



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4 (Second paper)

(4090304)

26 May 2021 (X-paper)
09:30–12:00

OPEN-BOOK EXAMINATION

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

This question paper consists of 6 pages and an answer sheet of 2 pages.

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA
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ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4
TIME: 2½ HOURS
MARKS: 150

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. Use only a black or blue pen.
 6. Write neatly and legibly.
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QUESTION 1

Read the scenario below and answer the questions.



Suntoy is a proudly South African company that designs and manufacturers the Consol Solar Jar™. Herald Schulz, born in Bregenz, Australia, is Suntoy's Technical and Managing Director. He has thirty years experience in electronic and hydraulic engineering. He began Suntoy in 2008 and has grown it into a successful SMME employing around 60 staff.



The Consol Solar Jar™ is a genuine, high-tech, proudly South African product which was originally developed for people in areas without electricity. It saves energy and is environmentally friendly. Now the Consol Solar Jar is available globally.

[Source: www.solar-jar.co.za]

- 1.1 Explain the economic importance of the products that carry the Proudly South African logo. (8)
- 1.2 Identify TWO creativity methods that were used in creating the Consol Solar Jar. Substantiate your answer. (6)
- 1.3 Describe THREE benefits of a Consol Solar Jar. (2 × 3) (6)
- 1.4 Identify TWO personal resources of a successful entrepreneur which led to Herald Schulz's success. (4)
- 1.5 Design a business card for Herald Schulz. (10)
- 1.6 Suntoy has grown into a successful SMME, employing around 60 staff.
What does SMME stand for?. (2)

- 1.7 Naledi wants to open a gift shop in Vaal Mall. There are already three gift shops in the mall and each store receives 3 500 customers on average per month. Naledi knows that she will not receive her full market share for the first year but can only rely on about 70%. She expects to have a selling price of around R150 per customer and her cost per customer is around R80. Naledi also buys from a supplier that gives 20% discount for cash purchases. 

Calculate Naledi's gross profit per month. Use the ANSWER SHEET (attached).

(14)
[50]

QUESTION 2

Read the case study below and answer the questions.

Alvada Creations (Pty) Ltd is a clothing brand specialising in funky African print clothing for weddings, matric dances and other special events. The clothing line includes male and female casual and formal wear. Tshukudu Phasha, the owner and founder of Alvada Creations, reaches out to her customers through social media platforms like Facebook, Twitter, Instagram and WhatsApp. She runs Alvada Creations in a shopping mall in Diepsloot.

[Adapted from: *Successful Woman Magazine*]

- 2.1 Design a trademark for Alvada Creations and explain why you think it is a relevant trademark for this business. (6)
- 2.2 Describe Tshukudu's target market referring to gender, location, income and age. (8)
- 2.3 Which type of business is Alvada Creations? Name THREE advantages of this business structure.  (8)
- 2.4 Classify clothes by choosing the correct answer from those between the brackets below.
(Convenient products/Shopping products/Speciality products). Substantiate your answer. (4)
- 2.5 Design an advertisement for Alvada Creations. (12)
- 2.6 Your friend is running a spaza shop. His forecasted sales for the month is R2 500, and his fixed costs are R350 per month. He calculated that he needs to buy goods to the value of R900 to generate the forecasted sales figure. Use the ANSWER SHEET (attached).
- 2.6.1 Calculate the gross profit and the net profit for your friend. 
- 2.6.2 Calculate the gross profit % and net profit % for your friend's spaza shop.

(2 × 6) (12)
[50]

QUESTION 3

- 3.1 Best Pies is a one-person business owned by Clifford Nyathi. He sells pies at an outlet close to a taxi rank. Use the following information to draw up the projected Cash Flow Statement for the next three months. At the end of January, it had a favourable bank balance of R6 500. Use the ANSWER SHEET (attached).



