

BSM1501

(498836)

October/November 2017

Business Management IA

Duration

2 Hours

70 Marks

EXAMINERS

FIRST SECOND MS A VAN LILLE MS E KRUGER

Closed book examination

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INSTRUCTIONS FOR COMPLETING THIS EXAMINATION PAPER:

This examination paper consists of 22 pages plus instructions for completing 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: THE K9 UNIVERSITY

Shani Williams worked as an administrative manager for the Vetland Animal Hospital for five years. During these five years, she heard many owners complain that they did not have the time nor the knowledge to train their dogs at home. Shani thought that the dogs and their owners would appreciate the convenience of a nearby dog training service. Shani was born with a love for dogs and started training their dog in her early childhood years. Shani started training dogs professionally at the age of 13 by helping out dog trainers in her free time after school. After 12 years of training with older techniques, Shani decided to start her own training school using the principles of positive reinforcement training.

After Shani had determined that there was no immediate competition in the surrounding area, she started her own enterprise, *The K9 University*, and registered it as a sole proprietorship. Shani started on a small scale, since she did not have much capital. To save money, she asked Vetland Animal Hospital if she could use their premises once a week. Shani used R5 000 of her own savings and had to arrange an overdraft of R10 000 to purchase some training equipment that she could use to train dogs on different levels. She also bought a printer to print completion certificates. For the first year, The K9 University operated below break-even point.

The K9 University offers two courses, namely puppy classes and obedience training. The obedience training is divided into elementary beginners, beginners, intermediate and advanced classes. The prices were determined according to the level of the class. Shani did not advertise her dog training services and relied on her friends and her former work colleagues at the veterinary clinic to tell other people about her services. As more and more people became aware of her enterprise, the bookings started streaming in, but she could not accept all of them owing to the limited number of dogs she could handle in one session.

Shani decided that she wanted to expand her business. She realised that she was no longer able to handle the enterprise on her own. As *The K9 University* continued to grow each month, Shani approached her best friend, Jacques Naudé with a business proposition. Jacques had been training dogs for 15 years. He completed the Animal Behaviour Course through the Ethology Academy, as well as the Canine Culture Course through McKaynine Training Centre. Jacques accepted Shani's offer, and together they registered the new enterprise as a partnership

Some of their clients complained that their dogs became too distracted around other dogs and that they did not have time to walk their dogs after a long day of work Jacques identified this opportunity and suggested that they offer private training sessions as well as a dog walking service

To render a service based on bookings requires extremely good planning as well as excellent administration. Since Shani had worked as an administrative manager, they decided that she should be responsible for the general management and the information management function Mellissa, a student intern at the veterinary clinic, approached Shani and offered to help as administrative assistant. She could answer the telephone, make bookings, send out accounts, keep records and file documents, and Shani appointed her immediately, because they needed the help

The success of *The K9 University* resulted in the establishment of a few other dog training services in the surrounding area. Shani and Jacques realised that they had to advertise their services to retain and increase their market share. Shani and Jacques decided to place an advertisement in the Animal Talk magazine, and received a positive response. They still had the advantage of being the only dog training service to offer private sessions in the area. They also decided to launch a marketing campaign to make potential clients in the surrounding suburbs aware of their dog training services.

MULTIPLE-CHOICE QUESTIONS

Chapter 1

- 1 Which of the following characteristics does Shani possess that classify her as an entrepreneur?
 - a) Creativity and innovation
 - b) Responsibility for the growth of The K9 University
 - c) Ownership of The K9 University
 - d) Unwillingness to take new risks
 - e) Management only of The K9 University

Choose the correct combination

- 1) b, c
- 2) a, b; c
- 3) a; c, e
- 4) a, b, c; d; e
- 2 According to the case study, which one of the following factors played a role in Shani's **entrepreneurial success**?
 - 1) Her skills
 - 2) Her personal characteristics
 - 3) Her expertise
 - 4) The external factors
- 3 Shani and Jacques registered the new enterprise as a partnership. An advantage of being a formal enterprise is that _____
 - 1) they do not have to pay tax
 - 2) they do not have to keep financial records
 - 3) it is difficult to obtain resources
 - 4) they have easier access to finance

