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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N740**(E)**(M24)H
JUNE EXAMINATION

NATIONAL CERTIFICATE

INTRODUCTORY ENTREPRENEURSHIP N4

(4090294)

24 May 2013 (X-Paper)
09:00–11:00

This question paper consists of 6 pages.

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
INTRODUCTORY ENTREPRENEURSHIP N4
TIME: 2 HOURS
MARKS: 100

NOTE: 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 any FOUR questions.
2. Read ALL the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Do ALL calculations to TWO decimal figures.
5. Write neatly and legibly.

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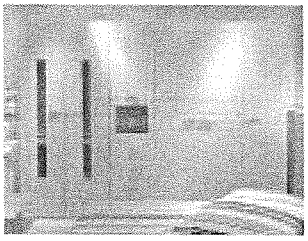
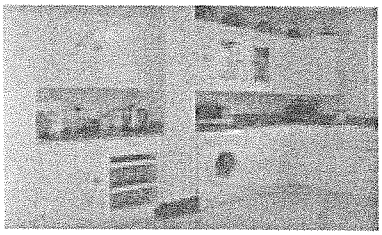
QUESTION 1

MEN AT WORK FURNITURES





The mission of every company is to grow. Hard work and dedication are needed to make this possible. This is the motto of Kasi Furniture Manufacturing Company: 'Men at Work'. The company was started by Markos August in 2006.

Men at Work's furniture, is in such a high demand that the company now has three more owners, who used to have their own small furniture businesses. Markos invited them to join forces with him so they could share ideas and produce furniture that could attract even more customers.

The four have worked tirelessly ever since and their dedication has paid off as their furniture is highly in demand.

'Men at Work' specialises in the manufacturing of kitchen units, wardrobes, room dividers and cupboards. Markos says: 'Our combined experience and ideas have produced wonders. Sharing ideas is the secret of our success. The next step is to ensure Men at Work keeps growing bigger'.

[*Daily Sun* 13 June 2012]

1.1 Markos is running his business in a free-market system.

State at least FOUR advantages of the free-market system. (4)

1.2 As entrepreneurs, Markos and his partners are working very hard to improve the economic situation in the Republic of South Africa.

State FOUR advantages or benefits that they will receive as entrepreneurs. (4)

1.3 Markos has 36 females and 44 males in his employment.

What percentage of his staff is female? (3)

1.4 Briefly define to Markos the following terms:

1.4.1 Market segmentation

1.4.2 Hire purchase agreement

(2 × 3) (6)

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1.5 Use a diagram to illustrate the basic steps in the business cycle of Markos' business enterprise. (8)
[25]

QUESTION 2

2.1 Name the contents that Markos will include in his marketing plan when compiling a business plan. (5)

2.2 State FIVE functions of an entrepreneur Markos must take into consideration. (5)

2.3 What form of ownership will be suitable for Markos' business? (1)

2.4 Name FOUR reasons for forming the above mentioned form of the ownership chosen in QUESTION 2.4. (4)

2.5 Complete the following sentences by filling in the missing word(s). Write only the word(s) next to the question number (2.5.1–2.5.5) in the ANSWER BOOK.

2.5.1 Rental of a shop is an example of ... costs

2.5.2 ... is a point where neither profit nor loss is made.

2.5.3 ... are intangible benefits of need satisfaction.

2.5.4 A ... is a desire or craving for something that gives satisfaction.

2.5.5 ... goods are used by the final/end users, for example food.

(5 × 1) (5)

2.6 With the following information given, calculate what the total costs will be for the month.

Rent (20 days at a rate of R35 per day)	R?
Telephone	R500.00
Nails (5 boxes @ R20 a box)	R?
Woodglue (10 @ R15 each)	R?
Total costs	R?

(5)
[25]

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QUESTION 3

3.1 Markos wants to buy material for furniture. He will receive 10% discount if he pays cash. The material cost is R25 000.

