



**HOËRSKOOI JOHAN JURGENS**  
**BUSINESS STUDIES MARKING GUIDELINE**  
**GRADE 10 PAPER 1 (OCT/NOV)**  
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**MODERATOR:** K. Potgieter

**TIME:** 2 hrs

**MARKS:** 150

## QUESTION 1

### 1.1

- 1.1.1 C✓✓
- 1.1.2 C✓✓
- 1.1.3 C✓✓
- 1.1.4 D✓✓
- 1.1.5 C✓✓

### 1.2

- 1.2.1 credit✓✓
- 1.2.2 culture✓✓
- 1.2.3 public✓✓
- 1.2.4 lock-out✓✓
- 1.2.5 global✓✓

### 1.3

- 1.3.1 B✓✓
- 1.3.2 C✓✓
- 1.3.3 A✓✓
- 1.3.4 D✓✓
- 1.3.5 E✓✓

**TOTAL SECTION A: [30]**

## SECTION B

### QUESTION 2: BUSINESS ENVIRONMENT

2.1 Outline the **THREE** business sectors (3)

- Primary sector✓
- Secondary sectors✓
- Tertiary sector✓

**NOTE:** Mark the **first THREE** Only

2.2 Explain the meaning of the micro environment (4)

- It is the environment within which a business operates and consists of the business itself. ✓✓
- It is the decision-making environment because management make decisions that help the business achieve its goals. ✓✓
- It can also be referred to as the immediate environment in which a business operates and includes all the internal factors of the business. ✓✓
- includes everything inside the business. All the internal affairs of the business are managed by the directors or the owners of the business. The business has full/complete control over its microenvironment. ✓✓

**Mark any other relevant answer related to the meaning of the microenvironment.**

2.3

**2.3.2 Identify any THREE challenges that VFJ is facing and classify each according to the THREE business environments.**

<b>CHALLENGES</b>	<b>BUSINESS ENVIRONMENT</b>
Severe rainfall damage to agricultural production in the region. ✓	Macro ✓
Seke farmers also delayed the delivery of fruits and vegetables to VFJ. ✓	Market ✓
The business is negatively affected by high rates of employee absenteeism on rainy days. ✓	Micro ✓
Sub max (3)	Sub max (3)

**NOTE 1: Award marks for the first three (3) challenges only.**

**2: If the business environment is not linked to challenge, mark the challenge only.**

2.4 Differentiate between leadership and management.

<b>Leadership</b>	<b>Management</b>
- Influences ✓ human behavior. ✓	- Guides ✓ human behavior. ✓
- Communicates by means ✓ of vision/values/charisma. ✓	- Communicates through ✓ management functions, e.g., line function. ✓
- People ✓ orientated. ✓	- Task ✓ orientated. ✓
- Inspires staff ✓ to trust and support each other. ✓	- Controls systems and procedures ✓ to get the job done. ✓
- Focuses on what ✓ and why. ✓	- Focuses on how ✓ and when. ✓
- Does the right ✓ things. ✓	- Does things ✓ right. ✓
- Leaders are born ✓ with natural leadership skills. ✓	- A person becomes a manager because he/she is appointed ✓ to the position. ✓

- Lead ✓ by example. ✓	- Manage by ✓ planning, organizing, leading, and controlling. ✓
- Any other relevant answer related to leadership.	- Any other relevant answer related to management.
Sub-max. (2)	Sub-max. (2)

**2.5 Discuss the impact of crime on the business.**

- Loss of profits due to stolen goods/damage to property. ✓✓
- Security/Insurance cost increases as the business tries to protect itself. ✓✓
- Smaller businesses often cannot afford insurance ✓ and have to replace the stolen goods themselves at greater loss. ✓✓
- Lower profits affect the decision to expand and employ more people/pay higher wages. ✓✓
- Business loses skilled employees, resulting in a decline in productivity. ✓✓
- Crime causes an increase in the health costs of employees due to injuries or stress. ✓✓
- Discourages foreign investment and reduces tourism. ✓✓
- Crime brings about unfair competition from stolen goods resold at a lower price. ✓✓
- Crime disrupts business activities and productivity. ✓✓
- Loss of essential equipment causing temporary closure of the business. ✓✓

