

Botswana College of Distance and Open Learning

Certificate in Small Scale Business Management

Sessional Examination (2010)

Time: 3 Hours

Marks: 100

Instructions

1. Answer all questions in the space provided on the examination paper.
2. Express yourself clearly.
3. Write legibly.
4. Revise your answers before handing in the paper to the invigilator.

Learner ID: _____

Overall Percentage

Internal Moderated Final

Question	Possible marks	Internal marks	Moderated marks
PART A	25		
PART B			
Question 1	10		
Question 2	10		
Question 3	10		
Question 4	15		
Question 5	20		
Question 6	10		
Total	100	/100	/100

PART A**[25 MARKS]****Answer all questions**

1. Which of the following is an example of a manufacturing business?
 - A. Raising chickens in a back yard
 - B. Selling food from a caravan
 - C. Growing vegetables for sale
 - D. Assembling cars

2. What is profit?
 - A. Money gained by a business
 - B. Items bought by customers
 - C. Money used to buy goods
 - D. Items sold cheaply

3. Which of the following is an advantage of a partnership?
 - A. Shares are transferable
 - B. More capital can be raised
 - C. Business exists even when membership changes
 - D. Private assets are separated from the business assets

4. Which one is an example of strength to a business?
 - A. Affordable government loans
 - B. Good customer service
 - C. Strong labour unions
 - D. Cheap electricity

5. A feasible business idea is the one which _____.
 - A. is liked by friends.
 - B. has limited liability
 - B. can be put in practice.
 - D. is thought about often.

6. Which of the following is an example of capital?
- A. Money owed by a friend
 - B. Money received from sales.
 - C. Money owed by customers
 - D. Money used to buy a delivery van
7. Which of the following would be classified under 'Labour' as a factor of production?
- A. Minerals
 - B. Employees
 - C. Equipment
 - D. Factory building
8. What name is given to money paid for leasing property?
- A. Rent.
 - B. Profit
 - C. Capital
 - D. Interest
9. What is meant by promoting a business?
- A. making too much profit
 - B. decorating a business
 - C. talking too much about the business
 - D. persuading customers to buy from the business
10. A prospective customer is the one who _____.
- A. is very rich and buys a lot of goods.
 - B. is already buying from one's business.
 - C. is buying from the business competitors.
 - D. is likely to buy goods and services in the future.
11. A production focused business _____.
- A. have knowledge of competitor activity.
 - B. concentrates on business operations.
 - C. focuses on the needs of customers.
 - D. keep its customers informed.

12. A business analysis refers to a stage where _____.
- A. future sales of a product are projected.
 - B. a product is introduced on a small scale.
 - C. screening is done for various product ideas.
 - D. a business idea is turned into a real product.
13. What are variable costs? ..
- A. Costs which are controlled
 - B. Costs which remain unchanged
 - C. Total costs incurred by a business
 - D. Costs which increase with the quantity marketed
14. Profit oriented objectives _____.
- A. are goal oriented.
 - B. target return on investment.
 - C. are designed to meet competition.
 - D. concentrate on increasing a market share.
15. Operations management is concerned with _____.
- A. stimulating demand for a product.
 - B. negotiating prices for a business product.
 - C. ensuring that the product meets the customers' needs.
 - D. planning and control of a product's conversion process.
16. What is the importance of a sales day book?
- A. It records money received from customers
 - B. It records money used to pay workers
 - C. It records goods bought for resale
 - D. It records small expenses
17. Shareholders are people who _____.
- A. buy from a business
 - B. borrow business money
 - C. sell goods to ones business
 - D. contribute money to a business

18. What is stock?
- A. Goods bought for re-sale
 - B. Goods returned to suppliers
 - C. Goods bought for owners use
 - D. Goods taken by the business owner
19. What does Profit and loss account show?
- A. Total sales
 - B. Total purchases
 - C. Money invested by the business owner
 - D. Money received from business operations
20. Funa is a sales person. He is always smart and wears a tie. Which quality is he displaying?
- A. Product knowledge
 - B. Personal appearance
 - C. Feeling for a customer
 - D. Good communication skills
21. What is a habit?
- A. A natural suspicion over something
 - B. An action done on a routine basis
 - C. A way of treating customers
 - D. A natural instinct
22. What are free samples?
- A. Items sold cheaply
 - B. Items on a shop display
 - C. Items that are damaged
 - D. Items given without a charge
23. What is staff development?
- A. Paying workers
 - B. Training workers
 - C. Recruiting workers
 - D. Improving workers potential

- 24. Amogelang is employed by Tumo. He sells watermelons which are only available during the months of March and April. What type of a worker is Amogelang?
 - A. A seasonal worker
 - B. A casual worker
 - C. A shift worker
 - D. A day worker

- 25. The wage law in Botswana is governed by the department of
 - A. Labour and Home Affairs
 - B. Trade and Industry
 - C. Education
 - D. Tourism

[75 Marks]

PART B

Answer all questions

Question 1

(a) Define an entrepreneur.

