EXAMINATIONS COUNCIL OF ESWATINI
Junior Certificate Examination

CANDIDATE NAME	

CENTRE NUMBER					CANDIDATE NUMBER				

BUSINESS STUDIES **521/02**

Paper 2 **October/November 2019**

1 hour 45 minutes

READ THESE INSTRUCTIONS FIRST

1. Write your candidate name, Centre number and candidate number on the spaces provided.

2. Answer all questions.

3. Write your answers using **blue** or **black** pen.

4. Marks are given in [ ] at the end of each question or part question.

5. Special attention must be paid to legibility and neatness.

6. Name(s) of businesses/persons used in this paper are fictitious.

7. You may use a calculator.

For Examiner's use	
1.	
2.	
3.	
4.	
5.	
TOTAL	

This document consists of **12** printed pages.

©ECESWA 2019

Exquisite Events Management

Exquisite Events Management is a sole trading business owned by Musa. At first, the business used to specialise on decoration services but has now grown to provide numerous services including catering and renting out sound systems and furniture.

Exquisite Events Management was Musa's best choice of business after dropping his interest of becoming a professional musician. Musa likes to show kindness to his friends who have cash flow challenges by doing barter trade with them. He also prefers that Eswatini remain a mixed economy rather than being a command economy.

Musa allows his clients to make payments through various options provided by his bank, Perfect National Bank (PNB).Like other commercial banks, the PNB is regulated by the Central Bank of Eswatini. Musa has observed that using the internet has helped his business to remove many barriers to effective communication. The business is now introducing a wide variety of ICT tools to improve its communication with stakeholders.

Musa analysed the demand and supply schedules for Exquisite Events Management and noted that the demand for the business's services is rising constantly. He considers raising prices for his products and then introduce a piece rate system in order to motivate workers. Musa also plans to convert Exquisite Event Management into a private limited company so that it could be easy for the business to raise both debt and equity capital.

Appendix 1

A table indicating output levels per week for Exquisite Events Management workers when paid using the time and piece rates.

Activity	Time Rate	Possible Levels if the Piece Rate were to be used
Venue Decorations	4 Venues	7 Venues
Invitations Designed	15 Invites Designed	12 Invites Designed
Cakes Designed and ordered	6 Cakes	10 Cakes

QUESTION 1

Exquisite events is a privately owned business.

(a) **(i)** Explain **two** aims of Exquisite Events Management other than growth.

Aim 1 ……………………………………………………………………………………..

Explanation ………………………………………………………………………..

…..………………………………………………………………………………………

…..………………………………………………………………………………………

Aim 2 …..………………………………………………………………………………

Explanation ………………………………………………………………………...

…..………………………………………………………………………………………

……………………………………………………………..…………………….. [4]

(ii) Explain **three** reasons why Musa would want his business to grow.

Reason 1 ………………………………………………………………………………

Explanation ……………………………………………………………………………

…...…………………………………………………………………………………...

...……………………………………………………………………………………..

Reason 2 ……………………………………………………………………………...

Explanation ……………………………………………………………………………

...……………………………………………………………………………………...

..………………………………………………………………………………………

Reason 3 ………………………………………………………………………………

Explanation ……………………………………………………………………………

...……………………………………………………………………………………...

……………………..…………………………………………………………….. [6]

For Examiner's Use

Musa had to make a choice on which business to venture into. He also understood that his business will be operating in a mixed economy system.

(b) **(i)** Define the meaning of the term 'choice'.

………………………………………………………………………………………………..

……………………………………………………………………………………………… [2]

(ii) Illustrate the concept of opportunity cost using an example from the case.

…...……………………………………………………………………………………………...

...……………………………………………………………………………………………….

……………………………………………………………………………………………… [2]

(iii) Outline **three** differences between a command and a mixed economy to Musa.

Difference 1 ……………………………………………………………………………

..………………………………………………………………………………………………

..………………………………………………………………………………………………

………………………………………………………………………………………………..

Difference 2 ……………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………..

………………………………………………………………………………………………

Difference 3 ……………………………………………………………………………

………………………………………………………………………………………………..

..………………………………………………………………………………………………

….…………………………………………………………………………………………… [6]

[Total: 20 Marks]

QUESTION 2

Musa's business sometimes practices barter trade as opposed to using money.

(a) **(i)** Explain **two** disadvantages of barter trade to Musa.

Disadvantage 1 ……………………………………………………………………………

Explanation ……………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

Disadvantage 2 ……………………………………………………………………………

Explanation ……………………………………………………………………………

……………………………………………………………………………………………

…………………………………………………………………………………………… [4]

(ii) Explain **three** functions of money to Musa.