**Any other relevant answer related to the impact of crime on businesses.**

**Max (6)**

**2.6 Explain THREE reasons why NGOs and CBOs form part of the market.**

- They employ workers ✓ and supply and consume goods and services. ✓
- They satisfy important needs ✓ of the community. ✓
- They are concerned ✓ with the welfare of others. ✓

**Max (6)**

**Any other relevant answer related to the reasons why NGOs and CBOs form part of the market. Max.**

**NOTE: Mark the first THREE reasons only.**

**2.7 Advise businesses on how to promote inclusivity in the workplace.**

- Develop employment policies that seek to promote inclusivity/diversity in the workplace. ✓✓
- Treat all employees equally, irrespective of gender/race/age /sexual orientation. ✓✓
- Adhere to laws (e.g. Employment Equity Act) and regulations that promote an inclusive workforce. ✓✓
- Respect and promote individual cultures in the workplace. ✓✓
- Ensure equal employment opportunities for all groups. ✓✓
- Respect all employees and their contributions in the workplace. ✓✓
- The workforce must represent the demographics of the country. ✓✓
- Ensure that the physical environment accommodates people with disabilities. ✓✓
- Include women in leadership positions and decision-making. ✓✓

**Any other relevant answer related to how to promote inclusivity in the workplace.**

**Max (8).**

**[40]**

### QUESTION 3: BUSINESS OPERATIONS

3.1 Name any FOUR sources of finance. (4)

- Bank overdraft✓
- Asset-based loan✓
- Venture capital✓
- Grants✓
- Receivable finance
- Angel funding

3.2 Outline the quality indicators of the Human Recourse function. (6)

- A Low rate of staff turnover in the business. ✓✓
- Maintain a healthy relationship between employees and employer✓✓
- Provide good working conditions✓✓
- The HR manager should work towards building a good relationship with employees. ✓✓
- Performance incentives for staff should be offered to increase productivity.
- Market-related salaries should be offered.
- Fair remuneration packages that are aligned to the industry should be provided.
- Makes sure there is a good recruitment policy that attracts best candidates.
- Ensures fair and equitable selection process
- Offer performance incentives for staff to enhance productivity.
- Good relationship with employees.
- Ensure that employee understand the goals and objectives of the business
- Understand the interrelatedness of different departments

### 3.3

3.3.1 **What level of management does Mercy occupy?** (2)

Top-level management√√

3.3.2 **Identify the business functions that are applied by MHS. Motivate your answer by quoting from the scenario above.**

<b>BUSINESS FUNCTION</b>	<b>MOTIVATION</b>
Administration√√	Getty ensures that reliable information is available for decision-making√
Public relations√√	Gerry manages the saloon's reputation in the community√
Marketing √√	Every month-end, Gerry also advertises promotions that they offer to increase sales. √
General management√√	Mercy is the CEO of Mercy's Hair Saloon

(6)

**Mark ONLY the FIRST TWO** business functions with the motivation. **If the business function is incorrectly identified, do not award marks for motivation**

3.4 **Describe TWO reasons why a business may need finance.** (4)

- Start-up √  
Borrowing money in order to start a business. √
- Cash flow √  
Money to cover the running costs of a business while waiting for outstanding payments. √
- Replacement√  
Money to replace computers, machinery, and equipment. √
- Expansion√  
Money to grow a successful business. √

**Any other relevant answer related to why a business needs finance.**

**NOTE: Mark only the first TWO reasons.**

3.5 Explain the difference between fixed and working capital. (4)

<b>FIXED CAPITAL</b>	<b>WORKING CAPITAL</b>
- Money to buy fixed assets, ✓ e.g., land and buildings etc. ✓	- Money used for day-to-day activity, ✓ e.g., trading stock, raw materials, etc. ✓
- Finance long-term capital needs ✓ of the business. ✓	- Finance the short-term capital ✓ of the business. ✓
- Examples: capital market, selling shares, mortgage bonds, etc. ✓	- Examples: money market, credit allowed by suppliers, short-term terms loans, etc. ✓
- Any other relevant answer related to fixed capital.	- Any other relevant answer related to working capital
<b>Sub-max. (2)</b>	<b>Sub-max. (2)</b>

