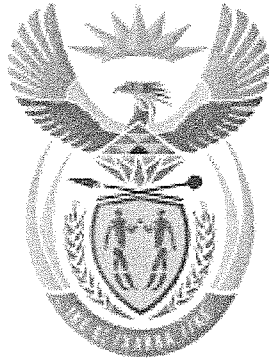
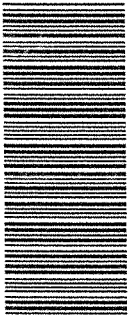


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Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

**N470(E)(J3)H
JUNE EXAMINATION**

NATIONAL CERTIFICATE

**ENTREPRENEURSHIP AND BUSINESS
MANAGEMENT N6
(Second Paper)**

(4090336)

**3 June 2013 (X-Paper)
09:00–11:30**

OPEN-BOOK EXAMINATION

Candidates may use FIVE sources including a dictionary and a calculator.

This question paper consists of 9 pages.

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA
NATIONAL CERTIFICATE
ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N6
(Second Paper)
TIME: 2½ HOURS
MARKS: 150

NOTE: If you answer more than the required number of 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 any **THREE** questions.
 2. Read **ALL** the questions carefully.
 3. Number the answers according to the numbering system used in this question paper.
 4. Start each question on a **NEW** page.
 5. Marks will not be allocated for copying directly from the textbook.
 6. Neatness and systematic presentation of facts are required.
 7. Write neatly and legibly.
-

QUESTION 1

Study the financial information of Peter Pan's consulting service and answer the questions.

Peter Pan wants the yearly cash inflow of his business to provide a net income of R1 500 per month. His consulting fee is R450 per day. He works only 2 days a week and takes two weeks' annual leave. His vehicle expenses to visit his clients amount to R200 and the insurance is R50. He has an office in his home where his expenses are the following: electricity R50; telephone R100; stationery and supplies R40. He has a desk, filing cabinet, computer and a printer.

He employs a competent secretary to prepare his reports for clients at R1 000 per month. The promotional material costs R60, entertainment amounts to R100, other expenses are R100 and the estimated income tax is R800. Peter Pan needs 110 consulting days per year. His father gave him money to pay the first month's expenses.

- 1.1 Calculate the expenses per month. (13)
- 1.2 Calculate the estimated income per year. (2)
- 1.3 Calculate the profit/loss per month. (5)
- 1.4 Draw up the cash flow statement for the first THREE months. Copy the TABLE below in the ANSWER BOOK and fill in ALL the missing amounts in each column.

	MONTH 1	MONTH 2	MONTH 3
Balance at beginning of the month			
Income per month			
Total cash available			
Monthly expenses			
Total cash payments			
Bank balance at end of the month			

(18)

TABLE 1

- 1.5 Will it be necessary for Peter Pan to make provision for a bank overdraft? Motivate your answer. (2)
- 1.6 When can Peter Pan's consultancy break even? (2)
- 1.7 Write the following abbreviations in full:
 - 1.7.1 VAT
 - 1.7.2 PAYE

- 1.7.3 SITE
- 1.7.4 SARS

(4 × 2) (8)
[50]

AND/OR

QUESTION 2

GATES IN SA MICROSOFT DRIVE

Johannesburg – Microsoft founder Bill Gates touted technology as a solution to Africa's development problems, saying his organisation aimed to boost development on the world's poorest continent.

The computer billionaire toured AIDS and tuberculosis clinics in Cape Town ahead of a two-day Microsoft government leaders' forum, which he attended together with former US president Bill Clinton.

'Microsoft's goal is to work in close partnership with governments and non-governmental organisations across Africa to help strengthen the role that technology plays in accelerating social and economic development,' the business leader said.

Top leaders

The forum was attended by top government and business leaders from all over Africa. An agreement with the UN Industrial Development Organisation (UNIDO) to promote the innovative use of ICT (information communication technology) in support of entrepreneurship in Africa was announced at the forum.

