



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N450(E)(N15)H

NATIONAL CERTIFICATE

**ENTREPRENEURSHIP AND BUSINESS MANAGEMENT
N4**

(Second Paper)

(4090304)

15 November 2017 (X-Paper)

09:30–12:00

OPEN-BOOK EXAMINATION

Candidates may take 5 reference works, consisting of dictionaries, textbook and student files containing lesson notes, into the examination room.

Calculators may be used.

This question paper consists of 8 pages and an answer sheet of 2 pages.

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA
NATIONAL CERTIFICATE
ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4
(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. 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 according to the numbering system used in this question paper.
 4. Write neatly and legibly.
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QUESTION 1**CHALLENGES OF ENTREPRENEURSHIP**

Read the case study and answer the questions.

When Unilever's Durban plant informed workers of their plan to restructure in 2008, Stanley Zulu (53), who had worked as an innovation engineer at the company for 30 years, decided the time was right to take an early retirement package. But he wasn't planning on sitting idle at home. Stanley had been thinking of starting his own business for some time and he knew it would have to involve something he knew well such as chemicals. He knew a lot about producing cleaning chemicals thanks to his work at Unilever, but knew nothing about running a business. Even so, Stanley felt he was up for the challenge. So when he came across an advertisement for a cleaning chemicals business that was for sale, he jumped at the opportunity.

'It looked like a good business opportunity- manufacturing industrial and domestic cleaning chemicals and supplying these to cleaning and construction companies, schools, hospitals, car washes and also households,' says Stanley. 'The old company, Chemicoweb, had existed for eight years and had made a name in the market.'

His wife of 19 years, Lerato, decided to get involved as well, as she had been retrenched from her job when the company she worked for moved to Joburg.

'We believe starting your own business in South Africa today is not a choice, but rather a way of life,' says Lerato.

But Stanley's excitement soon turned to despair once he started running the business and realised why the previous owner had sold it. 'The first few months were financially draining,' Stanley says. The rent was ridiculously high, the price of raw materials was also high and as a new business owner he hadn't established a rapport with suppliers yet, so he couldn't get material on credit. Because he was new to the game, he also couldn't turn to commercial banks for an overdraft.

'We knew this business had potential to grow and make money'. Says Lerato. 'When I was retrenched, I did a Pastel course because it's useful even if one is not an accountant and it makes it possible to do your own bookkeeping.

Stanley did a course in quality assurance management to learn about how to consistently deliver a high quality product.

'We discovered that Seda (the Small Enterprise Development Agency) in eThekweni had a business centre that houses small businesses at reasonable rent. They also help to develop your business where needed.' They had to wait for space to become available and last October they joined Seda family of businesses. 'Because we only joined Seda's business three months ago, we haven't done many projects with them yet.' Lerato explains. 'Right now they're helping us get our products approved by the SABS.'

[Source: www.drum.co.za]

- 1.1 Identify TWO reasons that made Lerato and Stanley to start a business. (2 × 1) (2)
- 1.2 Complete SWOT analysis for Stanley and Lerato. (8 × 2) (16)
- 1.3 Who is their target market? (4 × 1) (4)
- 1.4 Is Chemicoweb a good name for a business? Motivate your answer. (2 × 1) (2)
- 1.5 Design a label for Lerato and Stanley's products. (6 × 2) (12)
- 1.6 What kind of help did they get from SEDA? (2 × 2) (4)
- 1.7 Write the following acronyms in full:
 - 1.7.1 SEDA
 - 1.7.2 SABS
 - 1.7.3 PAYE
 - 1.7.4 (PTY) Ltd
 - 1.7.5 SMME(5 × 2) (10)
[50]

QUESTION 2

Read the case study and answer the questions.

WHAT YOU CAN LEARN FROM HOW BREVA FOUNDER GOT HER PRODUCT ON MAJOR RETAILERS' SHELVES

By LebohangThulo

BREVA FOUNDER, GLADYS MAWONEKE

When it was time to get Breva, a range of alcohol-free malt beverages, out to the market in 2014, Gladys Mawoneke knew she would have to find a way to get her foot into the proverbial door.

Despite being a relative newcomer in the highly competitive drinks market she managed to do just that, and got Breva onto the shelves of some of the biggest retailers in the country.

Breva beverages can be found at Woolworths, Pick n Pay, Shoprite, and select Checkers Liquor and Spar Western Cape outlets. The brand has also made inroads in hotels. It is available in select Tsogo Sun four and five star hotels.

Before entering the drinks sector Mawoneke, a former lawyer, was in the produce sector and had prior experience supplying fruit and vegetables to some of the same major retailers.

Mawoneke founded BumiHills Group, the holding company in 2009. Breva was launched into retail three years later following years of research and development, she says. The craft soft beverage is manufactured and bottled in the small town of Wellington, Cape Town and comes in a variety of flavours including passion fruit, apple, peach, and pineapple.

With their beverages Breva is targeting the country's growing emerging middle class that does not drink alcohol. 'The high number of people who do not drink alcohol and yet are looking for a brand that speaks to their image,' says Mawoneke. 'This market presents growth opportunities in South Africa as well as internationally,' she adds. Mawoneke and her marketing team conduct in-store demonstrations and tastings for the customers to interact with their brand. 'We also give sample stock to our customers, so that they conduct promotions using free stock. 'The process was certainly not without a challenge,' says Mawoneke, 'but it is worth getting it right,' she insists.

