UNIVERSITY EXAMINATIONS

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Business Management IA

Duration 2 Hours 70 Marks

EXAMINERS
FIRST MS A VAN LILLE
SECOND MS N VAN HUYSSTEEN

Closed book examination

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INSTRUCTIONS FOR COMPLETING THIS EXAMINATION PAPER:

Please check the **module code** to ensure that you are writing the correct examination

This examination paper consists of 23 pages plus instructions for completion of a mark-reading sheet

Please complete the attendance register on the back page, tear it off and hand it to the invigilator

Answer all the questions on a **mark-reading sheet** and **circle the correct answers on the examination question paper as well.**

READ THE CASE STUDY BELOW AND ANSWER ALL THE QUESTIONS THAT FOLLOW.

CASE STUDY: *GRANDMA'S HOUSE*

Rose Lebelo, a grandmother of five, started *Grandma's House* eight years ago in Mamelodi, Pretoria Rose was employed as a domestic worker, who lived in at her previous employer and not only cleaned their house, but prepared lunch and dinner for the family Because Rose loved children, they also sent her to receive comprehensive nanny training so she could look after their small children

After the birth of Rose's first grandchild, Rose and her husband Richard decided that she should resign from her job, as her own grandchild needed her more than her previous employer's children, who are now all grown up Rose realised she still needs to earn an income and decided to open a day-care centre due to the low start-up costs However, owing to the low start-up costs of such a business, there were quite a lot of competitors offering day-care services outside Mamelodi Rose realised that, unless she could offer more specialised services, she would not survive in this competitive market Rose decided to first conduct market research to determine the consumers' needs The outcome of the market research revealed the following findings

- There is an increase in working parents and single-parent families
- Parents in Mamelodi travel very early to work due to transport difficulties and some come home very late
- Many parents in Mamelodi work over weekends
- Many families in Mamelodi are being subsidised by public funds and earn a low income

After these findings, Rose considered the rendering of three services at an affordable rate based on their possible buying behaviour – a basic day-care service during traditional weekday hours, and one during non-traditional hours, which includes very early morning, evening and overnight care, as well as weekend care After careful consideration, they decided that Rose should rather use their home instead of spending thousands of rands per month on renting a small space nearby She also knew that her home would offer her a competitive advantage as it is on the route for many parents travelling to work every day

She started her own enterprise and registered it as a sole proprietorship Rose applied for a short-term loan of R40 000 to build a primary room for her business and added a bathroom for the children She contributed R5000 of her savings for equipment, cots and mattresses,

shopped at second-hand shops, and accepted donations of used toys and other items from friends and acquaintances The day-care centre consisted of a small office, a sick bay, and an indoor area for play, meals and rest, as well as an outside play area with plenty of shade

Rose's day-care centre became so popular that she could not accept and look after all the children on her own She decided to employ two of her friends, Grace and Ester, as nannies and she appointed Virginia to do the administration of the business Rose communicated all their respective responsibilities clearly Information management plays an important role in this business, as some children have different needs *Grandma's House* must, therefore, keep a record of the children's information Rose is on good terms with all her clients and has long-term relationships with all her clients After numerous complaints from clients that their primary school children are getting into trouble after school and not doing their homework, Virginia suggested that they should include an area with tables and chairs for these children to do their homework in

Rose's target market is in Mamelodi, and she competes with bigger day-care centres such as *Carefree Kid's Montesson Centre* and *King's Kid Creche* Although her day-care centre is as large and established as those of *Carefree Kid's Montesson Centre* and *King's Kid Creche*, she has a few competitive advantages Firstly, she is located inside Mamelodi whereas the others are situated 20 to 30 km from Mamelodi Secondly, she offers a wider range of special time services, such as early morning care, late evening care, overnight care and weekends on arrangement, whereas others are open from 07 00 to 17 00 Thirdly, she also has an area for schoolchildren to do their homework in, whereas others only cater for pre-school children

MULTIPLE-CHOICE QUESTIONS

Chapter 1

1 **Rose Lebelo** could be classified as a/an _____

1) intrapreneur
2) entrepreneur
3) small business manager
4) corporate entrepreneur

2 According to the case study, **Veronica** can be classified as a/an _____

1) intrapreneur
2) entrepreneur
3) small business manager
4) franchisee

3 Rose registered *Grandma's House* as a sole proprietorship An **advantage** of a **formal enterprise** is that Rose _____

1) does not have to pay tax
2) will have easier access to finance
3) has to keep financial records
4) has to pay tax

4 Rose proved her **commitment** to *Grandma's House* by _____

1) using R5000 of her savings for equipment, cots and mattresses
2) performing tasks herself and communicating well with her staff
3) being realistic and not being discouraged when setbacks occur
4) her intense determination and need to overcome obstacles

5 Rose knows how to **stay on good terms with her clients** and **build long-term relationships with them** This relates to which personal characteristic of Rose?

