



**COLLEGE OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF BUSINESS MANAGEMENT**  
**FINAL SUMMATIVE ASSESSMENT**

<b>MODULE:</b>	BUSINESS STUDIES
<b>CODE:</b>	BMX2A01
<b>TIME ALLOWED:</b>	120 Minutes
<b>TOTAL MARKS:</b>	100

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<b>NUMBER OF PAGES:</b>	13

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**INSTRUCTIONS:**

- This is a closed-book assessment.
- Question papers must be handed in together with your answer books.
- Read the questions carefully and answer only what is asked.
- Answer all the questions:
  - Answer **section A** on the answer sheet at the back of the book. Answer **section B** in the answer book.
- Number your answers clearly.
- Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
- Structure your answers by using appropriate headings and subheadings.
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

**SECTION A****[30 MARKS]****QUESTION 1**

The evaluation of business ideas is done through:

- (i) financial advisor
- (ii) consultant
- (iii) feasibility study
- (iv) viability study
- (v) financial analysis
- (vi) marketing plan

Choose the correct answer:

- A (i) And (ii)
- B (ii) And (iii)
- C (iii) And (iv)
- D (v) And (vi)

**QUESTION 2**

The \_\_\_\_\_ are the focus of the entrepreneur, and products and/or services are developed and adapted to meet their needs.

- A suppliers
- B customers
- C competitors
- D consultants

**QUESTION 3**

Jackal Ltd and Hyde (Pty) Ltd both have:

- A an annual audit with the results being published.
- B the same number of shareholders.
- C a constitution comprising articles and a memorandum.
- D shares sold to the general public.

**QUESTION 4**

The motivation for entrepreneurial activities is to:

- A     earn a living.
- B     lead a good life.
- C     make profits.
- D     leave behind a legacy.

**QUESTION 5**

The determination of the resources required for the business cannot be done without a \_\_\_\_\_, which is done simultaneously with the development of the business plan.

- A     marketing plan
- D     bank loan
- C     cash flow projection
- D     suppliers register

**QUESTION 6**

Some of the most important types of human processes that are important for the successful management of people are team building, communication skills, conflict management and \_\_\_\_\_.

- A     motivation
- B     controlling
- C     planning
- D     developing

**QUESTION 7**

When entrepreneurs turn their love for sport and hobbies into a business venture they can be said to have:

- A     control.
- B     achievement.
- C     independence.
- D     passion.

**QUESTION 8**

Those factors that encourage entrepreneurship due to traditional jobs being less attractive can be called:

- A grab factors.
- B pull factors.
- C push factors.
- D push and pull factors.

**QUESTION 9**

A major challenge facing SMMEs is the lack of sustainable markets. However, this can be overcome by:

- A providing effective marketing training.
- B providing networking opportunities.
- C providing products and services.
- D establishing a good labour force.

**QUESTION 10**

Sikulume wants to start Sikulume's Motors, and will be in the business on his own. Which of the following legal forms could Sikulume use?

- A Sole proprietorship; private company
- B Partnership; close corporation; sole proprietorship
- C Close corporation; private company; partnership
- D Private company; sole proprietorship; partnership

**QUESTION 11**

\_\_\_\_\_ is someone who has developed an innovation and who has decided to make a career out of presenting that innovation to the market.

- A The entrepreneur
- B The scientist
- C The investor
- D The tourism entrepreneur

**QUESTION 12**

Traditional women business owners are:

- A highly committed to entrepreneurial ideas, but not to traditional gender roles.
- B highly committed to entrepreneurial ideas and the acceptance of entrepreneurial gender roles.
- C not committed to entrepreneurial ideas, but have high attachment to traditional gender roles.
- D neither committed to entrepreneurial ideas nor to traditional gender roles.

**QUESTION 13**

The following products or services are either patentable or not patentable forms of legal protection. Choose the set of products that are not patentable.

- A Mathematical methods, cool drink cans, aesthetic creations, computer programs
- B Aesthetic creations, schemes, business methods, wheelbarrow
- C Architectural designs, aesthetic creations, business methods, rules for playing games
- D Investment schemes, games equipment, fashion designs, stock control methods

**QUESTION 14**

Which of the following statements are reasons for compiling business plans?