[Source: www.smesouthafrica.co.za, 13 April 2016]

- 2.1 Complete marketing mix analysis for Gladys's business. (Refer to the case study). (20)
- 2.2 Describe Breva's target market. (4)
- 2.3 State THREE critical factors for this business. (6)

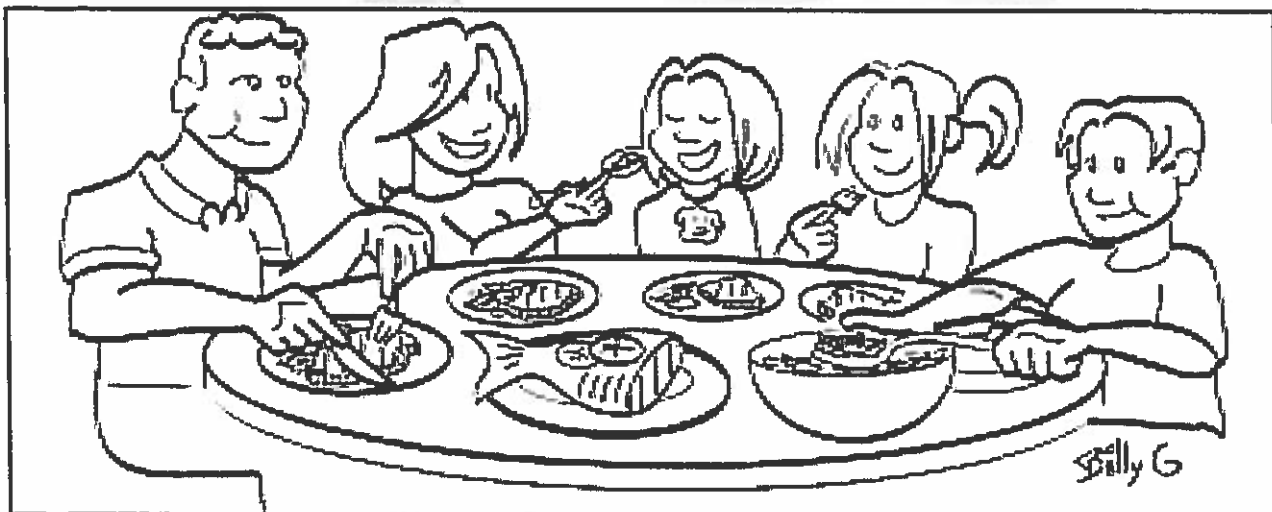
Use the following information to calculate gross profit for your business.

You are starting your own restaurant specialising in fish and chips. There are approximately 3 500 families in the area. Your market share is 1 200 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 40% per month. The average selling price per customer is R35 and the average cost price is R15. The restaurant is open for 30 days per month and all transactions are strictly cash. Use the attached answer sheet to:

- 2.4.1 Calculate the gross profit per day. (12)
- 2.4.2 Calculate the gross profit per month. (8)
- [50]

QUESTION 3

Use the picture below to generate business ideas:



- 3.1 Study the picture and identify FIVE business ideas. (5)
- 3.2 If you were planning to start a business, which business idea would you consider as a business opportunity? Motivate your answer. (5)
- 3.3 Complete SWOT analysis for your business idea. (16)
- 3.4 Where will your business be conducted from? Motivate your answer. (4)
- 3.5 Which legal form will be more suitable for your business? (2)
- 3.6 State TWO advantages of this legal form. (4)
- 3.7 Design an advertisement for your business. (14)
- [50]

QUESTION 4

4.1 Use the attached ANSWER SHEET to answer this question.

Use the following information to draw up the estimated cash flow statement for the next THREE months. At the end of January 2016 Palesa had a favourable bank balance of R4 000. The bank granted a loan of R10 000 during March 2016.

MONTHS	EXPECTED SALES	ESTIMATED PURCHASES
January	8 000	4 000
February	11 000	7 000
March	16 000	12 000
April	20 000	16 000

Other information:

1. Wages R3 500
Rental R1 000
Telephone R 500
Electricity and water R 650
Fuel R 600
Loan repayment (April 2016) R 550
2. 20% of all sales are on credit. These customers pay 30 days later.
3. In January she purchased a second-hand delivery vehicle. The deposit was R6000 and monthly instalments thereafter for the next 54 months will be R950.
4. In February she sold an old computer for R5000.
5. In March she will buy a new computer. The deposit will be R1800 and the monthly instalments thereafter will be R500 for the next two years.

(32)

4.2 Use the following information to draw up an organogram for a petrol station.

- 3 Mechanics
- 3 Petrol attendants
- Till operator
- Workshop manager
- Administration manager
- Cleaner
- Owner
- Forecourt Manager(petrol and oil sales)

(16)

4.3 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (4.3.1–4.3.2) in the ANSWER BOOK.

4.3.1 Social media may be used as a tool of collecting primary data.

4.3.2 Bank overdraft is one of cheapest methods of financing the business.

(2 × 1) (2)
[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200



ANSWER SHEET EXAMINATION NUMBER:

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QUESTION 2.4

Market potential per day	
Market potential share	
Supplier analysis	
Daily figures	
Number of units to be sold in one day	
Selling price per unit	
Cost price per unit	
Daily Sales	
Daily unit costs	
Gross profit per day	
Monthly figures	
Number of units to be sold in one month	
Monthly sales	
Monthly unit costs	
Gross profit per month	

(20)

ANSWER SHEET EXAMINATION NUMBER:

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QUESTION 4.1

MONTH	FEBRUARY	MARCH	APRIL
Bank balance at the beginning of the month			
Cash sales			
Credit sales			
Loan			
Other income			
TOTAL CASH AVAILABLE			
Loan repayments			
Purchases			
Wages			
Rental			
Telephone			
Electricity and water			
Fuel			
Other payments			
TOTAL CASH PAYMENTS			
Bank balance at the end of the month			

(32)