

## EXTERNAL INTEGRATED SUMMATIVE ASSESSMENT

### EXEMPLAR 4A

<b>STUDENT NAME &amp; SURNAME</b>	
<b>ID NUMBER</b>	
<b>EISA REGISTRATION NUMBER</b>	
<b>ASSESSMENT CENTRE</b>	
<b>ASSESSMENT CENTRE ACCREDITATION NUMBER</b>	
<b>QUALIFICATION</b>	<b>OCCUPATIONAL CERTIFICATE: RETAIL MANAGER GENERAL (RETAIL STORE MANAGER)</b>
<b>SAQA ID</b>	<b>91789</b>
<b>CREDITS</b>	<b>507</b>
<b>PAPER</b>	<b>1A (there are 2 papers to be written: 1A and 1B)</b>
<b>DATE OF EISA</b>	DD/MM/YYYY
<b>DURATION</b>	<b>4 HOURS</b>
<b>TOTAL MARKS</b>	<b>120</b>

#### GENERAL EISA RULES

1. Students are **only** allowed to use the supplied EISA booklets.
2. Students are **only** allowed to use a black pen for their answers.
3. Students to ensure that their name, surname and EISA registration number appears on the front of your EISA booklet.
4. This is a closed book examination; therefore, no other material or belongings are to be brought into the assessment centre. Should you bring any other material or belongings into the assessment centre, you will be required to leave such at the front of the assessment centre examination room. The assessment centre will not be held liable for any loss or damage to property brought into the assessment centre examination room.
5. All EISA booklets must be handed back to the invigilator intact. No pages may be torn off from the EISA booklet. The removal of EISA booklets from the examination room is prohibited.
6. Students may make use of a calculator in this EISA.
7. Unless this is an online examination where access to a computer will be made available to you; the use of any communication devices, including smart watches, cell phones, tablets, i-Pads, head phones and laptops are prohibited.
8. All cell phones are to be switched off for the duration of the EISA.
9. The invigilator will not assist you with the explanation of questions related to the EISA.
10. Students are prohibited from conversing in any manner with other students.
11. Students may not leave the examination venue within one hour of the start of the examination and in the last 10 minutes of the allotted examination period.
12. Students who are found to be disruptive and unruly in the assessment centre will be requested to leave the assessment centre by the invigilator.

I HEREBY CONFIRM THAT I HAVE READ THE ABOVE EISA RULES AND DECLARE THAT I UNDERSTAND AND ACCEPT THE RULES.

\_\_\_\_\_  
**SIGNATURE OF STUDENT**

**CANDIDATE INSTRUCTIONS**

- Candidates must complete all questions in this EISA.
- Candidates must ensure that they use only a black pen when completing this EISA.
- Should you require additional space to complete your answer, please request additional paper from your invigilator. Ensure that you indicate your name, surname and EISA registration number at the top of the additional paper. Also ensure that the question number is clearly marked on your additional paper.

**Question 1**

**Managing Stakeholder Relations and Communications in Retail**

**(31 Marks)**

Shoe Mania was founded in 2009, at a time when there were few online shoe retailers in South Africa. The company grew over the years, mainly by offering several customer-friendly services that other online shoe retailers did not provide such as free delivery and a generous returns policy. Some of these services were offered at a considerable cost to the company. Moreover, Shoe Mania ensured that customer service was ingrained in the company's culture.

Recently, the company introduced a new customer services charter and the company has planned to retrain all its staff members in line with the new customer services charter. The new customer service charter urges the company's customer service representatives to be friendly and helpful to customers, and even allows them to go to the extent of directing customers to competitors' websites if a particular product was not available within the company. The new customer services charter has not been well received by some sections of the company especially the labour union which objects to the requirement that all customer service representatives have to undergo retraining for a period of up to a month. The union has there threatened to go on strike if its demands are not fulfilled.

1.1 Imagine that you are the Stakeholder Relationships and Customer Services Manager at Shoe Mania. Develop a strategy to persuade the labour union to accept the new customer services charter that was introduced at the company. Your strategy must include a description of the medium to be used when communicating with the stakeholders.

**(8 marks)**












**Question 2:**

## Retail Financial Management

**(45 Marks)**

Provided below are the monthly financial statements of Micro-Chip (PTY) Ltd.

