



education

Department:
Education
REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**BUSINESS STUDIES
PREPARATORY EXAMINATION 2008
MEMORANDUM**

MARKS: 300

This memorandum consists of 23 pages.

NOTES TO MARKERS:

1. Please take careful note of alternative answers plus integration provided by candidates. This may include correct answers which might appear in the learners response from another source, original answers and different expressions which are correct.

2. Candidates response must be in full sentences for Section B and C. This depend on the nature of the question.

Full sentence	✓✓	(2)
Words/phrases / vague answers / incomplete sentences	✓	(1)

3. Section C:

A comprehensive memorandum has been provided but this is by no means exhaustive.

Please take careful note of other relevant answers provided by candidates and allocate marks accordingly.

The breakdown of the mark allocation for essays is as follows:

Introduction	3
Content	35 (max)
Conclusion	<u>2</u>
Total marks	<u>40</u> max 32

Insight consists of the following components:

Structure	2
Synthesis	2
Analysis and interpretation	2
Originality, examples and recency	<u>2</u>
	<u>8</u>

Total Marks **40 (Max. 32 + 8 = 40)**

If the candidate identifies / interprets the question incorrectly, then he/she can still obtain marks for insight.

4. Take particular note of the repetition of facts.

SECTION A**QUESTION 1**1.1 Multiple-choice:

- 1.1.1 A ✓✓
- 1.1.2 B ✓✓
- 1.1.3 C ✓✓
- 1.1.4 D ✓✓
- 1.1.5 A ✓✓
- 1.1.6 D ✓✓
- 1.1.7 A ✓✓
- 1.1.8 C ✓✓
- 1.1.9 B ✓✓
- 1.1.10 C ✓✓

(10 x 2) (20)

1.2 Match the Columns:

- 1.2.1 D ✓✓
- 1.2.2 C ✓✓
- 1.2.3 A ✓✓
- 1.2.4 G ✓✓
- 1.2.5 B ✓✓

(5 x 2) (10)

1.3 True and False:

- 1.3.1 False ✓✓
- 1.3.2 True ✓✓
- 1.3.3 True ✓✓
- 1.3.4 True ✓✓
- 1.3.5 False ✓✓

(5 x 2) (10)

TOTAL SECTION A: 40

SECTION B**QUESTION 2****2.1.1 Describe the concept ethical and professional behaviour. (LO3.AS3)**Ethical behaviour:

- Ethics refers to a set of values that are morally acceptable in society which define right, good and fair actions. ✓✓
- Business ethics refers to rules and principles, which influence the best business practice. ✓✓
- Businesses develop their own code of ethics for best practice. ✓✓

(any 1 x 2)

Professional behaviour:

- This is a set of standards of expected practice. ✓✓
- Specific occupational practices have developed their own code of professionalism. ✓✓

(any 1 x 2)
(4)**2.1.2 Eskom is seen as a caring business. Give TWO examples from the case study that support this statement. (LO3.AS10)**

- Education ✓✓
- Health (HIV/AIDS) ✓✓
- Job creation ✓✓
- Safety ✓✓
- Skills development ✓✓

(any 2 x 2) (4)

2.1.3 One of Eskom's objectives is to put an environmental policy in place. Explain any TWO aims of such a policy. (LO2 AS5)

- Promote the conservation of the environment. ✓✓
- Secure ecologically sustainable development. ✓✓
- Identify and control negative influences eg. pollution. ✓✓
- Promote positive influences to gain a competitive advantage ✓✓
- Promote the use of environmental friendly products and processes. ✓✓

(any 2x2) (4)

2.2 The form of ownership impact on the success or failure of the business. Discuss how the following components impacts on the success or failure of the partnership.