'SMEs (small and medium enterprises) are the driving force behind the creation of new and better jobs, as well as the force behind stimulating competitiveness and innovation,' said UNIDO director-general Kandeh Yumkella, adding: 'We aim to ... foster a thriving knowledge-based economy that creates wealth and brings down poverty levels.'

Local languages

Microsoft was also spending money on education programmes and making software available in local languages, the company said.

African languages available were Afrikaans, IsiZulu, Kiswahili and Setswana, enabling more than 150 million people to interact with technology in their own language, according to a Microsoft count.

Microsoft plans to add Amharic (Ethiopia), Hausa, Yoruba and Igbo (Nigeria), IsiXhosa and Sesotho (South Africa), Kinyarwanda (Rwanda) and Wolof (Senegal) to the list by next year.

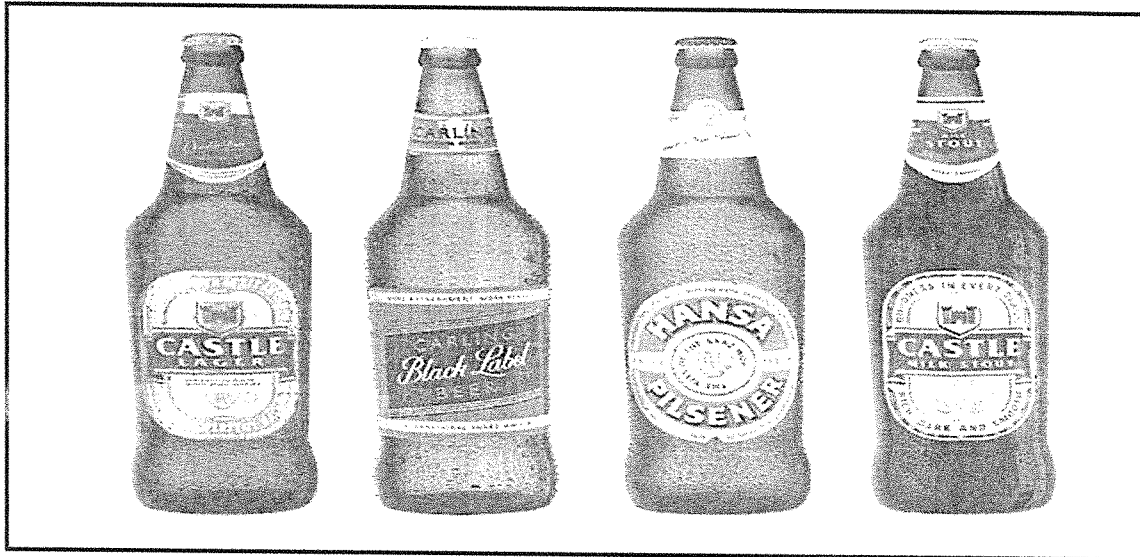
[Adapted from: *Fin* 24,10 July 2006]

- 2.1 What does Bill Gates regard as the solution to the development of the world's poorest continent? (2 × 1) (2)
- 2.2 Explain Microsoft's goal in forming a partnership with governments and non-government organisations. (2 × 2) (4)
- 2.3 Name TWO announcements contained in the agreement with UN Industrial Development Organisation (UNIDO). (2 × 2) (4)
- 2.4 The director-general of UNIDO regards SMEs as the driving force behind several aims and projects.
Name SIX endeavours (aims) of UNIDO to which the SMEs gave rise. (6 × 2) (12)
- 2.5 Name TWO cultural environments on which Microsoft spends money. (2 × 2) (4)
- 2.6 Give SIX reasons why Microsoft focuses on the two cultural environments mentioned in QUESTION 2.5. (6)
- 2.7 Interpret the implications of the investment programme of Microsoft. (18)
- [50]

AND/OR

QUESTION 3

Study the picture below and answer the questions.



