higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N430(E)(J18)H

JUNE EXAMINATION

NATIONAL CERTIFICATE

ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4
(Second Paper)

(4090304)

18 June 2014 (X-Paper)
09:00–11:30

OPEN-BOOK EXAMINATION

FIVE reference works may be used as prescribed.

This question paper consists of 9 pages and 3 addenda.

BUSINESS GUIDE

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4
(Second Paper)
TIME: 2½ HOURS
MARKS: 150

INSTRUCTIONS AND INFORMATION

1. Answer only 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. Write neatly and legibly.

BUSINESS STUDIES

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ANSWER ONLY THREE OF THE QUESTIONS

QUESTION 1

Read the following scenario and answer the questions.

MZANSI TOURS

Bongi Sithole is the owner of Mzansi Tours. His business is based in Gauteng and he is a successful tour operator. His successful tour business takes tourists to Soweto and other townships. He takes visitors to shebeens and other popular tourist destinations. Bongi Sithole says that his tour business takes people to unique places. Overseas tourists want to visit the authentic Africa places, the Zulu kraals and shebeens.

Bongi Sithole uses his own minibuses, or hires large commercial buses. He has thirteen employees, nine of whom are tour operators like him and whom he has personally trained. The other four run the administration, booking office, marketing and receptionist work. Following demands from visitors to see Cape Town, Bongi is currently pursuing the idea of opening a Cape Town branch and is working with several people in the Mother City to achieve this goal. 'I believe in giving people what they want,' he says. 'It satisfies customers and sustains my business. They either keep coming back or are a wonderful advert for me, because of their praise for my company to other tourists. Hard work also accounts for the success. Tourism is not an eight to five business. It involves long hours and no weekend.'

Bongi's business was dealt a cruel blow when four of his seven vehicles were hijacked and another was involved in an accident, but he picked up the pieces and continues to operate with the remaining two vehicles.

1.1 What are the competitive advantages facing Mzansi Tours. (10)

1.2 What security measures do you suggest Bongi would follow with regarding his minibuses and safety of his customers? (10)

1.3 Bongi consults you for professional advice on the trade mark of his company. Measure his trade mark against the guideline for a good trade mark. (6)

1.4 Complete an organisational chart for Mzansi Tours. (6)

1.5 Explain SIX promotional instruments applicable to Bongi's type of business that he could implement for his future Cape Town-based office. (6)

1.6 Bongi distributes fliers/leaflets to tourists as they arrive in South Africa, advertising his travel and tourism business.

Explain how Bongi can measure the success of this form of advertising. (6)

1.7 Bongi wants to complete an after-service evaluation.

What do you suggest? (6)
[50]

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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 (2.1.1–2.1.4) in the ANSWER BOOK.

2.1.1 The marketing plan must analyse the marketing environment.

2.1.2 Demographic segmentation refers to the area of residence.

2.1.3 When you introduce a new product to the market, you can minimise the risk of failure through trade marks.

2.1.4 In the introductory stage of the product life cycle the profit margins will peak.

(4 × 2) (8)

2.2 The following questions are applicable to the business plan you have completed during this semester. Select a product/service that you want to use as a business idea or use the product/service of your business plan that you compiled this semester.

2.2.1 Give your product/service a name and explain why you have selected that particular name. (4)

2.2.2 Name the type of customers (your target market) that might be attracted by your product/service. (2)

2.2.3 Name the basic need that your product/service fulfils for your target customers. (2)

2.2.4 Select ONE method to protect your business idea. Explain why. (4)

2.2.5 Classify your product/service according to the nature of products. Explain why. (4)

2.2.6 You want to collect information about your target market. Compile the necessary questionnaire that you can use for your market research. The questionnaire must include FIVE questions relating to your product/service and meet the requirements for a good questionnaire. (12)

2.3 Assume that there are 3 500 consumers in your target area (target market). The average income per annum per consumer amounts to R12 500. You estimate that each consumer spends 1,5% of their yearly income on your product/service. You believe that you will enjoy a market share of 15% of the total market.

