



EXAMINATIONS COUNCIL OF ESWATINI  
Eswatini General Certificate of Secondary Education

CANDIDATE  
NAME

--

CENTRE  
NUMBER

--	--	--	--	--

CANDIDATE  
NUMBER

--	--	--	--

**BUSINESS STUDIES**

**6897/02**

Paper 2

**October/November 2023**

**1 hour 30 minutes**

Candidates answer on the Question Paper.

No Additional Materials are required.

**READ THESE INSTRUCTIONS FIRST**

Write your name, Centre number and candidate number in the spaces provided.  
Write in dark blue or black pen.

Do **not** use staples, paper clips, highlighters, glue or correction fluid.

Answer **all** questions.  
You may use a calculator.

The businesses described in this question paper are entirely fictitious.

At the end of the examination, fasten all your work securely together.  
The number of marks is given in brackets [ ] at the end of each question or part question.

For Examiner's Use	
1	
2	
3	
4	
<b>Total</b>	

This document consists of **10** printed pages and **2** blank pages.

## KASI SWAG

Kasi Swag is a clothing outlet in Matsapha that produces printed t-shirts for different market segments. The business is owned by Ken. The business is growing fast and Ken is planning to form a partnership with his brother Mark. However, Mark has advised Ken to convert the business into a close corporation.

Kasi Swag employs more than fifty workers. Ken is in charge of the daily operations of the business. The business uses both financial rewards and non-financial reward to motivate employees. Ken uses an autocratic leadership style. He believes this is the best style to use when managing workers.

Ken has decided to open two more branches to allow the business to enjoy economies of scale. He supports the objectives of the Southern African Development Community (SADC) and he wants to take advantage of existing free trade agreements.

The Government has raised concerns about the external costs resulting from some of the businesses which operate at Matsapha. The Government is also aware of the external benefits which are associated with these businesses. Ken is worried that the Government might introduce penalties to reduce the external costs of business activity.

### **APPENDIX 1**

Press Statement from the Environmental Authority

#### **Notice to all businesses**

The authority has noticed with great concern how businesses neglect to take responsibility of their surroundings. This has led to led to serious environmental damage.

Businesses found not following laid down policy on environmental protection will be heavily fined.

### **APPENDIX 2**

Notice to convert business to a close corporation

To: Registrar of companies

This serves to notify your office of intention to convert the Kasi Swag business into a close corporation.

One member has agreed to invest in the business to become part-owner. Attached are the necessary documents.

### **APPENDIX 3**

Financial Information from Kasi Swag for (2021–2022)

<b>Items (E)</b>	<b>2021</b>	<b>2022</b>
Annual fixed costs	12 000	18 000
Average variable cost	90	50
Selling price per unit	150	170

1 Kasi Swag is a clothing outlet that produces printed t-shirts for different market segments.

(a) Explain **two** ways in which Kasi Swag can segment its market.

Way 1: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

.....

.....

Way 2: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

.....

..... [8]



2 The business uses both financial rewards and non-financial rewards to motivate employees.

(a) Explain **one** financial reward and **one** non-financial reward that could be used by Kasi Swag.

Financial reward: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

Non-financial reward: .....

.....

Explanation: .....

.....

.....

.....

.....

..... [8]



3 Ken has decided to open two more branches to allow the business to enjoy economies of scale.

(a) Explain **two** types of economies of scale that Kasi Swag could benefit from as it expands.

Economies of scale 1: .....

.....

Explanation: .....

.....

.....

.....

.....

Economies of scale 2: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

..... [8]





4 The Government is concerned about the external costs and external benefits of the businesses operating at Matsapha.

(a) Explain **one** external cost and **one** external benefit that could result from the operation of Kasi Swag.

External cost: .....  
.....

Explanation: .....  
.....  
.....  
.....  
.....  
.....  
.....

External benefit: .....  
.....

Explanation: .....  
.....  
.....  
.....  
.....  
.....

[8]

Refer to **appendix 3** that shows Kasi Swag's financial information.

- (b) Calculate the business's break-even quantity for 2021 and 2022 and advise Ken if the business will be able to generate enough profit to finance its growth.

**2021**

BEP .....

.....

.....

.....

.....

.....

.....

.....

**2022**

BEP .....

.....

.....

.....

.....

.....

.....

.....

Evaluation .....

.....

.....

.....

.....

.....

.....

.....

.....

..... [12]



