



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N450(E)(N14)H

NATIONAL CERTIFICATE

ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4
(Second Paper)

(4090304)

14 November 2018 (X-Paper)
09:00–11:30

OPEN-BOOK EXAMINATION

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

This question paper consists of 7 pages and 1 answer sheet.

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA
NATIONAL CERTIFICATE
ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4
(Second Paper)
TIME: 2½ HOURS
MARKS: 150

NOTES: 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 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.
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SECTION B**QUESTION 1**

- 1.1 You intend to set up a small business selling clothes and bags and must draft a business plan for the business.

Complete each of the following parts of the business plan:

- | | | | |
|-------|---|---------|------|
| 1.1.1 | Trading name and form of ownership | | (2) |
| 1.1.2 | Mission statement | (3 × 2) | (6) |
| 1.1.3 | Long-term goals | (2 × 2) | (4) |
| 1.1.4 | Product description | | (4) |
| 1.1.5 | Place where the business will be conducted | (2 × 2) | (4) |
| 1.1.6 | Target market description | (2 × 2) | (4) |
| 1.1.7 | Sources of finance | (2 × 2) | (4) |
| 1.1.8 | Competitive advantages | (2 × 2) | (4) |
| 1.1.9 | Trademark design | (2 × 2) | (4) |
| 1.2 | Give TWO advantages of the ownership form chosen in QUESTION 1.1.1. | (2 × 2) | (4) |
| 1.3 | Use the AIDA principles to draw a display advertisement that will help to attract your target market. | (5 × 2) | (10) |
- [50]**

QUESTION 2**YOUNG ENTREPRENEURS EYE CONSTRUCTION EMPIRE**

A coincidental meeting on a cold call between two young entrepreneurs from Durban has turned into a successful construction partnership which now sports three branded vehicles and employs 52 people. What makes Majozi Bros outstanding is that the owners were just 20 and 21 years old when they started the business under the watchful eye of Musa Majozi, father of co-owner Simphiwe Majozi (now 26).

Partner Sihle Ndlela shared their journey of establishing the company which showed a turnover of R5 million in the last financial year. The company started from very humble beginnings and was originally founded five years ago by Simphiwe, who later teamed up with his father Mr Musa Majozi. We met on a cold call, Simphiwe and I. I was running my own aluminium windows and doors manufacturing business which I had started at the age of 20. My main customers were building contractors. I saw Majozi Brothers' website and I was surprised to see such a professional-looking website, especially from a black contractor. I decided to give him a call to try and get some work from him.

The pair shared a common passion for entrepreneurship and business which went as far back as primary school – both engaged in a string of business ventures ranging from selling sweets, granting small loans, organising parties and selling hot dogs on street corners. When we realised we shared the same vision and professionalism to take the business to the next level, we decided that I should join Majozi Bros, said Ndlela. Instead of waiting for government tenders, the pair targeted the residential market, which lacked professional black companies. We wanted to operate in a field where we could differentiate ourselves through skill, professionalism and by being creative. We believe we also offered a fresh blend of enthusiasm and energy. Majozi Bros' biggest stumbling block was to fight off a really bad reputation, particularly of black contractors. We were associated with inflated prices and shoddy workmanship.

Ndlela and Majozi set out to be different from day one, investing heavily into branding and marketing and industry-related training. We made a conscious decision to project a consistently professional image in everything we do from our branding, our website, the manner in which we interact with our clients and the way we execute projects. We strongly believe in securing our clients solely based on merit and our ability to add value. We also believe that we are in the business of building dreams and not just houses. Through this we have built a reputation of professionalism and consistently exceeding our clients' expectations.

Majozi Bros' clients come from around most of KwaZulu Natal – from Ballito, Umlazi, Hillcrest, Adams Mission and Durban North. Our company has really grown in the last couple of years – our turnover in the last financial year was R5 million, we have three fully branded vehicles and we employ 52 workers, say the proud partners. They plan to aggressively grow the business in the coming year and to expand into other provinces. We see ourselves one day as big as companies like Basil Read, JT Ross, Grinaker, Liviero and WBHO, said Ndlela. We have studied these companies and they all have one thing in common: They were all started by mere men – men who had the same 24 hours we do, men who started with the same limited resources as we did. We therefore see absolutely no reason why we can't someday be as big as they are.