- **Taxation,**
- **Division of profits**
- **Capital (LO2.AS8)**

Taxation:

- Partnership is not a legal entity and therefore the partnership does not pay tax in its own right but pays tax in the hands of the partners✓✓.
- Due to the fact that a partnership does not pay tax it means the partnership can make more profits. ✓✓ (2 x 2) (4)

Division of profits:

- Profits belong to partners.
- In a partnership profit are divided according to the profit sharing ratio.✓✓ (1 x 2) (2)

Capital:

- In a partnership the partners contribute both capital and skill into the partnership.✓✓.
- The capital can help business expand and the skill can help businesses to be successful. ✓✓
Any relevant answer. (2 x 2) (4)

2.3.1 The teacher referred to the importance of a team. Identify THREE characteristics of a successful team. (LO3.AS8)

- Small number and complementary competencies.✓
A group of teachers have a mix of multiple skills and perspectives that will help to complete the task at hand. ✓✓
- Commitment to a common goal. ✓
A group of teachers are committed to a common purpose, to teach the learners, a commonly agreed-upon working approach, and a set of goals and expectations (to teach the learners as successful as possible). ✓✓
- Shared mission and collective responsibility.✓
All the teachers know and share the mission of the school as well as of the team. ✓✓
- Individual and mutual accountability and rewards. ✓
All the teachers are individually and mutual accountable for the success of the school and will be rewarded for the school's performance. ✓✓ (any 3 x 2) (6)

- 2.3.2 **Working in teams is one of the methods employer can use to improve the well-being of the employees. Discuss FOUR reasons why teamwork is important and recommend FIVE other suggestions of what the employer can do to improve the well-being of the employees. (LO3. AS8)**

Reasons why teamwork is important:

- Innovation✓
Creativity is enhanced when people with a variety of skills, experience and expertise team up to work on a common goal. ✓
- Speed✓
Teams can reduce time when they perform a task when they perform different sub-tasks in parallel. ✓
- Cost✓
Teams can respond faster to requests because they can make decisions quicker and adapt faster to changing circumstances. ✓
- Quality✓
Teams have a shared accountability and commitment to their joint effort, resulting in excellent quality becoming a primary goal. ✓ (8)

Suggestions:

- Incorporation of new staff members.✓✓
 - A training programme at the workplace. ✓✓
 - Improve performance through coaching. ✓✓
 - Maintain improved performance by setting standards, expectations, goals and recognition of achievements. ✓✓
 - Help staff members to be organized and save time. ✓✓
 - Delegation to develop staff. ✓✓
 - Motivate employees. ✓✓
 - Rewards for a job well done. ✓✓
 - Help reduce stress in employees. ✓✓
 - Encourage innovation. ✓✓
 - Help employees with personal problems. ✓✓
 - Fair employment practice and good labour relations. ✓✓
- (any 5 x 2) (10)

2.3.3 Employers and employees should promote basic human rights in the work place. Identify FOUR examples of these rights. (LO2AS5)

- The right to fair remuneration. ✓✓
- The right to a safe working environment. ✓✓
- The right to freedom of speech and association. ✓✓
- The right to be treated fairly and equally. ✓✓
- Any other relevant answer

(any 4 x 2) (8)

2.4 Indicate whether the following are verbal or non-verbal presentations.

2.4.1 The marketing manager using the Microsoft Power Point programme to present a business idea to a new client.

2.4.2 Sales figures for 2005 and 2006 displayed on a histogram.

2.4.3 Video recording from South-African Institute of Chartered Accountants (SAICA) explaining the requirements of the various accounting careers. (LO2. AS6)

2.4.1 Verbal ✓✓

2.4.2 Non- verbal ✓✓

2.4.3 Verbal ✓✓

(3 x 2) (6)

[60]

QUESTION 3**3.1.1 Give THREE reasons why Sandy should relocate her business to George. (LO1.AS2)**

- The factory is no longer making profit. ✓✓
- Higher income earning population. ✓✓
- Potential growth of the business in George. ✓✓
- Lower crime rate. ✓✓
- There is a lot of competition locally.

(any 3 x 2) (6)

3.1.2 Tabulate THREE macro environment variables which will pose as a challenge to Sandy's business. Identify examples of these challenges from the case study. Provide a strategy (solution) to overcome each challenge. (LO1.AS2)

Challenge	Example	Strategy(Solution)
Social Challenges ✓✓	Crime, Unemployment ✓✓	Skills Development, Job creation, Promoting entrepreneurship, Improving the police force. ✓✓
International Challenge ✓✓	Export regulations, Overseas suppliers and competitors ✓✓	Look for local suppliers, be aware of all export regulations ✓✓
Technological Challenge ✓✓	Computers and new design programmes ✓✓	Training in computers and designers' programmes. ✓✓
Economic Challenge ✓✓	Exchange rates ✓✓	Sign a fixed exchange rate contract ✓✓

Any relevant Example and Strategy (Solution), allocate maximum 2 marks per challenge.

