Internal Examiner:  Prof. R.C. O’Neill

External Examiner:  Mr.J. Welman

NB:
STUDENTS ARE REQUESTED IN THEIR OWN INTEREST TO WRITE LEGIBLY AND IN INK.

INSTRUCTIONS:

1. ENSURE THAT YOUR STUDENT NUMBER APPEARS ON EACH ANSWER BOOK/SHEET IN THE SPACE PROVIDED.
2. ALL EXAMINATION PAPERS ARE TO BE HANDED IN TOGETHER WITH THE ANSWER BOOK(S).
3. READ THE QUESTIONS CAREFULLY AND ANSWER ALL THE QUESTIONS.

THIS EXAMINATION PAPER CONSISTS OF 3 PAGES (INCLUDING THIS COVER PAGE). PLEASE ENSURE THAT YOU HAVE ALL OF THEM.
Answer ALL the questions

Question 1 (10 Marks)

The cost price of an article is R100, the mark-up percentage is 50%. Operating costs are R 1 000. Answer the following by showing all your calculations:

a) How many articles must be sold to break even? (3)

b) What should the selling price be to break even should only one article be sold? (3)

c) How many articles must be sold to realise a profit of R 5 000? (4)

Question 2 (5 Marks)

It is essential to avoid landing in a cash crunch. There are various techniques that you can employ to keep your overhead costs down. Some of these are to lease instead of to buy; to negotiate fixed loan repayments to coincide with your enterprise's cash flow cycle; to control employee advances and loans and to keep your business plan current. Name any FIVE additional techniques that can be employed to keep overhead costs down.

Question 3 (15 Marks)

a) Provide the steps to be followed when conducting market research in chronological order. (5)

b) Explain how you would apply these steps when trying to determine the demand for accommodation among students at UKZN in Pietermaritzburg? (10)

Question 4 (10 Marks)

How can an entrepreneur seeking funds to start a new business, convince potential lenders and investors that a market for the proposed product or service really does exist?
Question 5 (20 Marks)

Explain each of the following ideas generating techniques and indicate for which type of ideas generation situations or groups you would recommend them:

a) Brainwriting (4)
b) Heuristic Ideation Technique (HIT) (4)
c) Forced Relationships (4)
d) Conjoint Analysis (4)
e) Problem/Needs Identification (4)

Question 6 (15 Marks)

As an aspiring entrepreneur you should try to avoid certain pitfalls when starting a business. Name and explain FIVE important pitfalls and offer some advice on how to avoid them.

Question 7 (25 marks)

You have to conduct a feasibility study for a pet shop in the Liberty Mall in Pietermaritzburg. By attending to all the different sub-sections of the feasibility study, identify the specific issues you will need to deal with to evaluate this business idea. You may use a SWOT analysis to answer this question but you still need to explain and defend all your arguments.

Total 100