

**EXAMINATION PAPER 1****TIME: 30 MINUTES****MARKS: 100****INSTRUCTIONS AND INFORMATION**

1. SECTION A is compulsory and must be answered by ALL the candidates.
2. Answer ALL the questions.
3. Read ALL the questions carefully.
4. Number the answers according to the numbering system used in this question paper.
5. Write the EXAMINATION NUMBER at the top of ALL the ANSWER SHEETS (attached).
6. Write neatly and legibly.

## SECTION A (COMPULSORY)

### QUESTION 1

1.1 Define the following terms:

1.1.1 Leadership

1.1.2 Group dynamics

1.1.3 Social responsibility

1.1.4 Job description

1.1.5 Delegation

1.1.6 Collective bargaining

1.1.7 Economic order quantity

1.1.8 Mission statement (8 × 2) (16)

1.2 Define *time management* and give TWO examples that one could use to manage time better. (3 × 2) (6)

1.3 Explain the difference between *management* and *leadership*. (2 × 2) (4)

1.4 Indicate whether the following statements are TRUE or FALSE.  
Choose the answer and write only 'true' or 'false' next to the question number (1.4.1–1.4.5) on the attached ANSWER SHEET.

1.4.1 A factor influencing productivity is raw materials.

1.4.2 Induction is the process whereby a new employee is introduced to the business, his/her tasks, superior and colleagues.

1.4.3 Economies of scale refer to a rise in the average cost per unit when larger volumes are produced.

1.4.4 Liquidity ratios indicated whether a business is able to pay its debts.

1.4.5 Carrying costs includes transportation costs and cost of procurement. (5 × 2) (10)

1.5 Name THREE kinds of inventory costs. (3 × 2) (6)

1.6 Name the FOUR factors affecting the size of safety stock? (4 × 2) (8)

[50]

TOTAL SECTION A: 50

**ENTREPRENEURSHIP AND BUSINESS MANAGEMENT****N5 (Second Paper)****TIME: 2½ HOURS****MARKS: 150**

NOTE:

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING REPUBLIC OF  
SOUTH AFRICA NATIONAL CERTIFICATE ENTREPRENEURSHIP AND BUSINESS  
MANAGEMENT N5 (Second Paper)**

**TIME: 2½ HOURS MARKS: 150**

If you answer more than the required number of questions, only the required number of 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 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**

Read the case study below and answer the questions.

**Fine Dining in Khayelitsha**

Some business owners in Khayelitsha are working hard at shaping their community.

While some Capetonian restaurants invite you on a journey to Italy or to a beachfront in some Californian restaurant, 4-roomed eKasi Restaurant delivers an authentic South African Experience. Former MasterChef South Africa contestant Abigail Mbalo-Mokoena birthed 4-rooms and pays homage to the 4-roomed family home she grew up in. Abigail and her team serve a five-course tasting menu, some that consist of smoked chicken breast served alongside grilled vegetables, sausage, charred leeks, house-made BBQ, and chakalaka sauce. All this in the renovated driveway of a township home, surrounded by plant aesthetic and local art.

- 1.1 Explain FOUR ways in which Abigail could contribute towards the social responsibility of her employees? (4 × 2) (8)
  
- 1.2 The moral stance of a manager affects his/her ethical management of employees. There are various styles of ethical management. One such style is the 'moral management style'.  
  
What would be the benefits of a moral management style for Abigail's restaurant? Give at least FOUR benefits. (4 × 2) (8)
  
- 1.3 Keeping her staff motivated is of utmost importance. What benefits will it hold for Abigail's business if the staff is motivated? List FOUR benefits. (4 × 2) (8)
  
- 1.4 In order to be an effective manager/owner, Abigail needs certain characteristics. List and briefly explain seven characteristics that would make Abigail an effective manager. (7 × 2) (14)
  
- 1.5 How can the probability in delays from suppliers affect Abigail's safety stock? (1 × 2) (2)
  
- 1.6 How can the use of new technology benefit Abigail's business?  
Use practical examples in your answer referring to Abigail's business. (5 × 2) (10)

**(50)**

**QUESTION 2**

- 2.1 Draw up a job description for the head chef at Abigail's restaurant. (10 × 1) (10)
  
- 2.2 When Abigail started the restaurant, she used a zero-based budgeting approach. What benefits did this offer Abigail? (3 × 2) (6)
  
- 2.3 Abigail realises that the success of her business depends on teamwork. Advise Abigail on FOUR methods that she could include in a programme to develop teamwork. (4 × 2) (8)