4.	Shani was responsible for the general management and the information					
	management function of The K9 University This could be regarded as an					
	example of how she displayed her					
	1) perseverance					
	2) commitment to The K9 University					
	3) involvement in The K9 University					
	4) willingness to take calculated risks					
5.	Shani invested her own savings in the business and also arranged for an					
	overdraft. This could be regarded as an example of her					
	willingness to take calculated risks					
	2) involvement in The K9 University					
	3) positive attitude and approach					
	4) creativity and innovation					
6	To create their enterprise, Shani and Jacques's first step would have been to					
6	To create their enterprise, Shani and Jacques's first step would have been to 1) use the four factors of production to start <i>The K9 University</i>					
6						
6	use the four factors of production to start <i>The K9 University</i>					
6	use the four factors of production to start <i>The K9 University</i> provide dog training services to satisfy consumers' needs					
67	 use the four factors of production to start <i>The K9 University</i> provide dog training services to satisfy consumers' needs identify the need in the market for dog training services 					
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8	Sh	ani's attention to detail regarding the behaviour of her clients' dogs during
	tra	ınıng, ıs an example of which management skill?
	1)	Accounting for her own purpose
	2)	Market orientation
	3)	Knowledge of competitors
	4)	Customer service
Cł	apt	ter 2
9	Th	e K9 University could be classified under the branch of industry
	1)	manufacturing
	2)	commercial and service
	3)	service
	4)	dog training services
10	Th	e K9 University could be classified under the production branch
	1)	manufacturing
	2)	commercial and service
	3)	service
	4)	dog training services
11	. Th	e K9 University could be classified under the sector
	1)	primary
	2)	secondary

3) tertiary

4) service

12 The business environment of The K9 University consists of the
environment/s
a) mainstream
b) micro-
c) market
d) macro-
Choose the correct combination
1) a
2) a, b, c
3) b, c
4) b, c, d
13. Shani will exert a/an influence on the of The K9 University
direct; mission statement and objectives
2) indirect, factors of production
3) direct, macro-environment
4) indirect, functions
14 Shani's personal contribution of R5 000 can be regarded as which one of the
factors of production?
1) Entrepreneurship
2) Capital
3) Natural resources
4) Labour

15	.When clients discuss their training problems with Shani, she should keep in mind
	that The K9 University must be geared towards listening and responding to
	customers' complaints and requests This means the customers have the right
	to
	1) be informed
	2) exercise personal choice
	3) be heard
	4) be protected
16	As soon as a person decides to get a puppy, they have to decide whether they
	want to spend their disposable income on a formal dog training service, or train
	the dog on their own This relates to competition between
	1) the needs of consumers
	mechanisms for satisfying needs
	3) products
	4) different trademarks
17	As soon as the individual has decided to use a formal dog training service, he/she
	has to choose between The K9 University and a more well-known dog training
	service This relates to competition between
	1) the needs of consumers
	2) mechanisms for satisfying needs
	3) products
	4) different trademarks
18	People who prefer to train their dogs themselves could be regarded as
	competition for <i>The K9 University</i>
	1) direct
	2) indirect
	3) no
	4) limited

19	Sh	ani is aware that she will have to cancel the training class when it rains, as
	the	re are no undercover facilities on the premises. This is an example of how the
		environment could influence The K9 University's service delivery
	1)	economic
	2)	social
	3)	political
	4)	physical
20	The	e disposable income of the dog owners would determine how much money
	the	y would be willing to spend on the training service. The disposable income of
	con	sumers is influenced by the environment
	1)	economic
	2)	social
	3)	international
	4)	political
Cha	apte	er 3
21.	Sha	ini had to apply divergent and convergent thinking to come up with creative
	idea	as to train dogs Divergent thinking
	a) (entails the ability to evaluate ideas logically
	b) і	s essential to the novelty of creative ideas
	c) e	entails the ability to think of many original ideas
(d) ı	s essential to the appropriateness of the products
(Cho	ose the correct combination
	1) a	a, b
2	2) b	p; c
(3) a	a, d
4	1) c	c, d

22. Which of the following sta	tements describes	convergent thinking?
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- a) Shani is able to evaluate ideas logically
- b) The novelty of creative ideas for The K9 University
- c) Shani is able to think of many original ideas
- d) The appropriateness of the service Shani provides

Choose	the	correct	com	hınat	non
CHUUSE	uic	CULLECT	COLL	vii iai	JUL I

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

23	Shanı	and	Jacques	registered	their	enterprise,	The	K9	University,	as	a
	partne	rship	during the	est	age of	the creation o	of the	ente	rprise		

- 1) idea
- 2) feasibility
- 3) planning
- 4) implementation
- 24 According to the case study, which method of improving her creative abilities did Shani use when she decided to start training dogs using positive reinforcement?
 - 1) She explored grey areas
 - 2) She paid attention to existing problems
 - 3) She broke her routine
 - 4) She paid attention to everyday activities