- 3.1 Classify the type of organisation system of the above products. (2)
- 3.2 What does FASA stand for? (2)
- 3.3 Which generic strategy is used in the above business? (2)
- 3.4 Why is SAB classified in the category named in QUESTION 3.2? Give THREE reasons. (3 × 2) (6)
- 3.5 Choose an item from COLUMN B that matches a term in COLUMN A. Write only the letter (A–H) next to the question number (3.5.1–3.5.8) in the ANSWER BOOK.

COLUMN A		COLUMN B	
3.5.1	Brand image	A	Nokia cellular phones
3.5.2	Technology	B	Johnson & Johnson baby products
3.5.3	Innovation	C	Outsurance
3.5.4	Features	D	BMW
3.5.5	Customer service	E	LG electronic equipment
3.5.6	Product reliability	F	Microsoft Office
3.5.7	Unique taste	G	Nando's Chicken
3.5.8	Speed and rapid response	H	ABSA personal banking

(8 × 1) (8)

- 3.6 3.6.1 Identify the driving force that influences the industry shown in the picture. (2)
- 3.6.2 Give FIVE reasons for your answer to QUESTION 3.6.1. (5 × 2) (10)
- 3.7 Indicate whether the following franchise statements are ADVANTAGES or DISADVANTAGES. Choose the answer and write 'advantage' or 'disadvantage' next to the question number (3.7.1–3.7.9) in your ANSWER BOOK
- 3.7.1 The franchiser introduces a new product.
- 3.7.2 Only products approved by the franchiser are sold.
- 3.7.3 The franchiser is required to purchase products from the franchiser.
- 3.7.4 Standards are determined by periodic inspections.
- 3.7.5 The franchiser determines what benefits and services the fees cover.
- 3.7.6 According to statistics, franchises are less risky.
- 3.7.7 Participate in large volume buying power.
- 3.7.8 Make an analysis of traffic patterns.
- 3.7.9 It depends on the methods of an established business. (9 × 2) (18)
- [50]

AND/OR

QUESTION 4

Read the case study below and answer the questions that follow.

Karine Satram, a bright young engineer, worked for a hardware company that built video games. She was successful and liked her job which involved developing new gaming consoles, but she decided to leave and start her own company.

Karine needed to borrow money from wherever she could to start up her business. Despite her efforts and good ideas, she failed, and almost went bankrupt. She tried again, and finally succeeded when a large retail chain gave her a big order. This success was followed by another failure, which was followed by another success.

Employees liked to work for Karine's company, Joy Stick Electronics. The atmosphere was casual and the positive environment stimulated new ideas. But the competition from large, well-managed companies was growing.

Nevertheless, because Karine nurtured brilliant ideas and creative thoughts, there was an urgent demand for several of her products. In fact, the demand was so great that the company could not keep up with production and there were product shortages. However, in order to expand, Joy Stick Electronics needed more capital.

Consequently, she decided to go public and to link up with a large company. This made Karine, the owner-entrepreneur, millions of rands richer. She remained head of Joy Stick Electronics, but her interest in running the company grew visibly less. People noticed this and began to describe the company's state of affairs as 'chaotic'. Karine admitted that she was not a good executive and agreed to a reorganisation in which her colleague, Ben Phiri, took over the leadership of the company as CEO.

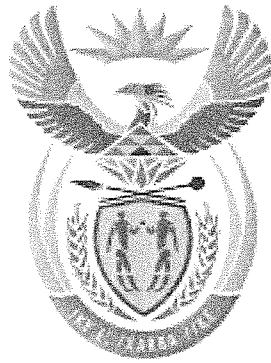
One of Phiri's first decisions was to appoint a new marketing manager. This helped to strengthen a past weakness of the company, especially as most of its employees had good technical backgrounds but no knowledge of the market.

Phiri also showed strong managerial leadership by developing many new procedures, setting specific objectives, and installing strict financial controls.