(18)

3.2.1 Define Corporate Social Investment. (LO1.AS3)

Corporate Social Investment – when a business takes steps to improve the quality of life for employees and their families within the society. ✓✓

(2)

3.2.2 How do you think businesses like Sandy's factory will benefit from Corporate Social Investment? (LO1.AS3)

- Retain top employees because of the association with the CSI. ✓✓
- Increase employee productivity. ✓✓
- Reduce overheads by considering environmental aspects. ✓✓
- Improve the health of workers because they are positive and motivated. ✓✓
- Boosting the image of the company. ✓✓
- Through publicity, increase public awareness of the company. ✓✓
- Involvement in issues, such as environmental programme training. ✓✓

(any 4x2) (8)

3.3.1 Which ONE of the three main business sectors does Zandile's business fall under? (LO1.AS5)

Secondary sector. ✓✓ (2)

3.3.2 How do suppliers and consumers influence Zandile's factory? (LO1.AS2)

- Suppliers: influence price, quality and time of delivery of raw materials. ✓✓
- Consumers: influence sales through purchasing power. ✓✓
- Increase profits. ✓✓
- Influence marketing research. ✓✓
- Influence designing of product. ✓✓
- Any other relevant answer. (any 2x2) (4)

3.3.3 Briefly explain the extent of control that this business has over the environment where suppliers and consumers operate? (LO1.AS2)

- No control. ✓✓
- Both, suppliers and consumers, are part of the market environment which the business has no control over. ✓✓ (4)

3.4.1 Mention FIVE purposes of Employment Equity Act. (LO1.AS4)

- Applies to all employers and employees. ✓✓
- Protects workers and job seekers from unfair discrimination. ✓✓
- Provides a framework for affirmative action. ✓✓
- Promotes equal opportunity for everyone. ✓✓
- Equal representation of all race groups on all work force levels. ✓✓ (10)

3.4.2 What are the maximum overtime hours that the factory workers are allowed to work per week according to the Labour Relations Act? (LO4.AS5)

10 hours ✓✓ (2)

3.4.3 Use the information in 3.3 to calculate how much skills levy Zandile's Factory will pay each month. (Show your calculations). (LO4.AS5)

Monthly salary and wage bill X skills levy of 1%
6 400 000 ✓ X 1/100 ✓ = R64 000 ✓✓ (4)
Answer only without any calculations allocate 2 marks.

[60]

QUESTION 4

4.1.1 Identify the month in which the petrol price was the highest? (LO2. AS6)

October ✓✓ (2)

4.1.2 How many times did the petrol price change in 2005? (LO2. AS6)

10 ✓✓ (2)

4.1.3 Give TWO factors that contributed to the increase in petrol prices. (LO2. AS6)

- Increase in demand. ✓✓
- Changes in exchange rates. ✓✓
- Increase in the price of crude oil. ✓✓
- Any relevant answer. (any 2 x 2) (4)

4.1.4 Provide THREE ways in which petrol price can influence businesses. (LO2.AS6)

- Decrease in profit. ✓✓
- May lead to bankruptcy of the business. ✓✓
- Loss of jobs. ✓✓
- Increase transport costs. ✓✓
- Lead to recession situation. ✓✓
- Increase in production costs. ✓✓ (any 3 x 2) (6)

4.2.1 Define the term 'recruitment'. (LO4.AS3)

Recruitment is finding and appointing new employees to fill vacant positions. ✓✓ (2)

4.2.2 State THREE reasons why a high rate of labour turnover negatively affects businesses. (LO4.AS3)

- Loss of trained staff. ✓✓
- Cost of training new staff. ✓✓
- Cost of loss of production. ✓✓
- Cost of errors made by employees. ✓✓ (any 3 x 2) (6)

4.2.3 The control process is an important part of the business functions when assessing quality. Discuss TWO of the steps in this control process. (LO4.AS6)

- Setting the target✓
Plans have to be established and resources managed in order to achieve the goals. ✓✓
- Measuring performance✓
Once plans have been implemented, managers have to ensure that all employees are performing all their duties correctly and according to plan. ✓✓
- Taking corrective action. ✓
If the activities and performance are not up to standard, managers have to implement alternative plans to correct this. ✓✓ (any 3 x 2) (6)

