<b>20</b>	
Success and/or failure factors of a public company	<b>20</b>	
Advantages of a public	<b>6</b>	

company		
Conclusion	<b>2</b>	
Insight		
Layout		<b>2</b>
Analysis		<b>2</b>
Synthesis		<b>2</b>
Originality		<b>2</b>

**SESSION NO: 16**

**QUESTION 1:**

**1.1.1 Factors that led to Kate's poor presentation.**

- She was so nervous during her presentation.√
- She forgot to highlight the main aim of the presentation.√
- She did not know how to use her data projector effectively.√

**NOTE: Do not allocate marks for responses that are not quoted directly from the scenario. (3x1) (3)**

**1.1.2 Factors to be considered when doing a presentation**

- Make eye contact with all the audience and face all directions of the audience.√√
- Be audible to all listeners/audience.√√
- Adjust your voice level/tone to avoid monotony.√√
- Add some humour in your presentation.√√
- Use visuals effectively to enhance the presentation.√√
- State the aims/main points of the presentation in the introduction.√√
- Put the most important information first. √√
- Summarise the presentation in the conclusion. √√
- Stand upright during the presentation/ avoid hiding yourself behind the equipment.√√
- Pace yourself/Do not rush or talk too slowly/ Keep it short and simple. √√
- Make appropriate use of gestures, e.g. hands to emphasize points.√√
- Any other relevant answer related to factors to be considered during the actual presentation. **Max (10)**

**1.1.3 Factors that must be considered when preparing for a presentation**

- Clear purpose/intentions/objectives√ and main points of the presentation.√
- Main aims captured√ in the introduction/opening statement of the presentation.√
- Information presented√ should be relevant and accurate.√
- Fully conversant √ with the content/objectives of the presentation.√
- Background/Diversity/Size/Pre-knowledge of the audience √ to determine the appropriate visual aids.√
- Prepare a rough draft of the presentation √with a (n) logical structure/format/introduction, body and conclusion. √

- Conclusion shows a summary of the key facts ✓ and how it relates to the objectives/shows that all aspects have been addressed. ✓
- Create visual aids/graphics that will consolidate the information/facts ✓ to be conveyed to the audience. ✓
- Find out about the venue for the presentation ✓, e.g. what equipment is available/ appropriate. ✓
- Consider the time frame for presentation ✓, e.g. fifteen minutes allowed to complete the presentation. ✓
- Rehearse ✓ to ensure a confident presentation/time was used effectively. ✓
- Prepare for the feedback session ✓, by anticipating possible questions/comments. ✓
- Any other relevant answer related to the factors that must be considered when preparing for a presentation. ....**Max (10)**

#### 1.1.4 Effectiveness of using a data projector as a visual aid

##### Positives/Advantages

- Summaries/Simple graphics/Diagrams/Processes may be explained ✓ easily on transparencies. ✓
- It can be prepared manually (OHP pens) ✓ or electronically on computer/ copier. ✓
- A useful replacement/back-up if computer/electronic equipment fail ✓ or are not available. ✓
- Effective transparencies/projections should be clear and visible ✓, e.g. large print, few words/lines. ✓
- Any other relevant answer related to the positives/advantages of a data projector.

##### AND/OR

##### Negatives/Disadvantages

- Transparencies that are not well ordered/organised ✓, may convey an unprofessional image. ✓
- It can be easily replaced ✓ by a PowerPoint presentation. ✓
- Not easy to combine ✓ with sound/audio. ✓
- Used most effectively when lights are dimmed/switched off ✓ which make it difficult for the audience to make their own notes. ✓
- Any other relevant answer related to the negatives/disadvantages of a data projector. **Max (8)**

#### Question 2

##### 2.1 Visual aids

- 2.1.1 Video-conferencing equipment ✓✓
- 2.1.2 Flip charts ✓✓
- 2.1.3 Interactive whiteboard/Smartboards ✓✓
- 2.1.4 Posters/Signs/Banners/Portable advertising stands/Flags ✓✓
- 2.1.5 Handouts/Flyers/Brochure ✓✓