25	As	a creative person, which of the following abilities does Shani possess?
	a)	She solves problems in a different way
	b)	She thinks imaginatively
	c)	She sees possibilities others have not seen
	d)	She initiates change
	Ch	oose the correct combination
	1)	a, b
	2)	b, d
	3)	a, c, d
	4)	a; b, c, d
26	Sha	anı would have used a bow-tie diagram to develop the busıness ıdea ın terms
	of _	
	1)	profitability
	2)	the possible combination of ideas
	3)	cost-effectiveness
	4)	the ability to implement the idea
27	Sha	anı and Jacques's feasibility study determined that
	1)	they were able to convert their idea into an enterprise
	2)	many clients would use their dog training service
	3)	their idea would be profitable

4) their idea would be sustainable

28	Th	e K9 University's viability depended on
	a)	generating enough cash over the short-term
	b)	the potential of the idea to be converted into a real enterprise
	c)	their market and profit potential
	d)	their ability to meet the needs of their clients
	e)	generating sustainable profits over the long-term
	Ch	oose the correct combination
	1)	c
	2)	b
	3)	a, c; e
	4)	b, d
Ch	apt	ter 4
29	Th	e first step to determine the market potential of The K9 University requires
	Sh	anı and Jacques to
	1)	determine the mission and objectives of their enterprise
	2)	establish the needs and characteristics of their consumers
	3)	do market research
	4)	determine their market share
30	Th	e characteristics of <i>The K9 University</i> 's potential consumers' are known as
	ıts	
	1)	needs analysis
	2)	potential market share
	3)	marketing strategy
	4)	customer profile

31	After Shani and Jacques had done a needs analysis of their consumers, the basis
	of their was formed
	1) marketing strategy
	2) market segmentation
	3) profit potential
	4) cost analysis
32	The average income of consumers would determine their ability to pay for dog
	training services. This relates to the segment of <i>The K9 University</i> 's total
	potential market
	1) geographic
	2) demographic
	3) psychographic
	4) behaviouristic
33	Puppy owners who want to socialise their puppies must do so within the first year
	of the puppy's life This relates to the segment of The K9 University's
	total potential market
	1) geographic
	2) demographic
	3) psychographic
	4) behaviouristic
34.	The type of training that their customers prefer to buy for their dogs relates to
	the segment of the potential market of The K9 University
	1) geographic
	2) demographic
	3) psychographic
	4) behaviouristic

35	Sh	anı placed an ad	dvertisement in the Animal	Talk magazine in order to expand
	he	r target market	This refers to the	segment of her market
	1)	geographic		
	2)	demographic		
	3)	psychographic		
	4)	behaviouristic		
36	Sh	anı has 12 yea	rs of dog training exper	ience She could list this as a/an
		in the SW	OT analysis of <i>The K9 Uni</i>	versity
	1)	strength		
	2)	weakness		
	3)	opportunity		
	4)	threat		
37	Th	e K9 University o	operated below break-ever	point for the first year Shani could
	lıst	this as a/an	in the SWOT analysis	s of The K9 University
	1)	strength		
	2)	weakness		
	3)	opportunity		
	4)	threat		
38	Sh	ani dot a posi i	tive response from the	advertisement in the Animal Talk
-				in the SWOT analysis of <i>The K9</i>
		riversity		
		strength		
	•	weakness		
	,	opportunity		
		threat		
	-			

39	The part of the market that The K9 University could serve on the basis of its
	production capacity and the state of the country's economy, is known as its
	1) target market
	2) market share
	3) market segment
	4) total potential market
40	The K9 University became so popular that they were fully booked on all
	weekends and unable to accommodate any more dogs. This is an example of how
	the could restrict the ability of <i>The K9 University</i> to satisfy the potential
	demand for their training
	1) economy of the country
	2) capacity of the enterprise
	3) buying power of the target market
	4) size of the market
41	To calculate the break-even point in rand value , Shani should divide the fixed
	costs by the
	1) price per unit
	2) total costs per unit
	3) gross profit margin percentage
	4) net profit margin percentage
42	To lower The K9 University's break-even point, Shani could
	decrease the selling prices
	2) increase the direct costs
	exercise less control over the fixed costs
	4) increase the selling prices