- (i) To obtain funding
- (ii) To capture the market of the business
- (iii) To serve an inside purpose
- (iv) To be used as a tool to enhance risk

Choose the correct answer:

- A (i) and (iii)
- B (i) and (ii)
- C (i), (iii) and (iv)
- D (i), (ii), and (iv)

**QUESTION 15**

A person who has made an invention can apply for a patent at

- A the Registrar of Patents.
- B CIPRO.
- C the Department of Trade and Industry.
- D all of the above

**QUESTION 16**

One can avoid underestimating financial requirements when preparing a business plan by:

- A determining the total capital needed to get started.
- B determining what loan is required and the ability to repay it.
- C providing for enough operating costs.
- D using a realistic sales projection.

**QUESTION 17**

Which of the following guidelines could assist the businessperson to select the most appropriate business plan?

- (i) Understand exactly how the new business is going to operate
- (ii) Understand the exact purpose of the specific business plan
- (ii) Understand the different types of business plans from which you can choose
- (iv) Understand that it is not an easy process to select the most appropriate business plan

Choose the correct answer:

- A (i), (ii), (iii) and (iv)
- B (i), (ii) and (iii)
- C (i), (ii) and (iv)
- D (ii), (iii), and (iv)

**QUESTION 18**

The product development process consists of consecutive steps. Which one of the following sequences is correct?

- A Observe and identify a problem or opportunity; analyse and diagnose the situation; develop feasible ideas; generate ideas; decide on the most suitable idea; develop designs; test
- B Observe and identify a problem or opportunity; develop feasible ideas; analyse and diagnose the situation; generate ideas; decide on the most suitable idea; develop designs; test
- C Observe and identify a problem or opportunity; analyse and diagnose the situation; generate ideas; develop feasible ideas; decide on the most suitable idea; develop designs; test
- D Observe and identify a problem or opportunity; analyse and diagnose the situation; decide on the most suitable idea; generate ideas; develop feasible ideas; develop designs; test

**QUESTION 19**

The pro forma income statement includes

- A cost of sales
- B trade creditors
- C interest owed
- D capital

**QUESTION 20**

Organisational growth relates to changes taking place in the firm's

- A culture
- B strategy
- C finances
- D management team

**QUESTION 21**

Successful firms appear to have clearly demarcated

- A market segments
- B responsibilities
- C job descriptions
- D A, B and C

**QUESTION 22**

The management plan section of the business plan:

- A focuses on facilities and manufacturing capabilities of the business.
- B provides details of the organisational structure of the business.
- C describes any features of the product that give it an advantage over the competition.
- D describes how many products can be produced by the business.

**QUESTION 23**

A trademark may be a \_\_\_\_\_ which identifies the source or sponsorship of certain goods or services.

- A word or phrase
- B symbol or design
- C particular sound
- D all of above

**QUESTION 24**

Creativity involves the adjustment or refinement of existing procedures or products, the identification of opportunities, the identification of solutions to problems and new ideas. Creativity is innovation or \_\_\_\_\_ of innovations of competitors by, for example, product adjustments, marketing and client service.

- A adaptation
- B stealing
- C development
- D patenting

**QUESTION 25**

Which of the following are problems when compiling a business plan?

- (i) Lack of objectivity
- (ii) Ignoring competition
- (iii) Inadequately trained management
- (iv) Failure to anticipate obstacles

Choose the correct answer:



- A (i), (ii) and (iv)
- B (i), (iii) and (iv)
- C (ii), (iii) and (iv)
- D (i), (ii), and (iii)

**QUESTION 26**

The entrepreneur will face many ethical challenges throughout his or her career. Such unethical behaviour includes the following:

- (i) skimming, concealing income to avoid taxes
- (ii) deception
- (iii) inaccurate reporting

Choose the correct answer:

- A (i) and (ii)
- B (i) and (iii)
- C (ii) and (iii)
- D (i), (ii) and (iii)

**QUESTION 27**

Which of the following is not a condition that affects the selection of a business location?

- A Weather and climate
- B Competition
- C Customers
- D Labour legislation

**QUESTION 28**

A general factor in the physical establishment of a business is

- A a good location.
- B a nice shop front.
- C a rich suburb.
- D access to the target market.

**QUESTION 29**

\_\_\_\_\_ makes small firms especially vulnerable to unethical practices.

- A Limited time
- B Limited staff
- C Limited resources
- D Size

**QUESTION 30**

Successful entrepreneurs ensure a \_\_\_\_\_ by offering something better and/or different to their competitors.