1) Involvement in *Grandma's House*
2) Perseverance
3) Commitment to *Grandma's House*
4) Sound human relations

6 Rose **performs tasks herself** and **communicates well with her staff members** This could be regarded as an example of her _____

1) perseverance
2) creativity and innovative ability
3) involvement in *Grandma's House*
4) positive attitude and approach

7 **Including an after-school area for primary school children to do their homework**, could be regarded as an example of _____

1) creativity and innovation
2) perseverance
3) positive attitude and approach
4) willingness to take risks

8 Rose has **always been good with children** Therefore, she used her _____ to establish *Grandma's House*

1) savings
2) expertise
3) aptitude
4) skills

Chapter 2

9 *Grandma's House* could be classified under the _____ **branch of industry**

1) commercial
2) manufacturing
3) day-care service
4) service

10 *Grandma's House* could be classified under the _____ **production branch**

1) commercial
2) manufacturing
3) day-care service
4) service

11 *Grandma's House* operates in which one of the following **sectors**?

1) the primary sector
2) the secondary sector
3) the tertiary sector
4) the day-care service sector

12 *Grandma's House's* **primary objective** is to _____

1) offer their service at a competitive price
2) make a profit
3) offer a unique service
4) maintain good relations with their clients

13 Which of the following factors and variables are part of the **micro-environment** of *Grandma's House*?

a) mission and objectives
b) suppliers
c) consumers
d) functions
e) competition
f) production factors

Choose the correct combination

1) a, b, d
2) b, c, e
3) a, d, f
4) d, e, f

14 *Grandma's House*'s **cots, mattresses and toys** are examples of _____

1) entrepreneurship
2) capital
3) natural resources
4) labour

15 **Grace, Ester and Virginia** could be regarded as which one of the production factors of *Grandma's House*?

1) entrepreneurship
2) capital
3) natural resources
4) labour

16 Rose **identified the need** for a day-care centre in Mamelodi. This could be regarded as an example of her _____

1) entrepreneurship
2) capital
3) natural resources
4) labour

17 Rose's **R5000 contribution of her savings** for equipment, cots and mattresses can be regarded as which one of the production factors?

1) entrepreneurship
2) capital
3) natural resources
4) labour

18 Parents can **choose from the various day-care centres outside Mamelodi** or *Grandma's House* to look after their children. This refers to *Grandma's House's* _____ competition

1) direct
2) indirect
3) phantom
4) monopolistic

19 Parents can **choose from the various day-care options** *Grandma's House* offers. This refers to Rose's clients having the right to _____

1) be informed
2) exercise personal choice
3) be heard
4) be protected

20 Rose's target market is parents with a **low disposable income** This refers to a variable in the _____ environment

1) economic
2) physical
3) technological
4) international

Chapter 3

21 Rose **identified the need** for a day-care centre in Mamelodi during the _____ stage

1) idea
2) planning
3) implementation
4) business plan

22 Rose identified the need for a day-care centre in Mamelodi The identification of a business idea is a creative process **Creativity** is_____

1) generating new possibilities that are useful in solving problems
2) the ability to implement new ideas
3) only about the number of alternative ideas
4) the ability to come up with new ideas and to implement them

23 Rose is **left-brain dominant**, which means that she sees things in a/an _____ manner, which refers to _____ thinking

1) analytical, divergent
2) perceptual, divergent
3) analytical, convergent
4) perceptual, convergent

24 If Rose used her **qualification** as a trained nanny and her **experience in looking after children**, she would have used her _____ as a method to generate her business idea

1) expertise
2) skills
3) aptitudes
4) talents

25 According to the case study, which **method** did **Virginia** use to **generate the idea** of adding an after-school area for primary school children?

