higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N790**(E)**(N16)H
NOVEMBER EXAMINATION

NATIONAL CERTIFICATE

INTRODUCTORY ENTREPRENEURSHIP N4

(4090294)

16 November 2016 (X-Paper)
09:00–11:00

Calculators may be used.

This question paper consists of 6 pages.

GENERAL STUDIES

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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. Round off ALL calculations to TWO decimal figures.
5. Write neatly and legibly.

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CASE STUDY

Read the case study below and answer the questions.

NYEMS ELECTRICAL APPLIANCES

Makwetsa Nyems resigned from his work and decided to open a shop selling electrical appliances such as stoves, kettles, irons, refrigerators and washing machines. He has identified this business opportunity after Eskom's decision to provide electricity to thousands of houses in the rural areas, and his target market consisted of the inhabitants of Botlokwa and the surrounding areas.

Makwetsa conducted thorough market research and realised that there would be a great need for electrical appliances in the area of Botlokwa. There were no other shops in the area that supplied these products. The nearest competitors were in Polokwane, ± 60 kilometres from Botlokwa.

He established his enterprise, Nyems Electrical Appliances, in January 2001 and registered it as a sole proprietorship. Makwetsa decided to start on a small scale because he had only R30 000 to invest in the enterprise and would have to borrow the rest of the capital he would need. He used his capital to buy a second-hand bakkie to make deliveries. He took out a loan of R60 000 from a bank to buy his initial stock. The loan would be paid back over a period of five years.

He employed two employees – Joe, who is responsible for sales, and David, who is responsible for deliveries. He ordered his products from a manufacturer in Johannesburg, ± 360 kilometres from Botlokwa. Their products were of outstanding quality, but he had to pay the transport costs. This increased the cost of purchasing especially with the increase in fuel prices, and this in turn caused an increase in his selling prices.

Due to the lack of proper cash flow, he experienced problems in meeting monthly obligations, such as the payment of salaries, rent and interest. He did not keep record of his income and expenditure and had no knowledge of financial statements.

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QUESTION 1

1.1 Makwetsa's employees each earn R500 per week.

Calculate the amount of money each earns per month. (2)

1.2 Makwetsa must compile his marketing mix.

Which elements will he include in this description? (5)

1.3 Makwetsa and his friend Jeff want to form a partnership.

Give THREE reasons for forming a partnership. (3)

1.4 Makwetsa obtains a loan of R60 000 from a bank at 20% per annum for five years.

Calculate the simple interest using the following formula: I = P × r × t/100 (3)

1.5 Name the FIVE factors of production Makwetsa will use in his business. (5)

1.6 Name TWO types of risks Makwetsa can encounter in the business world. (2)

1.7 Answer the following short questions:

1.7.1 How many entrepreneurs can form a sole proprietorship?

1.7.2 2/5 of R15 450 = ?

1.7.3 SARS is the abbreviation for …

1.7.4 … capital must be paid back within 12 months.

1.7.5 ... are intangible benefits offered to customers.

(5 × 1) (5)
[25]

QUESTION 2

2.1 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (2.1.1–2.1.5) in the ANSWER BOOK.

2.1.1 Companies distribute their profits to shareholders by means of paying dividends.

2.1.2 The profit of a business enterprise is measured by means of the balance on the bank account.

2.1.3 The purchasing function deals with the recruitment of staff.

2.1.4 The velocity of turnover measures the number of times stock will be sold in a specific year of trade.

2.1.5 Life insurance creates security for family and business associates in the event of death of an entrepreneur.

(5 × 1) (5)

2.2 State at least THREE competitive advantages that Makwetsa has which make his business successful. (3)

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2.3 Name TWO target markets or segments that he will serve. (2)

2.4 Name FIVE factors Makwetsa needs to consider when locating his business. (5)

2.5 Makwetsa plays an important role in the economy of the country.

Give THREE reasons to support this statement. (3)

2.6 Define the term *hire-purchase agreement.* (3)

2.7 Identify FOUR characteristics of an entrepreneur in Makwetsa. (4)
[25]

QUESTION 3

3.1 Distinguish between fixed costs and variable costs. (2 × 2) (4)

3.2 Makwetsa acts as an employer when recruiting and employing workers.

State FIVE basic tasks of a human-resource practitioner. (5)

3.3 Describe the SEVEN steps Makwetsa will use to purchase stock. (7)

3.4 Name FIVE sources of operating capital Makwetsa can use to run the business efficiently. (5)

3.5 Increase R525,75 with 35%. (4)
[25]

QUESTION 4

4.1 What will the basic content of a marketing plan be? (6)

4.2 The abbreviation BCEA stands for ... (1)

4.3 Makwetsa employed 70 workers in his business of which 35 are female and 35 are male workers.

Which percentage of the staff comprises male workers? (3)

4.4 Which source of finance did Makwetsa use?

Explain the answer with an example. (3)

4.5 Makwetsa is running his business in a free market system.

Define *free market system*. (3)

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4.6 State FOUR disadvantages of this system. (4)

4.7 Give FIVE goals of a private business. (5)
[25]

QUESTION 5

5.1 Calculate the number of days from 1 January 2016 to 11 July 2016. (2)

5.2 Identify the following forms of ownership:

5.2.1 Nyems Electrical Appliances

5.2.2 Johnson and Murphy Panel Beaters

5.2.3 Nel Motor Spares LTD

5.2.4 Bophelong Bricks (Pty) LTD

5.2.5 Sedibeng Guesthouse CC

(5 × 1) (5)

5.3 State TEN steps in drawing up a business plan. (10)

5.4 Give SIX important reasons for the effective packaging of products. (6)

5.5 Give TWO reasons why Makwetsa started his business. (2)
[25]

TOTAL: 100

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