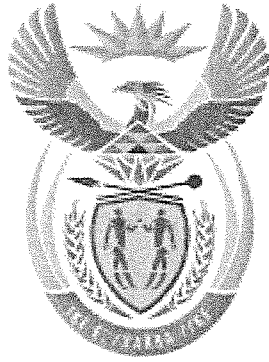
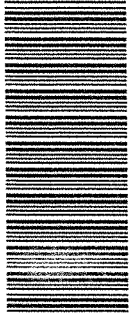


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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N430(E)(N17)H
NOVEMBER EXAMINATION

NATIONAL CERTIFICATE

ENTREPRENEURSHIP AND BUSINESS
MANAGEMENT N5
(Second Paper)

(4090315)

17 November 2014 (X-Paper)
09:00–11:30

OPEN-BOOK EXAMINATION

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: 200**

INSTRUCTIONS AND INFORMATION

1. Answer ALL the 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

The Magic Oven Company is a well-known manufacturer of good quality, highly priced electric appliances for the South African consumer market owned by Jack Jones. The Magic Oven cooks, bakes, grills and deep fries. You also get a glass pot as a free gift if you buy for cash.

- 1.1 Jack's success proved him to be an effective entrepreneur and manager. Describe effective self-management in the following:
- 1.1.1 Beginning with the end in mind
 - 1.1.2 The other viewpoint
 - 1.1.3 Determine priorities
 - 1.1.4 Proactive
 - 1.1.5 Win/win situation
- (5 x 2) (10)
- 1.2 Magic Oven Company needs to employ a financial manager.
- Explain what Mr Jones has to do to ensure that he employs the best person for the job. (7 x 2) (14)
- 1.3 State THREE ethical standards which must be implemented to ensure good business practice. (3 x 2) (6)
- 1.4 Identify FIVE aspects of operations management control and explain how each would contribute to Jack's business. (5 x 2) (10)
- 1.5 State FIVE factors that would contribute to the success of the Magic Oven Company. (5 x 2) (10)
- [50]**

QUESTION 2

- 2.1 Explain FIVE ways in which Jack can contribute to social responsibility directed towards the unemployed in his community. (5 x 2) (10)
- 2.2 Explain how Jack can improve the productivity in his manufacturing business with regard to the following:
- 2.2.1 Employees
 - 2.2.2 Management
 - 2.2.3 Raw materials

- 2.2.4 Operations
- 2.2.5 Market conditions (5 x 2) (10)
- 2.3 Explain to Jack why it is important for him to have a good knowledge of the basic conditions of employment? (7 x 2) (14)
- 2.4 What are the FIVE elements or aspects that Jack should consider when constructing a mission statement? (5 x 2) (10)
- 2.5 Do you think that Jack runs a formal or informal business? Give TWO reasons for the answer. (6)
[50]

QUESTION 3

Tina Davis owns Davis Bakery shop. Her speciality is wedding cakes. She supplies two hundred shops in town. She has employed ten staff members. She has her own fleet trucks that deliver cakes and bread three times a day in most shops.

- 3.1 Explain FOUR factors that Tina has to make use of to ensure that delegation of tasks is carried out efficiently. (4 x 2) (8)
- 3.2 Tina Davis is facing the following problem: She is not sure whether to buy another fleet of trucks or to employ two additional employees.
Explain EIGHT different steps of the problem-solving process that would follow to come to a decision and give practical examples related to the case study where applicable. (8 x 2) (16)
- 3.3 Entrepreneurs are important contributors to growth in the economy.
Substantiate this statement by stating at least THREE points of the economic importance of entrepreneurs. (3 x 2) (6)
- 3.4 What information is needed when a person applies for credit? (5 x 2) (10)
- 3.5 Discuss FOUR ways in which Tina would improve her personal motivation as a business woman. (4 x 2) (8)
- 3.6 Tina realised that success of her business depends on teamwork.
Advise Tina on TWO methods that she could include in a programme to develop teamwork. (2 x 1) (2)
[50]

QUESTION 4

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

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

BALANCE SHEET OF DAVIS BAKERY FOR THE YEAR ENDED MARCH 2014

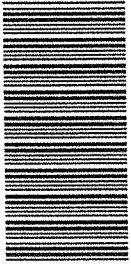
CAPITAL EMPLOYED		
Owners' equity		<u>R500 000</u>
Capital	<u>R500 000</u>	
Long-term liability		<u>R106 000</u>
		<u>R606 000</u>
EMPLOYMENT OF CAPITAL		
Fixed assets		R370 000
Land and buildings	R250 000	
Equipment	R120 000	
Current assets		R436 000
Stock	R130 000	
Debtors	R106 000	
Cash	<u>R200 000</u>	
Current liability		R200 000
Creditors	R200 000	
		<u>R606 000</u>

According to the income statement of March 2014 net profit before tax was R360 000.

