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This question paper consists of 4 pages.
DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA
NATIONAL CERTIFICATE
INDUSTRIAL ORGANISATION AND PLANNING N3
TIME: 3 HOURS
MARKS: 100

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. Read ALL the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Start each question on a NEW page.
5. Write neatly and legibly.

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QUESTION 1

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (1.1–1.10) in the ANSWER BOOK.

1.1 In a co-operative the shareholders’ right to vote are determined by the number and type of shares they hold.  
1.2 Dividends are profit paid out to shareholders of a company.  
1.3 An undertaking with the name Janel’s (Pty) Ltd is a one-man business.  
1.4 Food is one of the requirements for the minimum standard of living.  
1.5 A trade bill is a conditional written demand.  
1.6 An agreement as applied to contracts means an offer by more than one party.  
1.7 One of the disadvantages of a Gantt chart is that machines can be loaded beforehand.  
1.8 Production budget means to budget for machine hours and man hours.  
1.9 The principle of motion economy is that uninterrupted movement must not be followed.  
1.10 One disadvantage of road transport it is that it is relatively expensive.  

(10 x 1)  [10]

QUESTION 2: BUSINESS KNOWLEDGE/BANKS

2.1 Name and describe FIVE services rendered by commercial banks.  
2.2 Money is a commodity used as consent to be measured as value and medium of exchange between all other commodities. State FIVE qualities of good money material.  
2.3 Discuss the private company as a type of business venture.  
2.4 Define a *co-operative*.  
2.5 List SEVEN advantages of a one-man business.  

(5 x 2)  (10)  
(5 x 1)  (5)  
(4)  
(4)  
(7 x 1)  (7)  
[30]
QUESTION 3: CLERICAL KNOWLEDGE/COMMERCIAL LAW

3.1 List and describe SEVEN requirements for a good filing system. (7 x 2) (14)

3.2 Name SIX requirements for a valid contract. (6)

3.3 Describe the necessary formalities to be observed in a sale of a business. (8)

3.4 Define an offer between two parties. (2)

QUESTION 4: ESTABLISHMENT OF AN ENTERPRISE

4.1 State FIVE advantages of a good workshop layout. (5 x 1) (5)

4.2 As preparation for your marketing plan you must select a suitable location site for your proposed business.

Prepare a detailed checklist to be used for your retail site's location. (10)

4.3 The correct workshop layout is very important for both management and workforce.

Name FIVE possible problems resulting from a poor layout. (5)

4.4 Manufactured goods need to be transported and delivered.

List FIVE disadvantages of using road transport instead of air transport. (5)

4.5 Explain the added benefits of good HR management practises applicable to both workers and management in a factory. (5)

[TOTAL: 100]
MARKING GUIDELINE

NATIONAL CERTIFICATE
APRIL EXAMINATION
INDUSTRIAL ORGANISATION AND PLANNING N3

5 APRIL 2016

This marking guideline consists of 5 pages.
QUESTION 1

1.1 False
1.2 True
1.3 False
1.4 True
1.5 False
1.6 True
1.7 False
1.8 True
1.9 False
1.10 True

(10 x 1) [10]

QUESTION 2

2.1 Collection of bill of exchange✓
Usually wholesalers or manufacturers draw bills of exchange on clients for goods purchased. A bill of this kind must be presented to the payee who accepts it. On due date the bill must be presented to the bank and the money forwarded of the bill. This service is provided by the bank for a small fee.✓

Transfer of funds✓
Banks can arrange the transfer of funds, at the request of the clients, between one point and another. On payment of commission, the funds are then transferred to the indicated receiver for credit of the account of a designated person.✓

Stop orders✓
Clients of a bank give the bank instruction, on a prescribed form, to pay a certain amount periodically to a designated person or organisation. This service is used for payments such as insurances and hire purchases instalments.✓

Foreign exchange✓
Bankers are the only authorised dealers in foreign exchange. Importers from overseas must pay for their imports and exporters must collect money due to them. This cannot be done by means of ordinary cheques and here banks render an important service.✓

Travellers cheques✓
Banks issue travellers cheques for sums of R10, R20 and R50 with a fixed maximum to travellers in South Africa who are then able to cash these at hotels, retail shops or any bank. Travellers' cheques are also issued to persons going overseas. The advantage is that travellers cheques can only be cashed by the owner and lost to theft cannot easily occur.✓

Safe custody of valuables✓
At a fee, banks accept valuables and important documents for safe keeping. These valuables are kept in fireproof safes✓
Trade reports
A client may ask a bank for a report on a third party. This the bank obtains by approaching the third party’s bank. Banks can give a better opinion than everyone else on the financial position of a client. Reports are usually requested by sellers of goods; not the parties with whom they are doing business.

