NATIONAL SENIOR CERTIFICATE EXAMINATION
SUPPLEMENTARY EXAMINATION – MARCH 2017

BUSINESS STUDIES: PAPER II

Time: 2 hours 100 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 4 pages. Please check that your question paper is complete.
2. Read the questions carefully and plan the length of your answers in relation to the sections being covered in each question.
3. Answer **both Question 1 and Question 2**.
4. Number your answers exactly as the questions are numbered. Each question must be answered on a **new page**.
5. Candidates are advised to pay special attention to the use of language.
6. It is in your own interest to write legibly and to present your work neatly.
7. Answers must be completed in the Answer Book provided.

The following aspects may be considered when marks are allocated:

- Format:
  - The **CORRECT** format for each question must be used, i.e. Business report.
  - Where applicable, include an introduction and a conclusion.
  - Use headings and sub-headings where appropriate.
- Terminology: Correct business terminology should be used.
- Content: Must be sufficient to cover all aspects of the question.
- Substantiation: Justification for statements made.
- Application to case study/context/theme.
- Creative problem-solving rather than just giving theoretical facts.
- Synthesis and sequencing.

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QUESTION 1

Study the following sources before answering the question that follows.

SOURCE A

Mr Price Group maintains solid sales growth

As a predominantly cash-based retailer, Mr Price Group has maintained its 14,2% sales growth rate through the 2015 financial year. Mr Price said the performance was 'pleasing'.

Cash sales growth at 15,3% outpaced a surge of 9,6% in credit purchases. This slightly pushed up the contribution of cash sales to 81,9% of total turnover.

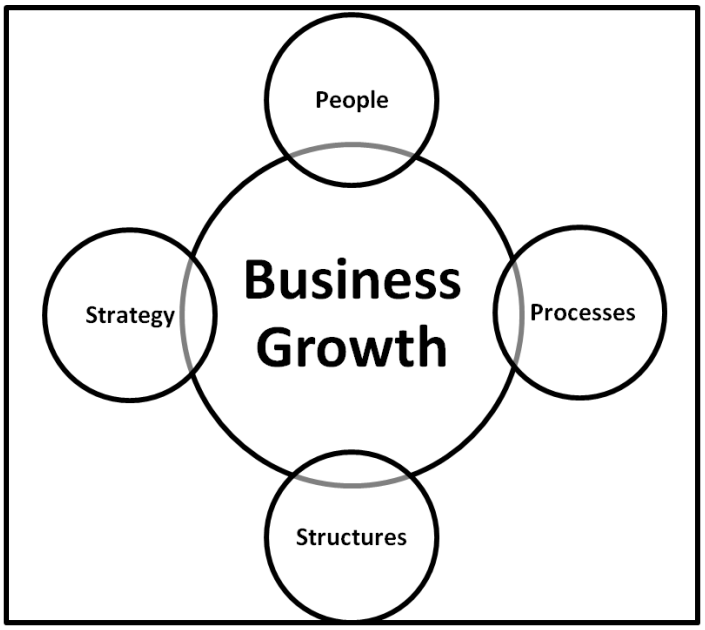
Mr Price said that its divisions, which include Mr Price, Mr Price Sport and Miladys, achieved sales growth of 16,1% in the third quarter 'despite a suboptimal performance from Miladys'. The home division sales, which includes its Mr Price Home and Sheet Street stores, grew by 8,7%.

[Source adapted from: <http://www.bdlive.co.za/business/retail/2015/01/16/mr-price-maintains-solid-sales-growth-in-third-quarter> Accessed on: 4 December 2015]

SOURCE B

[Source: <https://www.cartoonstock.com/directory/s> Accessed on: 2 December 2015]

SOURCE C



Mr Price

[Source: <www.mrprice.co.za>]

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An effective manager will understand the impact of the different business environments, while focusing the business's factors of production towards growth. The manager will consider possible trends and identify elements that could affect business performance, while using their management skills to develop strategies.

Required:

As a manager at Mr Price you have been asked to develop strategies that could be used by Mr Price to achieve growth in the South African marketplace.

- Assess the impact that the external environment could have on Mr Price, by making use of any relevant tool(s) as part of your analysis.
- Discuss how **management tasks** and **management competencies** could be used to take advantage of the impact or limit the impact of the external environment on the Mr Price Group.

[50 marks]

PASSION, VALUE
&PARTNERSHIP

[Source: <www.mrprice.co.za>]

QUESTION 2

Study the following sources and then answer the question that follows.

SOURCE D

> The Mr Price board recognises that an entrepreneurial spirit and the taking of considered risks and opportunities remain critical to the Group's continued success and longevity.

[Source adapted from: <http://www.mrpricegroup.com/CorporateGovernance/Risk.aspx>
Accessed on: 13 December 2015]

SOURCE E

[Sources B and C from: <http://cfotips.com/risk-management>
Accessed on: 13 December 2015]

SOURCE F

Planning for the future means that the Mr Price Group will need to focus financial resources on growing the business by taking certain risks, but that the Group identifies the necessary insurance cover to reduce risk where possible.

Required:

Assist the Risk Management Department at Mr Price by writing a business report where you evaluate risk. Discuss how the Mr Price Group could use investments to secure the financial success of the group, by considering the following factors: **risk**, **return** and **timelines**. Also explain how **compulsory** and **non-compulsory** insurance could help to create financial success for the Mr Price Group.

[50 marks]

Total: 100 marks

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