3.6 Discuss the importance of quality for businesses. (6)

- Dealers and consumers are assured that products ✓ are of a required standard. ✓
- It encourages workers to continue ✓ to produce quality products. ✓
- Costs can be reduced ✓ through the elimination of poor products. ✓
- It leads to improved quality ✓ and design. ✓
- Increased customer ✓ satisfaction. ✓
- Increased competitiveness ✓ as high-quality places products above those of competitors. ✓
- Increased likelihood of achieving business vision ✓ and goals. ✓

**Mark any three answers**

3.7 Evaluate the impact of the Consumer Protection Act on businesses. (8)

**Advantages for businesses**

- Enables businesses to resolve disputes fairly through the Consumer Court. ✓✓
- Businesses may build a good image if they ensure that they do

not violate consumers' rights. ✓✓

- Businesses may gain consumer loyalty if they comply with CPA. ✓✓
- Businesses are less likely to have court cases against them for consumer rights violations. ✓✓
- Businesses may be protected if they are regarded as consumers. ✓✓
- They may be safeguarded against dishonest competitors. ✓✓
- Prevents larger businesses from undermining smaller ones. ✓✓

**Any other relevant answers related to the advantages of the CPA for businesses.**

**AND/OR**

**Disadvantages for businesses**

- Faulty items may be replaced/repaired/money refunded if the fault occurs within six months after purchase. ✓✓
- Consumers can take advantage of businesses and return goods when it is not necessary to do so. ✓✓
- Processes and procedures required of businesses can be expensive and time-consuming. ✓✓
- Some businesses feel unnecessarily burdened by the required processes. ✓✓
- Penalties for non-compliance may be very high. ✓✓

**Mark any three answers**

**[40]**

## QUESTION 4: MISCELLANEOUS TOPICS

### BUSINESS ENVIRONMENTS

4.1

- 4.1.1 Identify two sectors of the economy applicable to the scenario above. Motivate your answer by quoting from the scenario.  
Use the table below as a GUIDE to answer QUESTION 4.1.1

SECTORS OF THE ECONOMY	MOTIVATION
Formal sector ✓✓	EASTRAND Mall consists of well-known registered clothing and grocery shops in Ekurhuleni ✓
Informal sector ✓✓	There is a number of unregistered stalls and spaza shops selling vegetables and fruits next to the mall at the taxi rank. ✓

(6)

- 4.1.2 **Explain the importance of the TWO business sectors identified in 4.1.1 to our economy.**

(8)

#### Formal sector

- Business activities are included in the GDP figures of the country. ✓✓
- Companies pay taxes on their profits. ✓✓
- People who are employed at companies pay personal income tax.
- Provides employment to highly skilled, semi-skilled and unskilled laborers
- They supply legal products
- Products supplied by the formal sector are guaranteed, which means that faulty goods can be returned.
- People working in the formal sector gain the necessary skills to start their own businesses.
- Provides a large variety of goods and services to satisfy consumers
- They employ many people with different skills and qualifications.

**(Submax 4)**

**Mark any TWO**

### Informal sector

- Provides employment opportunities for communities and contributes to poverty alleviation. ✓✓
- People working in the informal sector gain work experience to be used for the formal sector.
- People start informal businesses to supplement their income earned in the formal sector
- Encourages entrepreneurship as self-employment.
- Provides opportunity for the marginalized /disadvantaged by encouraging street trade.
- Serves as a buffer between employment and unemployment.
- It is easy to enter this sector and serves the needs of individuals.