[2marks]

(b) State any **three** reasons for starting one's own business.

[3 marks]

(c) List **three** types of business ownership apart from a partnership.

[3marks]

(d) Give any two examples of a service business.

[2 Marks]

Total [10 Marks]

Question 2

(a) Explain any **two** factors to be considered when deciding on the type of a business to start.

[4 marks]

(b) List any **four** factors to be considered when assessing a business opportunity.

[4marks]

(c) Suggest any **two** sources of capital.

[2 marks]

Total [10 Marks]

Question 3

(a) Discuss how the following factors affect the development of a business idea.

(i) business size;

[3 marks]

(ii) location;

[3 marks]

(b) Explain any two ways of gaining a competitive advantage.

[4 marks]

Total [10 Marks]

Question 4

(a) Give any **three** examples of commercial banks in Botswana.

[3 marks]

(b) Discuss any **one** functions of a business plan.

[3 marks]

(c) State any **two** physical properties which influence product perception.

[2 marks]

(d) State any **five** contents of a purchase order.

[5 marks]

(e) The President has increased the alcohol levy. Explain the type of demand that this was levied against.

[2 marks]

Total [15 Marks]

Question 5

(a) Why would the following groups use accounting information?

(i) employees

[1 mark]

(ii) government

[1 mark]

(b) List the **four** basic components of a trading account.

[4 marks]

(c) Match the following using arrows like this one 

- | | |
|----------------------|--|
| (i) overstocking | keeping stock that does not meet customers demand |
| (ii) understocking | counting the number of stock available in the business |
| (iii) stock taking | keeping up to date information about the stock |
| (iv) stock recording | keeping too much stock in a business |

[4 marks]

(d) "The customer is always right!" Explain this statement.

[2 marks]

(e) Define the following phrases. Give an example in each case.

(i) Communication breakdown

[2 marks]

(ii) Communication structure

[2 marks]

(f) List any **four** ways by which a business can ensure customer satisfaction.

[4 marks]

Total [20 Marks]

Question 6

(a) How is staff recruitment a problem to a small business?

[2 marks]

(b) Discuss the private employment agencies as a source of recruitment.

[2 marks]

(c) List any **four** environmental factors that may lead to accidents in a work place.

[4 marks]

(d) Describe how fear appeal can be used by a business to create safety awareness in a work Place.

[2 marks]

Total [10 Marks]

BOTSWANA COLLEGE OF DISTANCE AND OPEN LEARNING

SMALL SCALE BUSINESS MANAGEMENT

SESSIONAL EXAMINATIONS

MARKS – 70

TIME ALLOWED: 3 HOURS

INSTRUCTIONS

- 1. There are two parts; Part A and Part B**
- 2. Answer all questions in the spaces provided**
- 3. Answer Legibly in written English**

PART 1**MULTIPLE CHOICE QUESTIONS**

1. Which of the following **best** describes an entrepreneur?
 - A. A person who drives a Mercedes Benz
 - B. A person who manages a business
 - C. A person who runs the risk of starting a business
 - D. A person who is employed in a large firm

2. Which of the following is an example of a service business?
 - A. Bakery
 - B. Hair Salon
 - C. Milling company
 - D. Auto manufacturer

3. Which factor of production is concerned with employees of an organization?
 - A. Land
 - B. Labour
 - C. Capital
 - D. Entrepreneurship

4. Which of the following **best** describes standard of living as a factor to be considered when starting a business?
 - A. The extent to which entrepreneurs can draw on their skills and experience.
 - B. The business' potential to grow
 - C. The area suitable for establishing a business
 - D. The aim of obtaining wealth

5. When is it suitable to carry out a SWOT analysis?
 - A. Before you start a business
 - B. It is not necessary to carryout the analysis
 - C. When winding up a business
 - D. Before starting and when the business is running

6. Which of the following is an example of a government owned financial institution?
 - A. Barclays Bank
 - B. Bank Gaborone
 - C. National Development Bank
 - D. First National Bank

