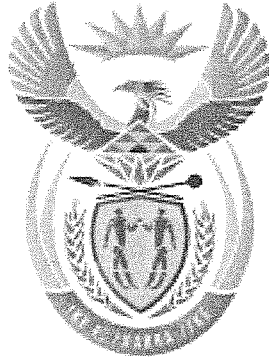
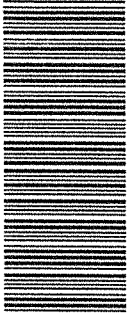


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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N430(E)(J6)H
JUNE EXAMINATION

NATIONAL CERTIFICATE

**ENTREPRENEURSHIP AND BUSINESS
MANAGEMENT N4
(Second Paper)**

(4090304)

**6 June 2013 (X-Paper)
09:30–12:00**

OPEN-BOOK EXAMINATION

FIVE reference works may be used as prescribed.

Calculators may be used.

This question paper consists of 6 pages, and a 2-page answer sheet.

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA
NATIONAL CERTIFICATE
ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4
(SECOND PAPER)
TIME: 2 ½ HOURS
MARKS: 200

NOTE: If you answer more than the required THREE questions, only the first three questions will be marked. All work you do not want to be marked, must be clearly crossed out.

INSTRUCTIONS AND INFORMATION

1. Answer only THREE questions.
2. SECTION B (SECOND PAPER) must be answered in the ANSWER BOOK, except QUESTION 2.1.8 and QUESTION 4.4 which must be answered on the attached ANSWER SHEET.
3. Read ALL the questions carefully
4. Number the answers according to the numbering system used in this question paper.
5. Write neatly and legibly.

INSTRUCTIONS AND INFORMATION TO INVIGILATORS

- 1 SECTION B (SECOND PAPER) is an OPEN-BOOK EXAMINATION which has to be answered in the prescribed ANSWER BOOK.
2. The candidates may use FIVE sources as prescribed.
3. The time allocated for this question paper is 2 ½ hours.
4. This question paper must be handed to the candidates FIVE MINUTES BEFORE the examination commences.
5. At the end of the examination session the ANSWER BOOK must be handed in.
6. Place the candidate's ANSWER BOOK for SECTION A (FIRST PAPER) in the ANSWER BOOK for SECTION B (SECOND PAPER).
7. Make sure that the EXAMINATION NUMBERS correlate and are correct.

YOU MAY NOT TURN THE PAGE BEFORE THE INVIGILATOR INSTRUCTS YOU TO DO SO.

SECTION B**QUESTION 1**

Zaphezulu Chain store is exceptionally busy. On its opening day 5 000 people queued to enter the store. The success of the store can be attributed to the fact that only tuck shops are found in the Osizweni area, and in the past shoppers had to travel 25 km to the nearby town of Newcastle.

- 1.1 State FOUR competitive advantages for this store in Osizweni. (8)
- 1.2 Describe how the store can get rid of slow-moving products. (8)
- 1.3 The chain store distributes fliers/leaflets to residents in the area to advertise specials.
Explain how the store can measure the success of this form of advertising. (8)
- 1.4 Explain TWO advertising media that the Osizweni store can implement to increase its sales. (8)
- 1.5 What security measures do you suggest the chain store follow with regard to the loss and theft of merchandise? (8)
- 1.6 Explain how you can increase the effectiveness of retailing in the store by suggesting a change in the layout and the appearance of the store. (10)
- [50]**

QUESTION 2

- 2.1 The following questions are applicable to the business plan you completed during this semester. Select a product/service that you want to use as a business idea or you may use the product/service of your business plan that you completed this semester.
- 2.1.1 Explain the type of business you have selected. (2)
- 2.1.2 Give your product/service a name and explain why you have selected that particular name. (4)
- 2.1.3 Name the type of ownership your business will have and explain why. (4)
- 2.1.4 Explain where your business will be located and give a reason why you have selected that specific location. (4)
- 2.1.5 Name TWO expenses that will form part of start-up costs for your specific business and explain why. (4)

- 2.1.6 Name the type of customers (your target market) that might be attracted by your product/service. (2)
- 2.1.7 Classify your product/service according to the nature of products. Explain why. (4)
- 2.1.8 You have an advertising budget for your business and the policy that you follow is that not more than 10% of your monthly turnover will be spent on advertising (promotion) costs for the month. It cannot exceed the total advertising budget of R5 000 for the first three months of the year.

Use the following information to complete the advertising budget on ANNEXURE A of the attached ANSWER SHEET.