(Submax 4)

### **Mark any TWO**

#### **4.2 Discuss any TWO solutions that can be implemented to address piracy. (6)**

- Copyright ✓✓
  - Copyright is the right given to the creator of an original work ✓ so that it cannot be copied without his /her permission. ✓
  - The owner of intellectual property has the right to produce ✓ and copy the intellectual property. ✓
  - Includes literary works/musical works/artistic works, etc. ✓
- Patents ✓✓
  - Exclusive right to use or sell the invention or a product made from an invented process ✓ for a limited period of time. ✓
  - If it is an invention, someone who holds a patent has the sole right to produce ✓ and sell an invention. ✓
  - A discovery/scientific method, etc. ✓

Heading (2)  
Description (1)  
Sub-max. (3)

Heading (2)  
Description (1)  
Sub-max (3)

#### Trademark ✓✓

- A unique mark that represents a business enterprise ✓ and which belongs to the business enterprise. Includes words/slogans/signs, etc. ✓
- Registration of the use of a brand name/slogan/symbol or a combination ✓ to make a product or service recognizable and known.

Heading (2)  
Description (1)  
Sub-max. (3)

**NOTE: Mark only the first TWO (2) solutions to piracy.**

## BUSINESS OPERATIONS

4.3 **Name any TWO activities of the administration function.** (2)

- Administration department is responsible for structuring activities such as processes and procedures✓
- Paperwork such as processing of shapes✓
- processing of data into information✓
- Setup reports

**Mark ONLY the first TWO**

4.4 **Outline the importance of public relations.** (6)

- Businesses get publicity for promotional events and information through the media. ✓✓
- News conferences may be called to release information that will ensure the survival of the business. ✓✓
- Employees may volunteer to spend time with people in need at orphanages/hospitals/schools, etc✓✓.
- Businesses can sponsor community events. ✓✓
- Produce annual reports that review business activities and achievements. ✓✓

**Mark any THREE**

4.5 Identify the source of financing represented in EACH statement below.

4.5.1 Overdraft ✓✓ (2)

4.5.2 Lease ✓✓ (2)

4.6 **Discuss the importance of stock control.**

- To know at all times how much of which product is available in the business.✓✓
- To manage stock and to keep accurate records. ✓✓ (4)
- Records the cost and the selling prices of stock. ✓✓
- To identify theft in business. ✓✓
- To compare stock on the shelves with the stock list. ✓✓

**Mark any TWO**

4.7 Distinguish the differences between quality control and quality assurance. (4)

QUALITY CONTROL	QUALITY ASSURANCE
- Inspection of the final product ✓ to ensure that it meets the required standards. ✓	- Carried out during and after the production process ✓ to ensure required standards have been met at every stage of the process. ✓
- Includes setting targets/measuring performance ✓ and taking corrective measures. ✓	- Ensure that every process is aimed at getting the product right first time ✓ and prevent mistakes from happening again. ✓
- Any other relevant answer related to quality control.	- Any other relevant answer related to quality assurance.
Sub-max. (2)	Sub-max. (2)

[40]

## SECTION C

Answer ANY ONE question in this section.

### QUESTION 5: BUSINESS ENVIRONMENTS

#### Introduction

- The business environment consists of the micro, market and macro environments. ✓
- The market environment is part of the external business environment. ✓
- The business has no control over the components/challenges of the macro environment. ✓
- The challenges related to the components of the market environment are directly influenced by events in the macro environment. ✓

**Any other relevant introduction related to the business environment.**

**(2 x 1) (2)**

#### Meaning of the market environment

- The challenges and influences ✓ outside the business. ✓
- Businesses have little or no control ✓ over the environment. ✓
- The business can have influence ✓ over the challenges in the market environment. ✓
- All elements that determine the reasons ✓ for the existence of a business. ✓
- Includes all forces/stakeholders that have a direct effect ✓ on the functioning of the business. ✓

**Any other relevant answer related to the meaning of the market environment.**

**Max. (6)**

FIVE components of the macro environment

Physical/Natural environment ✓✓

- The physical environment refers to the availability of natural resources ✓ and sustainability of mineral resources ✓
- Many businesses depend on natural resources ✓ to produce or deliver a service. ✓
- Some natural resources, such as oil/coal, are scarce ✓ and expensive. ✓
- External environmental factors, such as pollution, ✓ pose a threat to the sustainability of a business. ✓