7. What are debentures?
- A. Profits paid to partners
 - B. Loans given to a company
 - C. Interest earned on a loan
 - D. Profits paid to company
8. Profit paid to the shareholders is referred to as _____.
- A. Interest
 - B. Royalties
 - C. Dividend
 - D. Bonus
9. What are basic needs?
- A. Things people need in order to survive
 - B. Things people need for pleasure
 - C. Things people need to gain respect
 - D. Things people need to gain wealth
10. Which of the following **best** describes marketing?
- A. Buying and selling of goods and services
 - B. Making goods available to the customers
 - C. Attracting customers to buy products
 - D. Promoting, selling and distributing goods and services
11. Which of the following are determinants of marketing?
- A. Products, customer satisfaction, total quality, transaction
 - B. Products, customer satisfaction, transaction, customer life cycle
 - C. Products, Transaction, customer life cycle, total quality
 - D. Products, Transaction, total quality, price
12. What is the formula for break-even point?
- A. Fixed costs + contribution
 - B. Fixed costs - contribution
 - C. Fixed costs x contribution
 - D. Fixed costs/contribution

13. Costs that do not change with the level of production are referred to as ____
- A. Production costs
 - B. Total costs
 - C. Fixed costs
 - D. Variable costs
14. What is the difference between the selling price and variable costs?
- A. Contribution
 - B. Gap
 - C. Commission
 - D. Discount
15. People who assist the business owners with ideas on running the business are referred to as _____
- A. Shareholders
 - B. Employers
 - C. Lenders
 - D. Business Advisors
16. When goods are sold on credit they are entered on _____
- A. Purchases day Book
 - B. Sales day Book
 - C. Cash Book
 - D. Credit Book
17. The formula for gross profit _____
- A. Net profit- Expenses
 - B. Cost of goods sold – Net profit
 - C. Income - Expenses
 - D. Sales – Cost of goods Sold
18. What is carriage outwards?
- A. Cost of carrying goods to the business
 - B. Cost of carrying goods to customers
 - C. Cost of goods sold
 - D. Cost of goods remaining at the end of the period

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19. Which of the following shows a salespersons having good communication skills?
- A. They dress nicely
 - B. They know the product they are selling
 - C. They talk nicely to customers
 - D. They know how to deal with customer socially
20. Argumentative buyers _____
- A. Fear to spend money
 - B. Discuss their needs with the seller
 - C. Need to be persuaded to buy
 - D. Are knowledgeable about the product
21. Action done on routine basis is referred to as _____
- A. Habit
 - B. Instinct
 - C. Character
 - D. Nervousness
22. What are walk-ins?
- A. Enquiries from people who come to the business to seek employment
 - B. Recommendation made by employees of the business
 - C. Recommendations made by private agencies
 - D. Applications submitted by educational institutions
23. Introduction of employees to the company is referred to as _____
- A. Employee retention
 - B. Employee socialisation
 - C. Employee agreement
 - D. Employee release
24. What is a conflict resolution?
- A. A situation when people who disagree over something come to some understanding through communication.
 - B. Steps taken to prevent any disagreement before it happens.
 - C. Difference of opinion or disagreement over a business matter.
 - D. Making a disagreement known to the public.

25. Exchanging information about the business through language is referred to as _____
- A. Advertising
 - B. Marketing
 - C. Advising
 - D. Communication

PART 2**Question 1**

Read the information below and answer the questions that follow.

Income Tax**Companies**

For purpose of Income Tax a company includes; any body corporate, specified corporation, collective investment undertaking, a charitable, religious or educational institution, a trust established for public purposes and any association or society whether incorporated or registered or not, but it does not include a partnership.

Taxation of a company

A company is liable to tax on its income like any other person. In broad terms a company is taxed on its income after deducting expenses that are “wholly, exclusively and necessarily incurred” for the production of that income. The income is then subject to tax at the rate of 22% for resident companies and 30% for non resident companies, except for;

- a) Approved manufacturing companies – 15%
- b) IFSC Companies – 15% and,
- c) Pension and Provident funds not approved by the Commissioner – 7.5%

Source: www.bars.org.bw



a) According to the passage, when is the company taxed? [1 mark]

b) List the tax rates used on resident and non resident companies [2marks]

c) Give any two reasons why the government of Botswana levies tax on businesses [2marks]

Question 2

Mr Motshegwe wants to start a mobile phone distribution company in Gabane. Advice Mr Motshegwe on the following factors to consider before he starts the business;

a) Location, [3marks]



b) Capital requirements,

[3marks]

c) Personal strength.

[3marks]

Question 3

a) What are shares?

[1marks]



b) Explain any two differences between shares and debentures [4 marks]

c) Explain the following terms;
(i) Supplier credit, [2marks]

(ii) Overdraft, [2marks]



(iii) Capital expenditure,

[2marks]

(iv) Current expenditure.

[2marks]

Question 4

a) What is the marketing mix

[1mark]



Question 5

a) Explain the following price strategies;

(i) Multiple pricing,

[2 marks]

(ii) Cost plus pricing.

[2 Marks]