1) everyday activities
2) business publications
3) other sources
4) existing problems

26 During which stage in the creation of *Grandma's House* did Rose **decide which type of service options to offer**?

1) Idea stage
2) Feasibility stage
3) Planning stage
4) Implementation stage

27 Rose would use a **bow-tie diagram** to develop her business idea in terms of the _____

a) essence of the idea
b) profit potential of the idea
c) possible combination of ideas
d) market potential of the idea
e) possibility of taking a new direction with the idea

Choose the correct combination

1) a, c, e
2) b, c
3) a
4) b, d

Chapter 4

28 Rose's **planning stage** consisted of two parts, namely the _____ and the _____

1) feasibility study, business plan
2) idea identification, registration
3) viability study, business plan
4) market analysis, registration

29 To which of the following questions would Rose's **market research** provide answers to?

a) Is there a need for a day-care centre?
b) Who is going to buy the day-care service?
c) How many toddlers will she be able to look after?
d) What price can be charged for the day-care service?

Choose the correct combination

1) a, b
2) a, c
3) a, b, c
4) a, b, c, d

30 During which step of determining the **market potential** did Rose determine the **mission and objectives** of *Grandma's House*?

1) step 1
2) step 2
3) step 3
4) step 4

31 A **description** of *Grandma's House*'s **consumers' characteristics, locations and numbers** is known as _____

1) a target market
2) a customer profile
3) market research
4) a potential market

32 The **objectives** Rose must set for *Grandma's House* should be _____

a) measurable
b) realistic and attainable
c) flexible
d) clear and understandable
e) time specific

Choose the correct combination

1) a, b
2) a, c, d
3) a, b, d, e
4) a, b, c, d, e

33 The **division** of the **total potential heterogeneous** consumer market into **smaller homogeneous groups** that have similarities or characteristics in common is known as *Grandma's House*'s _____

1) market segmentation
2) target market
3) expected market share
4) market analysis

34 By **listing the features** of her service, Rose could establish _____

1) her total potential market
2) whether there is a need for her service
3) her target market
4) her expected market share

35 The **residents of Mamelodi** have a need for a day-care centre This relates to the _____ segment of *Grandma's House*'s total potential market

1) geographic
2) demographic
3) psychographic
4) behaviouristic

36 Rose's clients are all **parents with one or more toddler** This relates to the _____ segment of *Grandma's House*'s total potential market

1) geographic
2) demographic
3) psychographic
4) behaviouristic

37 The **lifestyle** of parents in Mamelodi involves **leaving for work very early as they make use of public transportation** This relates to the _____ segment of *Grandma's House*'s total potential market

1) geographic
2) demographic
3) psychographic
4) behaviouristic

38 According to the case study, Rose performed _____ **segmentation** on the total potential market and compiled her **different types of services** accordingly

1) geographic
2) demographic
3) psychographic
4) behaviouristic

39 Rose has to **examine each segment** of the **total potential market** according to its _____

a) accessibility
b) measurability
c) profitability
d) attainability

Choose the correct combination

1) a, b
2) a, b, c
3) a, b, d
4) a, b, c, d

40 Rose has to determine how well she can **compete with her competitors** by compiling a _____

1) SWOT analysis
2) micro-environment analysis
3) feasibility study
4) viability study

41 It is extremely important that Rose should **calculate the market share as accurately as possible**, as it has a direct influence on the calculation of *Grandma's House*'s _____

1) cost price
2) expenses
3) selling price
4) income

42 Rose will use the following formula to calculate *Grandma's House*'s **expected income**

1) total costs per unit + percentage profit
2) total costs per unit – business hours per month
3) sales – cost of sales – expenses
4) fixed costs (price per unit – variable cost per unit)

43 The monthly **salaries** Rose pays to **Grace, Ester and Virginia** can be regarded as a/an _____ cost

a) fixed
b) variable
c) direct
d) indirect

Choose the correct option

1) a, d
2) b, d
3) a, c
4) b, c

44 Rose will use the following formula to calculate the _____

Fixed costs **x 100**

Gross profit margin

1) break-even point in units
2) break-even point in rand value
3) selling price
4) total cost per unit

45 To be **viable**, *Grandma's House* must be able to _____

a) generate sustainable profits over the long-term
b) compete with its competitors
c) generate enough cash to meet its daily expenses
d) fulfil the clients' needs

Choose the correct combination

1) a, b
2) b, c
3) c, d
4) a, c

Chapter 5

46 The **business plan** is a detailed plan of action that sets out the _____ and _____ of *Grandma's House*

1) mission, objectives
2) nature, strategy
3) financing, activities
4) location, target market

47 Who is the **main user** of *Grandma's House*'s business plan?

1) Rose
2) Grace
3) The community of Mamelodi
4) Rose's suppliers

48 The information in *Grandma's House*'s business plan should be **integrated to make business sense** To which one of the following characteristics does this statement refer?