4.2.4 Evaluate the importance of FIVE functions that can be performed by the marketing department in a business like Maxi Mines that can increase sales. (LO4. AS6)

- Determine the price of the product.✓✓
- Decide on packaging.✓✓
- Distribution and marketing.✓✓
- Advertising.✓✓
- Continuous marketing.✓✓ (any 2 x 5) (10)

4.3.1 What is the employee's gross monthly salary? (LO4. AS3)

R12 500 ✓✓ Basic salary (2)

4.3.2 Calculate the employee's net salary? (LO4. AS3)

Basic payment – Deductions = Net salary
R12 500 ✓ – R3 050 ✓ = R9 450✓✓ (4)
Only answer given allocate 4 marks.

**4.3.3 Refer to the above salary advice.
Identify TWO compulsory deductions on the salary advice. (LO4.AS3)**

- UIF ✓✓
- Income tax. ✓✓
- Pension fund ✓✓ (any 2 x 2) (4)

4.4 Classify the following statements under compulsory insurance or non – compulsory insurance. Give reasons for your answer.

4.4.1 Insuring ones own life. (LO2.AS7)

Non – compulsory insurance ✓✓ Life insurance policy which is not compulsory. ✓✓

4.4.2 Safety of passengers travelling in a bus on a public road. (LO2.AS7)

Compulsory insurance ✓✓ Road Accident Fund which is a compulsory insurance paid by motorists through the fuel levy legislation by government. ✓✓

4.4.3 A factory insured itself against any injury that occurs to employees on duty. (LO2. AS7)

Compulsory insurance ✓✓ Every business (factory) must pay workmen's compensation. ✓✓

(12)
[60]

TOTAL SECTION B: 180

SECTION C:**QUESTION 5:**

Referring to successful business enterprises like The Rembrandt Group, Metlife Group, Pick 'n Pay and Liberty Life, it is clear that good managers will lead their business enterprise to greater heights of achievement, productivity and profitability if they are good leaders as well.

Distinguish between management and leadership and differentiate between FIVE types of leadership styles that are possible in business. Briefly explain how each of these leadership styles will manage conflict between employees in the business. (LO3.AS 5; LO2.AS 6)

5.1 Introduction:

- An individual can be a manager, a leader, both or neither. ✓
- For success in the increasingly changing and challenging business environment ✓ it is necessary that the manager shall also be a leader. ✓ (max 3)

5.2 Description of the concept:**Management:**

- Is the process of getting things done by exercising the responsibility resulting from a particular position. ✓✓✓
- Is a complex process in which managers are engaged in certain interrelated tasks to attain their desired goals for the business enterprise. ✓✓✓ (any 1 x 3)

Leadership:

- It is about inspiring people to become achievers. ✓✓
- They are usually born with special innate characteristics or personality traits. ✓✓
- It involves taking the lead to bridge the gap between formulating plans and attaining goals. ✓✓ (any 1 x 2)

5.3 Different types of leadership and how they will manage conflict between employees:**5.3.1 Charismatic leadership style: ✓✓****Characteristic / Explanation**

- This leader uses personality and charm rather than any form of external power of authority. ✓✓
- Any other relevant characteristic. (max 1 x 2) (2)

Conflict management

- He/She will manage conflict by paying a great deal of attention in scanning/reading the environment and the turn their actions/words to suit the situation. ✓✓
- He/She will encourage communication with employees. ✓✓
- Any other fact related to conflict management. (max 1 x 2) (2)

5.3.2 Participative leadership style: ✓✓

Characteristic / Explanation

- This leader believes in involvement in decision-making, as it will make subordinates understand the issue they have to deal with. ✓✓
- When participating in decision-making, the role-players are committed to each other and increase the commitment to the decision. ✓✓
- Any other relevant characteristic. (max 1 x 2) (2)

Conflict management:

- He/She will manage conflict by getting the parties together and motivate them to solve the problem to the benefit of the business enterprise. ✓✓
- He/She will encourage communication with employees. ✓✓
- Any other fact related to conflict management. (max 1 x 2) (2)

5.3.3 Situational leadership style: ✓✓

Characteristic / Explanation

- The situation will influence by the leader, e.g. motivation and capabilities of the followers, the situation itself, arguments. ✓✓
- Any other relevant characteristic. (max 1 x 2) (2)