Do the following calculations for Davis Bakery:

4.1	Current ratio	(5 x 1)	(5)
4.2	Return on investment	(6 x 1)	(6)
4.3	Acid test ratio		(7)
4.4	Does the business have enough cash to cover its debts according to your calculations? Substantiate your answer.	(3 x 2)	(6)
4.5	Was it worthwhile investing in the business?	(3 x 2)	(6)
4.6	Design a short job description on behalf of Davis for the position of a professional marketer. Refer to at least FOUR duties.		(10)
4.7	Name and explain FIVE factors which must be considered by Davis when choosing suppliers.	(5 x 2)	(10)
			[50]
		TOTAL:	200

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MARKING GUIDELINE

NATIONAL CERTIFICATE

NOVEMBER EXAMINATION

**ENTREPRENEURSHIP AND BUSINESS
MANAGEMENT N5
(Second Paper)**

17 NOVEMBER 2014

This marking guideline consists of 7 pages.

QUESTION 1

- 1.1 1.1.1 Jack needs to be focused and have a mental image of where his business will be in the future e.g. number of stores.
- 1.1.2 Jack must respect other people's views and seek advice from people who have been involved in the industry for a long time.
- 1.1.3 He needs to have a process in mind to know what is important and what he needs to deal with first, e.g. set up business operations or a factory.
- 1.1.4 Jack needs to apply his skills and take an active role in setting up a business, e.g. he must get to know business legislations and register for SARS.
- 1.1.5 He needs to apply his resources in a logical way so that they can function as a whole, e.g. material, equipment and skilled people.
(5 x 2) (10)
- 1.2 Initial interview
When all applicants have submitted their application forms and curriculum vitae, evaluate them, select the best and put them on a short list.
- Application forms
Provide the business with the personal information about the candidate.
- Interview
It is a very important step between the business and the candidate because it is usually the first time they meet face to face.
- Tests
Can be used to test the applicant's skills.
- Approval by the supervisor
He/She knows what personal qualities or characteristics are necessary for the job.
- Physical examination
Evaluate the candidate's mental or physical health for the position.
- Orientation induction
Process of introducing the new employee to the business.
(7 x 2) (14)

- 1.3
- Pay government taxes and levies.
 - Do not exploit the employees.
 - Pay fair salaries/wages to employees.
- (3 x 2) (6)
- 1.4 Scheduling
Prepare a plan or a programme of activities and allow each activity and resource enough time to be completed.
- Planning of activities and control
Plan and manage activities properly. This includes the decision on what materials to purchase, how much to purchase and when to do the ordering.
- Quality control
Quality checks must be done at certain stages of the transformation process.
- Maintenance
Involve the correction or prevention of faults, problems and breakdowns by machinery and equipment not serviced properly, human errors and technical failures.
- Performance
Focus on the day to day operations of a business.
Decide on the proper work methods to be used and how performance can be evaluated.
- (5 x 2) (10)
- 1.5 Well-known business
Produces quality goods/ovens
Magic ovens cook, bake, grill and deep-fry
If cash is paid, give a glass pot as a free gift
- (5 x 2) (10)
[50]

QUESTION 2

- 2.1
- Offers discount to regular customers
 - Employment
 - Gives talks about entrepreneurship to unemployed people in the community
 - Donates Magic ovens to old-age homes
 - Free delivery within the community
 - Jack can become involved in his local community projects
 - Sponsor netball teams
- (Any 5 x 2) (10)
- 2.2
- 2.2.1 Train staff in their respective fields
- 2.2.2 Hold management meetings to guide management thinking; motivation
- 2.2.3 Use the best products to provide proven results
- 2.2.4 Make sure operations are well-planned and execute project management
- 2.2.5 Monitor market by reading relevant literature and business reports
- (5 x 2) (10)

