



EXAMINATIONS COUNCIL OF ESWATINI
Eswatini General Certificate of Secondary Education

CANDIDATE
NAME

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CENTRE
NUMBER

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CANDIDATE
NUMBER

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BUSINESS STUDIES

6897/02

Paper 2

October/November 2022

1 hour 30 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your candidate name, Centre number and candidate number on all the work you hand in.
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	
Total	

This document consists of **11** printed pages and **1** blank page.

Nadia Cakes

Nadia Cakes is a confectionery business which produces and sells a variety of cakes and other baked products in Mbabane. Nadia, the owner, employs eight workers, who are members of a trade union. The workers specialise in doing different tasks. Nadia maintains a good relationship with the union so as to avoid harmful industrial action.

Nadia Cakes wants to maintain a high degree of health and safety in the workplace. Nadia wants her business to appeal to different market segments. She uses different strategies to promote her products. She recently created a business website which will be used for trading through e-commerce.

Results from recent market research show that there will be an increase in the demand for confectionery products in the next three years. As a result, Nadia invested in the latest baking equipment to improve quality and efficiency in the business.

Nadia wants to form a joint venture with a business selling fresh flowers. She believes that the joint venture will benefit her business. However, she is worried that if she invests in fresh flowers, the working capital of her existing business might be adversely affected such that it becomes inadequate.

Appendix 1

Nadia Cakes' website advertisement

NADIA CAKES

MOTHERS' DAY SPECIALS

Buy any baked products worth E500.00 and have a chance to win a **FREE** bunch of fresh roses.

Offer valid until 13th May 2023.

“Our mothers are valuable”

Appendix 2

E-mail from Nadia's business advisor.

To: nadia03@freemail.com

From: tracy@realmail.com

Date: 11 December 2022

Subject: Joint-venture

This serves to remind you of a meeting with Linda from GK Flowers concerning the proposed joint venture. This would be a good business investment worth your favourable consideration.

The meeting is scheduled for the 13 December 2022 at 10.00 am at Elegant Lodge, Conference Room 3.

Thank you

Regards

Tracy

Appendix 3

Nadia Cakes financial information projections for year ending 31 December 2023.

Items	Nadia Cakes(E000)
Sales revenue	120
Net profit	25
Current assets including stock	50
Current liabilities	25
Stock	5
Long-term liabilities	0

Joint venture with GK Flowers projected financial information for year ending 31 December 2023.

Items	Joint-venture with GK Flowers(E000)
Sales revenue	350
Net profit	18
Current assets including stock	65
Current liabilities	40
Stock	10
Long-term liabilities	50

1 Nadia maintains a good relationship with the union to avoid industrial action.

(a) Explain **two** types of industrial action that the workers could take against Nadia Cakes.

Industrial action 1:

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Explanation:

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Industrial action 2:

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Explanation:

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2 Nadia Cakes maintains a high degree of health and safety in the workplace.

(a) Explain **two** ways that Nadia Cakes could use to maintain good health and safety practices in the workplace.

Way 1:

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Explanation:

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Way 2:

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Explanation:

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3 Nadia Cakes invested in the latest baking equipment so as to improve quality and efficiency in the business.

(a) Explain **two** ways other than using **new technology** that Nadia Cakes could use to improve quality and efficiency in the business.

Way 1:

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Explanation:

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Way 2:

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Explanation:

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Refer to **appendix 3** that shows Nadia Cakes' financial information for the year ending 31 December 2023 and the projected financial information for the joint venture with GK Flowers for the year ending 31 December 2023.

(b) (i) Calculate net profit margin for the two businesses.

Net profit margin for Nadia Cakes

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Net profit margin for the joint venture

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(ii) Advise Nadia based on your calculations whether the joint venture with GK Flowers would or would not be a viable business decision.

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..... [4]

4 Nadia is worried that investing in the proposed fresh flower joint venture with GK Flowers will negatively affect the working capital of the business.

(a) Explain **two** reasons why adequate working capital is important for Nadia's business.

Reason 1:

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Explanation:

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Reason 2:

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Explanation:

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