43	Which	of the	following	benefits	could	they	experience	from	calculating	the
	break-	event	point of 7	he K9 Uni	versity	2				

a)	They	/ could	allocate	sales	and	marketing	efforts t	o increase	their	sales

- b) They could manage the enterprise more effectively
- c) They could control their cost in a "slow" month
- d) They could maximise their profits

Choose	tho	correct	comb	ination
UHUUSE	uie	COHECE	CULLID	manun

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

44. Shani could	use their	cash budget	to determine the	е

- 1) long-term credit needs
- 2) short-term credit needs
- 3) break-even point
- 4) profit potential

45	Total costs	per unit +	percentage	profit is the	formula Sh	nanı will use te	o calculate

the		
41	avported	maama

- expected income
- 2) selling price
- 3) net profit
- 4) break-even point

46	W	hich one of the following formulae will Shani use to calculate how much they
	sh	ould charge for a one-hour training session ?
	1)	Fixed costs x 100
		Gross profit margin %
	2)	Fixed costs
		Price per unit – variable cost per unit
	3)	Total costs per month - business hours per month
	4)	Direct material cost + direct labour cost + indirect cost
Ch	ap	ter 5
47	Th	e business plan is a detailed plan of action that sets out the and of <i>The K9 University</i>
	1)	mission, objectives
	2)	nature, strategy
	3)	financing, activities
	4)	location, target market
48	Th	e main user/s of <i>The K9 University</i> 's business plan is/are
	1)	Shani
	2)	Jacques
	3)	Shani and Jacques
	4)	The bank
49	Ву	looking at The K9 University's cash flow projections, the bank will be able
	to	see how they will pay back the loan Their business plan therefore serves as
	a/a	n
	1)	checklist for information
	2)	communication tool
	3)	action plan
	4)	planning instrument

50 The K9 University's business plan contains information on methods to implement
the planned activities Therefore, their business plan serves as a/an
1) checklist for information
2) communication tool
3) action plan
4) planning instrument
51 The purpose of <i>The K9 University</i> 's business plan is to
1) determine how many employees they should employ
2) determine where they should locate the business
3) obtain financing
4) communicate with their competitors
52 When the business plan for The K9 University is updated, they will include what
they want to achieve over the short, medium and long term in the
description of the enterprise
2) marketing plan
3) management plan
4) financial plan
53 The people that are involved in the enterprise and their responsibilities will be
ıllustrated ın the of <i>The K9 University</i> 's business plan.
1) human resource plan
2) organisational structure
3) form of enterprise
4) ownership structure
54 Shani will have to write a summary of compliance with labour legislation in the
of <i>The K9 University</i> 's business plan
1) organisational structure
2) human resource plan
3) financial plan
4) ownership structure

55	55 To obtain the loan, Shani and Jacques will have to write	e a final motivation fo
	why the enterprise will succeed in the of The	K9 University's business
	plan	
	1) critical risks	
	2) executive summary	
	3) cover page	
	4) conclusion	
56	56 The K9 University's income statement would indica	ite the of the
	enterprise	
	1) profit and loss	
	2) income and expenditure	
	3) assets and liabilities	
	4) cash receipts and cash payments	
57	57 Shani can calculate the net profit of <i>The K9 University</i> by	<i>y</i>
	 deducting the expenses from the gross profit 	
	2) deducting the cost of sales from the sales figure	
	3) deducting the cash payments from the total cash rece	ıpts
	4) adding the percentage profit to the total cost per unit	
58	58 The K9 University's cash budget would indicate the	of the enterprise
	1) profit and loss	
	2) income and expenditure	
	3) assets and liabilities	
	4) cash receipts and cash payments	
59	59 The K9 University's balance sheet would indicate the	of the enterprise
	1) profit and loss	
	2) income and expenditure	
	3) assets and liabilities	
	4) cash receipts and cash payments	

Chapter 6

60	Th	e name of Shanı and Jacques's enterprise
	1)	must end with "& Co"
	2)	must end with "CC"
	3)	must end with "Pty (Ltd)"
	4)	can be any legal name
61	Th	e K9 University
	a)	can exist independently of Shani and Jacques
	b)	cannot exist independently of Shani and Jacques
	c)	can act in its own name
	d)	can own its own assets
	e)	can make transactions in Shani and Jacques's name
	Ch	oose the correct combination
	1)	a, c
	2)	b, e
	3)	a, c, d
	4)	a, c, d, e
62	Sh	anı and Jacques had to consider the degree to which they would be responsible
	for	the debts of the enterprise The liability would be
	1)	limited to their own personal debts
	2)	limited to the debts of the enterprise
	3)	unlimited, which means that they could lose their private assets if the enterprise
		goes bankrupt
	4)	limited to the capital they have invested in the enterprise

