



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N470(E)(J7)H

NATIONAL CERTIFICATE

**ENTREPRENEURSHIP AND BUSINESS
MANAGEMENT N4**
(Second Paper)

(4090304)

7 June 2017 (X-Paper)
09:00–11:30

OPEN-BOOK EXAMINATION

FIVE reference works may be used as prescribed.

This question paper consists of 7 pages and 1 answer sheet.

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA
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ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4
(Second Paper)
TIME: 2½ HOURS
MARKS: 200

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. Read **ALL** the questions carefully.
 2. Number the answers according to the numbering system used in this question paper.
 3. Write neatly and legibly.
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QUESTION 1

Mr Brown studied at Durban University of Technology. He obtained his diploma in Hospitality. After his studies he opened his own bakery shop. His main focus is to bake and sell cakes. He employs three workers to assist him in running the business. His target market is birthday parties, weddings and any other functions that require cakes. Mr Brown markets his business by using flyers and the local newspaper.

- 1.1 Mr Brown wants to assess the service rendered by his shop assistants. Draw up an after-sales service evaluation form of his business with at least FIVE appropriate questions. (5)
- 1.2 List FIVE pre-operating cost items for Mr Brown's business. (5)
- 1.3 Develop a sales letter using the AIDA formula which Mr Brown can use to inform his customers about his business and what it offers. (5 × 3) (15)
- 1.4 Mr Brown owns a retail shop. He has found that his sales have decreased.
- 1.4.1 Give Mr Brown advice on improving his customer relations and service delivery in his business. (5 × 2) (10)
- 1.4.2 Name FIVE steps in the sales process that Mr Brown can use in order to improve the sales in his business. (5 × 2) (10)
- 1.5 Select ONE method by which the idea Mr Brown has of his business can be protected. Explain why this method is necessary. (4)
- 1.6 Name ONE expense that will form part of the start-up costs of Mr Brown's specific business. (1)
- [50]**

QUESTION 2

- 2.1 The questions below are applicable to the business plan you have completed during this semester. Select a product or service that you want to use as a business idea or use the product or service of the business plan that you completed this semester.
- 2.1.1 Give your product or service a name and explain why you have selected that particular name. (2 × 2) (4)
- 2.1.2 Name the type of ownership and explain why you have chosen it. (2)
- 2.1.3 Give a short description of your type of business. Classify your product or service according to the nature of your product. (4)
- 2.1.4 Name the type of customers (target market) that might be interested in your product or service. Explain why these customers will find your product or service attractive. (4)
- 2.1.5 Explain where your business will be located and give a reason why you have selected that specific location. (4)
- 2.1.6 You want to know how customers will react when using your product or service.
Explain how you can use observation as a technique in compiling market information. (6 × 2) (12)
- 2.1.7 Name TWO special features of your competitors. (2)
- 2.1.8 You want to collect information from your target market.
Compile the necessary pre-sales questionnaire that you can use for your market research. The questionnaire must include SIX questions relating to your product or service and it must meet the requirements of a good questionnaire. (6 × 2) (12)
- 2.2 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (2.2.1–2.2.3) in the ANSWER BOOK.
- 2.2.1 The internet is a source of information for any entrepreneur in search of a business idea.
- 2.2.2 The cash-flow statement indicates how much profit to expect.
- 2.2.3 Service rendered is always charged per hour. (3 × 2) (6)
- [50]**

QUESTION 3

More than 15 000 shoppers flocked to the first Vodacom store to open in the Congo. Vodacom is the first cellular network to tap into the emerging African and Middle Eastern markets. Previously, the Congo had to purchase cellular phones from South Africa and were paying exorbitant prices, but now R35 billion has been spent by Vodacom to launch its products in new markets.

- 3.1 What security measures do you suggest the new Vodacom store in the Congo should follow in order to prevent theft of merchandise? (4 × 2) (8)
- 3.2 Describe how the Vodacom store can get rid of slow-moving products. (4 × 2) (8)
- 3.3 State FOUR competitive advantages for the Vodacom store in the Congo. (4 × 2) (8)
- 3.4 State how the effectiveness of retailing in the store can be increased by suggesting a change in the layout and the appearance of the store. (5 × 2) (10)
- 3.5 The Vodacom store distributes flyers or leaflets to residents in the area, advertising their specials.
- State how the store can measure the success of their advertising. (4 × 2) (8)
- 3.6 State FOUR advertising media that the store can implement to increase the sales in the Congo Vodacom store. (4 × 2) (8)
- [50]**

QUESTION 4

Answer QUESTION 4.1 on the attached ANSWER SHEET.

SALES SCENARIO

You are starting your own sweet shop called Jessieland, specialising in home-made sweets and chocolates. You also make gift packs and trays. There are approximately 5 000 families in the area. Your market share is 3 000 customers per month. Because the new shop will not enjoy a full market share from the beginning, the sales for the first year can be estimated at 60% per month. The average selling price per customer is R40 and the average cost price is R15. Your monthly variable costs are R1 500 and the monthly fixed costs are R2 300. Therefore your monthly operating expenses are R3 800. Jessieland is open 25 days per month and all transactions are strictly cash. At the beginning of January 2016 you had a favourable bank balance of R6 000.

- 4.1 4.1.1 Calculate the gross profit per day.
- 4.1.2 Calculate the gross profit per month.
- 4.1.3 Calculate the sales budget for the first month. (24)
- 4.1.4 Use the information above to draw up the estimated cash-flow budget of Jessieland for the first month. (14)

4.2 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (4.2.1–4.2.6) in the ANSWER BOOK.

- 4.2.1 A benefit of keeping financial records is the possibility of monitoring sales.
- 4.2.2 The Yellow Pages is not a source of free information for any new entrepreneur in search of suppliers.
- 4.2.3 The income statement indicates how much profit to expect.
- 4.2.4 Working capital is used when an existing business changes its production direction.
- 4.2.5 The mark-up percentage of products includes the operation expenses and net profit expected by the entrepreneur.
- 4.2.6 Total cost is the total of fixed cost and variable cost.

(6 × 2) (12)
[50]

TOTAL: 200

ANSWER SHEET

EXAMINATION NUMBER:

| | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
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QUESTION 4

4.1 4.1.1

| | | |
|---|----------------------------|----------------|
| SALES SCENARIO | | |
| Number of units to be sold in one month | | |
| Number of units to be sold in one day | | |
| Selling price per unit | | |
| Cost per unit | | |
| Daily figures | | |
| Daily sales | | |
| Cost per day per unit | | |
| Gross profit per day | | |
| | | |
| 4.1.2 | Monthly figures | |
| Number of units to be sold per month | | |
| Monthly sales | | |
| Gross profit per month | | |
| | | |
| 4.1.3 | Sales budget | |
| Expected sales in units | | |
| Selling price per unit | | |
| Total expected sales | | |
| | | |
| 4.1.4 | CASH-FLOW STATEMENT | |
| MONTH | | JANUARY |
| Balance at the beginning of the month | | |
| Sales | | |
| Total cash available | | |
| Purchases (cost price) | | |
| Operating expenses | | |
| Total cash payments | | |
| Bank balance at the end of the month | | |

(24)

(14)