



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4 (Second Paper)

(4090304)

15 November 2019 (X-Paper)
09:30–12:00

OPEN-BOOK EXAMINATION

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

This question paper consists of 6 pages and an answer sheet of 3 pages.

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA
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ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N4
(Second Paper)
TIME: 2½ 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 QUESTIONS 1.6, 3.2.1, 3.2.2 and 4.2, which must be answered on the ANSWER SHEET (attached).
3. Read ALL the questions carefully.
4. Number the answers according to the numbering system used in this question .
5. Write neatly and legibly.

INSTRUCTIONS AND INFORMATION FOR 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 2½ 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.

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

SECTION B

QUESTION 1

ENTREPRENEUR FLYING HIGH

On his website he is described as a “young and vibrant entrepreneur from Soweto whose obsession with aviation, golf and business remains unmatched”. So it comes as no surprise that for 28-year-old Nhlanhla Mohlauli, the sky is literally the limit. As the founder and executive chairman of Native Airways, his ambition, vision and entrepreneurial reach know no bounds. Nhlanhla Mohlauli ascribes his stellar rise partly to the fact that he landed a scholarship to attend the prestigious St David’s Marist high school near Sandton, despite being born in Soweto. At the age of 22, Mohlauli designed and built a golf course on state-owned land near ‘Sun City’ prison in the south of Johannesburg, which he used to coach children to play golf.



Two years later, he revived a golf course in Johannesburg’s Roosevelt Park, which helped him raise enough cash to finally study for his pilot’s licence. Nhlanhla saw a gap in the aviation market and launched Native Airlines in 2012 with the financial assistance of the Development Bank of Southern Africa. This enabled him to lease six private jets and six helicopters. He lined up five pilot friends to help him get his fledgling airline off the ground. The company offers private jet and helicopter charter flights. Native Airways flies to niche destinations around the country, including Parys, Sun City and Knysna, as well as to more exotic locations, such as Madagascar, Zanzibar and islands around Mozambique.



What Mohlauli discovered was a pent-up demand for private jets from time-strapped executives. “With big commercial flights you have to check what time the plane leaves and work out your trip according to that schedule,” says Mohlauli. Private travel offers more flexibility. However, as a young black man, Mohlauli found it wasn’t always easy to score customers. Surprisingly, Mohlauli says private jet-setting isn’t just for the wealthy, and those who compare prices in the commercial sector know this all too well. “It is safe, it is quick and it travels according to the customer’s schedule,” he says. Just because he finally made it into aviation doesn’t mean Mohlauli left his other passions behind. For one thing, he owns the Diski golf league, which aims to bring more black people into the elite sport. Mohlauli says he is also planning to build an airport in Soweto.

[Source: www.pressreader.com, 2016-03-04]

- 1.1 Name THREE market segments that could be attracted by Native Airways. (6)
- 1.2 Give a detailed description of the products/services offered by Native Airways. (4)
- 1.3 How did Nhlahla Mohlauli finance his business? (4)



1.4 Discuss the following characteristics of entrepreneurship with reference to the information in the case study.

1.4.1 An entrepreneur identifies a niche in the market.

1.4.2 Entrepreneurs are good organisers.



(2 × 6) (12)

1.5 What are the unique features of Nhlahla's products/services compared to big commercial flights?

(8)

1.6 Suppose you intend to open a business in the local shopping centre. The centre is visited by an average of 950 000 customers per month. There are already two shops in the centre providing the same service and each shop is visited by an average of 9 250 customers per month. Your new business will not enjoy a full market share from the beginning. The sales for the first year can be estimated at 60% of the expected sales. The average selling price per unit is R55 and the average cost price is R22. You buy the stock from a supplier that gives 5% discount. The business is open for 30 days per month and all transactions are strictly cash.



Calculate the gross profit per month on the ANSWER SHEET (attached).