- A profit
- B good turnover
- C competitive advantage
- D large share of the market

**SECTION B****[70 MARKS]**

**Read the case study and then answer questions thereafter.**

**Retroactive: Lessons Learnt**

One's a retired sporting legend, another a sports fundi and the last guy happens to be a digital marketing maven. Together they've launched a business that's set to conquer their worlds combined. Retroactive was borne out of a love for sports and creative marketing.

"We are massive sports fans at heart. Not just fans of teams, but of everything that sport represents and provides people with in life," says Mike Sharman, co-founder of Retroviral Digital Communications. Mike, along with former Springbok rugby player Bryan Habana and sports authority Ben Karpinski, believed sport needed just as much, if not more attention than anything else, as sport is a living breathing thing in life.

"Sport gives brands and companies unique opportunities to showcase themselves, and within sporting fans we have people who are loyal, dynamic and have focused interests that are worth engaging with. We believe we can tell the stories of this world, gather the insights, and translate it to relationships and content that will be unforgettable," says Mike.

**Why is it important to diversify business models and business channels?**

**Mike:** The smartphone changed our lives and continues to do so at a rapid rate, with evolving technology and improving accessibility to new demographics. So, what worked around mainstream media in the past could be obsolete now. It's not enough to know where the eyeballs of your target market are going nowadays — you need to be operating in those spaces, continually evolving. Today's consumers are spoiled for choice and expect personalised ways of doing things. We must find ways of being part of that.

**How are you aligning your skills and market knowledge with a business venture?**

**Bryan:** The transition period from a professional athlete to the life after is currently one of the most talked about topics in sport. While it is challenging rediscovering yourself and where you fit in or what you want to be doing, I've kept myself busy engaging with people within the network I was able to create while playing rugby.

I was fortunate during my career as a rugby player. At the start of my journey, social media opportunities were very limited, yet the landscape exploded with so many different channels towards the twilight of my playing days. Now that I am a former player, I look at things through the lens of a 'regular member of the public'; I'd like to see authentic, fresh, engaging content being posted onto social media. This is where I can use my knowledge as a player (and understanding of the inner-workings and constraints) and my connection with some of the biggest brands, globally.

Source: <https://www.entrepreneurmag.co.za/advice/success-stories/lessons-learnt/retroactives-business-lessons-learnt-while-building-a-successful-business/>

**QUESTION 1****(10 MARKS)**

Venture Capital is a possibility for funding that may be used by Retroactive. **SKETCH** the spectrum of venture capital and private equity finance as used in South Africa. (Please use a figure to illustrate.) (10)

**QUESTION 2****(10 MARKS)**

- 2.1. "I was fortunate during my career as a rugby player. At the start of my journey, social media opportunities were very limited, yet the landscape exploded with so many different channels towards the twilight of my playing days". Discuss what are the **5 STEPS** involved in developing a network. (5)
- 2.2. Briefly **DISCUSS FIVE (5)** networking benefits. (5)

**QUESTION 3****(10 MARKS)**

- 3.1. **IDENTIFY** the different roles played within a business, family and ownership reflecting the complexity of a family business. (7)
- 3.3. Within families, it is often asked how can one go about creating and maintaining a highly successful family business? **IDENTIFY THREE (3)** strategies as vital aspects in succeeding. (3)

**QUESTION 4****(10 MARKS)**

- 4.1. **IDENTIFY** the terms to be included in the franchise contract. (6)
- 4.2. Briefly discuss the characteristics of a franchisor and give an example (2)
- 4.3. Briefly discuss the characteristics of a franchisee and give an example (2)

**QUESTION 5****(10 MARKS)**

- 5.1. After having investigated a business carefully, it is important to determine the value of the concern. What are the **THREE (3)** quantitative methods to determine the value of a firm? (3)

- 5.2. “Today’s consumers are spoiled for choice and expect personalised ways of doing things. We must find ways of being part of that.” **DISCUSS** the SEVEN (7) traps to avoid when buying an existing business (7)

**QUESTION 6****(20 MARKS)**

- 6.1. Many entrepreneurs are unable to deal with the changes that growth brings about. What **SIX (6)** steps will you advise to Retroactive to follow in order to allow growth? (6)
- 6.2. Retroactive will find in the future that growth presents the need for strategic resources and investment decision making. The process must be planned for and controlled. **DISCUSS** the FOUR (4) key factors that Retroactive will require? (4)
- 6.3. **NAME** the EIGHT (8) characteristics of growing firms? (8)
- 6.4. What do we mean when we speak of business growth? (2)

**END OF PAPER**