The change from a casual approach to a tight managerial approach annoyed many of the employees, who left the company as there was a great demand for their services in other companies and many job opportunities for them.

- | | | | | |
|-----|-------|--|---------|------|
| 4.1 | 4.1.1 | Give FOUR reasons why Karine's business failed. | (4 × 2) | (8) |
| | 4.1.2 | Motivate each reason given in QUESTION 4.1.1. | (4 × 2) | (8) |
| 4.2 | | Design a SWOT-analysis for Joy Stick Electronics. | (4 × 4) | (16) |
| 4.3 | | What kind of change occurred in the managerial style of the company? | | (2) |

4.4	Explain how changes help a business to stay competitive.	(3 × 2)	(6)
4.5	Did employees of Joy Stick Electronics experience resistance to change? Motivate your answer.		(2)
4.6	Give THREE reasons for the outcome of the workers' reaction.	(3 × 2)	(6)
4.7	Differentiate between <i>goals</i> and <i>objectives</i> in terms of time.		(2)
			[50]
		TOTAL:	150



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MARKING GUIDELINE

NATIONAL CERTIFICATE

JUNE EXAMINATION

**ENTREPRENEURSHIP AND BUSINESS
MANAGEMENT N6
(Second Paper)**

3 JUNE 2013

This marking guideline consists of 6 pages.

QUESTION 1

1.1	Expenses	R	
	Electricity	50✓	
	Telephone	100✓	
	Stationery and supplies	40✓	
	Vehicle expenses	200✓	
	Insurance	50✓	
	Secretary	1 000✓	
	Promotional material cost	60✓	
	Entertainment	100✓	
	Other expenses	100✓	
	Estimated income tax is	800✓	
	Personal income	<u>1 500</u> ✓	
	Total monthly expenses	R4 000✓✓	(13)

1.2 R4 000 x 12 = R48 000✓✓ (2)

1.3 Income per year = 110 days x R450 per day✓
 R49 500✓✓
 Expenses per year = R48 000
 R1 500 ÷ 12✓
 R125✓ (5)

1.4

	MONTH 1	MONTH 2	MONTH 3
Balance beginning of the month	4 000✓	4 125✓	4 250✓
Income per month	4 125✓	4 125✓	4 125✓
Total cash available	8 125✓	8 250✓	8 375✓
Monthly expenses	4 000✓	4 000✓	4 000✓
Total cash payments	4 000✓	4 000✓	4 000✓
Bank balance end of the month	4 125✓	4 250✓	4 375✓

(18)

1.5 No✓
 He has a positive balance every month.✓ (2)

1.6 In the first month✓✓ (2)

- 1.7 1.7.1 Value-added tax✓✓
- 1.7.2 Pay as you earn✓✓
- 1.7.3 Standard income tax on employees✓✓
- 1.7.4 South African Revenue Service✓✓

(4 × 2) (8)
[50]

QUESTION 2

- 2.1 Technology✓✓ (2)
- 2.2 To strengthen the role that technology plays✓✓
To accelerate social and economic development✓✓ (2 × 2) (4)
- 2.3 Innovative use of information communication technology (ICT)✓✓
To support entrepreneurship in Africa✓✓ (2 × 2) (4)
- 2.4 Creation of new and better jobs✓
Stimulating competitiveness✓
Stimulating innovation✓
A thriving knowledge-based economy✓✓
Creates wealth✓✓
Lessen poverty ✓✓ (6 × 2) (12)
- 2.5 Education✓✓
Language✓✓ (2 × 2) (4)
- 2.6 Interaction with technology in own language✓
To make software available in local languages✓
Education
Education in own language✓
Education in technology✓
To support entrepreneurship – entrepreneur is an educator✓
– concern about educational situation✓ (6)
- 2.7
- Illiterate consumers✓✓
Adapt advertising programmes✓
Adapt packaging labels✓
 - Conducting of marketing research is difficult✓✓
Communicating with consumers – completion of questionnaires✓
Getting qualified researchers✓
 - Products with written instructions✓✓
Modifications to meet educational and skills levels of market✓
 - Level of education of workers must be considered✓✓
Additional training might be required✓
Literacy and language training need to be included✓
 - Support services (eg. advertising agencies)✓✓
Could be present if education system is well-advanced✓ (18)
- [50]**