MONTHLY TURNOVER:

June	R14 000
July	R12 000
August	R18 000

ADVERTISING COSTS:

Leaflets:	R280 for 1 000 leaflets R230 for 500 leaflets
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Advertisement in local newspaper:	R450 for a black-and-white advertisement R750 for a two-colour advertisement R55 for a classified advertisement
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Promotion in the store:	R120 per day
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Radio advertisement:	R1 500 for 55 seconds prime time R600 for 55 seconds
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Business cards:	R180 for 200 business cards printed
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Posters:	R1 500 for 100 posters R1 100 for 50 posters
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Sales representative:	R80 per day	(12)
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- 2.2 Assume that there are 600 customers in your target area (target market). The average income per annum per customer amounts to R12 500. You estimated that each customer spends 2,5% of his/her yearly income on your product/service. You believe that you can enjoy a market share of 25% of the total market.
- 2.2.1 Calculate, by showing ALL the steps, the potential market share of your business. (10)
- 2.2.2 Complete the sales budget figures for your business. Assume that you provide the service or sell the products for R50 each. (4)
- [50]

QUESTION 3

- 3.1 Refer to the product/service selected in QUESTION 2.1 and answer the following questions:
- 3.1.1 You want to advertise your product/service.
Select ONE advertising media that you can use and explain why. (4)
- 3.1.2 Design a logo or trademark for your product/service and explain why you have decided on the specific design. (10)
- 3.1.3 Select TWO methods to protect your business trademark or logo and explain why. (4)
- 3.1.4 You want to know how the customers feel about using your products or about the service you render.
Construct an after-sales service evaluation form and include at least FOUR questions applicable to your type of business. (8)
- 3.2 Complete the following analysis of your competitors for the type of business you have selected:
Name TWO competitors in your field of business and explain the product/service in which they trade. (4)
- 3.3 Complete a SWOT analysis of the marketing plan of your proposed business. Name TWO applicable factors at each level. (8)
- 3.4 Name TWO pieces of office equipment/machines that you would need for your business and explain why. (4)
- 3.5 Discuss TWO security measures that you would suggest for your business with regard to your cash takings. (4)
- 3.6 Name TWO suppliers that you would use and explain why. (4)
- [50]

QUESTION 4

- 4.1 What promotional strategy would you use if you should open your business in the first week of December? (4)
- 4.2 You would like to start a computer repair business.
Give FIVE reasons to the bank why you think this business will be successful. (10)
- 4.3 Apply creativity and redesign the chalkboard duster. Add at least FOUR new features. Provide a labelled sketch. (8)
- 4.4 Use the following information to draw up the estimated cash-flow statement for the next FOUR months. At the beginning of October 2006 we had a favourable bank balance of R4 000.

Use the attached ANSWER SHEET and complete ANNEXURE B.

MONHT	ESTIMATED SALES	ESTIMATED PURCHASES
October	R6 000	R3 000
November	R3 000	R2 000
December	R4 000	R3 000
January	R5 500	R4 000

OTHER INFORMATION

- We bought a new delivery van in October. We paid R8 000 deposit and monthly payments thereafter are R800 for the next two years.
- 20% of ALL sales are on credit. Debtors usually pay 30 days later.
- In December we will sell an old computer for R2 000 cash.
- In December we will buy a new computer. The deposit will be R1 500 and the monthly instalments thereafter will be R500 for the next two years.
- The average expenses per month are:

Wages	R1 700	
Rental	R1 200	
Telephone	R 550	
Electricity	R 180	
Fuel	R 500	(28)
		[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

ANSWER SHEET EXAMINATION NUMBER:

ADDENDUM A: ADVERTISING BUDGET

QUESTION 2.1.8

	PROMOTION INSTRUMENTS	FREQUENCY	TOTAL AMOUNT	TOTAL AMOUNT OF TURNOVER
JUNE				
JULY				
AUGUST				
TOTAL AMOUNT				

(12)

ANSWER SHEET EXAMINATION NUMBER:

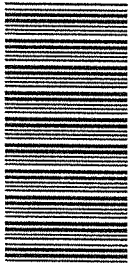
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ADDENDUM B: CASH-FLOW STATEMENT**QUESTION 4.4**

MONTH	OCTOBER	NOVEMBER	DECEMBER	JANUARY
CASH RECEIPTS				
Bank balance at beginning of month				
Cash sales				
Credit sales				
Other income				
TOTAL CASH AVAILABLE				
CASH PAYMENTS				
Monthly expenses				
Cash purchases				
Credit purchases				
Other payments				
TOTAL CASH PAYMENTS				
Bank balance at the end of month				

(28)

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REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE
JUNE EXAMINATION
ENTREPRENEURSHIP AND BUSINESS
MANAGEMENT N4
(Second Paper)
6 JUNE 2013

This marking guideline consists of 8 pages.

