

This question paper consists of 6 pages.

No electronic dictionaries may be used.

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

OPEN-BOOK EXAMINATION

**23 May 2013 (X-Paper)
09:30-12:00**

(4090315)

(Second Paper)

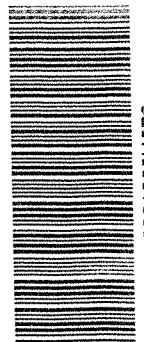
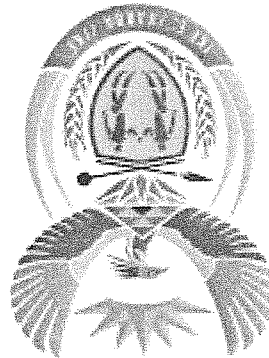
**ENTREPRENEURSHIP AND BUSINESS
MANAGEMENT N5**

NATIONAL CERTIFICATE

**N450(E)(M23)H
JUNE EXAMINATION**

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

**higher education
& training**



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**DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA
NATIONAL CERTIFICATE
ENTREPRENEURSHIP AND BUSINESS MANAGEMENT NS
(Second Paper)
TIME: 2 ½ HOURS
MARKS: 100**

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 only THREE questions.
2. Read ALL the questions carefully.
3. Number the answers correctly according to the numbering system used in this question paper.
4. SECTION B (SECOND PAPER)

5. There are four questions of which the candidates must answer THREE:
2½ HOURS 150
3 HOURS 200

6. Candidates are hereby advised NOT to loose marks by copying directly from their textbooks.

7. Neatness and systematic presentation of facts are required.

8. Write neatly and legibly.

INSTRUCTIONS AND INFORMATION TO INVIGILATORS

- SECTION B (SECOND PAPER) is an OPEN-BOOK EXAMINATION which has to be answered in the prescribed ANSWER BOOK.
- The candidates may use FIVE sources as prescribed.
- The time allocated for this question paper is 2½ hours.
- The question paper must be handed to the candidates FIVE MINUTES BEFORE the examination commences.
- At the end of the examination session the ANSWER BOOK must be handed in. Place the candidate's ANSWER SHEET for SECTION A in the ANSWER BOOK. Make sure that the EXAMINATION NUMBERS correlate and are correct.

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

QUESTION 1

Lira Tycoon, the owner and manager of Cleaning Tycoon Company, started her business after she realised that water and sanitation are serious problems in her community. She turned this problem into an opportunity. Her business specialises in the sale of household and industrial firm's cleaning products.

- 1.1 There are FOUR areas that Lira can concentrate on as an entrepreneur to maintain or improve her personality. Name and explain. (4 × 2) (8)

- 1.2 Lira's success proves her to be an effective entrepreneur and manager. Describe effective self management discussing the following aspects:

- 1.2.1 Beginning with an end mind (2 × 2) (4)

- 1.2.2 The other point of view (2 × 2) (4)

- 1.2.3 Synergy (2 × 2) (4)

- 1.3 Lira hesitates to expand her business to include manufacturing of toilet papers. Use steps in the decision-making process to help Lira make a sound decision. (14)

- 1.4 What is a mission statement? Explain this to Lira and construct a personal mission statement with respect to her business. (10)

- 1.5 Name and explain THREE types of skills that Lira should possess as an entrepreneur. (3 × 2) (6)

[50]

QUESTION 2

Andrew Botha is the owner of EverGreen Gardening Services. He is a civil engineer who realised that with all new developments in South Africa, a huge potential exists for landscaping and gardening business. He started his business by maintaining a few school grounds then extended his business by maintaining the gardens of rich business people. He then received a tender to maintain the parks for a local city council. He employs 30 people 25 are involved in the field and 5 in administration.

