higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N790**(E)**(N14)H

NATIONAL CERTIFICATE

INTRODUCTORY ENTREPRENEURSHIP N4

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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 will be marked. Clearly cross out ALL work you do NOT want to be marked.

INSTRUCTIONS AND INFORMATION

1. Answer only FOUR questions.
2. Read ALL the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. ALL calculations must be rounded off to TWO decimal places.
5. Write neatly and legibly.

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QUESTION 1

CASE STUDY

Read the case study carefully and answer the questions.

KWAPENG'S CAFÉ

In 1994 Amos Kwapeng lost his job as a shop assistant at Pick n Pay. In order to make a living, he started a small spaza shop. He operated this shop from his garage at his home in Mofolo North, Soweto. At that stage, he concentrated on selling basic groceries only, such as coffee, sugar, tinned food, candles and paraffin.

Since there was no other spaza shop in the immediate vicinity and the nearest supermarket was 8km away in Dube, the demand for his products became so high that his premises became far too small. Kwapeng decided to move to a bigger premises. He found a suitable premises at a small centre in the same neighbourhood.

Kwapeng is now selling a wide range of products, such as a variety of groceries, fresh fruit and vegetables, fresh bread, cold drinks and magazines. His target market consists of the local community of Mofolo North, and includes housewives, teachers, road workers and schoolchildren.

Kwapeng buys his stock from wholesalers such as Metro and Trade Centre and uses his bakkie to transport it to the shop. The fruits and vegetables are bought from the fresh produce market in Johannesburg. He buys the bread from a bakery in Johannesburg and the agreement is that the bakery will deliver daily. However, Kwapeng is experiencing problems with this particular supplier, as the bakery is not very reliable. The bakery delivers the bread late and sometimes not at all. He will have to find another supplier for bread.

1.1 Kwapeng is running a business in a free-market system.

Define *free-market system*. (3)

1.2 State at least THREE disadvantages of this system. (3)

1.3 As an entrepreneur Kwapeng will be involved in the remuneration of the factors of production.

State the remuneration of each factor. (5)

1.4 Kwapeng purchases stock from Makro in Johannesburg. He gets a cash discount of 6,5% on his account if he pays within seven days. The amount on the invoice of his purchase totals R25 000.

Calculate the cash amount payable if he pays within three days. (2)

1.5 Kwapeng's assistant earns R250 per week.

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

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1.6 The price of petrol for transporting stock increased from R3,72 to R4,02 per litre.

Calculate the percentage increase on the price of petrol. (2)

1.7 Kwapeng's Cafe is registered as a close-corporation.

State at least FIVE advantages of this form of ownership. (5)

1.8 Kwapeng has 10 male and 15 female employees.

Which percentage of the staff comprises female workers? (3)
[25]

AND/OR

QUESTION 2

2.1 Explain the importance of a business plan in a business. (5)

2.2 Kwapeng is providing a service to his customers.

Explain THREE unique qualities of services. (3)

2.3 List THREE types of securities Kwapeng can offer in order to obtain a loan from the bank. (3)

2.4 Businesses are exposed to numerous risks.

State FOUR types of insurable risks encountered in the business world. (4)

2.5 Name FOUR types of short-term capital that Kwapeng can use. (4)

2.6 Decrease R125,50 by 15%. (2)

2.7 Name FOUR ways in which Kwapeng may try to improve his creative thinking and intuition. (4)
[25]

AND/OR

QUESTION 3

3.1 Give TWO reasons why Kwapeng started his business. (2)

3.2 Kwapeng invested R10 200,00 at a bank at 10% interest per annum for two years.

Calculate the final amount at the end of the two years.

$$\text{Formula: } I = \frac{P \times r \times t}{100}$$

(4)

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3.3 Explain each of the following abbreviations:

3.3.1 BCEA

3.3.2 SARS

3.3.3 DTI

(3 × 1) (3)

3.4 Kwapeng wants to advertise his business in the national newspaper.

Design an advertisement for his business taking the AIDA formula into consideration. (5)

3.5 Discuss briefly FOUR advantages of efficient stock management Kwapeng should consider which will have an influence on the profit of his business. (4)

3.6 Kwapeng is looking forward to opening another spaza shop in Pretoria.

State at least SEVEN factors that will influence the location of his business. (7)
[25]

AND/OR

QUESTION 4

4.1 What will be the basic content of Kwapeng's financial plan? (6)

4.2 Draw up a questionnaire with THREE questions that Kwapeng can use to find out what his customers like about his business. (6)

4.3 As an entrepreneur Kwapeng is working hard to improve the economic situation in the country.

State THREE advantages or benefits that he will receive. (3)

4.4 Give a full description of Kwapeng's target market.

(**HINT:** refer to age, education, income, gender, location) (10)
[25]

AND/OR

QUESTION 5

5.1 What is the standard rate of Value Added Tax? (1)

5.2 Complete the personal resource analysis for Kwapeng. (3)

5.3 Kwapeng is an example of a successful entrepreneur.

Describe any FIVE characteristics of a successful entrepreneur. (5)

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5.4 How will Kwapeng use his budget to effectively manage his finances?
(3 × 2) (6)

5.5 The consumer has many needs.

Name the FIVE basic categories to classify needs. (5)

5.6 Explain FIVE reasons why the effective packaging of Kwapeng's products is important. (5)
[25]

TOTAL: 100

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