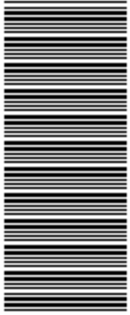


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higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N470(E)(M31)H
JUNE EXAMINATION

NATIONAL CERTIFICATE

ENTREPRENEURSHIP AND BUSINESS
MANAGEMENT N5
(Second Paper)

(4090315)

31 May 2016 (X-Paper)
09:30–12:00

OPEN-BOOK EXAMINATION

This question paper consists of 5 pages.

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA
NATIONAL CERTIFICATE
ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N5
(Second Paper)
TIME: 2½ HOURS
MARKS: 150

NOTE: If you answer more than the required number of questions, only the required number of questions will be marked. All work you do not want to be marked must be clearly crossed out.

INSTRUCTIONS AND INFORMATION

1. Answer only THREE questions.
 2. Read ALL the questions carefully.
 3. Number the answers according to the numbering system used in this question paper.
 4. Marks will NOT be allocated for copying directly from textbooks.
 5. Neatness and systematic presentation of facts are required.
 6. Write neatly and legibly.
-

QUESTION 1

Read the case study below and answer the questions.

NoziphoKhoza started a Florist Magic in her backyard in Pimville, Soweto. She enjoys creating flower arrangements. She uses both fresh and artificial flowers for her creations on the customer's requests. Today Florist Magic is a well established and highly regarded business that provides flowers for all occasions. She has two female assistants, a salesperson and a delivery man.

- 1.1 Explain FOUR ways in which Nozipho could contribute towards the social responsibility in her community by working with the church. (4 × 2) (8)
- 1.2 Nozipho realised that the success of her business depends on teamwork. Advise Nozipho on FOUR methods that she could include in a programme to develop teamwork. (4 × 2) (8)
- 1.3 What practical steps can Nozipho take as an entrepreneur to maintain or improve her personality? (4 × 4) (16)
- 1.4 Explain the steps that Nozipho could follow when employing a driver for her business. (7 × 2) (14)
- 1.5 As Florist Magic becomes popular through marketing, customers would like to buy flowers on credit. Which procedure should be followed for the screening of debtors to eliminate bad debts? (2 × 2) (4)
- [50]**

QUESTION 2

- 2.1 Is Florist Magic a leased or an owned business? Motivate the answer by quoting a supporting statement from the case study. (4)
- 2.2 Draw up a job description for the sales person at Florist Magic. (10)
- 2.3 Explain how each of the following labour legislations would impact on Nozipho's business:
- 2.3.1 Basic Conditions of Employment Act
- 2.3.2 Unemployment Insurance Fund Act
- 2.3.3 Machinery and Occupational Safety Act (3 × 4) (12)
- 2.4 Suggest SIX methods that Nozipho could employ to motivate her staff. (6 × 2) (12)
- 2.5 How can Nozipho use control process to confirm that the new employee is perfect for the job? (6 × 2) (12)
- [50]**

QUESTION 3

- 3.1 Nozipho is faced with a challenge. She has R30 000 and needs to make a decision about whether to employ an additional lady who does flower arrangements or to renovate her business. Using steps in the decision making process, to help Nozipho to make a proper decision. (8 × 2) (16)
- 3.2 State FOUR factors that would contribute towards the success of Florist Magic business. (4 × 2) (8)
- 3.3 Explain how Nozipho's business contributes to the country's economy. (2 × 2) (4)
- 3.4 Explain to Nozipho what is meant by *participative decision making* and state THREE Advantages thereof. (4 × 3) (12)
- 3.5 Construct a brief mission statement for Nozipho's business. (5 × 2) (10)
- [50]**

QUESTION 4

Linda Brown opened a business by the name of 'Craft for Africa' in Green market Square in Cape Town. She bought all her wood frames, wire for toys, African beads and paint materials from a local supplier. She runs a big business which caters for the tourism industry and she also exports goods to overseas countries.

Refer to the financial statements below and answer the questions.

NOTE: Make use of figures before tax and show ALL the calculations.

**INCOME STATEMENT OF CRAFTS FOR AFRICA FOR THE YEAR ENDED
30 NOVEMBER 2014**

| | | |
|-------------------------|-----------|--------------------|
| Sales | | <u>R 1 439 200</u> |
| Cost of sales | | <u>R 748 200</u> |
| Gross profit | | R 691 000 |
| Less: Selling expenses | | <u>R 633 000</u> |
| Overheads | R 609 000 | |
| Administrative expenses | R 24 000 | |
| Net income before tax | | R 58 000 |
| Less tax | | <u>R 17 200</u> |
| Net income before tax | | <u>R 40 800</u> |

| BALANCE SHEET OF CRAFTS FOR AFRICA AS AT 30 NOVEMBER 2014 | | |
|--|-----------|------------------|
| <u>Employed capital</u> | | R 374 000 |
| Owner's equity | | |
| Capital | R 333 200 | |
| Net profit | R 40 800 | |
| Long term liabilities | | <u>R 200 000</u> |
| | | <u>R 574 000</u> |
| <u>Employed of capital</u> | | |
| Fixed assets | | |
| Land and building | R 460 000 | R 514 000 |
| Machinery | R 54 000 | |
| <u>Net current assets</u> | | R 60 000 |
| Current assets | R 110 000 | |
| Stock | R 10 000 | |
| Debtors | R 80 000 | |
| Cash | R 20 000 | |
| Less: current liabilities | R 50 000 | |
| Creditors | R 50 000 | <u>R 574 000</u> |

- 4.1 How well is the business compensating the owner for the risk that she took?
HINT: Return on Investment. (6)
- 4.2 Was it worthwhile to take the risk? Give TWO reasons. (6)
- 4.3 Does the business have enough cash to pay its debts?
HINT: ACID test ratio, average collection period (50% of sales are on credit) (12)
- 4.4 Work out the short-term liquidity position of the business.
HINT: Current ratio. (6)
- 4.5 Identify FIVE departments that have to be considered for the business to be successful. (5 × 1) (5)
- 4.6 Identify FIVE aspects of operations management control and explain how each would contribute to Linda's business. (5 × 3) (15)
- TOTAL: 150**