



<u>FACULTY</u>	: Education
<u>DEPARTMENT</u>	: Childhood Education
<u>CAMPUS</u>	: SWC
<u>MODULE</u>	Economic and Management Sciences for the Intermediate : Phase (EMSIPA3)
<u>SEMESTER</u>	: First
<u>EXAM</u>	: June 2020

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MODERATOR : Dr E Ojo (WITS)

DURATION : SUBMISSION **MARKS** : 100

NUMBER OF PAGES: 6 PAGES

INSTRUCTIONS:

1. This is an assessment of your knowledge of the content covered during the semester. You may not consult any other sources, other than the information provided or specified in this question paper. You may not cooperate or communicate with other students about this examination paper.
 2. Answer all the questions and submit your work to the correct assessment link on Blackboard.
 3. Number your answers in the sequence provided in this document.
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QUESTION 1

Read the case study supplied in Appendix A and listen to the podcast available under the 'exam resources' tab on Blackboard. Use these resources to answer the following questions:

- 1.1 Brian Altriche is a South African entrepreneur. With reference to the provided resources, name and describe five (5) characteristics of entrepreneurs that Brian embodies. (15)
- 1.2 Suppose Brian approaches you for business advice regarding the future of the RocoMammas restaurants in a post-COVID19 world, what advice would you give him? Structure your response as a business plan. (20)
- 1.3 Choose any entrepreneur (living or deceased) that you admire and write an article for an online magazine profiling this person and their business(es). Use the 'Entrepreneur South Africa' magazine as an example of such articles. Ensure that your article is at least a '12 minute read'. Be mindful to not plagiarize from any other source. A link to this magazine is available under the 'exam resources' tab on Blackboard. (15)
- [50]

QUESTION 2

Mrs. Smith works as a nanny. Her wages are R750 per week plus R20 per hour when she works overtime. Mr. Smith works at a factory in Mossel Bay three days a week. He earns R250 per shift. Patrick Smith, their son, does deliveries for the local shop on his bike. He works on Monday and Wednesday afternoons and Saturday mornings. He is paid R20 per shift plus tips. On average, he receives R25 in tips per week. Grace, the Smith's daughter, also works at the local spaza shop. She works on Tuesday and Wednesday afternoons and on Saturday mornings. She gets paid R30 per shift. The

Smith's monthly expenses are: Rent R2500, Transport R400, Clothes R900, Groceries R2000, Electricity R500, Caring for grandparents R1000. Mrs. Smith likes to treat the family to fast foods from Chicken Licken or KFC weekly and makes sure that the family always wear the latest fashions by buying clothing regularly from Edgars, Truworths and Markhams. Mrs. Smith currently owes all these clothing stores varying amounts of money. She still owes Edgars R2300; Truworths R1400; and Markhams R800. Each one of these stores expects a minimum payment of the outstanding debt every month. Edgars requires a R400 payment; Truworths requires a R300 payment; and Markhams requires a R200 payment. The interest rate on these accounts are: Edgars 23%; Truworths 21%; and Markhams 19% per annum. Assume that all members of the family hold employment contracts with their employers. Also assume that the family does not buy any more clothes on credit.

(Please note that when doing your calculations in Question 2, a month usually has four weeks, however there are some months that have five weeks). Show all your working out of the answers in Question 2.

- 2.1 Draft a household budget for this family for a 4-week month. (10)
- 2.2 From this budget, make a list of the fixed personal income earned by each member of the Smith family and calculate the Smith's total fixed income for a 4-week month. (5)
- 2.3 Variable income
- 2.3.1 If Mrs. Smith works two hours' overtime a week in a five-week month, what will her variable income be for that month? (1)
- 2.3.2 From the information above, what will Patrick's variable income be if he is paid tips each week in a five-week month? (1)
- 2.3.3 Calculate total variable income for the Smith family (5)

during a five-week month.

- 2.4 What are the Smith's total monthly expenses? (2)
- 2.5 Explain in two sentences how the fixed and variable income earned by the Smith family influences their monthly budget. (3)
- 2.6 Explain in five sentences what advice you could give the Smith family on cutting down on their expenses (based on your calculations and the information provided in the case study). (10)
- 2.7 During this module you learned about two strategies to pay off debt.
- 2.7.1 Explain each one of these strategies. (4)
- 2.7.2 Using the debt information contained in the case study, create a financial projection that will show how each of these two strategies in 2.7.1 differ. (6)
- 2.7.3 Which one of the strategies would you advise the Smith family to use? Motivate your proposal. (3)
- [50]

TOTAL: 100

Appendix A

BUSINESS INSIDER | EXECUTIVE INSIGHTS

This young entrepreneur overcame failures and legal woes to launch one of South Africa's most popular fast-food chains

Business Insider SA
Apr 28, 2019, 09:21 AM



Failure is part of the journey to success, RocoMamas cofounder Brian Altriche said.

Altriche today boasts a net worth of over R400 million after launching RocoMamas in 2013 which now has over 50 stores, with branches in Australia and India.

Speaking to VIA (DStv channel 147)'s personal-finance show Geldhelde, Altriche explained how he managed to overcome a car accident, debt, and a lawsuit from Red Bull on his journey to success.

"I call it my fabulous failures: It (was) difficult at that point in time. But failure is part of the journey to success," Altriche said.

"Quick instant success is fleeting and that's the bling and what a lot of youngsters get into. I went down that road and then I lost it."

"I think as soon as you become full of yourself you start losing touch with reality and the people around you."

In his early twenties, Altriche suffered a serious car accident. He then opened his first restaurant, a steakhouse, at the age of 25. But it closed after only a couple of months - leaving him with a mountain of debt.

Undeterred, he became a stakeholder and the first-ever franchisee of South Africa's popular seafood chain Ocean Basket.

He co-launched sugar-free energy drinks, Mad Bull and GoGirl, shortly afterwards.

Energy-drink giant Red Bull, however, sued Altriche and his partners over naming rights, and they hastily rebranded the product to Mad Buzz – a move that ultimately led to the demise of the brand.

When he turned 30, he sold his stake in Ocean Basket and went to work as a franchisee in the popular Spur chain.

It is here where Altriche spotted the need for a fast-food restaurant that would appeal to the younger millennial market, sparking the launch of Rocomamas.

He said attracting the millennial market didn't just mean hip décor but incorporating fresh ingredients into the menu. So, for example, its trademark Smashburger is made from fresh mincemeat with no binding agents.

Rocomamas's Smashburgers remain the chain's signature – and most popular – item on the menu.

Altriche, who has no formal tertiary education, said his fighting spirit was born from the accident in his twenties, which left him temporarily incapacitated.

“While I was incapacitated, I wrote down ten goals. And there's a fundamental importance to this because I'd moved back home to my parents' house and I was staying in a little room outside,” Altriche said.

“I put this little list on my shaving mirror – and then I moved out, got married, carried on with life, and about five, six years later, I had a Harley-Davidson and my mother phoned me and she said, ‘I need to see you.’”

“I went for coffee with her. It was a Saturday morning and I was on my Harley and drove to the coffeeshop in Rosebank and she pulled out this yellow piece of paper and she said, ‘You know, I've been ticking off your goals. And goal number ten was to buy a Harley Davidson.’”

In 2015, Spur bought a majority stake in RocoMama, with Altriche continuing as CEO.