Conflict management:

- He/She will manage conflict by evaluating the situation and can either take a hard line approach when the subordinates are not co-operating or just facilitating if the subordinates know how to solve the problem. ✓✓
- He/She will clarify the facts and listen to responses. ✓✓
- Any other fact related to conflict management. (max 1 x 2) (2)

5.3.4 Transactional leadership style: ✓✓

Characteristic / Explanation

- This leader works through creating clear structures whereby it is clear what is required from the subordinate. ✓✓
- The leader will remunerates (or punishes) the subordinate according to the outcome of the task. ✓✓
- Any other relevant characteristic. (max 1 x 2) (2)

Conflict management:

- In case of conflict, the transactional leader will tell the subordinates what to do. ✓✓
- He/She will give instructions on how to solve the problem. ✓✓
- He/She will point out inappropriate behaviour and state what he/she expects. ✓✓
- Any other fact related to conflict management. (max 1 x 2) (2)

5.3.4 Transformational leadership style: ✓✓

Characteristic / Explanation

- This type of leader is passionate and enthusiastic about his goals. ✓✓
- He/She has a clear vision of what should happen and work towards a clear goal. ✓✓
- He/She can motivate subordinates to join him/her in achieving the goals. ✓✓
- He/She takes care of the subordinate and make sure that they stay motivated. ✓✓
- Any other relevant characteristic. (max 1 x 2) (2)

Conflict management:

- In case of conflict, they will look at the big picture and not the details. This can lead to misunderstanding and subordinates who give up. ✓✓
- He/She will clarify facts, assess the facts carefully and state what is expected. ✓✓
- Any other fact related to conflict management. (max 1 x 2) (2)

5.3.5 Quiet leadership style: ✓✓

Characteristic / Explanation

- This leader is task focused and persuades people through rational argument. ✓✓
- They put the well-being of others before their own personal needs. ✓✓
- Any other relevant characteristic. (max 1 x 2) (2)

Conflict management:

- In case of conflict, they will use values to persuade others and strive to uphold peace and harmony. ✓✓
- He/She will listen to the problem and find a positive conclusion where both parties feel like winners. ✓✓
- Any other fact related to conflict management. (max 1 x 2) (2)

5.3.6 Servant leadership style ✓✓**Characteristic / Explanation**

- This leader serves others putting the well-being of others before other goals. ✓✓
- They expect the members of their group to make sacrifices in order to achieve the goal. ✓✓
- They are example of working in the public sector and religious groups. ✓✓
- Any other relevant characteristic. (max 1 x 2) (2)

Conflict management:

- In case of conflict, they will first look at themselves as causing the problem before they will accuse someone else. ✓✓
- Any other fact related to conflict management. (max 1 x 2) (2)

Conclusion:

- Management and leadership must compliment each other in order for a business to be successful. ✓✓
- A manager and leader can make or break a business in his/her handling of conflict in the business. ✓✓
- The manager/leader is able to consult employees, motivate them and enlisting their cooperation to achieve a specific goal. ✓✓ (any 1 x 2) (2)

Breakdown of mark allocation:

Introduction	3
Content:	
Differences between management and leadership:	5
Leadership styles (any 5 x 2)	10
Characteristics / Explanation (any 5 x 2)	10
Conflict management (any 5 x 2)	10
Conclusion	<u>2</u>
	<u>40</u> (max 32)

Insight:

Structure	2
Synthesis	2
Analysis and Interpretation	2
Originality, examples and recency	<u>2</u>
	<u>8</u> (max 8)

[40]

QUESTION 6

The Skills Development Act has the potential to change the lives of millions of previously disadvantaged people who were deprived of opportunities in education during the apartheid era.

