

## EXTERNAL INTEGRATED SUMMATIVE ASSESSMENT

### EXEMPLAR 1A

<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)**

Last year, MZY Liquor Stores opened a new branch in a rural part of the Eastern Cape province that has for years been dominated by one family-owned liquor retailer. After realising that its dominance has been challenged and that the risk of losing market share was becoming a reality, the dominating family business has made an application to the authorities demanding the cancellation of the liquor licence awarded to MZY Liquor Stores by the liquor licencing authority. Besides this court application, the company has also embarked on a negative public relations campaign on social media claiming that MZY Liquor Stores sells alcohol to school children in contravention of the laws of the country. The plaintiff is therefore arguing that MZY Liquor Stores' operating licence must be revoked. Their claim is based on recent unverified Twitter and Facebook posts. MZY Liquor Stores' head office has asked you to draw up a communication strategy with the objective of lobbying and convincing the relevant stakeholders in this community that the retail company respects and operates according to the laws of the country.

- 1.1 Create a communication strategy to convince relevant stakeholders that MZY Liquor Stores is a law-abiding retailer and that the company respects the laws of the country. Your strategy must also detail the medium to be used when communicating with the identified stakeholders.

**(8 marks)**












**Question 2:****Retail Financial Management****(45 Marks)**

Star-Build is a retailer of home improvement products and they have stores in all the major towns and cities in South Africa. The financial statements for the three months of January, February and March 2019 are provided below:

**Star-Build's statement of profit or loss (income statements) for the three months of January, February and March 2019 respectively:**

<b>R000</b>	<b>March</b>	<b>February</b>	<b>January</b>
Sales	10 920	8 730	8 050
Cost of sales	7 280	5 580	5 367
<b>Gross profit</b>	<b>3 640</b>	<b>3 150</b>	<b>2 683</b>
<b>Other Income</b>			
Investments	135	122	120
<b>Expenses</b>			
Selling expenses	1 641	2 212	1 357
Telephone expenses	80	70	60
Stationery	30	25	22
Discounts	15	12	10
Shrinkage	55	50	45
Depreciation	1 085	538	695
<b>Total operating expenses</b>	<b>2 906</b>	<b>2 907</b>	<b>2 189</b>
<b>Finance costs</b>			
Interest expense	204	170	140
Profit before taxation	665	195	474
Taxation	245	75	174
<b>Net profit for the period</b>	<b>420</b>	<b>120</b>	<b>300</b>

**Star-Build's Statement of changes in equity during the three months.**

<b>R 000</b>	<b>Ordinary share capital</b>	<b>Preference share capital</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance as at 31 December 2018</b>	<b>3 000</b>	<b>500</b>	<b>310</b>	<b>3 810</b>
Profit for the period			300	300
Preference dividends			30	30
Ordinary dividends			130	130
<b>Balance as at 31 January 2019</b>	<b>3 000</b>	<b>500</b>	<b>450</b>	<b>3 950</b>
Profit for the period			120	120
Preference dividends			30	30
Ordinary dividends			50	50
<b>Balance as at 28 February 2019</b>	<b>3 000</b>	<b>500</b>	<b>490</b>	<b>3 990</b>
Profit for the period			420	420
Preference dividends			30	30
Ordinary dividends			180	180
Issue of ordinary share capital	2 000			2 000
<b>Balance as at 31 March 2019</b>	<b>5 000</b>	<b>500</b>	<b>700</b>	<b>6 200</b>



Star-Build's statement of financial position as at 31 January, 28 February and 31 March 2019 respectively:

R 000	March	February	January
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	4 620	2 400	3 000
Investments	1 500	1 000	1 000
	<b>6 120</b>	<b>3 400</b>	<b>4 000</b>
<b>Current Assets</b>			
Inventory	1 630	2 360	1 170
Accounts receivable	1 150	1 770	850
Bank	670	-	450
	3 450	4 130	2 470
<b>Total Assets</b>	<b>9 570</b>	<b>7 530</b>	<b>6 470</b>
<b>EQUITY AND LIABILITIES</b>			
Ordinary share capital	5 000	3 000	3 000
Retained earnings	700	490	450
Ordinary shareholders' interest	5 700	3 490	3 450
6% non-redeemable preference share capital	500	500	500
	6 200	3 990	3 950
<b>Non-current liabilities</b>			
8% debentures	1 750	750	750
Long-term borrowings	800	1 000	1 000
	<b>2 550</b>	<b>1 750</b>	<b>1 750</b>
<b>Current Liabilities</b>			
Accounts payable	550	1 450	720
Taxation payable	70	20	50
Current portion of borrowings	2 000	-	-
Bank overdraft	-	310	-
	<b>820</b>	<b>1 190</b>	<b>770</b>
<b>Total Equity and Liabilities</b>	<b>9 570</b>	<b>7 530</b>	<b>6 470</b>