- 2.1 Motivation is the most important aspect of leadership. Explain FIVE methods of motivation that Andrew could use to motivate his employees (5 × 2) (10)

- 2.2 Define the term *group dynamics* and explain how it would impact on the employees at EverGreen Gardening Services. Who works in a stressful environment? (5 × 2) (10)

- 2.3 Describe FIVE ways in which Andrew could use his business to develop a social responsibility project in his community. (5 × 2) (10)
- 2.4 List and explain FIVE factors that Andrew has to consider when purchasing stock for his business. (5 × 2) (10)
- 2.5 Identify FIVE departments that Andrew has to consider for business to be successful. (5 × 2) (10)

[50]

QUESTION 3 (Continuation of Case Study in QUESTION 2)

- 3.1 Draw up a programme for a team building exercise that Andrew will hold on Saturday for his staff at a local sport complex from 08:00–16:00. List 10 activities for the day. (Include only ONE sporting activity.) (10 × 2) (20)
- 3.2 What is Andrew's legal responsibilities with regard to the following Acts?
- 3.2.1 Unemployment Insurance Funds Act (2 × 2) (4)
- 3.2.2 Labour Relations Act (2 × 2) (4)
- 3.2.3 Basic Conditions of Employment Act (2 × 2) (4)
- 3.2.4 Machinery and Occupational Act (2 × 2) (4)
- 3.3 How can Andrew use control process to ensure that new employees are perfect for the job. (6 × 2) (12)
- 3.4 The dismissed employee will obviously be negatively affected by the dismissal. TRUE/FALSE? (2 × 1) (2)

[50]

QUESTION 4

Study the financial statements below and answer the questions that follow:

INCOME STATEMENT OF EVERGREEN GARDENING SERVICES FOR THE YEAR ENDED 31 DECEMBER 2012		
Sales	2 500 000	
Less: Cost of Sales	2 100 000	
Gross Profit	400 000	
Less Expenses	300 000	
Net Income before tax	100 000	
Less Tax	40 000	
Net Profit after tax	60 000	
BALANCE SHEET AS AT 31 DECEMBER 2012		
ASSETS		
FIXED ASSETS		
Vehicles	200 000	
Equipment	50 000	
CURRENT ASSETS		
Stock	350 000	
Debtors	250 000	
Cash	50 000	
TOTAL		900 000
OWNER'S EQUITY AND LIABILITY		
Owner's Equity		700 000
Capital	700 000	
Current Liability		200 000
Creditors	200 000	
		900 000

NOTE: Make use of 'After tax' figures in your calculation.

- 4.1 How well does the business compensate the owner for the risk he took? (6)
- [HINT: Return on Investment]
- 4.2 Was it worthwhile to take the risk? Give THREE reasons for your answer. (8)

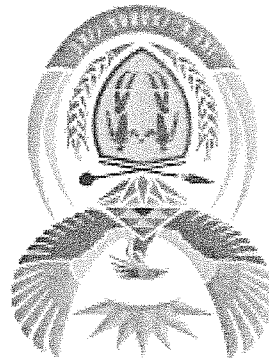
4.3	Does the business have enough cash to pay for its debts? Motivate the answer.	(8)
	[HINT – Acid test ratio]	
	- Accounts – receivable turnover ratio (50% of sales are on credit)	(5)
	- Average collection period	(5)
4.4	If there is no income from sales, will the business still meet its obligations? Make use of current ratio to motivate the answer.	(10)
4.5	One of Andrew's employees has a habit of leaving the workplace without permission. Explain FOUR practical ways that Andrew can use to solve this problem.	(8)
		[50]
	TOTAL SECTION B:	150
	GRAND TOTAL:	200

This marking guideline consists of 7 pages.

