



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N470(E)(N13)H

NATIONAL CERTIFICATE

ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N5

(Second Paper)

(4090315)

13 November 2018 (X-Paper)

09:30–12:00

OPEN-BOOK EXAMINATION

Calculators may be used.

Candidates may take FIVE reference works into the examination venue.

This question paper consists of 6 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.
-

SECTION A**QUESTION 1**

Mary Fisher decorates homes using traditional materials and methods, but recently she has decided to use modern materials and methods. People who visit her home are impressed and want her to decorate their homes for weddings, graduation and birthday celebrations. She was awarded the contract to decorate the venue for Miss South Africa 2017.

- 1.1 Explain how each of the following indirect external environments can affect Mary Fisher's business:
- 1.1.1 Economic environment
 - 1.1.2 Technological environment
 - 1.1.3 International environment
 - 1.1.4 Cultural environment
 - 1.1.5 Suppliers
- (5 × 4) (20)
- 1.2 Self-management is a key to business success.
Explain to Mary how she could achieve better self-management by using the seven-step approach. (7)
- 1.3 State any FOUR quality control systems that Mary should establish to ensure that her business is managed properly. (8)
- 1.4 Write down the acronym SARS in full. (1)
- [50]**

QUESTION 2

- 2.1 Advise Mary on how she can use each of the factors listed below to motivate her employees:
- 2.1.1 Working conditions
 - 2.1.2 Needs satisfaction
 - 2.1.3 Management style
- (3 × 4) (12)

- 2.2 What important factors should Mary keep in mind when she wants to delegate duties to an employee? (5 × 2) (10)
- 2.3 Explain how Mary's business contributes to the South African economy. (4)
- 2.4 The Department of Labour has issued a warning to all business owners to adhere to the Labour Relations Act when dealing with employee issues. A few weeks after the warning, Mary asks your help her with some laws.
- Explain each of the following Acts:
- 2.4.1 Basic Conditions of Employment Act
- 2.4.2 Labour Relations Act
- 2.4.3 Unemployment Insurance Act (UIF)
- 2.4.4 Machinery and Occupational Act
- 2.4.5 Compensation for Occupational Injuries and Diseases Act (5 × 4) (20)
- 2.5 List FOUR costs associated with granting credit to customers. (4) [50]

QUESTION 3

- 3.1 The 2010 FIFA World Cup was hosted by South Africa. Seven years have passed since the event took place, but its legacy can still be felt today. The Bafana Bafana team of 2010 is planning to help the community of Orange Farm.
- Identify any FIVE social contributions they can make to the community of Orange Farm. (5 × 2) (10)
- 3.2 Compile an induction programme for newly appointed staff of the Bafokeng Manufacturing Industry (8:30–16:30). Items should include any TWO policies and an outdoor game. (14)

- 3.3 Distinguish between the TWO *inventory control systems* in the form of a table. (2 × 6) (12)

- 3.4 Jack and Michael were trained by the Orange Business Company. Both employees are experts in their fields of study. Jack is the production coordinator and Michael is an electrical technician. Jack and Michael have developed the tendency of staying away from work after receiving their monthly salaries. Their actions are affecting the business, including other employees. Management has just been informed by other employees that both employees are gay. Their actions and status have caused management to fire them.

Justify your answer either in support of or against management's decision to fire them.

Do you think management acted correctly?

(14)
[50]

QUESTION 4

INCOME STATEMENT OF ORANGE BUSINESS COMPANY AT 31 JULY 2017

Sales		15 000
Less: Cost of sales		(8 063)
Gross profit		6 937
Add other operating income		4 000
Total operating income		10 937
Less: Total operating expenses		(4 537)
Interest on loan		(584)
Net profit before tax		14 890
Less: Tax		(1 250)
Net profit after tax		13 640

BALANCE SHEET OF ORANGE BUSINESS COMPANY AT 31 JULY 2017

FIXED ASSETS		250 000
Land and buildings	100 000	
Equipment	80 000	
Vehicles	70 000	
CURRENT ASSETS		40 500
Stock	11 000	
Trade receivables	25 000	
Cash and bank	4 500	
Total assets		290 500
EQUITY AND LONG-TERM LIABILITIES		283 000
Owner's equity		133 000
Long-term loan		150 000
CURRENT LIABILITY		7 500
Trade and other payables	7 500	
Total equity and liabilities		290 500

NOTE: Use the figure BEFORE tax and show ALL calculations.

4.1 How well is the business compensating the owner for the risk? (5)

4.2 Work out the short-term liquidity position of the business.

HINT: Current ratio (5)

4.3 Does the business have enough cash to pay its debts?

HINT: Acid test, average debtors collection period. Take note that 80% of the total sales is cash. (9)

4.4 Was the risk worthwhile for the owner of Orange Business judging from your calculations?

Give TWO reasons for your answer. (5)

4.5 At breakeven point the business's total sales (income) equals the total expenses. The Fresh Produce Shop in Bloemfontein sells more than one product.

Additional information

- (a) Fixed cost: R18 000
- (b) Weighted average gross profit (percentage): 45%
- (c) Cost per unit: R20

Calculate the following:

4.5.1 Breakeven point in units for the Fresh Produce Shop (6)

4.5.2 Breakeven point in rands for the Fresh Produce Shop (6)

4.5.3 Breakeven point in rands if the business wants to make a profit of R50 000,00 (9)

4.6 Express the tax amount as a percentage of net profit before tax.

HINT: Tax amount \times 100/Net profit before tax (3)

4.7 What is the gross profit amount from the income statement above? (2)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200