2.2
- Divisibility – it must be capable of being divided into smaller denominations without losing value.
- Indestructible – It must be made of durable metal which does nor rust.
- Stable in value – In must be able to serve as a reliable standard of deferred payment.
- Homogenous – Its quality should be informed.
- Recognisable – Its quality should be easily distinguishable from other substances.
- Acceptable – it must be useful and acceptable for its own sake and not only because it serves as money.
- Portable – It should be portable so people can carry large quantities over long distances at a low charge.

2.3
Does not turn to the general public for the placing of its stocks. Its shareholders are any number from two but not more than fifty. The transferability of shares are limited, and the company must have 'Proprietary Limited' as part of its name.

2.4
It is an association of a group of people with a common interest and unites voluntarily to mutual advantage, in respect of the purchase, sale or production of goods or services, through one channel.

2.5
- It can be started without a great deal of legal formalities.
- No red tape and legal complications exist.
- There is no memorandum of association to be approved.
- No board of directors
- It can be discontinued just as easily as it started.
- The owner has the sole right to profits.
- The sole right of profit is an incentive to achieve success.
- The business is conducted in a simple manner and can easily be adapted to changing circumstances.
- Creditworthiness may be high because the owner’s personal credit-worthiness will determine if he/she can borrow more money.
- There is personal contact with the owner and personal services are rendered to clients or customers.
QUESTION 3

3.1 Accessibility ✓ – it must be easy to find documents and it must be indexed.
Suitability ✓ – it must be designed to suit the filed documents.
Safety ✓ – it must be protected against destruction, thus be stored in a strong-room.
Elasticity ✓ – it must make provision for expansion.
Dustproof – dust and dirt damages paper and makes it unpleasant to work with.
Space ✓ – the system should occupy as little space as possible.
Duration of filing ✓ – documents should only be kept for as long as they are required. ✓

3.2 • Both parties must be in agreement.
• The parties must be legal.
• Legal formalities must be complied with.
• Performance must be made possible by the conclusion of the contract.
• The contract or performance must be legitimate.
• The performance must be determined or determinable.

3.3 Where the three elements of sale are present (agreement, merchandise and price), ✓ a sale contract is completed whether or not delivery of the item has been made or the price has been paid. ✓
Where the parties agree that the sale must be in writing, ✓ then no valid contract exists until a recording is made and signed by both parties. ✓
Sale contract in respect of lien must be in writing ✓ and signed. ✓
Sale of business must be advertised under the Insolvency Act of 1936 by the person selling or transferring his business. ✓
The advertisement must appear in the Government Gazette and in the local newspaper. ✓

3.4 An offer is an undertaking made by at least one party and the acceptance of it by at least one other person. ✓ The offer and the acceptance must have a fixed purpose and must be taken seriously by both parties. ✓
QUESTION 4

4.1 • Keep production cost and production time to a minimum.
• The workshop produces products of better quality faster.
• More efficiently through better use of machines, labour and space.
• It is easier to control and supervise the labour force.
• Workers have greater job satisfaction.
• Working conditions are safer and more pleasant.
• You can make programme and production changes easily. (Any 5 x 1) (5)

4.2 • Is the area suitable with regard to my competition?
• Is it in a high traffic area and are neighbouring stores doing good business?
• Will the demand for my product/service grow at this location?
• If parking is required, is it adequate and conveniently accessible?
• Is the surrounding market a stable or growing one?
• Is the location dependent on seasonable business?
• Is the area safe from vandals and is there good security protection?
• Can purchased products be easily delivered?
• Are there transport facilities (bus stops/taxi ranks/trains) nearby?
• Is the location easily accessible?
• What future developments are planned for the area? (Any 10 x 1) (10)

4.3 • Inadequate/poor control
• Transport routes too long
• Congestion of workers and material
• Frequent accidents/higher accident rate
• Bottlenecks in the production lines
• Unnecessary handling of material and equipment.
• Low workers’ performance/morale Any 5 x 1) (5)

4.4 • Relatively expensive (fuel/traffic fines/toll roads)
• Less reliable due to accidents and weather conditions
• High maintenance costs
• Damaged roads/poor road conditions
• The carriage capacity of vehicles is relatively limited
• High traffic volume causes delays (Any 5 x 1) (5)

4.5 • Good personnel relations
• Good communication with employees.
• In-service training done easier.
• Discussions/negotiations with trade unions/worker representatives easier.
• Building/enhancing morale of workers by means of incentives, bonuses.
• Acknowledgement of performance.
• Efficient personnel recruitment procedures/services.
• Better working conditions. (5)

TOTAL: 100

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