[Source: www.fin24.com, 2 October 2015]

- 2.1 Judge Sihle and Simphiwe against the following qualities and merits of entrepreneurship:
- 2.1.1 Energy (2 × 2) (4)
 - 2.1.2 Achievement (2 × 2) (4)
 - 2.1.3 Feedback (2 × 2) (4)
 - 2.1.4 Status and recognition (2 × 2) (4)
- 2.2 Which opportunities and threats can you identify in Sihle and Simphiwe's business? (4 × 2) (8)
- 2.3 What is their competitive advantage? (3 × 2) (6)
- 2.4 Describe their target market. (2 × 2) (4)
- 2.5 List FOUR business ideas mentioned in the case study. (4)
- 2.6 Ndlela said instead of waiting for government tenders, the pair targeted the residential market, which lacked professional black companies.
- What is a government tender? (2)
- 2.7 Joy intends to start a catering business in her target area. There are 1 200 customers in the area. The average income per month per customer amounts to R5 000. She estimates that each customer will spend 5% of their monthly income on her products/service. She believes that she will enjoy a market share of 25% of the total market.
- Calculate Joy's potential market share. Show ALL calculations. (10)
- [50]**

QUESTION 3

3.1 Below is a list of products/services that serve as business ideas.

plumbing; garden services; photography; jewellery; hair care; childcare

- 3.1.1 Write down a product/service you have chosen. (1)
- 3.1.2 Give THREE reasons why you have chosen this business idea. (3 × 2) (6)
- 3.1.3 Make a list of equipment you will need to start your business. (5 × 2) (10)
- 3.1.4 Which criteria will you use to select a supplier for your business? (6)
- 3.1.5 Popular marketing and advertising methods like television, radio, magazines and newspapers are often too expensive for small businesses.
List FIVE affordable advertising methods you will use to attract customers to your new enterprise. (5 × 2) (10)
- 3.1.6 Which creativity method will you use to generate business ideas? Explain how you plan to execute this method. (3)
- 3.2 Nomvo buys tables at an average cost of R120 and sells them for an average price of R250. The fixed costs amount to R3 300.
- 3.2.1 How many tables must she sell to break even? (6)
- 3.2.2 If she wants to make a profit of R6 500 per month, how many tables must she sell? (8)

[50]

QUESTION 4

- 4.1 Bokang owns a bakery called Made4u. He sells bread, cakes and biscuits.
- 4.1.1 Describe TWO types of packaging Bokang could use for his products. Consider material and other important features. (2 × 3) (6)
- 4.1.2 Create an effective label for Bokang's bread. (6)
- 4.2 Name THREE promotional strategies Bokang can use to generate more customers for the business. (3 × 2) (6)
- 4.3 What are the legal requirements for Bokang's bakery? (2 × 2) (4)
- 4.4 What can he do to make his business accessible and visible to his target market? (2 × 2) (4)

4.5 Vuyo wants to open a bed and breakfast in Valleyville. There are already five bed and breakfasts with a total market of 4 000 customers per month. He knows he can expect 65% of the market share for the first year. His selling price will be R450 and his cost per customer R250. His bed and breakfast will be open for 30 days per month. His operating expenses amount to R2 000. At the beginning of January 2017 he had a favourable bank balance of R8 000.

Show ALL calculations on the ANSWER SHEET (attached).

- 4.5.1 Calculate the gross profit per day. (8)
- 4.5.2 Calculate the gross profit per month. (8)
- 4.5.3 Use the given information to draw up the estimated cash-flow budget for the first month. (8)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

ANSWER SHEET

EXAMINATION NUMBER:

| | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
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|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

QUESTION 4

4.5 4.5.1

| | |
|---------------------------------------|--|
| Market potential per day | |
| Market potential share | |
| Supplier analysis | |
| Daily figures | |
| Number of units to be sold in one day | |
| Selling price per unit | |
| Cost price per unit | |
| Daily sales | |
| Less: Daily unit costs | |
| Gross profit per day | |

(8)

4.5.2

| | |
|---|--|
| Monthly figures | |
| Number of units to be sold in one month | |
| Monthly sales | |
| Less: Monthly unit costs | |
| Gross profit per month | |

(8)

4.5.3

| | |
|--|----------------|
| MONTH | JANUARY |
| Bank balance at the beginning of the month | |
| Cash sales | |
| TOTAL CASH AVAILABLE | |
| Cash purchases | |
| Operating expenses | |
| TOTAL CASH PAYMENTS | |
| Bank balance at the end of moth | |

(8)