23 MAY 2013

**NATIONAL CERTIFICATE
JUNE EXAMINATION
ENTREPRENEURSHIP AND BUSINESS
MANAGEMENT N5
(Second Paper)**

MARKING GUIDELINE



Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

**higher education
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QUESTION 1

1.1.	1.1.1	Physical – Lira must exercise, eat right / must be healthy.	
	1.1.2	Mental – Study, read magazine, consult other media.	
	1.1.3	Spiritual – believe in something e.g. have a religion/attend any type of spiritual meeting.	
	1.1.4	Social – belong to a family, sports, etc., - Socialising with other entrepreneurs and learn from their experience.	(8)
1.2.2	1.2.1	Begin with an end mind – knew what you want to achieve, ✓ have a mental image of where her business will be in the future, ✓ e.g. number of stores	(4)
	1.2.2	Considering other people's views – employees ✓ views and opinions should be considered. Seek advice from mentor or another ✓ person that has been involved in the industry for a long period of time.	(4)
	1.2.3	Synergy working together as team ✓ for better results. Connect all the resources in a logical way so that it can function as a whole e.g. materials, equipment and skilled people ✓	(4)
1.3	Step 1:	Diagnose and define the problem: not certain to expand or not to expand her business. ✓	
	Step 2:	Gather and analyse information: determine the size of the business/determine the size of the competition/equipments needed. ✓	
	Step 3:	Put the real problem in writing: can be in strategic plan of the business/be in a diary or in the agenda of the meeting. ✓	
	Step 4:	Establish decision making criteria – Determine the costs of expansion/discuss it with other staff members in a meeting. ✓	
	Step 5:	Develop alternative solution – avoid risks or no expansion start with a few quantity. ✓	
	Step 6:	Determine possible results: if she hesitates she may never grow/a few quantity will determine whether to succeed or not ✓	
	Step 7:	Make final decision – less quantity will be manufactured to test the water. ✓	
			(14)

QUESTION 2
CASE STUDY 6

1.4	Define mission statement – tells one about the aim of the business and gives the business direction. ✓	(2)
1.5	<ul style="list-style-type: none"> • Name of the business ✓ • Target market ✓ • Purpose of business ✓ • Product / service ✓ • History of the business ✓ • Technology ✓ • Image (provides identity for the business) ✓ 	(8)
1.5.1	Technical skills ✓ – Ability to use her knowledge of cleaning company to provide good service and quality cleaning products. ✓	(4 × 2)
1.5.2	Human skills ✓ – Ability to work with people i.e. know how to communicate, motivate, lead and inspire enthusiasm and trust. ✓	(3 × 2)
1.5.3	Conceptual skills ✓ – Experience in cleaning industry and business environment will allow her to be successful (problem solving skills) ✓	(6)

[50]

2.1	<ul style="list-style-type: none"> • Recognition of good performance. ✓✓ • Ensure safe and health working condition. ✓✓ • Fair remuneration and employee benefits. ✓✓ • Provides employee support programmes. ✓✓ • Promote family welfare. ✓✓ • Promotions – expand organisational structure ✓✓ • Set targets for workers. ✓✓ • Send staff on self-development programmes. ✓✓ • Bonuses. ✓✓ 	(15)
2.2	<p>Group dynamics is when a group is formed, individuals will accept different roles, within the groups. In a group it is important that individuals are able to work together, otherwise arguments and disagreements could occur. ✓</p> <p>Tolerance must exist ✓✓</p> <p>Proper communication channels must be established. ✓✓</p> <p>Environment for respect must be created. ✓✓</p> <p>Resource sharing must be encouraged. ✓✓</p> <p>Opinions of group members must be listened. ✓✓</p>	(8)

2.3	<ul style="list-style-type: none"> • Creates employment • Offer bursaries • Providing sports facilities • Provide funding for projects • Educate unemployment people on how to start their businesses 	(5 × 2) (10)
2.4	<ul style="list-style-type: none"> • Delivery • Quality of products • Reasonable price • Terms of payment • Service • Reputable suppliers • Distance • Credit policy 	(5 × 2) (10)
2.5	<ul style="list-style-type: none"> • Finance department • Marketing department • Personnel department • Purchasing department • Administration department 	(5 × 2) (10)