(16)
[50]

QUESTION 2

2.1 You are planning to open a business in your local area. Select a product/service from the following list:

Bed and Breakfast (B&B)
Interior decorator
Garden services 
Pet shop
Fruit and vegetable stall
Food truck business

(2)

2.2 Describe your product/service with reference to the classification of products/services.

(2)

2.3 Design a trademark for your product/service.

(4)

2.4 Describe your customer profile.



(8)

2.5 What are your competitive strengths?

(8)

2.6 Give a short description of where your business will be conducted.

(4)

- 2.7 Why is the location the most important aspect of your business?  (8)
- 2.8 How will profits and losses be divided in your business? Give a reason for your answer. (4)
- 2.9 Create a job description for one of your employees.  (10)
[50]

QUESTION 3

- 3.1 Study the picture below and answer the questions.



- 3.1.1 You are planning to start a business, but you are unsure of what business to start. Your mentor advised you to carry out a mind-mapping activity. You are required to use the picture presented above as a central idea. (10)
- 3.1.2 Children represent an important market segment because they influence their parents' buying decisions. 
List FIVE businesses that cater for babies and children. (5)
- 3.1.3 Identify one business from the list you wrote in QUESTION 3.1.2 that you would consider as an idea for your business plan. (1)
- 3.1.4 What will be your unique selling proposition if you turn this business idea into an opportunity?  (4)

3.1.5 Complete a SWOT analysis for this business idea. (8)

3.1.6 Create an eye-catching flyer for the business you have selected. (12)

3.2 You are given the following information: 

- 80% of every R1,00 sales is a contribution towards fixed costs.
- Fixed costs amount to R5 500 per month.

3.2.1 Calculate the break-even point in rand value on the ANSWER SHEET (attached).

3.2.2 On the ANSWER SHEET (attached), calculate the break-even point, in units, if the business has a product with a selling price of R350 and a variable cost of R120. The profit goal is R4 500.



(2 × 5)

(10)

[50]

QUESTION 4

4.1 Jack Smith is the sole owner of JS Garden Services. Jack, a civil engineer by trade, realised that with all the new developments in South Africa, a huge potential exists for a landscaping and gardening business. Jack employs two teams of 10 people and each team is headed by an expert gardener. Jack manages the business and brings in new contracts.

4.1.1 Draw an organogram for JS Garden Services.  (8)

4.1.2 Complete an after-sales questionnaire for a garden service business. (14)

4.1.3 Name FIVE types of equipment Jack will need for his business. (5 × 2) (10)

4.2 Complete the projected income statement on the ANSWER SHEET (attached) by using the following information:

Sales: R420 000 
Purchases: R165 000
Opening stock: R92 000
Closing stock: R105 000
Salaries: R40 200
Stationery: R5 100
Telephone: R8 400
Printing: R1 020
Advertising: R10 000

(18)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

ANSWER SHEET**EXAMINATION NUMBER:**

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QUESTION 1.6

MARKET POTENTIAL	
MARKET POTENTIAL PER MONTH	
MARKET POTENTIAL SHARE	
SUPPLIER DISCOUNT	
MONTHLY FIGURES	
NUMBER OF UNITS TO BE SOLD IN ONE MONTH	
SELLING PRICE PER UNIT	
COST PRICE PER UNIT	
GROSS PROFIT PER MONTH	
MONTHLY SALES	
MONTHLY UNIT COSTS	
GROSS PROFIT PER MONTH	

(16)

ANSWER SHEET

EXAMINATION NUMBER:

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QUESTION 3.2

3.2 3.2.1 BREAK-EVEN POINT IN RAND VALUE

(5)

3.2.2 BREAK-EVEN POINT IN UNITS

(5)

ANSWER SHEET**EXAMINATION NUMBER:**

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QUESTION 4.2

Sales		
Less: Cost of sales		
Opening stock		
Purchases		
Less closing stock		
Gross profit		
Less: Expenses		
Salaries		
Stationery		
Telephone		
Printing		
Advertising		
Net profit		

(18)