Function 1 ……………………………………………………………………………

Explanation ……………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

Function 2 ……………………………………………………………………………

Explanation ……………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

Function 3 ……………………………………………………………………………

Explanation ……………………………………………………………………………

……………………………………………………………………………………………

…………………………………………………………………………………………… [6]

Eswatini's Central Bank regulates operations of commercial banks such as Perfect National Bank.

(b) (i) Distinguish between the Central Bank of Eswatini and Perfect National Bank (PNB).

Difference 1 ……………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

Difference 2 ……………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

…………………………………………………………………………………………… [4]

(ii) Explain the following means of payment that could be used by Musa's clients.

Credit Card ……………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

Money Gram ……………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

Cheque …………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

…………………………………………………………………………………………… [6]

[Total: 20 Marks]

For Examiner's Use

QUESTION 3

Exquisite Events Management, relies on effective communication for the business to run smoothly.

(a) **(i)** Explain the following barriers to effective communication to Musa.

Perceptual Barriers ……………………………………………………………………...

...……………………………………………………………………………………...

...……………………………………………………………………………………...

..………………………………………………………………………………………..

Physiological Barriers ……………………………………………………………………

..………………………………………………………………………………………..

..………………………………………………………………………………………..

………………………………………………………………………………………... [4]

(ii) Suggest **three** ways that could be used by Exquisite Events Management to overcome communication barriers.

Way 1 ………………………………………………………………………………..

Explanation …………………………………………………………………………….

………………………………………………………………………………………..

………………………………………………………………………………………..

Way 2 ………………………………………………………………………………..

Explanation …………………………………………………………………………….

………………………………………………………………………………………..

………………………………………………………………………………………..

Way 3 ………………………………………………………………………………..

Explanation …………………………………………………………………………….

………………………………………………………………………………………..

………………………………………………………………………………………... [6]

Musa's business considers the internet and other communication technology tools to be very important for communication.

(b) **(i)** Identify the communication tool or explained system in the table below.

Explanation	**Tool/System**
1. Enables sending messages through computers within and outside an organisation.	…………………………………………
2. Machine used for sending and receiving documents through a telephone line.	…………………………………………
3. It allows people in different places to hold face to face discussions as if they are in the same room.	…………………………………………
4. Allows verbal communication through cables	…………………………………………

[4]

(ii) Explain **three** advantages of the internet enjoyed by Musa's business.

Advantage 1 ……………………………………………………………………………….

Explanation ……,,……………………………………………………………………..

…………………………………………………………………………………………

…………………………………………………………………………………………

Advantage 2 ……………………………………………………………………………….

Explanation ………………………………………………………………………………..

…………………………………………………………………………………………

…………………………………………………………………………………………

Advantage 3 ……………………………………………………………………………….

Explanation ………………………………………………………………………………..

…………………………………………………………………………………………

………………………………………………………………………………………….. [6]

[Total: 20 Marks]

QUESTION 4

Musa prefers Eswatini to remain a mixed economy other than the market economy where resources are allocated through the market forces of demand and supply.

(a) **(i)** Explain what is meant by the phrase "demand schedule".

…………………………………………………………………………………………

…………………………………………………………………………………………

………………………………………………………………………………………… [2]

(ii) Explain the laws of demand and supply to Musa.

Law of demand ……………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

Law of supply ……………………………………………………………………………

…………………………………………………………………………………………

………………………………………………………………………………………… [4]

(iii) Explain the difference between a movement along and a shift of a demand curve.

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

………………………………………………………………………………………… [4]

For Examiner's Use

Musa believes that the output of the business can increase if the business can change to the piece rate system of payment.

(b) Would you recommend that Musa pays his workers using the piece rate system? Use information from Appendix 1 to support your answer.

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

.... [10]

[Total: 20 Marks]

For Examiner's Use

QUESTION 5

Exquisite Events Management is considering changing from being a sole trader to a private limited company.

(a) **(i)** Explain **two** differences between debt and equity capital to Musa.

Difference 1 ……………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

Difference 2 ……………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

…………………………………………………………………………………… [4]

(ii) Explain the **two** main documents that Exquisite Events Management needs to submit to the Registrar of companies when applying to register the change to a private limited company.

Document 1 ……………………………………………………………………………

Explanation ……………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

Document 2 ……………………………………………………………………………

Explanation ……………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

…………………………………………………………………………………… [6]

For Examiner's Use

Musa believes that changing to a private limited company will bring more benefits to the business.

(b) Do you agree that changing to a private limited company could bring more benefits to the business? Justify your answer.

…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
……………………………………………………………………………………… [10]

[Total: 20 Marks]

Permission to reproduce items where third party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (ECOS) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.