Legal environment ✓✓

- Laws influence the way ✓ in which businesses operates. ✓
- Individuals/Private/Public sector must obey ✓ government rules and regulations. ✓

#### Political environment ✓✓

- The government of the day ✓ determines the political environment by policies and regulations. ✓
- Political factors, such as strike action/illegal immigration, cause instability ✓ which influences the operation of the business. ✓

#### Economic environment ✓✓

- Influences the prosperity ✓ of the consumers, businesses and investors.
- Government's monetary and fiscal policies have a direct impact ✓ on the economic environment. ✓
- Economic changes affect business, ✓ e.g. businesses pay less to import raw material if the rand is stronger than foreign currencies./Exchange rate ✓
- Inflation decreases ✓ the value of money and assets. ✓
- A period of recession slows down the economy ✓ and causes unemployment. ✓
- Changes in interest rates ✓ increase the cost of debt. ✓

#### Social environment ✓✓

- The social component of the macro-environment ✓ includes people, cultural backgrounds and income levels. ✓
- Social issues influence consumer spending/employee performance ✓ and the business profitability. ✓
- Health issues, such as HIV/Aids, ✓ can have a negative impact on the productivity of employees. ✓

#### Technological environment ✓✓

- The technological environment has shown the fastest changes ✓ of the macro environmental factors as new technologies created a 4th industrial revolution. ✓
- Technological developments ✓ provide businesses with opportunities and threats e.g. online shopping. ✓

#### Institutional environment ✓✓

- The government consumes goods and services ✓ from the business. ✓
- Private businesses provide government with tools/equipment ✓ that are needed to operate, such as computers and furniture. ✓
- A cut on spending in government hospitals ✓ has a major impact on businesses that provide the government with medical equipment. ✓
- The government supplies goods and services ✓ to public and private businesses. ✓
- Most of these goods and services ✓ are paid for by taxes. ✓
- The government also provides legal and technical assistance, ✓ such as legal aid, quality assurance and statistical information. ✓
- It provides essential services, such as electricity and sanitation ✓ which are important for the smooth running of any business. ✓
- The government regulates economic trends ✓ such as interest, exchange rates and taxes. ✓
- It ensures free and fair competition ✓ among businesses. ✓
- The government has established many Acts ✓ to regulate the activities of businesses. ✓

- The government supports the growth of businesses ✓ by creating jobs in different ways. ✓

#### International environment ✓✓

- Business has changed much in recent years ✓ due to globalization and international communication. ✓
- Businesses are forced to keep up with global trends ✓ to stay in the market and to keep their quality and prices up to world standards. ✓

**Component 2**  
**Description 2**  
**Sub-max. 4**

**Mark first FIVE (5) components only. (5 x 4) (20)**

#### **The reasons why the macro environment can be a challenge to businesses**

- Businesses do not have control over macro environmental factors ✓ yet they are bound to affect them. ✓
- The macro environment can also greatly affect consumers directly, ✓ affecting their ability and willingness to spend. ✓
- The external and uncontrollable factors that influence an organisation's decision making ✓ and affect its performance and strategies. ✓
- The macro environment is always changing ✓ and businesses must implement new strategies to keep afloat. ✓
- The components can increase or decrease the need for your product ✓ or create entirely new needs. ✓

**Any other relevant answer related to the why the macro environment can be a challenge to businesses.**

**Max. (8)**

#### **Interrelationship between the micro, market and macro environments**

- Business enterprises are in constant interaction with elements present in all three-business environments. ✓✓
- An entrepreneur uses the factors of production to produce a product or service. ✓✓
- An entrepreneur aims to satisfy the needs of the consumer in order to make a profit. ✓✓
- During this process, the entrepreneur is subjected to challenges coming from amongst others, competitors, as well as the government. ✓✓
- Entrepreneurs must deal with labour crises, demands such as BEE and affirmative action. ✓✓
- Providing products and services is therefore not a simple process that can take place in isolation. ✓✓
- It is a complicated process where many influences are present. ✓✓
- A business exercises control over the elements in the micro environments. ✓✓
- E.g. a business cannot force consumers to buy their products, but it can influence consumers through competitive prices and advertising ✓✓