QUESTION 3

- 3.1 Manufacturer-wholesaler franchise system✓✓ (2)
- 3.2 Franchise association of South Africa✓✓ (2)
- 3.3 Differentiation strategy✓✓ (2)
- 3.4
 - Certain standardised products do not satisfy the needs of all customers.✓✓
 - These customers look for something different/special in a product.✓✓
 - Customers are prepared to pay for it.✓✓ (3 × 2) (6)
- 3.5
 - 3.5.1 D✓
 - 3.5.2 E✓
 - 3.5.3 A✓
 - 3.5.4 F✓
 - 3.5.5 H✓
 - 3.5.6 B✓
 - 3.5.7 G✓
 - 3.5.8 C✓ (8 × 1) (8)
- 3.6
 - 3.6.1 Rivalry among sellers✓✓ (2)
 - 3.6.2
 - Seek customer loyalty✓✓
 - Have the potential to differentiate✓✓
 - Create a sustainable competitive advantage✓✓
 - Demonstrate the superiority of the product to the product of others in the industry✓✓
 - Able to justify the price difference✓✓
 - Generate brand difference✓✓ (5 × 2) (10)
- 3.7
 - 3.7.1 Disadvantage✓✓
 - 3.7.2 Disadvantage✓✓
 - 3.7.3 Disadvantage✓✓
 - 3.7.4 Disadvantage✓✓
 - 3.7.5 Disadvantage✓✓

3.7.6	Advantage✓✓		
3.7.7	Advantage✓✓		
3.7.8	Advantage✓✓		
3.7.9	Advantage✓✓	(9 × 2)	(18) [50]

QUESTION 4

4.1	4.1.1	Shortage of capital✓✓ Poor planning✓✓ Stock shortage✓✓ Lack of management skills✓✓	(4 × 2)	(8)
	4.1.2	<ul style="list-style-type: none"> • Shortage of capital She to borrowed money from wherever she could to start her business, yet despite her efforts and good ideas, she failed.✓✓ • Poor planning The demand was so great that the company could not keep up with production.✓✓ • Stock shortage There were product shortages.✓✓ • Lack of managerial skills She was not a good executive.✓✓ Ben Phiri took over the leadership of the company as CEO. (Only ONE reason each) 	(4 × 2)	(8)

4.2 **STRENGTHS**

- Positive environment stimulates new ideas✓
- Karine was creative with brilliant ideas✓
- Linked with large company✓
- Most employees had good technical background✓

WEAKNESSES

- Could not keep up with demand (production)✓
- Capital for expansion✓
- Karine lost interest✓
- Company affairs became chaotic✓
- Karine not good executive
- Employees did not have a good knowledge of the market (Any 4)

OPPORTUNITIES

- Company could re-organise✓
- Phiri had strong managerial leadership abilities✓
- New marketing manager appointed✓
- New procedures are developed✓
- Set specific objectives
- Install strict financial control

(Any 4)

THREATS

- Competition of large companies✓
- Growing competition✓
- Competitors well-managed✓
- Changes were wrongly made✓

(4 × 4) (16)

4.3	Change from casual approach to a tight managerial approach✓✓		(2)
4.4	Constantly review mission and vision✓✓ Adapt mission and vision✓✓ To changing circumstances✓✓		(3 × 2) (6)
4.5	Yes✓ They left because they could get other jobs.✓		(2)
4.6	• There was a demand for their services.✓✓ • There were many job opportunities.✓✓ • They had a good technical background.✓✓		(3 × 2) (6)
4.7	Long term✓ Short term✓		(2)
			[50]
		TOTAL:	150