Practice Test 1 – Term 1

Sandile and Peter own a partnership offering short-term loans to people who would otherwise not be able to obtain loans from banks. They have a lot of competitors and had to fire their bookkeeper for fraud. The local mine provides the majority of jobs for the local community and they have said they will be retrenching staff in the new year.

1 Compare the benefits of a private company over a partnership as a choice of ownership for Sandile and Peter. Advise them on whether they should change their form of ownership. [20]

2 Explain how the following socio-economic issues affect their business and how they can solve or adapt to these:

2.1 Economic crime (6)

2.2 Unemployment (6) [12]

3 The trade unions have called for a strike in opposition to the retrenchment of employees.

3.1 Explain the difference between a strike and a go-slow. (8)

3.2 Describe the function the trade union has for the mine workers. (4)

3.3 How will a strike affect Sandile and Peter's business? (4) [16]

4 Sandile and Peter have been offered a franchise business selling property.

4.1 Explain what a franchise is. (4)

4.2 Discuss FOUR advantages of owning a franchise business selling property. (8)

4.3 Explain TWO disadvantages of owning a franchise business. (4) [16]

5 Explain the following terms:

5.1 Piracy (4)

5.2 Trademark (4) [8]

6 If Sandile and Peter change to a personal liability company, they will need to draw up a Memorandum of Incorporation. Explain why this document is needed and what it should contain. [12]

7 A short-term loan business is a services business. Identify the industry and analyse the link between this industry and the secondary industry. [7]

8 Give THREE examples of control factors in each of the following environments that affect Sandile and Peter’s business.

7.1 Micro (3)

7.2 Macro (3)

7.3 Market (3) [9]

**Total: 100 marks**