higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

INTRODUCTORY ENTREPRENEURSHIP N4

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

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

INSTRUCTIONS AND INFORMATION

1. Only answer FOUR questions.
2. Read all the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Start each section on a new page.
5. Use only a black or blue pen.
6. Write neatly and legibly.

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QUESTION 1

Read the scenario below and answer the questions.

Delivering a personal touch

Over the past few years, bakkies emblazoned with The Courier Guy logo have become a common fixture on the roads of Johannesburg. More recently, the brand has expanded to Durban and Cape Town, and the franchise has its sight set on gaining a strong national footing.

By the time Gleisner was in his late 30s, he had dedicated 15 years to the food franchise industry in various managerial roles, and he did not have much to show for it. The thought of working for someone else for the rest of his life soon turned to disillusionment, and by mid-1990s, knowing nothing but the restaurant business, Gleisner decided to sell everything, buy a motorcycle and head for Mozambique. 'I had R2 000 in my pocket and no idea what I wanted to do with my life, but I was determined to figure it out.'

Having already quit his job, having sold everything and having bought a bike, Gleisner waited for his visa. His cousin, who knew of his circumstance, asked him for a favour. 'My cousin's business was corporate gifts. She phoned me and asked me to drop off a sample at the printers as her courier service had let her down. I said no problem and hopped on my bike.'

When he arrived, the person at the printers asked, 'Are you the courier guy?' Gleisner decided that it was easier to simply say 'yes' than explain the whole story. 'It turned out that the person from the printers needed a favour too. He had a parcel that he needed to get to Sandton, and he asked me how much I charged. I had no idea what the going rate was. I said R20, which was enough to cover the costs to deliver his package. It turns out R20 was pretty cheap.'

'At the beginning, all I had was my bike and the R2 000 I had saved for Mozambique. My first clients were my cousin and her clients, and anyone who had heard of me through word of mouth. My clients recommended me to their friends and other businesses, and soon I was busy. I actually needed to trade in the bike for a bakkie.' This all happened within four months and business boomed even more. 'I had learnt the value of excellent service and personal touch during my days in the fast food franchise.'

'I put a face to the courier business that my clients had not experienced before.'

[Source: *Entrepreneur: Be Your Own Boss Magazine*]

1.1 Gleisner plays an important role in the economy of our country.

Give FOUR reasons to substantiate this statement. (4)

1.2 Is Gleisner an entrepreneur or intrapreneur? Substantiate your answer. (2)

1.3 Give FOUR reasons why you think Gleisner started his own business. (4)

1.4 State FIVE basic management functions Gleisner must fulfill in order to be successful in his business. (5)

1.5 State at least FIVE functions of a business enterprise. (5)

1.6 Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (1.6.1–1.6.5) in the ANSWER BOOK.

1.6.1 Creativity is only applicable when starting your own business.

1.6.2 Owner's equity refers to amounts invested in the business by the owner.

1.6.3 The purchasing function deals with the recruitment of staff.

1.6.4 Fixed capital must be paid back within 12 months.

1.6.5 Private companies usually advertise their shares in national newspapers and trade magazines.

(5 × 1) (5)
[25]

AND/OR

QUESTION 2

2.1 Explain the importance of a business plan for Gleisner's business. (5)

2.2 State any FOUR factors Gleisner needs to consider when locating his business. (4)

2.3 Calculate the following:

2.3.1 20% of R10 million (2)

2.3.2 2/5 of R35 200 (1)

2.3.3 Gleisner borrows R60 000 from a bank to buy a bakkie at a rate of 20% simple interest per annum for five years.

Calculate the interest he will pay to the bank.

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

Show all the calculations. (4)

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2.4 Gleisner runs his business as a close corporation (CC).

State FIVE characteristics of this form of ownership. (5)

2.5 Gleisner runs his business in a free-market system.

State FOUR characteristics of a free-market system. (4)
[25]

AND/OR

QUESTION 3

3.1 Identify THREE resources that Gleisner needs to include in his personal resource analysis. (3)

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

3.3 Describe FIVE different factors Gleisner should consider when deciding on a supplier. (5)

3.4 Gleisner must compile his marketing mix. Which elements will he include in this description? (5)

3.5 Gleisner charges R20 to deliver the parcels. The price will increase by 25% in a month's time. Calculate the new price. (3)

3.6 Gleisner's assistant earns R450 per week. Calculate the amount of money he earns per month. (2)

3.7 Define each of the following terms:

3.7.1 Stock turnover rate (4)

3.7.2 Bank overdraft (2)
[25]

AND/OR

QUESTION 4

4.1 Explain FIVE advantages of optimal stock management. (5)

4.2 State at least TWO competitive advantages that Gleisner has which makes his business successful. (2)

4.3 Gleisner must use banking facilities to manage his money in the business.

Name at least FIVE types of banking facilities he could use. (5)

4.4 Name TWO types of risks Gleisner can encounter in the business world. (2)

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4.5 Japie, an assistant in the business, would like to go on holiday from 20 June 2018 to 20 October 2018.

Calculate the number of days he will be away. (5)

4.6 Approximately 2 000 clients use the courier service business. Their average income amounts to R1 500. On average, a client spends 25% of their income on courier services. Gleisner is convinced that he will attract a market share of 10%, seeing as there are other courier businesses in the area.

Calculate the potential rand value of his market share. Show all the calculations. (6)
[25]

AND/OR

QUESTION 5

5.1 Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A–F) next to the question number (5.1.1–5.1.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
5.1.1	Type of ownership with a maximum of 50 shareholders	A	bank statement
5.1.2	Consumers move from the rural areas to the city	B	private company
5.1.3	Processed food, furniture and clothing	C	secondary industries
5.1.4	Process refers to the flow of capital and money in a business enterprise	D	urbanisation
5.1.5	Summary of all banking transactions that took place on the current account of an entrepreneur over a given period of time	E	business cycle
		F	target market

(5 × 1) (5)

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

5.3 Gleisner's net profit increased by 10% in 2018, while his net profit for 2017 was R15 000. Calculate his net profit for 2018. (3)

5.4 Describe the content of the marketing plan for Gleisner's business. (6)

5.5 List THREE target markets that Gleisner will serve. (3)

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5.6 Gleisner advertises his courier service business in the local newspaper.

How will he use the AIDA formula to his advantage? (4)

[25]

TOTAL: 100

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