1) Communication
2) Action
3) Synthesis
4) Analysis

49 *Grandma's House*'s business plan should be **implemented, otherwise, it has no use** To which one of the following characteristics does this statement refer?

1) Analysis
2) Synthesis
3) Communication
4) Action

50 The **bank can see how Rose will pay back the loan of R40 000** by looking at the cash flow projections To which one of the following characteristics does this statement refer?

1) Communication
2) Action
3) Analysis
4) Synthesis

51 *Grandma's House*'s business plan contains information on **each variable in the business and serves as a checklist of all the sets of information needed** To which one of the following characteristics does this statement refer?

1) Synthesis
2) Analysis
3) Action
4) Communication

52 *Grandma's House*'s **executive summary** should be written after the business plan is completed and inserted on a separate page, after the _____ and before the _____

1) description of the enterprise, table of contents
2) cover page, confidentiality agreement
3) table of contents, description of the enterprise
4) confidentiality agreement, table of contents

53 Rose will explain why her **services are different from those of her main competitors** in the _____ of the business plan

1) executive summary
2) description of the enterprise
3) marketing plan
4) critical risks

54 Rose must **explain each of her service options and indicate the selling price** in the _____ of the business plan

1) marketing plan
2) description of the enterprise
3) executive summary
4) financial plan

55 Rose should know the difference between capital employed and the employment of capital

Employment of capital includes _____

a) Rose's R5 000 contribution from her savings
b) Rose's cots, mattresses and toys
c) Rose's R40 000 loan
d) Rose's clients who still need to pay her at the end of the month
e) Rose's petty cash she keeps in her safe

Choose the correct combination

1) a, b, d
2) b, d, e
3) a, c
4) c, e

56 Rose will use the following formula to calculate the _____

Fixed costs

Price per unit – variable cost per unit

1) total cost per unit
2) break-even point in unit
3) break-even point in rand value
4) net profit

57 Which of the following main entries can be found on *Grandma's House*'s **income statement**?

a) sales
b) long-term liabilities
c) gross profit
d) expenses
e) current assets

Choose the correct combination

1) a, d, e
2) a, c, e
3) b, c, e
4) a, c, d

58 Which of the following main entries can be found on *Grandma's House*'s **balance sheet**?

a) turnover
b) own capital
c) long-term liabilities
d) cost of sales
e) current assets

Choose the correct combination

1) a, d
2) a, b, d
3) b, c, e
4) c, e

Chapter 6

59 Rose started her own enterprise and registered it as a **sole proprietorship** By how many people can a sole proprietorship be owned?

1) A single individual owner
2) Two to twenty partners
3) One to fifty shareholders
4) One to ten members

60 Rose registered *Grandma's House* as a **sole proprietorship** With this in mind, which one of the following statements is correct?

1) Rose will be protected from personal liability for the debts of the enterprise
2) Rose is personally liable for losses
3) Rose has limited liability
4) Rose and Grace are jointly liable for the debts

61 The **name of the enterprise,** *Grandma's House,* _____

1) must end with "CC"
2) must end with "(Pty) Ltd"
3) must end with "& Co"
4) has no restrictions as long as it is legal

62 Rose decided on the **name**, *Grandma's House*, during the _____

1) general management of the enterprise
2) initial marketing phase
3) compilation of her marketing strategy
4) opening of her enterprise

63 Which one of the elements of the marketing strategy does the **various options of day-care service** represent?

1) product
2) price
3) distribution
4) marketing communication

64 **Rose must develop a record-keeping and filing system**, which is the responsibility of the _____ function

1) operations
2) purchasing
3) financial
4) information management

65 **Promoting the image** of *Grandma's House* is the responsibility of the _____ function

1) marketing
2) information management
3) public relations
4) human resources

66 Rose had to take certain steps to plan her staff requirements and to ensure that the right appointments were made **Appointments** are part of the _____ function

1) marketing
2) financial
3) purchasing
4) human resource

67 To **build the primary room and bathroom** for the day-care centre, Rose had to apply for a loan of R40 000 This must be managed by the _____ function

1) purchasing
2) financial
3) general management
4) human resources

68 Rose should **determine in advance what** *Grandma's House* **wants to achieve and how these objectives can be attained** To which element of the general management function does this refer?

1) Planning
2) Organising
3) Leading
4) Control

69 Rose **motivates her staff to work together voluntarily** to achieve the objectives of *Grandma's House* This refers to which element of the general management function?