**Micro-Chip (PTY) Ltd monthly income statements and balance sheets for months July, August and September 2019 respectively:**

R '000			
<b>Income statement</b>	<b>September</b>	<b>August</b>	<b>July</b>
Net Sales	R4 380	R 4 760	R 5 000
Cost of Sales	R3 260	R 3 560	R 3 800
<b>Gross Profit</b>	<b>R1 120</b>	<b>R1 200</b>	<b>R1 200</b>
Depreciation	R65	R 54	R 47
Selling expenses	R426	R 496	R 567
Discounts	R14	R12	R11
Shrinkage	R60	R50	R45
Wages	R30	R25	R20
Telephone	R15	R13	R10
<b>Earnings before interest and Taxes (EBIT)</b>	<b>R510</b>	<b>R 550</b>	<b>R 500</b>
Less interest	R80	R 100	R 120
<b>Pre Tax earnings</b>	<b>R430</b>	<b>R 450</b>	<b>R 380</b>
Taxes 40%	R172	R 180	R 152
<b>Net Income before preferred dividends</b>	<b>R258</b>	<b>R 270</b>	<b>R 228</b>
Preferred dividends	R8	R 8	R 8
<b>Net Income available to common stockholders</b>	<b>R250</b>	<b>R 262</b>	<b>R 220</b>
<b>Other Data</b>			
Common dividends	R46	R 48	R 50
Addition to Retained earnings	R200	R214	R170
Lease payments	R25	R 28	R 28
Bonds' required sinking fund payments	R20	R 20	R 20
Common stock price per share (PPS)	R30	R 40	R 27



<b>Balance Sheet Assets R'000</b>			
	<b>September</b>	<b>August</b>	<b>July</b>
Cash and Equivalents	R40	R 60	R 50
Short-term investments	R20	R 40	R 0
Accounts receivable	R270	R 380	R 500
Inventories	R760	R 820	R 1 000
<b>Total Current Assets</b>	<b>R1 090</b>	<b>R 1 300</b>	<b>R 1 550</b>
Net Plant and Equipment	R 1 390	R 1 700	R 2 000
<b>Total Assets</b>	<b>R2 480</b>	<b>R 3 000</b>	<b>R 3 550</b>
<b>Liabilities and Equity</b>			
Accounts payable	R160	R 190	R 200
Notes payable	<b>R100</b>	R 130	R 280
Accruals	<b>R250</b>	R 280	R 300
<b>Total Current Liabilities</b>	<b>R510</b>	<b>R 600</b>	<b>R 780</b>
Long term Bonds	R800	R 1 000	R 1 200
<b>Total Liabilities</b>	<b>R1 310</b>	<b>R 1 600</b>	<b>R 1 980</b>
Preferred Shares (400,000 Shares)	R100	R 100	R 100
Ordinary Shares (50,000,000 Shares)	R500	R 500	R 500
Retained Earnings	R660	R 800	R 970
<b>Total Equity</b>	<b>R1 160</b>	<b>R 1 300</b>	<b>R 1 470</b>
<b>Total Equities &amp; Liabilities</b>	<b>R2 480</b>	<b>R 3 000</b>	<b>R 3 550</b>

- All figures must be rounded off to two decimal numbers where applicable.

#### **Additional information:**

1. The shrinkage stock in units was as follows:
  - July 2019 – 2000
  - August 2019 – 1640
  - September 2019 - 1520

Use the financial information above to answer the questions below. Please note that as you calculate the ratios, you need to reflect the following:

- (a) The definition/purpose of the ratio.
- (b) The application formulae.
- (c) Round off all answers to the second decimal.



2.2 Calculate the liquidity position of Micro-Chip (PTY) Ltd for each of the three months using the current ratio only.

**(6 marks)**


2.3 Advise Micro-Chip (PTY) Ltd management on the company's liquidity position using the acid test ratio and recommend appropriate action.

**(4 marks)**






2.6 Calculate the following ratios:

a) return on investment for July and September 2019 respectively. **(2 marks)**

b) inventory turnover ratios for August and September 2019 respectively. **(2 marks)**

c) Selling expenses to net sales ratios for July and August 2019 respectively. **(2 marks)**

d) Inventory shrink percentages for July and September 2019 respectively. **(2 marks)**


**(Total Marks for Question 2 = 45)**

### **Question 3**

#### **Employee Performance Management**

**(44 Marks)**

21<sup>st</sup> Century Ladies is retailer based in Cape Town and the company focusses on women's clothing. Recently the company hired a Store Manager for its flagship store at the Canal Walk Mall. The store employs about a 100 people, the majority of them female.