- 2.3
- It helps Jack to determine the minimum working hours, annual leave, maternity leave, minimum wage and regulations of sick leave, overtime conditions, work on Sundays, work on public holidays
 - He will know what to pay employees who have worked overtime and on Sundays and holidays
 - Will help him to understand the rules and regulations to follow when dealing with his employees
 - He will know the minimum working hours for all his workers
 - Jack will know the annual leave required by his employees
- (7 x 2) (14)
- 2.4
- Name of the business
 - Target market
 - Purpose
 - Product/service
 - History
 - Technology
- (Any 5 x 2) (10)
- 2.5
- Formal
 - Registered business
 - Well-known business within South Africa
- (6)
[50]

QUESTION 3

- 3.1 Delegation
- Assign tasks and duties: give specific instructions with time frames
 - Grant authority: give sufficient authority to achieve goals
 - Create accountability: make sure that the person is made responsible
 - Create a better proper delegation environment: create a conclusive environment
- (4 x 2) (8)
- 3.2 Decision-making process
- Step 1: Diagnose and define the apparent problem: Choose between buying another fleet truck or employing additional two employees
- Step 2: Gather information about the problem which would bring higher income.
- Step 3: Put real problem in writing:
- Can be in the strategic plan of the business
 - Can be in an agenda of minutes
 - In a diary, etc.
- Step 4: Establish decision-making criteria, time frame, return on investment

- Step 5: Develop alternative solutions
Employ two additional employees, purchase another truck, hire the truck, and employ temporary/part-time workers
- Step 6: Determine possible results - look for facts and figures
- Step 7: Decide/take action - choose one option
- Step 8: Make follow-up decision
Compare actual results with expected results (8 x 2) (16)
- 3.3
- Create employment opportunities
 - Improve standard of living
 - Increase gross domestic product and per capital income
- (3 x 2) (6)
- 3.4 Credit application form:
- 3.4.1 Personal details
- 3.4.2 Details of employment
- 3.4.3 Bank details
- 3.4.4 Credit references
- 3.4.5 Method of payment (5 x 2) (10)
- 3.5 Physically – She must exercise and eat well
Mentally – Study, read magazines, consult other media to allow her mind to conceptualise new concepts and be more creative
Spiritually – e.g. have a religion or belief in something
Socially – Belong to a family, sports, involves the need of contact with other people and to feel part of bigger association (4 x 2) (8)
- 3.6
- Create a proper working climate
 - Provide the workers with motivational workshops
- (Any relevant response to the question will be acceptable) (2)
- [50]**

QUESTION 4

- 4.1 Current ratio

$$= \frac{\text{Current assets}}{\text{Current liabilities}}$$

$$= \frac{R436\ 000}{R200\ 000}$$

$$= 2 : 1 \quad (5)$$
- 4.2 Return on investment

$$= \frac{\text{Net profit before taxation}}{\text{Total assets}} \times \frac{100}{1}$$

$$= \frac{R360\ 000}{R806\ 000} \times \frac{100}{1}$$

$$= 45\% \quad (6)$$
- 4.3 Acid test ratio

$$= \frac{\text{Current assets} - \text{stock}}{\text{Current liabilities}} \checkmark$$

$$= \frac{R436\ 000 - R130\ 000}{R200\ 000} \checkmark \checkmark$$

$$= \frac{R306\ 000}{R200\ 000} \checkmark \checkmark$$

$$= 1,53 : 1 \checkmark \checkmark \quad (7)$$
- 4.4
- Yes - The business will still be able to pay its debts.
 - A ratio of 1 : 1 is acceptable
 - The business has a favourable ratio above 1 : 1
 - The business has enough money to pay current debts (3 x 2) (6)
- 4.5
- Yes
 - The business has generated 45% profit.
 - 45% is much higher than what the bank offers (3 x 2) (6)

- 4.6 Job description
- Job title: Marketing officer
 - Report to: Owner/ Davis
 - Duties:
 - Manage marketing department
 - Advertise the business
 - Organise marketing events such as road shows
 - Find new markets
 - Develop and implement marketing plan
 - Collaborate frequently with the company's advertising and promotion department
- (10)
- 4.7
- Choose reputable suppliers
 - Ensure that she sells fresh bread and cakes
 - Be closer to the suppliers
 - Does the suppliers' credit policy favour Davis?
 - Service offered
 - Delivery
 - Reasonable prices
 - Who sells good quality material?
- (Any relevant answer) (Any 5 x 2) (10)
[50]
- TOTAL: 200**