



# higher education & training

---

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

N470(E)(J4)H

**NATIONAL CERTIFICATE**

**ENTREPRENEURSHIP AND BUSINESS  
MANAGEMENT N5**

(Second Paper)

(4090315)

**4 June 2018 (X-Paper)**

**09:00–11:30**

**OPEN-BOOK EXAMINATION**

**Calculators may be used.**

**Candidates may take 5 reference works into the examination venue.**

**This question paper consists of 7 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 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. Marks will NOT be allocated for copying directly from textbooks.
  5. Write neatly and legibly.
-

**NOTE:** Answer any THREE of the four questions.

### QUESTION 1

Koba Mathe started his transport business at the age of 20, after his parents had died in a motor car accident. His business is located in the township of Phomolong in the Free State. Koba employs 15 people and he is now one of the few young entrepreneurs in the transport industry. The business transports students, school children and workers to their destinations on a daily basis. Koba owns five buses, six taxis and three small cars. He wants to expand his business to other parts of the country.

- 1.1 Name and explain SEVEN steps that Koba Mathe can apply to ensure better self-management in his business. (7 × 3) (21)
- 1.2 Koba cannot decide whether to expand his business to other parts of the country or to employ three additional employees.  
Explain to Koba Mathe the steps he should take in the decision-making process to help him solve the problem. (8 × 2) (16)
- 1.3 Explain how each of the following direct external environmental factors may influence Koba's transport business:
- 1.3.1 Customers
- 1.3.2 Suppliers
- 1.3.3 Competitors
- 1.3.4 Government (4 × 2) (8)
- 1.4 Explain to Koba why it is important to have a good knowledge of the Basic Conditions of Employment Act. (5 × 1) (5)
- [50]**

### QUESTION 2

- 2.1 Draw up an advertisement that Koba can use for the post of driver for his new 56-seater bus. (10)
- 2.2 Advise Koba on how he can use each of the factors below to motivate his employees.
- 2.2.1 Working conditions
- 2.2.2 Needs satisfaction
- 2.2.3 Management style (3 × 4) (12)

- 2.3 How can Koba use his transport business to contribute socially to the economic development of the area? (5 × 2) (10)
- 2.4 Koba is going on holiday and plans to delegate some of his responsibilities to Tau Lesesa, his manager.
- What are the important factors that Koba Mathe should consider when delegating duties to Tau Lesesa? (8)
- 2.5 As one of his delegated duties Tau was asked to appoint a marketing administrator.
- Assist him in drawing up a job specification for the post of marketing administrator. (10)
- [50]**

### QUESTION 3

Refer to the financial statements below and answer the questions.

**NOTE:** Make use of figures after tax and show ALL calculations.  
40% of ALL sales are on credit.

| <b>INCOME STATEMENT OF KM TRADING FOR THE YEAR ENDED<br/>28 FEBRUARY 2018</b> |                  |
|---|------------------|
| Sales   | R 675 500        |
| Cost of sales   | R <u>250 000</u> |
| Gross profit  | R 425 500        |
| Less operating income   | R <u>105 500</u> |
| Net profit before tax   | R 320 000        |
| Less tax  | R <u>20 120</u>  |
| Net profit after tax  | R <u>299 880</u> |

| <b>BALANCE SHEET OF KM TRADING FOR THE YEAR ENDED<br/>28 FEBRUARY 2018</b> |         |                  |
|--|---------|------------------|
| <b>FIXED ASSETS</b>  |         | <b>380 000</b>   |
| Land and building  | 270 000 |                  |
| Vehicles   | 110 000 |                  |
| <b>CURRENT ASSETS</b>  |         | <b>730 000</b>   |
| Stock  | 280 000 |                  |
| Debtors  | 150 000 |                  |
| Cash   | 300 000 |                  |
|  |         | <u>1 110 000</u> |
| <b>EMPLOYMENT OF CAPITAL</b>   |         |                  |
| Capital employed   |         | 690 000          |
| Owner's equity   |         |                  |
| Capital  | 390 120 |                  |
| Plus: Net profit   | 299 880 |                  |
| Long-term liabilities  | 314 000 |                  |
| Creditors  | 314 000 |                  |
|  |         | 1 110 000        |

- 3.1 Calculate the return on investment. (5)
- 3.2 Calculate the short-term liquidity position of the business (current ratio). (5)
- 3.3 Does the business have enough cash to pay its debts?  
**HINT:** Acid-test ratio, average collection period (10)
- 3.4 State FIVE quality control systems that KM Trading should put in place to manage the business. (5 × 2) (10)
- 3.5 Explain FIVE factors that the purchasing manager of KM Trading should consider when planning to purchase stock for the business. (5 × 2) (10)

3.6 Explain how the following external factors can affect the business of KM Trading:

3.6.1 Technological forces

3.6.2 International forces

3.6.3 Cultural forces

3.6.4 Economy

3.6.5 Community

(5 × 2)

(10)  
[50]

#### QUESTION 4

4.1 Refer to the TAX POCKET GUIDE below and answer the questions.

##### TAX POCKET GUIDE

Compiled by the South African Revenue Service

##### INCOME TAX INDIVIDUALS AND BUSINESSES

Tax rates (year of assessment ending 28 February 2016)

|                   |   |
|-------------------|---|
| 0–180 000         | 18% of the taxable income                         |
| 180 001–282 650   | 32 400 + 25% of taxable income above 180 000      |
| 282 651–384 520   | 58 063 + 30% of the taxable income above 282 650  |
| 384 521–580 850   | 126 779 + 35% of the taxable income above 384 520 |
| 580 851–670 780   | 160 952 + 38% of the taxable income above 580 850 |
| 670 781 and above | 196 924 + 40% of the taxable income above 670 780 |

##### TAX REBATES

|                                  |         |
|----------------------------------|---------|
| Primary                          | R20 546 |
| Secondary (persons 65 and above) | R19 574 |
| Tertiary (persons 70 and above)  | R5 090  |

Help Koba Mathe to calculate the yearly tax and the monthly tax due to SARS by each of the following persons:

- 4.1.1 James, a 45-year-old driver, with an annual salary of R195 800
- 4.1.2 Bonki, a 65-year-old bus driver, with an annual salary of R195 800
- 4.1.3 Peterson, a 72-year-old workshop manager, with an annual salary of R195 800

(20)

- 4.2 Shabalala has just completed her studies in Business Management. She plans a career in the tourism business as she is from the coast.

How can she use the following methods to become more competitive?

- 4.2.1 Potential new entrants
- 4.2.2 Advertising promotions
- 4.2.3 Improvement of products/services
- 4.2.4 Price competition
- 4.2.5 Customer services

(5 × 2) (10)

- 4.3 Explain to would-be entrepreneurs the nature of each of the following:

- 4.3.1 Basic Conditions of Employment Act
- 4.3.2 Workmen's Compensation Act
- 4.3.3 Labour Relations Act
- 4.3.4 Unemployment Insurance Fund
- 4.3.5 Machinery and Occupational Safety Act

(5 × 4) (20)  
**[50]****TOTAL: 150**