You are a front-runner for the development of skills as a Human Resource Manager of your company. You need to convince management about the aims and benefits of the act as well as inform them about the purpose and roles of SETA's. (LO1.AS4; LO4.AS3)

6.1 Introduction

SETA - Sector Education and Training Act. ✓✓✓

SETA's are here to stay and it is only to the benefit of employers to make use of the training programmes which are offered by the various SETA's. ✓✓✓ (any 1 x 3) (3)

6.2 Content / Body**6.2.1 The aim of the Skill Development Act no. 97:**

- Rectify the imbalances of the past. ✓✓
- To improve the level of investment in educating and training in the workforce. ✓✓
- To use the work place as a learning environment. ✓✓
- To encourage to take part in leadership. ✓✓
- To improve employment opportunities of disadvantaged people. ✓✓
- To ensure quality training and education in the work place- this implies. ✓✓
that any training programme to be offered must first be accredited. ✓✓
- Assist job seekers to find work, retrenched workers to return to labour market. ✓✓
- To provide and regulate employment services. ✓✓
- To encourage employers to participate in learnerships. ✓✓
- Any other relevant answer. ✓✓

(any 6 x 2) (12)

6.2.2 Benefits of the Skills Development Act No. 97

- It ensures core levels of training to be consistent with the skill requirements of the labour market. ✓✓
- It alleviates the free-rider problem thereby ensuring that all businesses contribute to the cost of training. ✓✓
- It improves collection efficiency - collection of the levy by South African Revenue Services will improve compliance. ✓✓
- It promotes training effectiveness and efficiency. ✓✓
- It ensures multipartite participation from employers and employees in the Governance of training and education funds. ✓✓
- Any other relevant answers.

(any 5 x 2) (10)

6.2.3 Purpose of SETA.s

- SETA's were established as implementing agencies of the skill development strategies ✓✓✓or
- to replace the Industry Training Boards. ✓✓✓ (any 1 x 3) (3)

6.2.4 Roles of SETA's

- To collect funds. ✓✓
- To distribute the funds to the National Skill Fund and various SETA's. ✓✓
- To implement learnerships and skill programmes that replaced the tradition as apprenticeship. ✓✓.
- To develop a sector skills plan. ✓✓
- To report to the Director General. ✓✓
- To support the development of training material. ✓✓
- Any other relevant answer. (any 5x2) (10)

6.3 Conclusion

The services which SETA's offer do not only benefit the employees but also the employer. ✓✓ (2)

Breakdown of mark allocation:

Introduction	3
Content:	
Aim of Skills Development Act	12
Benefits Skills Development Act	10
Purpose of SETA's	3
Role of SETA's	10
Conclusion	<u>2</u>
	40 (max 32)

Insight:

Structure	2
Synthesis	2
Analysis and Interpretation	2
Originality, examples and recency	<u>2</u>
	8 (max 8)

[40]

QUESTION 7

Simphiwe is an employee at Orion Stationers and uses a motorbike to commute to work. He was dismissed by his supervisor for being late at work for almost a week. Simphiwe reported the matter to his senior manager. On the day of the hearing in the workplace, Simphiwe explained that he was caught up in the traffic due to power failure and the robots were not functioning. He was also stuck in the lift twice. After the hearing, the senior manager's decision was that Simphiwe be dismissed. Simphiwe was unhappy with the decision and reported the matter to his trade union.

Explain the benefits to Simphiwe of being a member of a trade union. Discuss the grievance procedures to be followed when dealing with such a case. Mention the parties involved in the arbitration process and discuss the grievance procedure to be followed when dealing with such a case. (LO4.AS3)

7.1 Introduction

Labour laws protect employees from unfair dismissal or exploitation. ✓✓✓ (3)

7.2 Benefits to Simphiwe of being a member of a trade union.

- Improve working conditions. ✓✓
- Secure benefits for workers, such as job security, sick leave and pension. ✓✓
- Improve wages for working hours. ✓✓
- See that as many people as possible are employed. ✓✓
- Ensure that workers take part in company's decisions. ✓✓ (10)

7.3 The parties involved in the arbitration process.

- Labour appeal court. ✓✓
- Labour court. ✓✓
- Bargaining Council/ CCMA. ✓✓
- Employer organization. ✓✓
- Worker organization. ✓✓
- Employer. ✓✓
- Worker. ✓✓
- Workplace forum. ✓✓ (any 5 x 2) (10)