1) Planning
2) Organising
3) Leading
4) Control

70 Rose must determine in advance **how, where, by whom, when** and **with what resources** activities must be carried out To which element of the general management function does this refer?

1) Planning
2) Organising
3) Leading
4) Control

[TOTAL: 70]

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EXAMINATION MARK READING SHEET EKSAMEN-MERKLEESBLAD

PART 1 (GENERAL/ALGEMEEN) DEEL 1

1 STUDY UNIT e g PSY100-X
STUDIE EENHEID bv PSY100-X

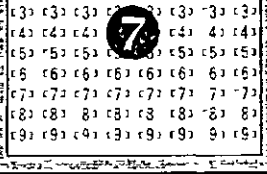
2 PAPER NUMBER
VRAESTELNOMMER

3 INITIALS AND SURNAME
VOORLETTERS EN VAN

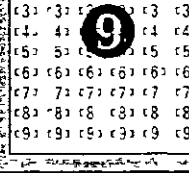
4 DATE OF EXAMINATION
DATUM VAN EKSAMEN

5 EXAMINATION CENTRE (E G PRETORIA)
EKSAMENSENTRUM (BV PRETORIA)

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STUDENTENOMMER

7 

8 UNIQUE PAPER NO
UNIEKE VRAESTEL NR

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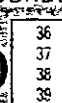
IMPORTANT

1 USE ONLY AN HB PENCIL TO COMPLETE THIS SHEET
2 MARK LIKE THIS
3 CHECK THAT YOUR INITIALS AND SURNAME HAS BEEN FILLED IN CORRECTLY
4 ENTER YOUR STUDENT NUMBER FROM LEFT TO RIGHT
5 CHECK THAT YOUR STUDENT NUMBER HAS BEEN FILLED IN CORRECTLY
6 CHECK THAT THE UNIQUE NUMBER HAS BEEN FILLED IN CORRECTLY
7 CHECK THAT ONLY ONE ANSWER PER QUESTION HAS BEEN MARKED
8 DO NOT FOLD

BELANGRIK

1 GEBRUIK SLEGS N HB POTLOOD OM HIERDIE BLAD TE VOLTOOI
2 MERK AS VOLG
3 KONTROLEER DAT U VOORLETTERS EN VAN REG INGEVUL IS
4 VUL U STUDENTENOMMER VAN LINKS NA REGS IN
5 KONTROLEER DAT U DIE KORREKTE STUDENTENOMMER VERSTREK HET
6 KONTROLEER DAT DIE UNIEKE NOMMER REG INGEVUL IS
7 MAAK SEKER DAT NET EEN ALTERNATIEF PER VRAAG GEMERK IS
8 MOENIE VOU NIE

PART 2 (ANSWERS/ANTWOORDE) DEEL 2

10 

Specimen only

MARK READING SHEET INSTRUCTIONS

Your mark reading sheet is marked by computer and should therefore be filled in thoroughly and correctly

USE ONLY AN HB PENCIL TO COMPLETE YOUR MARK READING SHEET

PLEASE DO NOT FOLD OR DAMAGE YOUR MARK READING SHEET

Consult the illustration of a mark reading sheet on the reverse of this page and follow the instructions step by step when working on your sheet

Instruction numbers ❶ to ❿ refer to spaces on your mark reading sheet which you should fill in as follows

❶ Write your paper code in these eight squares, for instance

P	S	Y	1	0	0	-	X

❷ The paper number pertains only to first-level courses consisting of two papers

WRITE | 0 | 1 | for the first paper and | 0 | 2 | for the second If only one paper, then leave blank

❸ Fill in your initials and surname

❹ Fill in the date of the examination

❺ Fill in the name of the examination centre

❻ WRITE the digits of your student number HORIZONTALLY (from left to right) Begin by filling in the first digit of your student number in the first square on the left, then fill in the other digits, each one in a separate square

❼ In each vertical column mark the digit that corresponds to the digit in your student number as follows [-]

❽ WRITE your unique paper number HORIZONTALLY

NB Your unique paper number appears at the top of your examination paper and consists only of digits (e g 403326)

❾ In each vertical column mark the digit that corresponds to the digit number in your unique paper number as follows [-]

❿ Question numbers 1 to 140 indicate corresponding question numbers in your examination paper The five spaces with digits 1 to 5 next to each question number indicate an alternative answer to each question The spaces of which the number correspond to the answer you have chosen for each question and should be marked as follows [-]

♦ For official use by the invigilator Do not fill in any information here