3.1.1 Calculate how much the discount will be.

3.1.2 Calculate how much Markos will pay for the material after the discount? (2 × 2) (4)

3.2 One of Markos' partners would like to go overseas for a holiday starting from 4 April 2013 to 30 September 2013.

Calculate the number of days he will be away. (3)

3.3 Name FOUR different sources of operating capital. (4)

3.4 Describe FIVE different ways Markos and his partners can use to improve thinking and initiative. (5)

3.5 Consumers have different needs.

Name FIVE different categories (groups) of needs that Markos as an entrepreneur must identify. (5)

3.6 Differentiate between durable and non-durable products Markos should consider. (4)

[25]

QUESTION 4

4.1 State FIVE demographical factors that Markos and his partners have to consider when choosing their target market. (5)

4.2 Name FIVE factors that can contribute to Markos' business failure. (5)

4.3 Increase R1 524,50 by 15%. (2)

4.4 Give FOUR important reasons for the effective packaging of products. (4)

4.5 Markos acts as an employer when recruiting and employing labourers.

Give SIX basic tasks of the Human Resource Practitioner. (6)

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4.6 Write the following abbreviations in full:

4.6.1 UIF

4.6.2 DTI

4.6.3 SITE

(3 × 1) (3)
[25]

QUESTION 5

5.1 From the above case study identify TWO strengths Markos has. (2)

5.2 Name TEN steps Markos must take into consideration when drawing up a business plan (10)

5.3 Briefly explain FIVE advantages of efficient stock management which will have an influence on the profit of Markos' business. (5)

5.4 State FIVE basic functions of management Markos must use in order to be successful in his business. (5)

5.5 Indicate which of the following are fixed costs or variable costs in Markos' business.

5.5.1 Monthly salary for his permanent staff

5.5.2 Instalment on his delivery vehicle.

5.5.3 Wages for his temporary staff.

(3 × 1) (3)
[25]

TOTAL: 100

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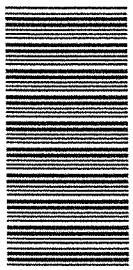

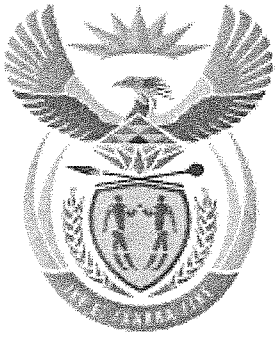

higher education & training

Department:
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REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

JUNE EXAMINATION

INTRODUCTORY ENTREPRENEURSHIP N4

24 MAY 2013

This marking guideline consists of 6 pages.

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QUESTION 1

1.1
- Prosperity and wealth are easier created in a free-market system.√
- It promotes private initiative and entrepreneurship.√
- People are free to plan their own activities.√
- Consumers obtain the products they want by demand and supply.√
- No massive bureaucracy.
- Profit ensures effectiveness, enough production and the right type of products.
- Competition ensures low prices and new technology.
- Monopolies do not last.

(Any 4 × 1) (4)

1.2
- Independence√
- Freedom to be creative and reach your full potential√
- Opportunity to reap excellent reward√
- Recognition and achievement√
- Contribute to society
- Gain control over your destination

(Any 4 × 1) (4)

1.3 36 + 44 = 80√

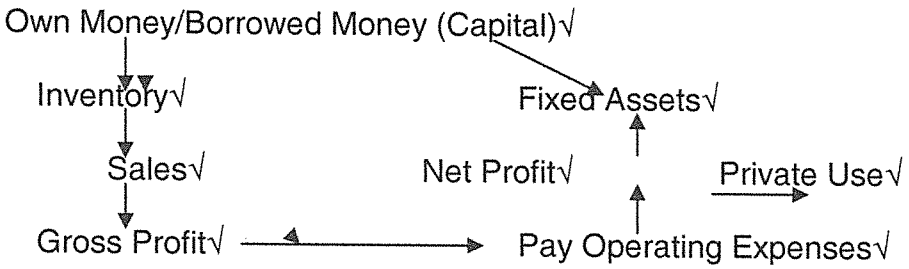
36/80 x 100= 45% √√ (3)

1.4 1.4.1 Market segmentation:
- Total market√ is divided into subgroups or segments√ with similar needs√

1.4.2 Hire purchase agreement:
- Purchaser receives the goods√– pays deposit and instalments√– no ownership before final payment√

(2 × 3) (6)

1.5



(8)
[25]

QUESTION 2

2.1
- Description of the target market√
- Identify immediate competitors√
- Strategy to enlarge market share√
- SWOT analysis√
- Calculate the market share√
- Identify opportunities for expansion
- Sales forecast for the first year of the business