SECTION B**QUESTION 1**

- 1.1
- Location in busy place
 - Demand for products
 - First shop
 - Loyal clients, must provide good service
 - Well-know, established business group
 - Speciality products
 - Contribution to community events
- (Any 4 x 2) (8)
- 1.2
- Get rid of obsolete stock
 - Sales; reduce price,
 - Promotion,
 - Sponsor
 - Display centre isle of store,
 - Bargain table,
 - Quantity discount
- (Any 2 x 2) (4)
(Explanation 2 x 2) (4)
- 1.3
- Ask customers
 - Record of inquires – on specific item advertised
 - Coupons
 - Discount
 - Competition
- [they must apply to a supermarket]
- (Any 4 x 2) (8)
- 1.4
- Event; sponsor happenings
 - Billboards
 - Leaflets
 - Shopping centre; leaflets/improve image/goodwill
 - Advertise in newspaper/draw new customers to store explain how they can benefit from the use of certain products
 - Competition
 - Speciality products
 - Customer relations service
 - Friendly and helpful
- (Any 2 x 2) (4)
(Description 2 x 2) (4)

- 1.5
- Keep stock level at EOQ
 - Calculate EOQ how many orders per year
 - Keep perpetual inventory
 - Control system/use in/out cards
 - Computerized/reorder from cards
 - Physical count of stocks
 - Periodically to check with inventory cards
 - Protect slow moving merchandise/stealing
- (Any 4 x 2) (8)
- 1.6 Appearance
- locality
 - /busy street corner/parking facility
 - /shop noticed, recognised, visibility
 - physical appearance;
 - / bright colour, display windows
 - / display of products combined together to complement one another/collect posters from suppliers/use shelves on the walls for display of products/ use centre floor space of shop
- (Any 5 x 2) (10)
[50]

QUESTION 2

- 2.1 2.1.2 Appropriate explanation- identify type of market (1 x 2) (2)
- Must be appropriate
- Explanation must apply to the name (2 x 2) (4)
- 2.1.3
- Sole trader
 - Partnership
 - Close corporation
 - Company (2 x 2) (4)
- 2.1.4
- Appropriate answer includes factors such as near competitors, visibility suitability (2 x 2) (4)
- 2.1.5 example must relate to their type of business eg
- Electricity
 - Telephone
 - Equipment
 - Rental
 - Material etc (2 x 2) (4)

ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4

2.1.6	<ul style="list-style-type: none"> • Consumer market or • Industrial market or • Resellers market etc 	(Any 1 x 2)	(2)																					
2.1.7	<ul style="list-style-type: none"> • Industrial • Consumer • Convenience • Shopping • Speciality service 	(Any 2 x 2)	(4)																					
2.1.8	ANNEXURE A (attached)		(12)																					
2.2	2.2.1	<table border="0" style="width: 100%;"> <tr> <td>Number of families</td> <td style="text-align: right;">600</td> <td></td> </tr> <tr> <td>Average gross income per family</td> <td style="text-align: right;">12 500</td> <td></td> </tr> <tr> <td>Total income for area</td> <td style="text-align: right;">7500 000</td> <td></td> </tr> <tr> <td>Percentage spend on your product</td> <td style="text-align: right;">2,5%</td> <td></td> </tr> <tr> <td>Potential rand value</td> <td style="text-align: right;">187 500</td> <td></td> </tr> <tr> <td>Realistic market share</td> <td style="text-align: right;">25%</td> <td></td> </tr> <tr> <td>Rand value of market share</td> <td style="text-align: right;">R46 875</td> <td style="vertical-align: bottom; text-align: right;">(10)</td> </tr> </table>	Number of families	600		Average gross income per family	12 500		Total income for area	7500 000		Percentage spend on your product	2,5%		Potential rand value	187 500		Realistic market share	25%		Rand value of market share	R46 875	(10)	
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Rand value of market share	R46 875	(10)																						
	2.2.2	<table border="0" style="width: 100%;"> <tr> <td colspan="2">Sales budget for year</td> <td></td> </tr> <tr> <td>Expected sales in units</td> <td style="text-align: right;">937,50</td> <td></td> </tr> <tr> <td>Selling price per unit</td> <td style="text-align: right;">R50</td> <td></td> </tr> <tr> <td>Total sales</td> <td style="text-align: right;">R46 875</td> <td style="vertical-align: bottom; text-align: right;">(4)</td> </tr> </table>	Sales budget for year			Expected sales in units	937,50		Selling price per unit	R50		Total sales	R46 875	(4)	[50]									
Sales budget for year																								
Expected sales in units	937,50																							
Selling price per unit	R50																							
Total sales	R46 875	(4)																						