2.3.1 Calculate the potential market share of your business. Show ALL the calculations. (10)

2.3.2 Assume that you sell your products for R28 each.
Complete the sales budget figures for your business on ADDENDUM A (attached). (4)

[50]

BUSINESS STUDIES

QUESTION 3

Read the following scenario and answer the questions.

In 2007 three young businesswomen Thulis, Lihle and Ntando started Fanas Stationery. Two of the partners, Lihle and Ntando are 'sleeping partners' while Thulis steers the Madadeni-based Fanas Stationery full-time. Thulis explains how the business started: 'We were aware of the constant need for stationery supplies in the workplace. All three of us at one time or another had to order stationery so we know our clients' needs and demands. To our knowledge, there are no black female stationery suppliers. Because many large businesses are actively looking to black business as suppliers right now, we felt it was a good time to fill the gap in the market.'

'We use our own savings, and we are fortunate to have husbands that were able to help with start-up cost and capita.'

Fanas client base has grown to 15 since they started the business – and clients include a cellular network company, an international bank. Siviwe Supervision Food, Solly Music Entertainment Co. Mnambithi College and DACT.

Thulis says: 'Our mission is to meet our clients' needs efficiently and honestly, and offer competitive prices. Having seen that many stationery suppliers do not deliver on time, or make promises that they cannot keep, we believe in providing the best customers service with stationery that is always delivered on time'.

The three women are keen to keep their overheads low. Thulis does the deliveries. However, they also bring in part-time to help when they get a very large order. Fanas Stationery is also keen to supply and deliver to small and medium-sized businesses in the future.

3.1 Thulis wants to advertise Fanas Stationers.

Select ONE advertising medium that you suggest and explain why. (4)

3.2 Discuss the premises or place you will need to operate Fanas Stationers business from. Refer in the discussion to the necessary layout of your business. (8)

3.3 Use the principles of a good advertisement and complete an advertisement for Fanas Stationers for the advertising medium you suggested in QUESTION 3.1.

Marks will be allocated for the layout of the advertisement and not theory copied from your notes. (14)

3.4 Complete a SWOT-analysis for the Fanas Stationers company to determine the market feasibility of their product. (8)

BUSINESS STUDIES

3.5 Use ADDENDUM B to answer this question.

Thulis intends opening a stationery store in a local shopping mall centre. COLUMN A below indicates the different shelves and their stock and COLUMN B gives a description of the nature of the stock.

Help Thulis with the layout of her store by choosing a description from COLUMN B to match a shelf. Also indicate where you will place a specific shelf. On ADDENDUM B draw a cross across the letter (A–G) from COLUMN B next to the shelf number (3.5.1–3.5.8). Indicate the location you have chosen on the line underneath the shelf number. A description may be used twice.

COLUMN A		COLUMN B
3.5.1	Stationery items such as pens, Tipp-Ex, pencils, rulers, glue, etc.	A necessities B necessities
3.5.2	Envelopes, wring pads, notes book, files, diaries, etc.	C luxury items D impulsive goods
3.5.3	Gift wrapping paper, greeting cards, birthday cards, etc.	E convenience goods
3.5.4	Small gifts such as pen sets, photo albums, miniature teddy bears	F impulse goods G expensive items
3.5.5	Weekly, monthly and hobby magazines	
3.5.6	Daily newspapers	
3.5.7	Calculators, watches, cameras, etc.	
3.5.8	Cashier/Check-out point	

(8 × 2) (16)
[50]

BUSINESS STUDIES

QUESTION 4

4.1 The Sun Shine Company was established in response to the growing demand for hair products for the new and individual Afro hairstyles and the wetlook perm styles.

Use the answer sheet (complete ADDENDUM C).

Use the following to draw up the estimated cash flow statement for the next four months for the product plant of Sun Shine products. At the beginning of March 2011 they had a favourable bank balance of R25 000.

MONTH	ESTIMATED CASH SALES	ESTIMATED PURCHASES OF DIRECT MATERIALS
March	R60 000	R30 000
April	R30 000	R20 000
May	R40 000	R30 000
June	R50 000	R40 000

Other information

1. Sun Shine buys a new delivery van in March. They pay R18 000 deposit and their monthly payments thereafter are R2 200 for the next twenty-four months.

2. Their average expenses per month are:

Direct labour	R1 700
Manufacturing overheads	R1 200
Rental	R1 550
Electricity	R1 180

3. In April they will sell one of their old machines for R20 000 cash.

4. In May they will buy new equipment. The deposit will be R15 000 and the monthly instalments thereafter will be R5 000 for the next twenty-four months.

5. The Sun Shine Company was granted a R25 000 loan in January 2011 by the local Bank. The monthly repayments are R1 200 per months. (28)

BUSINESS STUDIES

4.2 You have been approached by Sun Shine company to assist with the packaging of their products. Which description in COLUMN B matches the concept in COLUMN A? Write only the letter (A–D) next to the question number (4.2.1–4.2.4) in the ANSWER BOOK (ADDENDUM C)

COLUMN A		COLUMN B
4.2.1	Family	A two Sun Shine gel sachets with a comb
4.2.2	Individual packaging	B the gel, perm lotion, moisturiser, shampoo, etc. have the same shape and packaging
4.2.3	Re-usable packaging	C the gel, perm lotion, moisturiser, shampoo, etc. all have different shapes and packaging
4.2.4	Multiple packaging	D use containers with lids that can be sealed

(4 × 2) (8)

BUSINESS STUDIES

4.3 Read the scenario below and answer the questions.

In 2007 three young businesswomen Thulis, Lihle and Ntando started Fanas Stationery. Two of the partners, Lihle and Ntando are 'sleeping partners' while Thulis steers the Madadeni-based Fanas Stationery full-time. Thulis explains how the business started: 'We were aware of the constant need for stationery supplies in the workplace. All three of us at one time or another had to order stationery so we know our clients' needs and demands. To our knowledge, there are no black female stationery suppliers. Because many large businesses are actively looking to black business as suppliers right now, we felt it was a good time to fill the gap in the market.'

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The three women are keen to keep their overheads low. Thulis does the deliveries. However, they also bring in part-time to help when they get a very large order. Fanas Stationery is also keen to supply and deliver to small and medium-sized businesses in the future.

4.3.1 Complete an index page for the business. Include headings and subheadings. (10)

4.3.2 Name TWO critical success factors of this business. (4)
[50]

TOTAL: 150

BUSINESS STUDIES

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

ADDENDUM A

QUESTION 2

2.3 2.3.1

Number of families	
Average cross income per family	
Total income for area	
Percentage spent on your product	
Potential rand value	
Realistic market share	
Rand value of market share	(10)

2.3.2

Sale budget for the year	
Expected sales in units	
Selling price per unit	
Total sales	(4)

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

ADDENDUM B

QUESTION 3

3.5

3.5.2

Shelf 1:	A	B	C	D	E	F	G

3.5.2

Shelf 2:	A	B	C	D	E	F	G

3.5.3

Shelf 3:	A	B	C	D	E	F	G

3.5.4

Shelf 4:	A	B	C	D	E	F	G

3.5.5

Shelf 5:	A	B	C	D	E	F	G

3.5.6

Shelf 6:	A	B	C	D	E	F	G

3.5.7

Shelf 7:	A	B	C	D	E	F	G

3.5.8

Shelf 8:	A	B	C	D	E	F	G

(16)

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ANSWER SHEET EXAMINATION NUMBER:

ADDENDUM C

QUESTION 4

CASH FLOW STATEMENT

4.1

MONTHS	MARCH	APRIL	MAY	JUNE
Bank Balance Beginning of Month				
Cash sales				
Other Income				
TOTAL CASH AVAILABLE				
Monthly expenses				
Cash Purchases of direct materials				
Financing: Loan				
Other Payments				
TOTAL CASH PAYMENTS				
Bank Balance End of Month				

(28)

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MARKING GUIDELINE

NATIONAL CERTIFICATE

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(Second Paper)

18 JUNE 2014

This marking guideline consists of 8 pages.

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QUESTION 1

1.1
- Take tourist to unique places
- Go to different places
- They are different than other tours
- Offer excellent service
- His own seven minibuses
- Listen to the demands from tourists
- He gives people what they want (Any 5 × 2) (10)

1.2
- Burglar, alarm in minibuses
- Lock-up the buses at night
- Radio contact with police
- Cellular telephone
- Stay in contact with office
- Schedule from which the office can determine exactly your position at all times
- Security guards (10)

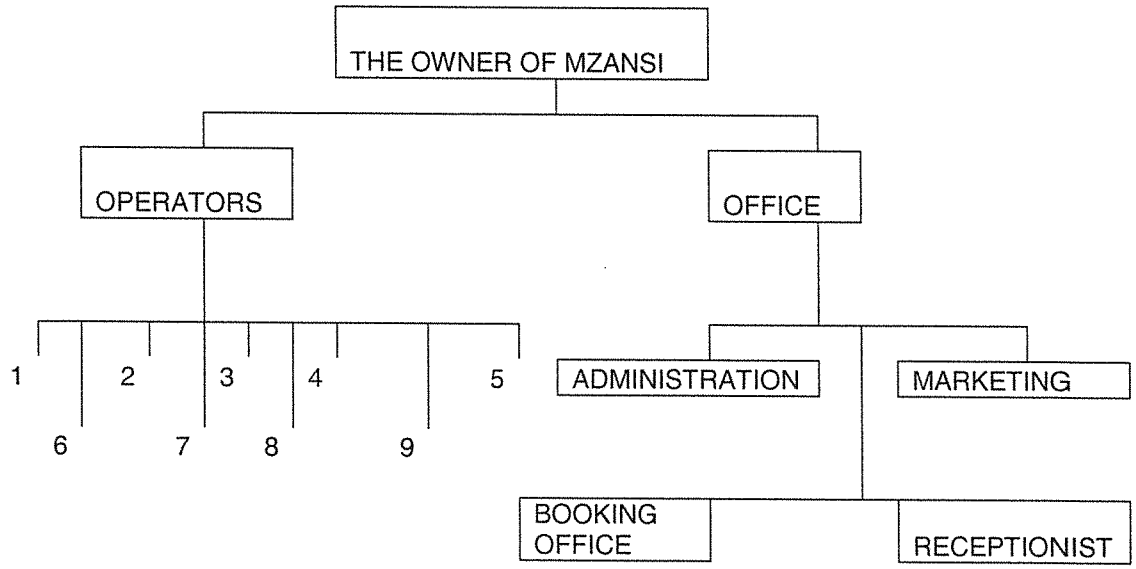
1.3 Tell something of the product
- Face to face tours;
- Personalised/guided tours
- Pronounced, remembered easily
- Face to face easy words for foreigners

Creates unique image
- Face to face you read that as tourist will see things from close, eye to eye
- Indicate quality
- Face to face is personal guide

Uses names/initials/foreign names/combination
- Mzansi's (6)

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1.4



(6)

1.5
- Circulars are cheap
- They are freely included in newspaper
- Shopping centre; leaflets
- Radio
- Institutional advertising/improve image/goodwill
- Advertise in newspaper/draw new customer
- Complete advertising budget
- Monthly expenses
- Competition
- Speciality tours
- Name of shop on t-shirt
- Sponsor event
- Customer relation service
- Friendly and helpful (Any 6 × 1) (6)

1.6
- Ask customer
- Record of inquiries – on specific item advertised
- Coupons/discount/competition (must apply the above to the case study) (3 × 2) (6)

1.7
- Use questionnaire for customers to complete
- Ask quests relating to service provided
- Give example of such a questionnaire (drawing)

(Other methods such as observation, test marketing, experiments etc, also accepted must explain) (6)

[50]

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QUESTION 2

2.1 2.1.1 True
2.1.2 False
2.1.3 False
2.1.4 False

(4 × 2) (8)

2.2 2.2.1 Must be appropriate. Explanation must apply to the name (4)

2.2.2 Consumer market or industrial market or reseller's market (2)

2.2.3
- Necessity needs; food
- Luxury needs; expensive clothing
- Security needs; safety
- Cultural needs; music
- Natural needs ; food, clothing, housing (Any 2 × 1) (2)

2.2.4 Reason why must be appropriate, namely: secrecy, patents, trademarks, copyright (4)

2.2.5 reason must be appropriate namely: industrial, consumer, convenience, shopping, speciality, service (4)

2.2.6
- Introductory question must arouse interest
- Personal questions asked last
- Use open end questions
- Use closed end question
- Keep questions simple wording
- One question at a time
- FIVE examples of related questions to their business (12)

2.3 2.3.1

Number of families	3 500
Average cross income per family	12 500
Total income for area	43 750 000
Percentage spend on your product	1,5%
Potential rand value	656 250
Realistic market share	15%
Rand value of market share	98 437,50

(10)

2.3.2 **Sales budget for the year**

Expected sales in units	3 515,625
Selling price per unit	R28
Total sales	R98 437,50

(4)
[50]

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QUESTION 3

3.1 Newspaper
- Circulation

Television
- Wide coverage
- Demonstration

Radio
- Dramatic impact
- Wide coverage
- Leaflets
- Personalised approach

Letterheads
- Use stationery

Packaging
- On plastic bags (Any 4 × 1) (4)

3.2
- Public places like streets, markets and taxi ranks. At your house and rented premises
- Layout of service or retained business or manufacturing business
- Design or sketch discussion acceptable (8)
- Location must apply to the Fanas Stationery business (4 × 2)

3.3 Identify any seven principles in their advert
Draw attention
- Use the word cheap
- Must be bold

Benefits to consumers
- Fast service
- Convenience

Layout
- Message is short
- Simple/clear

Heading
- Word stands out/draw
- Attention
- Name of product

Illustrations
- Drawings
- Symbols
- Photos
- Names of products
- Identify the store

Price
- Price information (14)

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3.4 STRENGTH

- Unique concept
- Demand for in third world
- Repairable product
- Affordable

WEAKNESS

- Promotion strategy
- Wide scattered population

OPPORTUNITY

- Target market
- International
- Whole of Africa

TREATS

- Competitors
- Conventional radio (8)

ADDENDUM B

QUESTION 3

3.5

Any combination is correct depending on the reason why.

Shelf 1:	A	B	C	D	E	F	X	H

Why: Expensive – away from entrance

Shelf 2:	A	B	X	D	E	F	G	H

Why: - far from entrance

Shelf 3:	A	B	C	D	E	X	G	H

Why: Impulse – near entrance

Shelf 4:	A	B	C	D	X	F	G	H

Why: Convenience – main aisle

Shelf 5:	X	B	C	D	E	F	G	H

Why: Necessities – far from entrance

Shelf 6:	A	B	C	D	E	X	G	H

Why: Newspaper/cashier – near entrance

Shelf 7:	A	X	C	D	E	F	G	H

Why: Necessities – far from entrance

Shelf 8:	A	B	C	X	E	F	G	H

Why: Small gifts – Impulse near entrance

(16)
[50]

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ADDENDUM C

QUESTION 4

4.1 4.1.1 **CASH FLOW STATEMENT**

MONTHS	**MARCH**	**APRIL**	**MAY**	**JUNE**
Bank Balance Beginning of Month	25 000	30 170	51140	37 110
Cash sales	60 000	30 000	40 000	50 500
Other Income		20 000		
TOTAL CASH AVAILABLE	85 000	80 170	91 140	87 610
Monthly expenses	5 630	5 630	5 630	5 630
Cash Purchases of direct materials	30 000	20 000	30 000	40 000
Financing: Loan	1 200	1 200	1 200	1 200
Other Payments	1 8000	2 200	2 200 15 000	2 200 5 000
TOTAL CASH PAYMENTS	53 830	29 030	54 030	54 030
Bank Balance End of Month	30 170	51 140	37 110	33 580

(28)

4.2 4.2.1 B
4.2.2 C
4.2.3 D
4.2.4 A

(4 × 2) (8)

4.3 4.3.1 Any FIVE applicable (10)

4.3.2 Any applicable factors (4)
[50]

TOTAL: 150

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