higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4

(Second paper)

(4090304)

1 October 2020 (X-paper)
09:30–12:00

OPEN-BOOK EXAMINATION

Calculators and FIVE reference works, including dictionaries, textbooks and student files containing lesson notes, may be used.

This question paper consists of 6 pages and 1 answer sheet.

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ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4
(Second paper)
TIME: 2½ HOURS
MARKS: 200

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 any THREE of the 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. Answer QUESTION 4.6 on the ANSWER SHEET (attached).
6. Use only a black or blue pen.
7. Write neatly and legibly.

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SECTION A

QUESTION 1

Study the information below and answer the questions.



1.1 Use the AIDA principles and other guidelines of a good advertisement with regard to the above.

Determine whether Rachel Zuko designed a good advertisement for her dance studio. (14)

1.2 Complete a marketing mix analysis for Rachel Zuko's business. (12)

1.3 Mention THREE market segments that could be attracted by the product/service Rachel is offering. (3 × 2) (6)

1.4 Suggest THREE promotional strategies that Rachel can use at the beginning of a new term. Give an example of each strategy. (3 × 3) (9)

1.5 Innovations do not have to be new products; they could come about when creative thinking improvements are made to existing products. Think of THREE practical ways to improve a classroom desk.

Describe new features that you could add and show those changes with an illustration. (3 × 3) (9)

[50]

TOTAL SECTION A: 50

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SECTION B

QUESTION 2

Study the passage below and answer the questions.

Starting a business of your own is the right path to follow, especially if you want to take full control of your own destiny. Although running a business can be quite challenging, it is one of the surest ways of attaining financial freedom. You identified a business opportunity and decided to set up a business in your community.

2.1 Describe your business idea under the following headings:

2.1.1 A general description of the service or product you intend to offer (4)

2.1.2 Two long-term objectives of your business idea (2 × 2) (4)

2.1.3 Reasons why your business will be successful (4)

2.1.4 Selection of your location from where you will trade (4)

2.2 Draw up an employment contract for one of your employees. (12)

2.3 Complete a SWOT analysis for your business. (8)

2.4 You want to collect information about your target market. Draft the pre-sale questionnaire that you can use for your market research. The questionnaire must include FOUR questions relating to your product/service, the name of your business and the business logo. (14)

[50]

QUESTION 3

You have listened to various coffee shop experts, attended coffee seminars, and have also worked in a coffee shop. Having acquired the necessary exposure and experience you need, you intend to open a coffee shop in your local area.

3.1 The following questions are based on the coffee shop you intend to open.

3.1.1 Design a trademark for your coffee shop and assess it against the guidelines for a good trademark. (8)

3.1.2 Outline FIVE things you will do to make your business stand out from other businesses offering the same product/service. (5 × 2) (10)

3.1.3 List FIVE types of equipment you will need in your coffee shop. (5 × 2) (10)

3.1.4 How can coffee shops make their storefront more appealing to grab the attention of passing potential customers? (8)

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3.2 Pule manufactures steel tables. He knows that his fixed costs are R2 000 per month. Furthermore, the cost associated with manufacturing one table is R30 (variable costs). He is currently selling the tables at R50 each.

3.2.1 Pule would like to know how many tables he should manufacturer to break even. Calculate the break-even units. (6)

3.2.2 Calculate the break-even turnover for Pule's business. (6)

3.2.3 Give ONE reason why the break-even point is important to every business person. (1 × 2) (2)

[50]

QUESTION 4

Study the case study below and answer the questions.

Katie Shea and Susie Levitt launched their line of comfortable footwear soon after graduating in 2009. These foldable ballet flats are shipped with their own pouches. They searched for footwear manufactures on Alibaba.com in 2008 and begun prototyping their products. Once they found the right manufacturer, their first batch of 1 000 shoes arrived at Katie's parents' garage on Long Island. The garage was not big enough, but it became their first distribution centre.

Despite their young age, both entrepreneurs initiated their business with professional sense and judgement. Their own financial resources allowed them to remain independent and work on perfecting their prototype design and their website. They use their social network to market their business idea. Promotion blogs and active Twitter feed led to a positive online presence for the Cityslips brand.

[Adapted from: *https://caree.guru.co.za*]

4.1 Identify the business structure reflected in the case study. (1 × 2) (2)

4.2 Refer to QUESTION 4.1 and answer the questions.

4.2.1 How will profits and losses be divided? (1 × 2) (2)

4.2.2 Mention TWO advantages of this business structure. (2 × 2) (4)

4.3 Which pricing technique could they use to achieve their business objectives? Substantiate your answer. (4)

4.4 Social media could pose opportunities and threats to the business.

Justify this statement by discussing the advantages and disadvantages of using social media as a tool for marketing your products. (8)

4.5 What are the competitive advantages of Cityslips fashion footwear? (6)

4.6 Use the following information to draw up the estimated cash flow statement for Palesa for the next THREE months. At the end of March 2019, they had a favourable balance of R10 000. They also qualified for a loan of R15 000, which was granted in April 2019. Use the ANSWER SHEET (attached) to answer the questions.

MONTH	ESTIMATED SALES	ESTIMATED PURCHASES
March	15 000	10 000
April	20 000	15 000
May	22 500	16 500
June	32 500	25 000

1. Other information:

Loan repayment (May 2019)	1 500
Telephone	650
Water and electricity	1 250
Wages and salaries	2 800
Advertising costs	700
Stationery	450
Rent	1 900

2. 40% of all sales are on credit. These consumers pay 30 days later.

3. 10% of all purchases are on credit. Palesa pays 30 days later.

4. Palesa bought a second-hand delivery vehicle in April 2019. The deposit was R12 500 and the monthly payment thereafter was R1 100 for 72 months.

5. In May, Palesa will sell an old vehicle for R9 500 cash.

(24)
[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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ANSWER SHEET **EXAMINATION NUMBER:** | | | | | | | | | | | | | |

SECTION B

QUESTION 4

4.6 **CASH FLOW STATEMENT**

	APRIL	MAY	JUNE
Opening balance			
Cash sales			
Credit sales			
Loan			
Other receipts			
Total cash receipts			
Loan repayments			
Monthly payments			
Cash purchases			
Credit purchases			
Other payments			
Total cash payments			
Month-end balance			

(24)

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