QUESTION 3

3.1

DATE: ✓
VENUE: ✓

GUEST SPEAKER: LEON BRUCE ✓

SEQUENCE OF EVENTS

- 8:00 Registration and coffee ✓
- 8:30 Welcoming of guests ✓
- 9:00 Speaker: Leon Bruce ✓
- 9:30 Organisational Structure ✓
- 10:00 Teamwork ✓
- 11:00 Tea break ✓
- 11:30 Brainstorming ✓
- 12:00 Lunch break ✓
- 13:00 Social Sporting Events ✓
- 15:30 Tea break ✓
- 16:00 Evaluation and conclusion ✓

(10 × 2)
(20)

3.2	3.2.1	<ul style="list-style-type: none"> • Unemployment Insurance Fund • Ensure employees should contribute to this fund • Ensure employees must contribute to this fund • When employees become unemployed, receive some compensation • Funds only made available unemployed that have contributed. 	(4)	(2 × 2)
	3.2.2	<ul style="list-style-type: none"> • The Act is reference of agreement on how employers and employees should deal with each other. • Includes the process of collective bargaining 	(4)	(2 × 2)
	3.2.3	<ul style="list-style-type: none"> • Provides minimum conditions of services for employees. • Working hours • Overtime conditions • Work on Sundays. • Public holiday. 	(4)	(2 × 2)
	3.2.4	<p>Machinery and Occupational Act</p> <ul style="list-style-type: none"> • Protect the safety of workers in the work environment. • Ensure equipment used according to safety requirements and protective gear is used. 	(4)	(Any 2 × 2)
3.3	Step 1:	Effective performance – Explain exactly what has to be done.		
	Step 2:	Define what has to be done.		
	Step 3:	Measuring current performance – compare the future performance with what has to be done/Performance must be measured against standard set to be able to detect deviations		
	Step 4:	When faults/deviations are detected, the worker should be properly informed about deviations from standard set.		
	Step 5:	Select remedial Action/ Decision has to be taken on how best to rectify the situation, e.g. training.		
	Step 6:	Re-evaluation of performance/ Once corrective action is taken follow-ups must be made.		
3.4	True	<p>Continuation / discontinuation of the action – will tell whether more corrective measures have to be taken or either problem is solved no need for continuation of remedial action/No deviations, no more trainings and demotions, etc.</p>	(12)	(6 × 2)

[50]
(2)

QUESTION 4

4.1 Net profit after tax ✓ =

$$\frac{\text{Total assets}}{60\,000} \times \frac{1}{100} \times 900\,000 = 7\%$$

(6)

4.2

NO ✓

- The owner does not receive ✓ a good return on his investment ✓
- Financial institutions ✓ will give him a much higher rate should he invest his money ✓
- The owner ✓ is not being compensated very well

(8)

4.3

Current assets – stock ✓
Current liabilities

$$= \frac{650\,000 - 350\,000}{200\,000} = 1,5 : 1 \checkmark$$

(6)

- YES, ✓ The business will enable him to repay his debts ✓
- A ratio of 1:1 is acceptable ✓ for financial institutions
 - The business has a favourable ✓ ratio above 1:1.
 - The business has enough money to pay current debts.

(8)

Account receivable = $\frac{\text{Debtors}}{\text{credit sales}}$

$$= \frac{1\,250\,000}{250\,000} = 5 \text{ times} \checkmark$$

(5)

Average collection period = $\frac{\text{debtors turn over rate}}{365}$

$$= \frac{\frac{365}{5}}{365} = 73 \text{ days} \checkmark$$

(5)

4.4 Current Ratio:

$$= \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

$$= \frac{650\,000}{200\,000}$$

$$= 3,25:1$$

Yes - The business has enough available money to pay its debts
 - A ratio of 2:1 is acceptable for financial institutions; the business has a favourable ratio above the norm of 2:1

First offence – verbal warning

Second offence – written warning

Third offence – final written warning

Fourth offence – dismissal

4.5

(2 × 4)

(8) [50]

TOTAL SECTION B:

150

200

GRAND TOTAL: