



# higher education & training

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Department:  
Higher Education and Training  
**REPUBLIC OF SOUTH AFRICA**

N450(E)(M28)H

## **NATIONAL CERTIFICATE**

### **ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4** (Second Paper)

(4090304)

**28 May 2019 (X-Paper)**  
**09:30–12:00**

#### **OPEN-BOOK EXAMINATION**

**Calculators and FIVE reference works, including dictionaries, textbooks and student files containing lesson notes, may be used.**

**This question paper consists of 6 pages and 1 answer sheet.**

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**REPUBLIC OF SOUTH AFRICA**  
NATIONAL CERTIFICATE  
ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4  
(Second Paper)  
TIME: 2½ HOURS  
MARKS: 200

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**NOTE:** If you answer more than the required number of questions only the required number will be marked. Clearly cross out ALL work you do NOT want to be marked.

**INSTRUCTIONS AND INFORMATION**

1. Answer any THREE questions.
2. Read ALL the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Answer SECTION B (Second Paper) in the ANSWER BOOK, except for QUESTION 4.2 which must be answered on the attached ANSWER SHEET.
5. Write neatly and legibly.

**YOU MAY NOT TURN THE PAGE BEFORE THE INVIGILATOR  
INSTRUCTS YOU TO DO SO.**

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**SECTION B****QUESTION 1****CELEBRATING AFRICA'S YOUNGEST ENTREPRENEURS**

Born in the rural area of Mbale, Uganda, Andrew Mupuya moved to Kampala on a half bursary to study at an advanced level. It later became a hurdle to cater for his needs while at school after his parents became unemployed. In 2008, at the age of 16, Andrew saw a market opportunity in creating paper bags. As the Ugandan government leaned towards a ban on the use of polythene plastic bags, Andrew decided to venture into an environmentally friendly project of paper-bag production.







With no initial capital, Andrew cleaned the environment by collecting used plastic bottles and selling them to a plastic-recycling plant. After he had raised his initial seed capital of 36 000 Ugandan shillings, he soon started making paper bags on a small scale while still in high school.

In 2010, Andrew registered his new company, Youth Entrepreneurial Link Investments (YELI). YELI is now the first local registered paper-bag and envelope-producing company in Uganda. His business has grown to employ 22 people, the eldest of which is 53. YELI's customer base includes local hospitals, retail shops, roadside sellers, super markets, and major local flour-manufacturing companies like Maganjo Grain Millers and Akamai Foods. YELI was the winner of a 2,6 million-Ugandan shilling ILO business-plan competition. From his earnings, Andrew is able to pay for his bachelor's degree in commerce at Makerere University, pay salaries for his staff, and support his family in Mbale by opening up a distribution outlet of bags and envelopes for his mother to sell. In addition to managing his growing enterprise, Andrew has found time to train over 500 individuals, mostly young people, on how to make paper bags through which 16 other projects have been set up. His personal goal is to employ 60 people by 2015 and set up a paper bag-making plant to achieve the vision of a cleaner Africa.


Andrew has now diversified his line to include gift bags. He is the recipient of the 2012 FERD Award for Social Entrepreneur of the Year. He has been recognised by Tony Elemelu for the Tony Elemelu Prize in Business Award in 2014. In 2012 he won first place at the Anzisha Prize Awards, a competition that recognises and celebrates African entrepreneurs under the age of 22 years who are using business to solve problems in their communities.

[Source: [www.anzishaprize.org](http://www.anzishaprize.org)]

- 1.1 Identify and discuss TWO merits of entrepreneurship with reference to the information in the case study.  (12)
- 1.2 Why did Andrew Mupuya start this business? Give TWO reasons.  (2 × 2) (4)
- 1.3 Complete a SWOT analysis for YELI. Give TWO elements in each category. (16)


- 1.4 Identify statements from the case study which support the following qualities of an entrepreneur: 
- 1.4.1 Energy
- 1.4.2 Organising (2 × 4) (8)
- 1.5 Write each of the following acronyms in full:
-  1.5.1 SMME
- 1.5.2 SARS
- 1.5.3 VAT (3 × 2) (6)
- 1.6 Which creativity method did Andrew use to generate business ideas? Substantiate the answer. (4) [50]

## QUESTION 2


- 2.1 You are planning to open a business in your local area.  
Select a product/service that you want to use as a business idea. You may use the product/service of your business plan that you completed this semester. (2)
- 2.2 Write an executive summary of your business plan. Use the business idea you have chosen in QUESTION 2.1.  (4 × 2) (8)
- 2.3 Compile a questionnaire to ascertain whether or not people would buy your specific product/service. Your questionnaire must include the name of the business, two open-ended questions, two close-ended questions and clear instructions of what the respondents must do. (14)
- 2.4 Name TWO factors of the external business environment that may pose opportunities and threats to the operations and performance of your business. Explain how these factors will influence your business. (6)
- 2.5 List FIVE source documents that a small-business owner must keep. (5 × 2) (10)
- 2.6 Draw a mind map for an entrepreneur who wants to open a clothing store. (10) [50]


**QUESTION 3**

Palesa owns a small business that sells jewellery. She displays her jewellery designs at craft fairs, church bazaars and flea markets. One of the local boutique owners have agreed to display her work for a fee. 

- 3.1 Give Palesa's business a creative name and explain why you have chosen the name. (3 × 2) (6)
- 3.2 What are the legal requirements for this type of business? (3 × 2) (6)
- 3.3 Complete a marketing-mix analysis for Palesa's business.
- Write the explanations under each of the following headings:
- 3.3.1 Product and packaging
-  3.3.2 Advertising and sales promotion
- 3.3.3 Distribution channels
- 3.3.4 Pricing techniques (4 × 6) (24)
- 3.4 Create a flier that Palesa could give to her potential customers. (10)
- 3.5 Calculate the selling price if a bracelet costs R180 to manufacture and the mark-up percentage is 25%. (4)
- [50]**

**QUESTION 4**


- 4.1 Nomvo is a young entrepreneur who owns a cosmetic shop called Glow. She believes in offering quality products and services that will give customers value for money. 
- 4.1.1 Nomvo wants to know how the customers feel about her products and services.
- Create an after-sales evaluation form for her business. The evaluation form must include FOUR appropriate questions for her type of business. (12)
- 4.1.2 Which security measures should she implement to prevent shoplifting? (5)

- 4.2 Use the following information to draw up the estimated cash-flow statement for the next THREE months on the ANSWER SHEET (attached). At the end of January 2017 we had a favourable bank balance of R8 000. 


MONTH	ESTIMATED SALES	ESTIMATED PURCHASES
January	R8 000	R4 500
February	R5 000	R3 000
March	R6 000	R4 000
April	R7 500	R5 000

### OTHER INFORMATION:

1. The average expenses per month are:



Wages	R1 500
Rental	R1 200
Telephone	R550
Electricity	R180
Fuel	R500

2. We bought a computer in January. We paid R2 000 deposit and monthly payments thereafter are R650 for the next two years.
3. 30% of ALL sales are on credit. Debtors usually pay 30 days later.
4. 20% of ALL purchases are on credit. We usually pay 30 days later.
5. In March we will sell an old van for R15 000 cash. 
6. In March we will buy an office desk. The deposit will be R1 500 and the monthly instalments thereafter will be R450 for the next two years.

(33)  
[50]

**TOTAL SECTION B: 150**  
**GRAND TOTAL: 200**

ANSWER SHEET      EXAMINATION NUMBER:

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**QUESTION 4.2**

**ESTIMATED CASH-FLOW STATEMENT**

MONTH	FEBRUARY	MARCH	APRIL
<b>CASH RECEIPTS</b>			
Bank balance at beginning of month			
Cash sales			
Credit sales			
Other income			
<b>TOTAL CASH AVAILABLE</b>			
<b>CASH PAYMENTS</b>			
Monthly expenses			
Cash purchases			
Credit purchases			
Other payments			
<b>TOTAL CASH PAYMENTS</b>			
Bank balance at the end of month			