- A business can neither influence nor exercise control over the elements of the macro-environment. ✓✓
- A business must adapt to the challenges from the macro-environment and formulate strategies to cope with these challenges. ✓✓

**Max. (12)**

### **Conclusion**

- The business must be aware of the factors in the business environment in order to adapt to changes and ensure the success of the business. ✓✓
- The components of the macro environment will affect the decisions of the business. ✓✓

**Any other relevant conclusion related to business environments/ micro/market or macro environments.** (1 x 2)(2)

## **QUESTION 6 BUSINESS OPERATIONS (BUSINESS FUNCTIONS)**

### **6.1 Introduction**

- The purchasing function is responsible for buying quality raw materials and services for the business. ✓
- The purchasing function should continuously look for new and better suppliers. ✓
- The purchasing function should place orders with suppliers and follow up on them to ensure that the ordered products are delivered on time. ✓
- The purchasing function should ensure that ordered goods are delivered at the agreed price, the right quantities, and the right quality. ✓

**Any other relevant introduction related to the purpose of the purchasing function, the difference between cash payment and credit payment, the purchasing procedure and the impact of the NCA on businesses.**

### **The meaning of the purchasing function**

- The purchasing function plays an important role in buying quality raw materials and services for the business ✓✓
- It should continuously look for suitable, new and better suppliers ✓✓
- It should place orders with suppliers and follow up on them to ensure that the ordered products are delivered on time. ✓✓
- It ensures that ordered goods are delivered at the agreed price, right quantities and right quality. ✓✓

**Max (6)**

**Differences between cash payment and credit payment**

<b>CASH PAYMENT</b>	<b>CREDIT PAYMENT</b>
Cash payment refers to all payments made by cash/cheque✓ for business purchases.✓	Credit payment refers to all payments made by means of credit cards/✓ on a future date for business purchases✓
Cash payments enable businesses to budget for stock purchases ✓and avoid unnecessary delays. ✓	Credit payments allow businesses to buy stock✓ and pay on a future date.✓
Cash payers can qualify✓ for cash discounts.✓	The credit payer can pay more for goods✓ due to the interest added on credit purchases.✓
<b>Any relevant answer related to cash credit payment.</b>	<b>Any relevant answer related to credit purchases.</b>
Sub max (6)	Sub max (6)

**Max. (12)**

**NOTE**

- 1. The answer does not have to be in tabular format.**
- 2. The difference does not have to link but it must be clear.**
- 3. Award a maximum of SIX (6) marks if the difference is not clear. Mark either cash payment or credit payment only.**

**Steps of the purchasing procedure**

Determine the need for the product/Requisition✓✓

- Liaise with the financial department to establish the budget for the purchase of goods and services.✓
- Determine the product/material/ resource needs of the businesses. ✓
- Find the right quality/quantity of goods and services at the right price and at the right time. ✓

**Any relevant answer linked to determining the need for the product as a step of the purchasing procedure.**

**Purchasing procedure (2)  
Discussion (1)  
Sub max (3)**

Determine the price of the product✓✓

- Find the best price by obtaining quotes/tenders or making enquiries.✓

**Any relevant answer linked to determining the price of the product as a step of the purchasing procedure.**

**Purchasing procedure (2)  
Discussion (1)  
Sub max (3)**

Select/Choose a suitable supplier✓✓

- The purchasing department should choose reliable suppliers for its raw materials/products.✓
- Evaluation criteria based on the quality of raw material/prices/delivery time should be used to select the most suitable supplier.
- The purchasing department should conduct a thorough investigation of potential suppliers, their reputation, and reliability.