QUESTION 3

3.1	3.1.1	<p>Any following media can be used; must suit their business idea; explanation must be applicable:</p> <ul style="list-style-type: none"> • Daily newspaper • Weekly newspaper • Directories • Leaflets • Radio • Posters • Magazine 	(Any 2 x 2)	(4)
	3.1.2	<ul style="list-style-type: none"> • Why have you decided on this? • Say something about product • Remembered easily • Image of exclusiveness • Indicate high quality 	(Any 5 x 2)	(10)
	3.1.3	<ul style="list-style-type: none"> • Secrecy • Paten • Trade mark 	(Any 2 x 2)	(4)

ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4

- 3.1.4
- Complete an after sales questionnaire; ask four questions relating to product/service
 - Use different categories/blocks on questionnaire; such as good, average, poor etc
- (2 x 4) (8)
- 3.2 Any two business names; check to see if applicable to their type of business
- Must be related to the marketing Plan ... use the FOUR P'S
Place, promotion, product, price
- (2 x 2) (4)
- 3.3
- Strength; two factors related to marketing
 - Weakness; two factors related to marketing and their business
 - Opportunities; two marketing opportunities
 - Threats; two competitors related to marketing
- (1 x 8) (8)
- 3.4 Must be office equipment
- Computer system
 - Communication equipment
 - Cash register
- Any other office equipment – explanation must suit their idea
- (2 x 2) (4)
- 3.5
- Keep cash register away from customer/lock
 - Amount of cash as low as possible
 - Cashiers should not serve friends
 - Record of each day's transactions
 - Investigate complains from customers
 - Bank deposit slips in duplicate
 - Reconciliation bank statements
 - Use safe
- (Any 2 x 2) (4)
- 3.6
- Two applicable suppliers
 - Mention the stock purchased suppliers
- (4)
- [50]**

QUESTION 4

- 4.1
- Coupon
 - Free samples
 - Buy one get one free
 - Competitions
- (Any 2 x 2) (4)
- 4.2
- Market research reveals that there is a need for an additional repair business
 - Provide the service at a price lower than the completion
 - Installation of network
 - Provide after-sale service
 - Identified a nichê in the market
- (Any other applicable 5 x 2) (10)
- 4.3
- sketch
 - something new
- (2 x 4) (8)
- 4.4 ANNEXURE B (attached) (28)
- [50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

ANSWER SHEET EXAMINATION NUMBER:

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ANNEXURE A: ADVERTISING BUDGET

QUESTION 2.1.8

	PROMOTION INSTRUMENTS	FREQUENCY	TOTAL AMOUNT	TOTAL AMOUNT OF TURNOVER
JUNE	Any combination of instruments as long as total equals to		1 400	14 000
JULY	Any combination of instruments as long as total equals to		1 200	12 000
AUGUST	Any combination of instruments as long as total equals to		1 800	18 000
TOTAL AMOUNT			4 400	44 000

(12)

ANSWER SHEET EXAMINATION NUMBER:

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ANNEXURE B: CASH FLOW STATEMENT**QUESTION 4.4**

MONTH	OCTOBER	NOVEMBER	DECEMBER	JANUARY
CASH RECEIPTS				
Bank balance at beginning of month	4 000	(6330)	(9660)	(13290)
Cash sales	4 800	2 400	3 200	4 400
Credit Sales		1 200	600	800
Other Income			2 000	
TOTAL CASH AVAILABLE	8 800	(2 730)	(3 860)	(8 090)
CASH PAYMENTS				
Monthly expenses	4 130	800 4 130	800 4 130	800 4 130 500
Cash purchases	3 000	2 000	3 000	4 000
Credit purchases				
Other payments	8 000		1 500	
TOTAL CASH PAYMENTS	15 130	6 930	9 430	9 430
Bank balance at the end of month	(6 330)	(9 660)	(13 290)	(17 520)

(28)