**(10)**

## 2.2 Impact of visual aids identified in QUESTION 2.1

### 2.2.1 Video conferencing equipment

#### Positives/Advantages

- People can see and hear each other√ during their communication.√
- Can be used when a presenter wants to refer to documents√ such as graphs/relationships/diagram and process steps.√
- Can be used for international√ meetings.√
- There is no need to spend time√ and money travelling to meetings.√
- Documents can be viewed on the screen√ at the same time.√
- Ideas and knowledge can be communicated between all those at the meeting√ very quickly and responses gathered.√
- Any other relevant answer related to the positives/advantages of video conference equipment.

#### AND/OR

#### Negatives/Disadvantages

- Takes away from the personal aspect√ of the conversation.√
- The environment/surrounding may limit people√ to retain information effectively.√
- It may be difficult to get everyone at the same time√ when scheduling a session. √
- People who use this equipment must be properly trained√ on how to use the equipment.√
- Conferencing facilities can be expensive√ and everyone who is going to attend the meeting needs access to suitable hardware and software.√
- There might be a slight delay between responses√ especially from one side of the planet to the other. √
- The video camera might not be able to see all parts of the room at the same time√, some people might not be easy to see at the meeting.√
- Any other relevant answer related to the negative/disadvantages of video conference equipment

**NOTE: Mark the first ONE (1) impact only**

**Sub max (2)**

### 2.2.2 Flip charts

#### Positives

- Mainly used for a small audience√ to note down short notes/ideas.√
- In a sales pitch it may be useful during the feedback session√ to summarise main facts/aspects that the presenter needs to follow up.√
- Any other relevant answer related to the positives/advantages of flip charts.

#### AND/OR

#### Negatives

- There may not be enough time during the presentation√ to make written notes, so some ideas may not be listed.√

- Handwriting may be illegible/untidy which may not contribute√ to a professional image/presentation.√
- It may not always be possible to prepare flip charts√ before the presentation, so it can become cluttered/chaotic.√
- Any other relevant answer related to the negative/disadvantages of flip charts.

**NOTE: Mark the first ONE (1) impact only**

**Sub max (2)**

### 2.2.3 Interactive whiteboard/Smart boards

#### Positives

- Images can be projected directly from a computer√, so no external projector/devices necessary.√
- Special pens allow the presenter to write on the board√ while prepared images are displayed.√
- Additional notes that was added during the presentation√ can be captured on computer after the presentation.√
- It can be controlled by the touch of a finger, so the presenter can move away from the computer√ during the presentation computer during the presentation.√
- Easy to combine √with sound/other visual aids.√
- Useful to capture feedback√ and new ideas.√
- Any other relevant answer related to the positives/advantages of interactive whiteboards.

**AND/OR**

#### Negatives

- Should only be used by a presenter who knows the unique features √ of the interactive whiteboard/who can use it to its full potential.√
- Cannot be connected to any computer as special√, licensed software is needed to be able to use it.√
- Technical challenges may render it ineffective√, e.g. loss of signal while using it.√
- Any other relevant answer related to the negatives/disadvantages of interactive whiteboards.

**NOTE: Mark the first ONE (1) impact only**

**Sub max (2)**

### 2.2.4 Posters/Signs/Banners/Portable advertising stands/Flags

#### Positives

- It should be colourful/eye-catching/creative to support√ the core message of the presentation.√
- May contain large illustrations/pictures/features of the products/key concepts to emphasise detail√, e.g. creative jewellery/unique features of the jewellery.√
- Can make impact√ when placed strategically in/outside the venue.√
- Any other relevant answer related to the positives/advantages of posters/signs/banners/portable advertising stands/flags

**AND/OR****Negatives**

- May overpower/draw attention away from the presentation√ if it is too big/not placed correctly.√
- May not always be useful in a small venue/audience√ as it can create a 'crowded' atmosphere.√
- Only focuses on visual aspects √as it cannot always be combined with sound/audio.√
- Any other relevant answer related to the negatives/disadvantages of posters/sings/banners/portable advertising stands/flags.