**Any relevant answer linked to choosing a suitable supplier as a step of the purchasing procedure.**

**Purchasing procedure (2)**  
**Discussion (1)**  
**Sub max (3)**

Place an order✓✓

- The purchasing function should place an order in writing so that goods delivered can be compared with the order.✓
- Confirm the prices of the products on order to avoid surprises when payments are made.

**Any relevant answer linked to placing an order as a step of the purchasing process.**

**Purchasing procedure (2)**  
**Discussion (1)**  
**Sub max (3)**

Collect or receive the order✓✓

- The purchasing department should ensure that the right orders are received and recorded. ✓
- The quality and quantity of stock received should be checked against the order.✓
- The purchasing department should keep a copy of the delivery note for record-keeping purposes.

**Any relevant answer linked to collecting or receiving the order as a step of the purchasing procedure.**

**Purchasing procedure (2)**  
**Discussion (1)**  
**Sub max (3)**

Pay the supplier✓✓

- The purchasing department instructs the financial department to pay the supplier after delivery of the order. ✓
- The supplier must provide copies of the requisition form to the purchasing department. ✓
- The purchasing department must provide a delivery note to the financial department.
- The supplier sends the invoice to the financial department for final payment after satisfactory delivery.

**Any relevant answer linked to paying the supplier as a step of the purchasing procedure.**

**Purchasing procedure (2)**  
**Discussion (1)**  
**Sub max (3)**

Distribute the stock ✓✓

- The purchasing department should ensure proper distribution of stock/raw materials to all relevant departments. ✓
- Distribution of stock should be in line with pre-requisite orders from each department to avoid stock loss. ✓

**Any relevant answer linked to distributing the stock as a step of the purchasing procedure.**

**Purchasing procedure (2)**  
**Discussion (1)**  
**Sub max (3)**

Complete the order ✓✓

- Ensure that all the correct documentation is in place and filed for future reference. ✓

**Any relevant answer that links to completing the order as a step in the purchasing procedure.**

**Purchasing procedure (2)**  
**Discussion (1)**  
**Sub max (3)**

**Max (12)**

## **Impact of National Credit Act (NCA) on business operations**

### Positives/Advantages

- Lower bad debts ✓ resulting in better cash flow. ✓
- Protects business ✓ against non-paying consumers. ✓
- Increases cash sales ✓ as credit can only be granted to qualifying customers. ✓
- Prevents reckless lending ✓ by financial institutions. ✓
- Ensures that businesses settle their debts on time ✓ so that they can obtain good credit scores. ✓
- Ensures that the credit process is transparent, ✓ e.g., both businesses and customers know their responsibilities. ✓

**Any relevant answer linked to the positives of the NCA.**

**AND/OR**

### Negatives/Disadvantages

- Businesses are forced to budget ✓ to keep more cash/have enough cash on hand for stock purchases. ✓
- Businesses cannot take the risk ✓ of selling poor-quality goods at high prices. ✓
- Businesses can no longer ✓ carry out credit marketing. ✓
- Leads to loss of sales ✓ as many businesses may no longer qualify to buy on credit. ✓
- Businesses can only buy limited stock ✓ as credit is not available, resulting loss of customers. ✓
- The Act complicates the purchasing process ✓ due to too much administrative work in the credit-providing process. ✓
- The purchasing department must know the terms and conditions ✓ of credit granting and the National Credit Act. ✓
- It may take longer to purchase goods, ✓ and this could influence the

overall efficiency of the business.✓

- The Act compels businesses to sell quality products,✓ or businesses may be forced to reimburse the consumer.✓

**Any relevant answer linked to the negatives of the NCA.**

**Max (12)**

**Conclusion**

- The business needs to have a sound understanding of the National Credit Act, as this can impact their business both positively and negatively.✓✓
- 

**Any other relevant conclusions related to the purpose of the purchasing function, the difference between cash payment and credit payment, the purchasing procedure, and the impact of the NCA on businesses.**

**(1 x 2) (2)**

**[40]**

**TOTAL SECTION C: 40**

**GRAND TOTAL: [150]**

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