higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N5

(Second Paper)

(4090315)

17 November 2023 (X-paper)
09:30–12:00

OPEN-BOOK EXAMINATION

Calculators and FIVE additional sources may be used.

This question paper consists of 6 pages.

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N5
(Second paper)
TIME: 2½ HOURS
MARKS: 150

INSTRUCTIONS AND INFORMATION

1. Answer any THREE questions.
2. Read all the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Use only black or blue ink.
5. Write neatly and legibly.

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SECTION B

Read the case study below.

All questions are based on this case study.

Massmart, the owner of local brands including Game, Makro and Builder's Warehouse, says that the Covid-19 lockdown has had a significant impact on its trading performance.

Mitchell Slape, CEO, presented the report on the impact of Covid-19.

In a trading update for the 26-weeks period ended 28 June 2020, Massmart said that while sales and margins have been lower than the same period last year, increased focus on expense management and cost savings initiatives are bearing fruit, with expense growth expected to be contained to well below inflation.

Excluding the impact of the Covid-19 lockdown, "we expect the loss and headline loss would have been slightly better than the same period last year," it said on Wednesday (17 June 2020). The group noted that it was unable to trade in the majority of general merchandise categories, home improvement and liquor products for most of the month of April, which had a significant impact on total sales during that month.

Moving to level 4 lockdown from the beginning of May enabled Massmart to gradually start trading in more product categories.

"Most notably, our Builder's stores throughout the country were able to recommence sales to the general public. However, restrictions on the sale of liquor and tobacco products remained in place throughout the month of May.

Trading hours relating to liquor are however still restricted, with no liquor sales allowed from Friday to Sunday and on public holidays.

With the easing of the lockdown from level 5 to level 4, pent-up demand for home improvement products drove strong sales at our Builder's stores during May, while pent-up demand for general merchandise goods supported better sales performance at Makro and Game as the month progressed.

In spite of the lockdown, Massmart said it has not slowed down the implementation of the turnaround plan announced at the end of January. "If anything, it has accelerated some of the initiatives – most particularly the cost-reset project, group restructure into a Wholesale and Retail business units and the Game turnaround plan," it said.

Massmart said it will provide a comprehensive update on the progress of the turnaround plan during the interim results presentation in August.

The group said it has continued to meet all payment obligations to suppliers and employees.

"Our focus remains on prudent cash flow management and the implementation of strategies to improve cash generation performance through previously reported key initiatives, including negotiated rental savings, mutually beneficial commercial terms with our vendors, applying for available tax incentive relief measures and aggressively pursuing the cost reduction initiatives already outlined in our turnaround plan."

[Businesstimes.online.co.za]

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QUESTION 1

1.1 Advice Mr Slape on FOUR places where Game is located throughout the country that he can use as a guideline for a business plan. (4)

1.2 Identify how the following elements of a business plan are covered in Mr Slape's report.

1.2.1 Executive summary

1.2.2 Business description

1.2.3 Management plan

1.2.4 Financial plan

(4 × 4) (16)

1.3 Mitchell Slape had to motivate his subordinates during the Covid-19 pandemic.
A teambuilding session will be held at the end of the year. Draw up the team-building programme that reflects the aspects that are relevant to retail employees.

State SIX activities in the programme. (16)

1.4 Name and explain the SEVEN steps of the problem-solving model and apply it to the Massmart case study above. (7 × 2) (14)
[50]

QUESTION 2

2.1 Give a clear definition of *authority.* (2)

2.2 Managers may have certain ways of behaving that make it difficult for them to delegate.

Name and explain FOUR managerial behavioural aspects that can hinder them to delegate tasks to subordinates. (4 × 3) (12)

2.3 Explain why an organisational structure is designed. (4)

2.4 How did Covid-19 affect the following Acts?

2.4.1 Compensation for Occupational Injuries and Disease Act

2.4.2 Unemployment Insurance Act

(2 × 2) (4)

2.5 Discuss how Massmart can put social responsibility into practice with reference to the environment, community, employees and customers. (12)

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2.6 There are FOUR major categories of resources needed in a successful business. Mr Slape's management team need to know how to use such resources.

Name and describe these resources. (16)
[50]

QUESTION 3

Refer to the balance sheet below.

Massmart

SALES		940 000
Less: cost of sales		810 000
Gross profit		130 000
Add: other income	0	
Less: expenses		73 500
Insurance	8 500	
Salaries	220 00	
Rent	310 00	
Water and electricity	120 00	
Net profit (income before tax)		56 500
Less: income tax		16 950
NET PROFIT (income after tax)		39 550
Non-current assets		480 000
Fixed assets		480 000
Current assets		240 000
Inventory		110 000
Debtors		85 000
Cash		45 000
TOTAL ASSETS		720 000
Owner's equity		310 000
Capital		270 000
Retained profits		40 000
Non-current liabilities		250 000
Loan: ABC bank		250 000
Current liabilities		160 000
Creditors		160 000
TOTAL – EQUITY AND LIABILITIES		720 000

3.1 Calculate the return on assets. (6)

3.2 Was it worthwhile to take the risk in investing in the business?

Give THREE reasons for your answer. (8)

3.3 Does the business have enough cash to pay its debt? Calculate the average collection period (50% of sales are on credit).

HINT: Acid test ratio, average collection period (24)

3.4 Why does an entrepreneur need a business plan? (6)

3.5 One of the employees has a habit of coming to work drunk.

Explain THREE practical ways to discipline this employee. (3 × 2) (6)
[50]

QUESTION 4

4.1 Indicate whether the following statement is TRUE or FALSE by writing only 'True' or 'False' next to the question number (4.1) in the ANSWER BOOK.

An ethical dilemma is defined as the principle of fairness, honesty and respect. (2)

4.2 Briefly explain to Mr Slape SEVEN steps to follow when selecting the best store manager for Game Centurion Mall.

Write down the steps in the correct order. (15)

4.3 Name the possible cost of quality control. (8)

4.4 Explain the nature of operations management at Makro. (3)

4.5 Differentiate between *products* and *services.* (5 × 2) (10)

4.6 List and explain the steps in the control process. (12)
[50]

TOTAL: 150

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