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

**Additional information:**

1. 500 000 ordinary shares were issued at R3 on 1 March 2019.
2. The market prices of the ordinary shares at the end of each of the three months were:
  - January: R4.50
  - February: R3.90
  - March: R5.50
3. The December 2018 financial information is available as follows:
  - Sales - R7 245 000
  - Cost of sales - R4 830 000
  - Gross profit - R2 415 000

- Inventory - R735 000
  - Accounts receivable - R760 000
  - Accounts payable - R612 000
  - Total assets - R5 850 000
4. Ordinary shareholders' interest - R3 310 000.
  5. The tax rate for the company is 28%.
  6. The shrinkage stock in units was as follows:
    - January – 300
    - February – 333
    - March - 368

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.

2.1 Determine the profitability situation of Star-Build by calculating the gross profit and net profit margins for the company for each of the three months. As part of your answer identify and prioritise areas requiring improvement.

**(10 marks)**


2.2 Calculate the liquidity position of the company for each of the three months using the current ratio only.

**(6 marks)**


2.3 Advise Star-Build’s management on the company’s liquidity position using the acid test ratio and recommend appropriate action.

**(4 marks)**








### **Question 3**

#### **Employee Performance Management**

**(44 Marks)**

Pakade Fashions is a clothing retailer with 250 stores spread across South Africa. Selling clothing merchandise targeting the whole family, the retailer was founded in Durban in 1994 and has grown phenomenally over the years to establish a national footprint after only starting with a single-family run store in the city's downtown area. During the past two decades, the company has grown from being a small family-owned business to a fully-fledged private company with various shareholders although the founding family members still own half of the business.

Pakade Fashions has a retail store at one of the biggest shopping centres in Cape Town. The branch is headed by Linda who has been with the company for the past 10 years. She has performed exceptionally well since joining the company as a cashier. Ever since Linda became the Branch Manager five years ago, she has revamped the store's operations to focus more on delivering exceptional customer service. This strategy has paid off and the store's revenues have been increasing every year and the store has managed to exceed its sales and revenue targets every year. The company's Managing Director is therefore considering a regional position for Linda. Linda as the Branch Manager is expected to ensure that the store's revenue increase by at least 10% annually and that the store complies with all company policies, procedures and regulatory requirements.

Despite the store's excellent performance, it's inventory management system has been facing severe challenges. Henry is employed at the branch as the Stock Controller. Henry is required to ensure that all the inventory is properly accounted for and that no stock loss or stock misplacement occurs. Despite having good qualifications in logistics and inventory management, Henry has failed to master the company's inventory management system. Although the store has a computerised system, he prefers to operate this system along a manual one which he assumes to be the safest. The problems within this department have affected the store's ability to locate misplaced stock and sometimes it is an uphill task to serve customers who order slow moving stock which Henry prefers to keep at the back end of the store room. The monthly stocktake, which according to the company's operational procedures is supposed to be carried out within one day, sometimes takes three days to complete. Linda has had to issue a few verbal warnings to Henry.

Mateo works as a Senior Merchandiser at the store. He is a hardworking man and has been at the branch since he joined the company three years ago. Mateo leads a team of three merchandisers. Despite the problems in the stock control department, Mateo has ensured that all the merchandise in the store is always properly assorted and arranged for the convenience of the store's customers. Mateo has been voted the employee of the year during the past two years.

Monica is the Cash Controller at the branch. She heads the cash management unit which is responsible for all cash receipts, banking and bank reconciliations. Linda is concerned about this unit. At the end of each day, the Cash Controller is required to reconcile and balance all the cash collections. There have been persistent incidents of under banking and over-banking in the past. Often, the cash reconciliations do not balance. During the worst of days, the unit has even failed to bank all the receipts of the previous day as required by the company's policy. In the past Monica has complained that the unit is understaffed and Linda has had to add more interns to the unit to provide support. A few cashiers from the unit have also been sent to head office for cash handling and cash management training but the problems in the unit have persisted. Linda is now convinced that Monica lacks the required capabilities to lead the unit.

Last year the company started experiencing an increasing number of unexplained stock shortages. Company policy dictates that no stock shortages must be experienced. Linda strongly suspected that the stock loss could be as result of employee or customer pilferage. She therefore requested head office to allow her to employ a security guard to be stationed at the store's exit in order to ensure that all stock going out of the store has been paid for. Thando was therefore employed as a security guard at the store. With more than fifteen years' experience as a security guard, Thando has performed exceptionally well and to date he has apprehended five staff members and a handful of customers with concealed merchandise. With Thando at the door, stock losses are now a thing of the past at the store.

3.1 Analyse the expected performance of any three staff members mentioned in the case study **(9 marks)**





3.2 Evaluate actual performance of any four 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>	