MONTH	ESTIMATED SALES	ESTIMATED PURCHASES
January	5 500	3 000
February	3 000	2 800
March	5 700	2 300
April	6 600	3 200

Other information:

- Best Pies bought a new pie machine in January and paid R900 deposit. The monthly payments thereafter are R250 for the next two years.
- The average monthly expenses are R2 650 per month.
- 40% of purchases are on credit. Best Pies pays 30 days later.
- In March Best Pies will sell an old counter for R2 500.
- In April Best Pies will buy a new computer of which the deposit will be R1 200 and the monthly instalments will be R500.

(24)

3.2

CLICK, GO AND LOOK SMART

Effie is a new domestic appliance that irons your clothes for you. You can take your clothes from the washing machine, hang them on Effie and press start. This amazing appliance will dry and iron your clothes.

- 3.2.1 Is Effie an invention or innovation? Substantiate your answer. (4)
- 3.2.2 Give THREE reasons why creativity is crucial for businesses today. (6)
- 3.2.3 Mention THREE market segments that could be attracted by this domestic appliance. (6)
- 3.2.4 Which pricing strategy could be used to introduce Effie in the market? Substantiate your answer. (4)
- 3.2.5 Suggest TWO other pricing techniques that could be used to sell this domestic appliance. Substantiate your answer. (6)

[50]

QUESTION 4

You intend to start a new business in your local community. To increase your chances of getting the funds for your business, you need to complete the business plan.

- | | | | |
|-------|--|---|-------------|
| 4.1 | Complete an executive summary for your business plan. Cover the following topics: | | |
| 4.1.1 | A brief description of your business |  | |
| 4.1.2 | The business objectives you want to achieve in the next five years. Mention TWO objectives. | | |
| 4.1.3 | The funding needs, including own and loan capital requirements for your business enterprise | (3 × 4) | (12) |
| 4.2 | Compile a marketing plan for your business plan. Include any THREE components of the marketing plan. Hint: Description of the target market, competitor analysis, market strategy, SWOT analysis and positioning (how you want to be perceived by the customers) |  | (15) |
| 4.3 | Give THREE reasons why you think your business will be successful. | (3 × 2) | (6) |
| 4.4 | Name FIVE pre-operating costs for your business. | | (5) |
| 4.5 | Create a profile for your business's suppliers by reading the questions below and writing your answers into the supplier profile chart. Use the ANSWER SHEET (attached). | | |
| 4.5.1 | What is their business name? | | |
| 4.5.2 | Where is their business located? | | |
| 4.5.3 | How do they advertise and market themselves? | | |
| 4.5.4 | List THREE of their competitive advantages. |  | |
| | | (4 × 3) | (12) |
| | | | [50] |
| | | TOTAL: | 150 |

ANSWER SHEET EXAMINATION NUMBER:

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QUESTION 1

1.7 SALES SCENARIOS	
Market potential per month	
Market potential share	
Supplier analysis	
Monthly figures	
Number of units to be sold in one month	
Monthly sales	
Less: Monthly unit costs	
Gross profit per month	

(14)

QUESTION 2

2.6 2.6.1 Calculate the gross profit and the net profit for your friend's spaza shop.

GROSS PROFIT	
NET PROFIT	

(6)

2.6.2 Calculate gross profit % and the net profit % for your friend's spaza shop.

GROSS PROFIT %
NET PROFIT %

(6)

ANSWER SHEET EXAMINATION NUMBER:

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3.1 CASH FLOW STATEMENT			
	FEBRUARY	MARCH	APRIL
Bank balance beginning of the month			
Cash sales			
Credit sales			
Other income			
TOTAL CASH AVAILABLE			
Monthly expenses			
Cash purchases			
Credit purchases			
Other payments			
TOTAL CASH PAYMENTS			
Bank balance end of the month			

(24)

QUESTION 4**4.5 SUPPLIER ANALYSIS**

4.5.1	What is their business name?	
4.5.2	Where is their business located?	
4.5.3	How do they market their products?	
4.5.4	List THREE of their competitive advantages.	

(4 × 3)

(12)