In hiring the Store Manager, Andrew, the Regional Manager as the line manager did not perform a due diligence as required by the company's recruitment policy and employment procedures. He just made a decision to hire the Store Manager based on the recommendations of the four interviewers who interviewed the Store Manager. Company policy also required the Regional Manager to be part of the interview panel but he excused himself because he had to attend to urgent family matters on the day the Store Manager was interviewed. Andrew however, managed to get a good reference from the Store Manager's previous employer via the telephone and he was convinced that he had the right person for the job.

Andrew is responsible for carrying out reviews of all the employees in his region twice a year. Knowing that he did not participate in the interviews, he informally started gathering feedback on the new employee's performance. The initial indications were worrying. The Store Manager seemed to have problems working with women—and this was in a store where the majority of employees are women. To make matters worse, employee sales performance decreased, within five months 10 staff members, all them female, had resigned and above all, in the fourth month after the appointment of the new Store Manager, the store failed to meet its monthly sales target for the first time since it opened 20 years ago.

It later turned out that the new hire was a mistake. He failed the probationary review and Andrew dismissed him a week before the end of the mandatory six months' probation. Interestingly, Andrew later heard through the grapevine that the previous employer where the dismissed employee used to work was sure that the fellow would not succeed in the new job. Somehow this conviction did not dissuade them from giving him a glowing reference which convinced Andrew to hire the Store Manager.

On the other hand, it is not all doom and gloom at the store. Riaan is the assistant store manager and has been working at this branch for the past 15 years. He is the most experienced member of staff at the branch. However, Riaan has been overlooked for promotion to the shop manager position because he does not have a professional qualification and not even a matric certificate. However, despite these shortcomings, Riaan has performed exceptionally well and has managed to keep the store's operations on-going despite the challenges that the store has been experiencing after the appointment

of a new Store Manager. Ever since being appointed as the Assistant Store Manager five years ago, Riaan keeps the store's keys, opens and closes the store every day and has always been on-time. Riaan also diligently produces the store's monthly reports and recently received a commendation from Andrew.

Riaan attributes his achievements to the support that he receives from fellow staff members such as Thandiswa who is the section manager responsible for all the store's inventory. Thandiswa has been working as a section manager for the past three years and has mastered the art of inventory management to the extent that the store has never experienced any inventory shortages and all her records are always in order. Just like Riaan, Thandiswa has also been overlooked for promotion because she does not have any academic or professional qualifications.

3.1 Analyse the expected performance of any three staff members mentioned in the case study

**(9 marks)**








3.3 Differentiate between compliance and performance issues in the case study. In your answer identify and explain at least two of each.

**(4 marks)**


3.4 Propose and explain any two strategies that the company can implement to improve the performance of any two employees whose actual performance does not meet requirements.

**(6 marks)**


3.5 Suggest two strategies that the company can implement to improve compliance where compliance standards are not being met.

**(6 marks)**


3.6 Not every employee at the store is performing below standard. What two strategies should the company implement to enhance the performance of those staff members who are already meeting or exceeding the set performance standards?

**(4 marks)**




(TOTAL MARKS FOR THE EXAM: 120)

MARK ALLOCATION GRID (For use by the Assessor only)

QUESTION	MARK	MARKS AWARDED
1.1	8	
1.2	4	
1.3	4	
1.4	6	
1.5	9	
<b>TOTAL Q1</b>	<b>31</b>	
2.1	10	
2.2	6	
2.3	4	
2.4	10	
2.5	7	
2.6	8	
<b>TOTAL Q2</b>	<b>45</b>	
3.1	9	
3.2	9	
3.3	4	
3.4	6	
3.5	6	
3.6	4	
3.7	6	
<b>TOTAL Q3</b>	<b>44</b>	
<b>GRAND TOTAL</b>	<b>120</b>	

**ASSESSOR DETAILS**

<b>ASSESSOR NAME &amp; SURNAME</b>	
<b>REGISTRATION NUMBER</b>	
<b>SIGNATURE</b>	
<b>DATE</b>	

**INTERNAL MODERATOR DETAILS**

<b>MODERATOR NAME &amp; SURNAME</b>	
<b>REGISTRATION NUMBER</b>	
<b>SIGNATURE</b>	
<b>DATE</b>	