7.4 Content / Body**7.4.1 Grievance Procedures**

- An employee who has grievances must first bring it to the supervisor's attention, who must attempt to resolve the issue within one working day since the issue was raised. ✓✓
- If the employee is not satisfied with the supervisor's decision, the employee will have a right to raise a formal complaint. ✓✓
- This is done by completing a Formal Grievance Form and submitting it to the relevant level of management. ✓✓
- The relevant manager will arrange a meeting within one working day. The time period may be extended upon agreement of both parties. ✓✓
- This meeting shall be attended by the employee, a representative, the supervisor or manager. The manager ensures that the minutes are kept and that decisions made are recorded on the Formal Grievance Form. ✓✓
- If the employee is not satisfied, he/she will be advised to take it to the highest level of management. ✓✓
- The manager will advise top management who shall arrange the meeting, consisting of the parties named. Minutes shall be kept either in writing or on a tape recording. The decision will be recorded onto the Formal Grievance Form. ✓✓
- Should the employee still be dissatisfied with the results, he/she may make use of the statutory dispute resolving procedures, which included the Bargaining Council and the Council for Conciliation, Mediation and Arbitration (CCMA). ✓✓

(16)

max 35**Conclusion**

It is crucial for employers to be in line with labour and union policies. ✓✓

(2)

MAX 40**Breakdown of mark allocation:**

Introduction	3
Benefits of trade unions (any 5 x 2)	10
Parties in the Arbitration process (any 5 x 2)	10
Grievance procedure (any 8 x 2)	16
Conclusion	<u>2</u>
	<u>41</u> (max 32)

Insight:

Structure	2
Synthesis	2
Analysis and Interpretation	2
Originality, examples and recency	<u>2</u>
	<u>8</u> (max 8)

[40]

QUESTION 8

You are a financial advisor at Finance Co and have been approached by a new client, Mrs. Barlow. She wants to go on early retirement and will receive R3 million from her retirement annuity fund. She has two options to invest her money.

Option 1

**She can invest her R3 million in a investment option from First National Bank (FNB) with a compound interest rate of 8% per annum.
The maturity value of the investment in 2010 will be R3 842 471.**

Option 2

She can invest the R3 million in an account with 8 % fixed interest per annum for three years

**You are required to write a report to Mrs. Barlow, explaining the different types of investments . Also calculate the return that Mrs. Barlow will make from option 2 and Recommend, with reason, which investment Mrs. Barlow should make.
(LO2.AS7)**

Introduction:

The following report will be evaluating Mrs. Barlow's investment options and advising her on the best alternative. We will be considering the range of investments and discussing the pro's and con's of each. ✓✓✓ (3)

Types of investments:

Unit trust✓✓: Package made up of shares in different companies. The risk associated with unit trusts is that the stock exchange may crash and the value of unit trust may decrease.✓✓

Managed Portfolio✓✓: Financial advisor invests your money in shares and manages them for you. Risk is the same a unit trust.✓✓

Endowment Policies✓✓: Large companies such as old mutual invest your money in projects. The risk is that on maturity you could receive less than the original capital. ✓✓

Fixed Deposits✓✓: Where money is invested at a fixed rate which has a very low risk rate as you will receive that which is promised. ✓✓

32-day notice account✓✓: Money is invested at a fixed rate but money can be withdrawn from the account at any time. The risk associated with this is low. ✓✓

Bonds✓✓: Investors money is used to finance the purchasing of buildings at a rate higher than the normal rate of return. Risk is high as the building may be overvalued. ✓✓ (24)

Option 2

Year one: $3\,000\,000 \times 1.08 = 3\,240\,000$ ✓

Year two: $3\,000\,000 \times 1.08 = 3\,240\,000$ ✓

Year three: $3\,000\,000 \times 1.08 = 3\,240\,000$ ✓

Total interest for the three years equals R3 720 000 ✓✓✓✓ (10)

Recommendation:

Mrs. Barlow should rather invest in option one✓✓ as she will have a greater return ✓✓ of R84 2471 where option two will remain R3 million after expenses have been paid. ✓✓ (6)

Conclusion

After considering both options it will be to Mrs. Barlow's advantage to invest her retirement fund again so that she can cover her expenses of R20 000 per month. ✓✓ (2)

Breakdown of mark allocation:

Introduction	3
Content:	
Types of investments	24
Option 2	10
Recommendation	6
Conclusion	<u>2</u>
	<u>45</u> (max 32)

Insight:

Structure	2
Synthesis	2
Analysis and Interpretation	2
Originality, examples and recency	<u>2</u>
	<u>8</u> (max 8)

[40]

TOTAL SECTION C: 80

GRAND TOTAL: 300