KNOWLEDGE TEST

Managing the Starting of a New Retail/Wholesale Operation (NQF 5)

RW/C/ENTR/5 (20 Credits)

Date of Test:_____ **Venue:**_____

Name of Candidate: _____

Employer:_____

INSTRUCTIONS

- *Complete all questions using black ink.*
- *Write legibly in the language agreed, namely English*
- *Label drawings clearly (if applicable).*
- *You may ask the Assessor for clarity, should you not understand the questions asked.*
- *The required mark to be declared competent is 75%.*
- *You have 120 minutes to complete the test.*

Question 1 (12)

A friend of yours is interested in starting her own business. She has now approached you for assistance in the matter. Explain to her what a feasibility study actually means, focusing on the five primary questions that a feasibility study is based upon?

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Question 2 (23)

You have been approached by a family member, asking your assistance with the design of a questionnaire that this person can use to obtain information on the quality of a product offered by a competitor. The product in question is a sauce made from a combination of tomatoes, onions and chilli peppers and is mostly used together with phutu porridge. You are required to draft a questionnaire for this purpose.

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Question 3 (8)

You have been given the information in the table below and have been requested to calculate the:

- Expected total monthly demand, and
- Expected monthly value of this market for the different income segments. The price per kilogram of potatoes is R10-25.

Estimated size of the market for potatoes

Customer household monthly income levels	Number of households	Quantity of potatoes purchased per month (Kg's)	Total monthly demand (Kg's)
Low income (<R1 000 per month)	35 500	20	
Medium income R1 001 to R25 000 per month)	18 900	11	
High income (R24 001 and higher per month)	11 450	8	
Total			

Calculation of the expected value of the potato market

Customer household monthly income levels	Total monthly demand (Kg's)	Cost per Kilogram of maize meal	Value of market per month (Rand)
Low income (<R1 000 per month)		10.25	
Medium income R1 001 to R25 000 per month)		10.25	
High income (R24 001 and higher per month)		10.25	
Total			

Question 4 (5)

Make a list of 5 categories of operating costs that a new business should consider and budget for?

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Question 5 (12)

(a) You are required to graphically determine the break even point for a business over a range of 20 units of product given the following information:

- Selling price per unit = R12-50
- Fixed cost for the range = R100
- Variable cost per unit = R5-50

(b) Read from the graph the break even quantity and total amount of sales at which break even occurs.

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Question 6 (10)
List some of the aspects of setting up a business facility that should be addressed by entrepreneurs, whether they are constructing a new facility or converting an existing building?

Question 7 (7)
What are some of the things that employees usually expect from their employment? Write down these expectations?

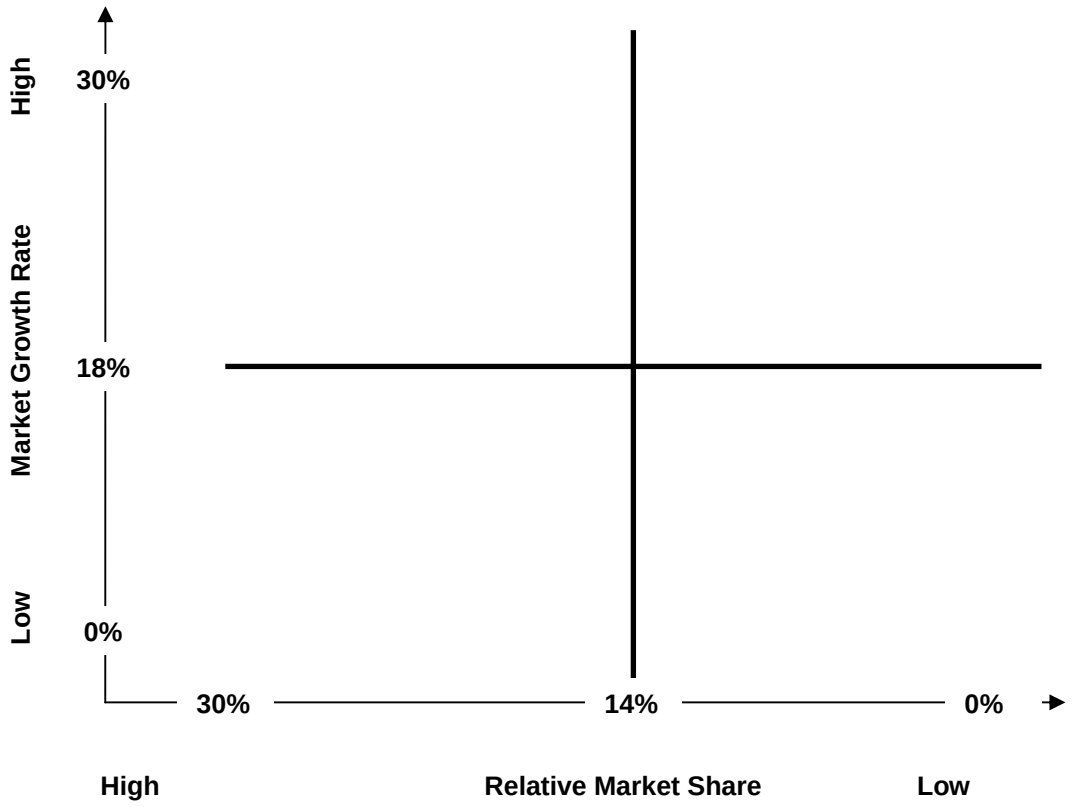
Question 8 (4)
There are a number of basic records that should be kept by the owner of any business. List the main categories of record to be kept?

Question 9 (11)
A friend of yours has asked for your assistance with the writing of his business plan. Write down the general structure for the layout of a business plan for him that will enable him to draft a well laid out plan?

Question 10 (4)

The following information on four products sold by your business have been gathered for your by your accountant. The information spans the last two years and includes the growth rates in sales, market shares, cost prices and selling prices. Use the Growth/Share Matrix as developed by the Boston Consulting Group provided below to plot the position of each of the four products.

	Product A	Product B	Product C	Product D
Growth rate – 2002				
Growth rate – 2003				
Market share – 2002				
Market share – 2003				
Cost price per unit – 2002				
Cost price per unit – 2003				
Selling price per unit – 2002				
Selling price per unit – 2003				



Question 11 (10)

Section Four of a business plan structure requires the submission of supporting documents. What types of documents does this section refer to?

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Question 12 (34)

(a) Describe in your own words what you understand the purpose and use of the Programme Evaluation and Review Technique (PERT) Network to be?

(b) Describe what you understand the "critical path" in a PERT diagram is?

(c) The following data table contains data on the different activities and time frames (in days) that needs to take place to equip and stock a new shop for its opening day. You are required to:

- Calculate the expected completion time per event (E(t))
- Construct a Programme Evaluation and Review (PERT) diagram from this data to graphically show the relationships, and
- Indicate the critical path for this project.

Activity	Predecessor Activity	a	m	b	E(t)
A	-	4	6	9	
B	-	7	10	15	
C	A	3	4	5	
D	A	5	9	12	
E	B	4	6	9	
F	C	7	9	12	
G	D	3	5	6	
H	D	4	5	7	
I	E	6	12	14	
J	F, G	1	4	5	
K	H, I	3	5	8	
L	E	6	10	15	
M	J, K	4	7	10	

Marks: /140

Assessed by: ……... **Date:** …….

Competent: ☐ **/** **Not yet competent:** ☐

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Assessor **Candidate**