- 2.4 2.4.1 Formulate a mission statement for Abigail's restaurant. (2 × 2) (4)
- 2.4.2 Why is it important for Abigail to have a mission statement for her business? Describe THREE reasons. (3 × 2) (6)
- 2.5 List the three types of skills that Abigail must possess as manager and give and example of each. (3 × 2) (6)
- 2.6 How does the following legislation affect Abigail's business:
- 2.6.1 Labour Relations Act (LRA) (127 of 1998)
- 2.6.2 Basic Conditions of Employment Act (BCEA) (75 of 1997)
- 2.6.3 Workmens Compensation Act
- 2.6.4 Unemployment Insurance Act (UIF) (63 of 2001)
- 2.6.5 Income Tax Act (58 of 1962) PAYE (5 × 2) (10)
- (50)**

### QUESTION 3

- 3.1 Abigail is faced with a dilemma. She needs to buy a new vehicle for her business but she also needs to employ a full-time manager. She's got R150 000 at her disposal. Help Abigail to make a proper decision by using the steps in the decision making process. (8 × 2) (16)
- 3.2 Explain to Abigail the difference between participative decision making and decentralised decision making. (2 × 2) (4)
- 3.3 When Abigail decides to appoint a new manager, explain to her the steps in selecting the best qualified employee (the selection process). (4 × 2) (8)
- 3.4 Abigail feels that job enlargement plays an important role in the development of her employees. Answer the following questions:
- 3.4.1 Define job enlargement. (1 × 2) (2)
- 3.4.2 What benefits will job enlargement hold for Abigail's business? Name FIVE benefits. (5 × 2) (10)
- 3.5 Abigail's business contains inventory that warrants special attention. Explain what is meant by this and how Abigail should deal with this type of inventory. (4 × 2) (8)
- (50)**

**QUESTION 4**

Edward started his own fudge business, selling handmade fudge and marshmallows at The Watershed at the V & A Waterfront. He employs eight other staff members. He buys all his ingredients from local suppliers. He runs a big business (selling online as well) which caters for the tourism industry and he also ships his products to overseas countries.

Refer to the financial statements below and answer the questions. NOTE: Make use of figures before tax and show ALL the calculations.

<b>INCOME STATEMENT OF THE FUDGE FACTORY FOR THE YEAR ENDED 30 NOVEMBER 20XX</b>		
Sales		<u>R 1 439 200</u>
Cost of sales		<u>R 748 200</u>
Gross profit		R 691 000
Less: Selling expenses		<u>R 633 000</u>
Overheads	R 609 000	
Administrative expenses	R 24 000	
Net income before tax		R 58 000
Less tax		<u>R 17 200</u>
Net income before tax		<u>R 40 800</u>

<b>BALANCE SHEET OF THE FUDGE FACTORY AS AT 30 NOVEMBER 20XX</b>		
<u>Employed capital</u>		R 374 000
Owner's equity		
Capital	R 333 200	
Net profit	R 40 800	
Long term liabilities		<u>R 200 000</u>
		<u>R 574 000</u>
<u>Employed of capital</u>		
Fixed assets		
Land and building	R 460 000	R 514 000
Machinery	R 54 000	
<u>Net current assets</u>		R 60 000
Current assets	R 110 000	
Stock	R 10 000	
Debtors	R 80 000	
Cash	R 20 000	
Less: current liabilities	R 50 000	
Creditors	R 50 000	<u>R 574 000</u>

- 4.1 How well is the business compensating the owner for the risk that she took?  
HINT: Return on Investment. (6)
- 4.2 Was it worthwhile to take the risk? Give TWO reasons. (6)
- 4.3 Does the business have enough cash to pay its debts?  
HINT: ACID test ratio, average collection period (50% of sales are on credit) (12)
- 4.4 Work out the short-term liquidity position of the business.  
HINT: Current ratio. (6)
- 4.5 Identify and briefly explain FIVE factors that influences the productivity of Edward's business. (5 × 2) (10)
- 4.6 Edward supplies fudge to many retailers and hotels. Many of these customers pay by credit. What is the cost implications for Edward's business (cost of credit) allowing customers to buy on credit? (5 × 2) (10)

(50)

**TOTAL: 150**

## Glossary

### **Business objectives**

The goals the business wants to achieve; must be clear, precise and in line with the mission of the business

### **Centralised decisions**

Decisions made by top-level management; this management style is often described as authoritarian

### **Cliché**

A stereotyped phrase or way of looking at something or describing something

### **Competitors**

Those businesses that serve the same needs of the customers that your business is targeting