(Any 5 × 1) (5)

2.2
- Carry all the risk√
- Combine factors of production√
- Remunerate factors of production√
- Plan the business√
- Extend the business√
- Identify business opportunities
- Preserve the free enterprise system

(Any 5 × 1) (5)

2.3 Partnership√ (1)

2.4
- Introduce more capital into the business√
- Introduce more skills into the business√
- Eliminate harmful competition√
- Retaining a competent employee√
- Share ideas and experience

(Any 4 × 1) (4)

2.5
2.5.1 fixed√

2.5.2 Breakeven point√

2.5.3 Service√

2.5.4 need√

2.5.5 Consumer√ (5)

2.6

Rent (20 days at a rate of R35 per day)	R700,00√
Telephone	R500,00
Nails (5 boxes @ R20 a box)	R100,00√
Glue for wood (10 @ R15 each)	R150,00√
Total costs	R1450,00√√

(5)
[25]

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QUESTION 3

3.1 3.1.1 10/100 x R 25 000√
R 2 500√

3.1.2 R 25 000 - R 2 500√
R 22 500√ (2 × 2) (4)

3.2

April	30 – 4 = 26√
May	31
June	30
July	31
August	31
Sept	30
	179 days

(3)

3.3
- Supplier's credit√
- Bank overdraft√
- Short-term loan√
- Credit agreement (Hire-Purchase)√
- Leasing√
- Trade credit√

(Any 4 × 1) (4)

3.4
- Notebook for ideas √
- Opportunities first, threats second√
- Adopt a creative attitude√
- Challenge existing products and services√
- Look for business opportunities√
- Think actively
- Ask why it should be this way
- Do something different

(Any 5 × 1) (5)

3.5
- Natural needs√
- Essential needs√
- Cultural needs√
- Luxury needs√
- Convenience needs√
- Protection needs

Maslow's hierarchy needs considered:
- Physiological needs
- Safety needs
- Social needs
- Self-esteem needs
- Self-actualisation needs

(Any 5 × 1) (5)

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3.6
- Durable products last for a long time√√
- Non-durable products do not last for a long time√√ (4)

[25]

QUESTION 4

4.1
- Age group√
- Income levels√
- Gender/Sex√
- Education√
- Location√
- Occupation
- Culture and language
- Religion (Any 5 × 1) (5)

4.2
- Management incompetence√
- Lack of experience√
- Poor control√
- Lack of capital√
- Stock shortages√
- Failure to plan
- Overinvesting in fixed assets
- Attitude
- Ethics
- Customer credit (Any 5 × 1) (5)

4.3 =R1 524,60 x 115/100√
=R1 753,29√

OR

=R1 524,60 x 15/100 = R228,69
=R1 524,60+R228,69
=R1 753,29 (2)

4.4
- Promoting the product√
- Protection of the product√
- Storing of the product√
- Convenient handling of the product√
- Economic transporting of the product
- Differentiation of the product from other products (Any 4 × 1) (4)

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4.5
- Recruiting staff√
- Training/Educating staff√
- Determine remuneration√
- Creation of a favourable and safe work atmosphere√
- The retention of a stable and happy work force√
- Providing incentives such as bonuses to motivate personnel to achieve higher production levels√ (6)

4.6
4.6.1 Unemployment Insurance Fund√
4.6.2 Department of Trade and Industry√
4.6.3 Standard Income Tax on Employees√ (3 × 1) (3)
[25]

QUESTION 5

5.1 Hard work and dedication√√ (2)

5.2
- Prepare a professionally looking cover page√
- Interesting introduction√
- Summarise the industry√
- Market research analysis√
- Proposed marketing plan√
- Proposed financial plan√
- Proposed manufacturing and operating plan√
- Managerial activities√
- Identification of critical risks and problems√
- Positive and motivating conclusion√ (10)

5.3
- Stock will be controlled√
- Correct purchases will be made√
- Competitive sales methods are encouraged√
- Management information is obtained√
- Operating capital will be used optimally√ (5)

5.4
- Planning√
- Organising√
- Controlling√
- Leading/Directing√
- Staffing√ (5)

5.5
5.5.1 Fixed costs √
5.5.2 Fixed costs √
5.5.3 Variable costs √ (3)
[25]

TOTAL: 100

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