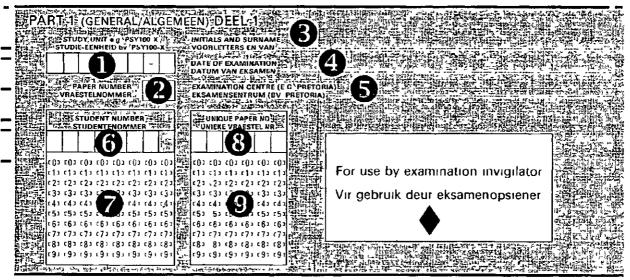
63	Sh	ani and Jacques also had to keep the continuity of the enterprise in mind The
	K9	University would
	1)	not cease to exist if a new partner joins
	2)	have an indefinite lifespan
	3)	cease to exist if Shani were to die
	4)	have unlimited continuity
64	Re	gistering The K9 University entailed
	1)	drawing up a contract
	2)	submitting documents to the Companies and Intellectual Property Commission
	3)	forming a partnership agreement
	4)	obtaining a trading licence
65	Th	e K9 University may be managed by
	1)	Shanı
	2)	all the partners
	3)	Jacques
	4)	the board of directors
66	Pla	icing advertisements in the Animal Talk magazine is the responsibility of the
		function of <i>The K9 University</i>
	1)	public relations
	2)	marketing
	3)	purchasing
	4)	general management
67	The	e physical rendering of the dog training service is the responsibility of the
		function of <i>The K9 University</i>
	1)	marketing
	2)	public relations
	3)	purchasing
	4)	operations

68		orender the dog training service without interruptions, the function ould determine how many training tools they would need and notify the	
		nction in advance so that enough training tools can be bought in time	
		marketing, purchasing	
	2)	purchasing, financial	
	3)	operations, purchasing	
	4)	information, operations	
69	Sh	ani and Jacques should determine in advance what The K9 University wants	to
	acl	hieve and how the objectives can be attained. This forms part of the	
	ele	ement of the general management function	
	1)	planning	
	2)	organising	
	3)	leading	
	4)	control	
70	Ch	any had to make auro that they had the recovered to seem out the training	
70		and had to make sure that they had the resources to carry out the training	ıg.
		is forms part of the element of the general management function	
	,	planning	
	•	organising	
	•	leading	
	4)	control	

TOTAL: 70

UNIVERSITY OF SOUTH AFRICA UNIVERSITEIT VAN SUID-AFRIKA **EXAMINATION MARK READING SHEET**

EKSAMEN-MERKLEESBLAD

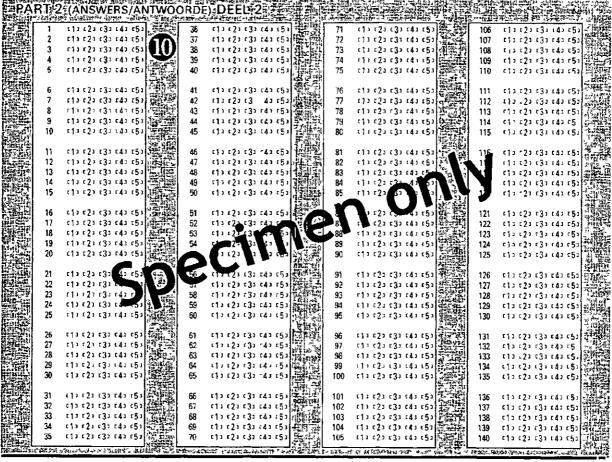


IMPORTANT

- 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

RELANGRIK

- 1. GEBRUIK SLEGS IN HIS POILOOD OM HIERDIE BLAD TE VOLTOOT
- 2 MERK AS VOLG :
- KONTROLEER DAT U VOORLETTERS EN VAN REG INGEVUL IS
- **VUL U STUDENTENOMMER VAN LINKS NA REGS IN**
- 6 KONTROLEFR DAT () DIF 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



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 **1** to **1** refer to spaces on your mark reading sheet which you should fill in as follows

Write your paper code in these eight squares, for instance

P S Y 1 0 0 - X

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

- Fill in your initials and surname
- Fill in the date of the examination
- Fill in the name of the examination centre
- 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
- In each vertical column mark the digit that corresponds to the digit in your student number as follows [-]
- 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)

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