### **Conceptual skills**

An ability to apply or adapt existing methods, techniques, designs, problems and ideas to create a better alternative

### **Culture**

Shared characteristics and values that distinguish the members of one group from those of another

### **Decentralised decisions**

Decisions made at the lowest level in the business where employees have the skill and knowledge to make decisions as well

### **Decision**

The selection of a course of action when given two or more alternatives

### **Delegate**

Entrust a task to another person, usually when a more senior person gives a task to a less senior person to perform

### **Economies of scale**

The drop in the average cost per unit when larger volumes are produced

### **Ethics**

Moral principles or a set of values held by an individual or group

### **Financial plan**

In a business proposal, it records the amount of money needed to start and run a business

### **Financial resources**

Include managing all capital, loans, investments and the cash flow of the business

### **Human Resources (HR)**

Include managing all personnel or employees of a business

### **Job description**

Lays out what the worker does, how they should do it and under what circumstances the task is carried out

### **Job enrichment**

Increase in the responsibility of employees by giving them more authority and autonomy

### **Job generalisation**

When the worker is given a wide range and variety of tasks to perform, such as a general manager, secretary or small business owner



**Job specialisation**

When the number of different tasks a particular worker performs is limited, such as technicians and computer specialists. These positions also require higher salaries so a business cannot afford to allocate their time to activities that someone else can do

**Leadership**

An individual's ability to obtain the support and action of people to achieve a common goal

**Management**

The process of directing all the resources and efforts of a business towards opportunities to generate profit. This takes place by planning and organising, and by applying leadership and control

**Management environment**

Both the internal and external business management environments that constantly need to be monitored by a manager as they continually affect the operations of a business

**Marketing function**

The flow of information from the business to the customer, for example, informing the customer about special deals or new products

**Mission Statement**

A short, written declaration of a company's aims and values, which normally remains the same throughout the existence of the company

**Moral stance**

Someone's opinion that is based on their religion, values and morals, and which also affects their ethical stance (what a person thinks is right or wrong)

**Motivation**

The drive or process of getting people (or yourself) to perform certain tasks to accomplish specific goals; it is driven by needs, desire and wants

**Operational decisions**

Decisions concerned with the day-to-day running of the business

**Organising**

Assigning tasks and grouping work to be performed by creating departments within a business, as well as delegating responsibilities

**Participative decision-making**

A style that gets small groups involved in the decision-making process

**Personal planning**

(Personal Development Plan or PDP)

An action plan you have set for yourself in order to achieve certain goals within a specific time

**Personnel function**

Determining the human resource needs of a business, including who the business should hire, when to hire them as well as recruiting the right number and type of people

**Physical resources**

Includes all buildings, assets, equipment, and machinery as well as inventory (stock)

**Planning**

Deals with compiling a detailed business plan, including goals and objectives and the means to achieve them

**Policies**

Statements put in place to help guide the decision-making process i.e. the right procedure to follow in certain circumstances/situations; they are set in place by managers for almost all business activities

**Procedure**

The step-by-step process to follow when implementing a policy

**Productivity**

The relationship between inputs and outputs. The higher the output is than the input, the more productive a business is

**Recruitment**

The process whereby a pool of candidates is identified by and attracted to a business. From this pool some will later be selected to fill certain vacancies in the business. It is a two-way process, because just as businesses look for suitable applicants, applicants are also looking for suitable businesses to work in

**Remuneration**

The compensation that an employee receives for their labour

**Social environment**

The values, perceptions, ethics, attitudes and lifestyle of the consumers of a business – what, when, where, why and how people purchase products

**Staffing**

The process of finding the right people for job positions, and who have the necessary qualifications and training

**Strategic decisions**

Decisions that define the future direction of your business and form part of strategic planning

**Strategies**

The action plans and methods, with due dates and specific activities, that need to be implemented to achieve set objectives

**Sustainable use**

The responsible use of natural resources in such a way that it meets the needs of present and future generations without harming the biodiversity, such as using wind power, solar power, hydro power etc.

**Technological resources**

Include all production processes, information technology (IT) infrastructure (e.g. physical computer hardware as well as applications), patents, etc.

**Technology**

A set of tools, techniques and actions used to convert an organisation's input into outputs

**Topflight**

The highest rank or level

**Trade unions**

Formed when employees in a specific business, industry, trade or career unite with the aim of organising the relations between them and their employers; they strive to promote the social, economic and political interests of these employees

**Zero-based budgeting**

A method of budgeting for expenses based on necessity and performance of each item and not on budget history; each budget item needs to be justified to have funds allocated