**NOTE: Mark the first ONE (1) impact only****Sub max (2)****2.2.5 Hand-outs/Flyers/Brochure****Positives**

- It can be handed out at the end of a presentation√ as a reminder of the key facts of the presentation.√
- Meaningful hand-outs may be handed out at the start of the presentation√ to attract attention.√
- Extra/Useful information may be handed out√, e.g. contact details/price lists/feedback questionnaires.√
- Any other relevant answer related to the positives/advantages of hand-outs/flyers/brochure

**AND/OR****Negatives**

- Hand-outs cannot be combined with audio material√, so it only focuses on the visual aspects of support material.√
- Handing out material at the start of the presentation may distract√ the audience.√
- As it only summarises key information√, some details might be lost/omitted.√
- Any other relevant answer related to the negatives/disadvantages of hand-outs/flyers/brochure.

**NOTE: Mark the first ONE (1) impact only****Sub max (2)****2.3 Aspects that must be considered when designing a multimedia presentation**

- Start with the text√√
- Select the background√√
- Choose images that help communicate your message√√
- Create graphics√√
- Add special effects√√
- Create hyperlinks to allow Web browsing √√
- Any other relevant answer related to aspects that must be considered when designing a multimedia presentation.

**NOTE: Mark first the FIVE (5) only****(5x2) (10)**



**QUESTION 3:****3.1 Presentation of business information****3.1.1 Responding to questions in a non-aggressive and professional manner.**

- Florence should understand each question/comment before responding. √√
- She should listen carefully to each question and then respond.√√
- Address questions and not the person.√√
- Acknowledge good questions.√√
- Remain professional, polite, calm and open.√√
- Use simple language and examples to support your argument.√√
- Ability to answer the questions and follow up on it.√√
- Rephrase questions if uncertain/ensure that you understand what is being asked.√√
- She must not get involved in a debate/argument.√√
- She must not allow one member of the audience to dominate the discussion/session and ask all the questions.√√
- She should avoid answering difficult questions when the answer is not known.√√
- Apologise for the error and promise to provide everyone with the correct details.√√
- Address the whole audience and not only the person asking the question.√√
- Any other relevant answer related to responding to questions in a non-aggressive and professional manner.

**Max (10)****3.1.2 Recommendation for improvement of next presentation**

- Revise objectives√ that were not achieved.√
- Use humour√ appropriately.√
- Always be prepared to update/keep her information√ relevant.√
- Reflect on any problem/criticism√ and avoid it in future presentations.√
- Any information that the presenter receives as feedback from a presentation should be analysed√ and where relevant, incorporated/used to update/amend her presentation.√
- Reflect on the time/length of the presentation√ to add/remove content.√
- Increase/Decrease the use of visual aids or replace/remove aids that √ did not work well.√
- Reflect on the logical flow √ of the format/slides/application of visual aids.√
- Any other relevant answer related to recommendation for improvement of next presentation.

**Max( 10)****3.1.3 Criteria for logical and effective presentation**

- Know√ your audience.√
- Presentation should include√ an introduction, body and conclusion.√
- State the aims of the presentation√ in your introduction.√
- Outline the most important √ information first.√
- Use visual aids/tables/graphs/charts/diagrams/pictures√ effectively.√
- Use suitable section titles/headings, sub-headings√ and bullets.√

- Summarise key findings/Conclude✓ by indicating how goals were met.✓
- Consider external factors✓, e.g. noisy surroundings, which may influence the presentation.✓
- Keep to the time limit✓ to prevent boredom.✓
- Be well prepared/Research✓ the topic in depth.✓
- Allow time ✓ for feedback/questions.✓
- Speak clearly✓ and audibly.✓
- Keep eye-contact ✓ with the audience. ✓
- Any other relevant answer related to criteria for logical and effective presentation.

**Max (10)**

