



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N460(E)(N15)H
NOVEMBER EXAMINATION
NATIONAL CERTIFICATE
**ENTREPRENEURSHIP AND BUSINESS
MANAGEMENT N5**
(Second Paper)
(4090315)

15 November 2016 (X-Paper)
09:30–12:00

Candidates may use FIVE sources including a dictionary and a calculator.

No electronic dictionaries may be used.

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: 2.5 HOURS
MARKS: 150

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

INSTRUCTIONS AND INFORMATION

1. Answer any THREE of the FOUR questions.
 2. Read ALL the questions carefully.
 3. Number the answers according to the numbering system used in this question paper.
 4. Write neatly and legibly.
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ANSWER ONLY **THREE** QUESTIONS.

QUESTION 1

Read the case study below and answer the questions.

Paul Diale is a chief chef at Pimville in Johannesburg. He has won the Young Chef of the Year Award in 2010. He obtained his qualification at Tshwane South College (TSC) in Pretoria. He worked at several restaurants and hotels including the Manhattan hotel. Early in 2009 he established his well-known catering company, Bogoshi Catering in the Johannesburg CBD. His goal was based on good customer service, quality products and value for money. The business grew so rapidly that he managed to employ five permanent and two casual employees. His regular clients are schools, and customers from the city council and nearby areas. He specialises in lunches and buffets.

- 1.1 Proactive means taking initiative. Will you regard Paul Diale as proactive? Give FIVE reasons for your answer. (5 × 2) (10)
- 1.2 Do you think that Paul runs a formal or informal business? Give THREE reasons for your answer. (3 × 2) (6)
- 1.3 Name and explain THREE types of skills that Paul should possess as an entrepreneur. (3 × 3) (9)
- 1.4 Indicate how Paul's business contributes to the country's economy. (2 × 2) (4)
- 1.5 Identify FIVE departments that Paul has to consider for the business to be successful. (5 × 2) (10)
- 1.6 Define the term *competitors*. (2)
- 1.7 Bad marketing planning is an ongoing process of identifying the target market. State whether this statement is TRUE or FALSE. (1)
- 1.8 Paul Diale realised that the success of his business depends on teamwork. Advise Paul on FOUR methods that could be included in a programme to develop teamwork. (4 × 2) (8)

[50]

QUESTION 2

(Continuation of case study in QUESTION 1)

- 2.1 Motivation is the most important aspect of leadership.
 Explain SEVEN methods that Paul could use to motivate his employees. (7 × 2) (14)
- 2.2 Give FIVE examples of social responsibility Paul has towards the community. (5 × 2) (10)
- 2.3 Advise Paul on how he could stimulate sales during a recession. (5 × 2) (10)
- 2.4 The following job specifications were drawn up. You are required to assist Paul in creating an advert for the local newspaper.
 Place the advertisement in a frame and it may not be more than 30 words.

Job specifications	
Title:	Bookkeeper
Report to:	Paul/Owner
Purpose of the job:	Bookkeeping up to trial balance
Responsibilities:	
1.	Record all income and expenditure
2.	Banking and petty cash
3.	Financial record keeping for auditing purposes
4.	Issuing of debit and credit notes
5.	Buying stock
Supervisor:	Owner
Minimum qualification:	National diploma with financial accounting majors
Competencies:	Computerised Financial Bookkeeping (Pastel)
Experience:	Minimum two years bookkeeping in the restaurant sector.
Benefits:	Salary range between R5 000 and R7 000 per month, good working conditions, payment for overtime.

(16)
[50]

QUESTION 3

Read the following scenario and answer the questions.

Lydia Ray, a 30 year-old clothing designer was influenced by her mother, who is a theatre costume designer. After her graduation, she volunteered to work at Debby clothing company for two years. Although she was paid only R500 monthly her main purpose was to acquire the necessary skills to start her own brand. Through loans from her mother and the bank she opened the La Ray clothing studio in 2009. She specialises in wedding dresses, suits and career-type dresses. She already has two shops, one in Pretoria and another one in Witbank.

- 3.1 How can Lydia use a control process to ensure that new employees are able to do the work efficiently? (6 × 2) (12)
- 3.2 Lydia asks you to help her to oversee the selection process to employ a dress maker.
Explain in a practical manner how will you go about finding the best person for this position with regard to the following:
- 3.2.1 Application forms (2 × 2) (4)
- 3.2.2 Initial interview (3 × 2) (6)
- 3.2.3 Tests (3 × 2) (6)
- 3.2.4 Induction (2 × 1) (2)
- 3.3 Lydia has the responsibility to determine the salaries and wages of her employees.
Identify FIVE factors that influence the determination of salaries and wages. (5 × 2) (10)
- 3.4 Lydia Ray needs to be aware of the legislations that govern the workplace when starting to employ people.
What is Lydia's legal responsibility according to the following acts:
- 3.4.1 Unemployment Insurance Fund (2 × 2) (4)
- 3.4.2 Labour Relations Act (2 × 2) (4)
- 3.4.2 Machinery and Occupational Act (2 × 1) (2)
- [50]**

QUESTION 4

Study the financial statements below and answer the questions.

Income statement of Pies For Africa for the year ending 29 Feb 2016

Sales	30 000
Less: Cost of sales	<u>23 625</u>
Gross profit	6 375
Less: Expenses	4 500
Interest on loan	750
Net profit (before tax)	1 125
Less income tax	<u>395</u>
Net profit (after tax)	<u>730</u>

Balance sheet of Pies For Africa as at 29 Feb 2016

Capital Employed	
Owners' equity	10 730
Capital	10 000
Net profit	730
Long-term liabilities	<u>12 000</u>
	<u>22 730</u>
Employment of Capital	
Fixed assets	15 000
Machinery	15 000
Net working capital	
Current assets	7 730
Cash	11 500
Stock	10 000
Current liabilities	1 500
Creditors	<u>3 770</u>
	<u>22 730</u>

NOTE: Make use of figures before taxation and show all calculations.

- 4.1 How well is the business compensating the owner for the risk that she took?
Calculate her return on investment. (6)
- 4.2 Was it worthwhile to take the risk?
Give THREE reasons for the answer. (2 + 3 x 2) (8)

- 4.3 Work out the short-term liquidity position of the business.
HINT: Current ratio (6)
- 4.4 As Pies for Africa becomes popular through marketing, customers would like to buy pies on credit.
Which procedures should be followed for screening of debtors to eliminate bad debts? (4 × 2) (8)
- 4.5 Define the term *group dynamics* and explain how it would impact on the employees at Pies for Africa who work in a stressful environment. (10)
- 4.6 Give a brief description of economies of scale. (3)
- 4.7 Explain why it is important for an entrepreneur to have a good knowledge of the Basic Conditions of Employment Act. (9 × 1) (9)
- TOTAL: 150**