



<b>FACULTY/COLLEGE</b>	College of Business and Economics
<b>SCHOOL</b>	Johannesburg Business School
<b>DEPARTMENT</b>	Business Management
<b>CAMPUS</b>	DFC
<b>MODULE NAME</b>	Management Skills
<b>MODULE CODE</b>	BUP 201
<b>SEMESTER</b>	Second
<b>ASSESSMENT OPPORTUNITY, MONTH AND YEAR</b>	Final Supplementary Examination January, 2019

<b>ASSESSMENT DATE</b>	2019	<b>SESSION</b>	1
<b>ASSESSOR</b>	Prof E Bbenkele		
<b>MODERATOR (Internal)</b>	Prof S. Dhliwayo		
<b>MODERATOR (External)</b>	Dr N. Chiliya		
<b>DURATION</b>	180 minutes	<b>TOTAL MARKS</b>	100

<b>NUMBER OF PAGES OF QUESTION PAPER (Including cover page)</b>	3
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#### INFORMATION/INSTRUCTIONS:

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- 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.
  - 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.
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## QUESTION 1

[25 Marks]

Below is an income statement and balance sheet for Diva Charity Hair Salon. Use this information to calculate the ratios for the questions 1a to 1e below and respond to the questions asked.

### Diva Charity Hair Salon Balance Sheet as of December 2018

#### Assets

Cash	R125 000
Accounts Receivable	R375 000
Inventory	R550 000
<b>Total current assets</b>	<b>R1, 050 000</b>
Gross fixed assets	R2 750 000
Accumulated depreciation	(R1 200 000)
Net fixed assets	R1 550 000
<b>TOTAL ASSETS</b>	<b><u>R2 600 000</u></b>

#### Debt (Liabilities and Equity)

Accounts payable	R150 000
Short term loan	R150 000
<b>Total current Liabilities</b>	<b><u>R300 000</u></b>
Long Term Debt	R600 000
<b>Total debt</b>	<b><u>R900 000</u></b>
Common stock	R900 000
Retained earnings	R800 000
<b>Total ownership equity</b>	<b><u>R1 700 000</u></b>
<b>TOTAL LIABILITIES AND OWNERSHIP EQUITY</b>	<b><u>R2 600 000</u></b>

### Income statement for the year ending December for 2018

<b>Sales</b>	<b>R1 450 000</b>
Cost of goods sold	R850 000
<b>Gross profit</b>	<b>R600 000</b>
<b>Operating expenses</b>	<b>R240 000</b>
Operating profit	R360 000
Interest expense	R64 000
Profits before taxes	R296 000
Taxes	R118 000
<b>Net profits</b>	<b><u>R17 8 000</u></b>

#### **Industry norms**

Current ratio	3.25
Return on assets	15%
Operating profit margin	20%
Total Assets Turnover	0.75
Debt ratio	0.20
Return on equity	9.0%

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|----|--|-----------|
| a. | Is the business liquid compared to the industry norms?       | (5 Marks) |
| b. | Is the company doing well in earning a return on its assets? | (5 Marks) |
| c. | What is the total debt used to finance total assets?         | (5 Marks) |
| d. | Is the business receiving a good return on equity?           | (5 Marks) |
| f. | What is the Debt ratio?                                      | (5 Marks) |

**QUESTION 2****[25 Marks]**

Discuss five (5) factors you would consider in choosing a good location for your business. [5 Marks for each factor]

**QUESTION 3****[25 Marks]**

Using the business project, answer the following.

- a. What are the key activities for your business? [5 Marks]
- b. What are the key resources? [5 Marks]
- c. What is your value proposition? [5 Marks]
- d. What are your customer segments? [5 Marks]
- e. How will you get, keep and tap your customers [5 Marks]

**QUESTION 4****[25 Marks]**

- a. The owners of Nthombi Tops Spa are considering opening a legal entity.  
Describe any 5 factors the owners should consider in choosing a business form. [15 Marks]
- b. The same company is considering expanding into manufacturing lotions to be used in the Spa. Discuss the methods they can use in evaluating the feasibility of the business idea. [10 Marks]

**END OF ASSESSMENT**