

**BOTSWANA COLLEGE OF DISTANCE**  
**AND OPEN LEARNING**

**Certificate**  
**in**  
**Small Scale Business Management**

**Sessional Examination**

**Marks: 70**

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**Instructions**

1. The examination consists of Two Parts: A, and B.
2. Begin each answer to a new question on a new page.
3. Answer questions according to instructions given in each section.
4. Write answers in the answer booklet provided.
5. Write in grammatical English.

**PART A**

**[25 MARKS]**

**MULTIPLE CHOICE QUESTIONS**

**Each question carries 1 mark**

1. \_\_\_\_\_ is initial capital?
  - A. Money invested by the business owner
  - B. Money borrowed from the bank
  - C. Money used to buy fixed assets
  - D. Money taken by the owner
  
2. What are liabilities?
  - A. Income received from sales
  - B. Resources owed the business
  - C. Money received from debtors
  - D. Resources owned by a business
  
3. Who is paid dividends?
  - A. the partners
  - B. the government
  - C. the shareholder
  - D. the owner of a general dealer
  
4. What are factors of production?
  - A. Rewards for an entrepreneur
  - B. Resources needed for production to take place
  - C. Various processes linked up during production
  - D. Stages through which a product pass until completion
  
5. How does Botswana Export Credit Insurance help the people in businesses?
  - A. By transporting their goods
  - B. By advertising their goods
  - C. By protecting their goods

- D. By banking their money
6. Gross profit refers to excess of sales over \_\_\_\_\_.
- A. Expenses
  - B. Purchases
  - C. returns inwards
  - D. cost of goods sold
7. Use the following information to calculate the value of assets.
- Capital P 55 000
- Liabilities P5000
- A. P 60 000
  - B. P 50 000
  - C. P 12 000
  - D. P 11 000
8. Which of the following reduces capital?
- A. Drawings
  - B. Net Profit
  - C. Purchases
  - D. Sales
9. Why is stock taking important to a business?
- A. It encourages customers to buy more
  - B. It identifies the re-order level
  - C. It increases gross profit
  - D. It reduces waste
10. What is the use of a stock register?
- A. to record all items in stock
  - B. to record the stock received
  - C. to record stock that has been ordered

- D. to record the amount of stock sold for cash
11. What is primary production?
- A. Turning raw materials into finished goods
  - B. Selling goods and services to consumers
  - C. Finding new customers in the market
  - D. Making profit for the business
12. At what point does a business break even?
- A. When total costs equal sales
  - B. When total costs equal revenue
  - C. When the business makes profit
  - D. When the business has more expenses
13. Which statement explains conflict resolution?
- A. Fighting those who do not agree with you
  - B. Influencing good decision making
  - C. Finding steps to avoid problems
  - D. Finding ways to avoid fights
14. What does leasing a property entail?
- A. Paying instalments
  - B. Renting out the property
  - C. Using somebody's property for free
  - D. Using goods while still paying for them
15. What are debentures?
- A. Interest received from investment
  - B. Loan from a commercial bank
  - C. Loan from the public
  - D. Units of capital

16. What are fixed costs?
- A. Cost that are constant regardless of the output level
  - B. Costs that are influenced by the production level
  - C. Costs that cannot be calculated
  - D. Costs that can be traced
17. Bunny runs a hair salon. Which media would be most suitable to use in order to attract customers?
- A. Television
  - B. Radio
  - C. Flyer
  - D. Billboard
18. Which element of the marketing mix ensures distribution of goods and services?
- A. Promotion
  - B. Product
  - C. Price
  - D. Place
19. Why do businesses keep financial records?
- A. To calculate profit only
  - B. To impress competitors
  - C. To see the business progress
  - D. To meet the legal requirement
20. Who are the users of the financial information?
- A. People buying from the business
  - B. People who advertise the business
  - C. People offering substitute products
  - D. People having keen interest in the business
21. What does branding do to a customer?

- A. Ensures customer's action
- B. Creates customer's loyalty
- C. Promotes customer awareness
- D. Appeals to customer's emotions

**Use the information below to answer questions 22 and 23.**

Tapiwa is a student studying small scale business management at BOCODOL Gaborone. She wants to buy acylinder filled withgas and the one on the display did not meet the specification because it had a broken seal. She refused to pay the price but demanded a sealed cylinder. The salesperson described her as 'a difficult customer' and told her she better pay the price or leave.

22. Which type of a buyer is Tapiwa?

- A. A cold buyer
- B. A nervous buyer
- C. A cautious buyer
- D. An argumentative buyer

23. Which quality does the salesperson fail to display when dealing with Tapiwa?

- A. Product knowledge
- B. Personal appearance
- C. Feeling for the customer
- D. Good communication skill

24. What does a balance sheet of a business show?

- A. The financial position of the business at a given time
- B. The amount of goods sold in a given period
- C. The profit made for a specific period
- D. The total sales made for the period

25. What are fixed costs?

- A. Cost that are constant regardless of the output level

- B. Costs that are influenced by the production level
- C. Costs that cannot be calculated
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**PART B**

**[45 MARKS]**

**ANSWER ALL QUESTIONS**

1. Define an entrepreneur. **(2 marks)**
2. Badiri intends to open a petrol station in his town. He has to consider location as a factor.

Discuss how he should evaluate the following before he could decide on the location for his business.

- (a) Market **(2 marks)**
  - (b) Accessibility **(2 marks)**
  - (c) Parking space **(2 marks)**
  - (d) Competition **(2 marks)**
  - (e) Security **(2 marks)**
3. Discuss the following sources of finance:
    - (a) Own capital **(4 marks)**
    - (b) Bank loan **(4 marks)**

Read the newspaper extract below and answer question 4.

**YOUNG FARMER SPREADS WINGS**

A Ghanzi based youth, Ms Karina Bimbo says in any business endeavour, patience and determination yield desired results. Ms Bimbo, who is a youth farmer said in an interview that she started her farming business with 67 goats and two bulls and now she has more than 295 goats. She said with the P100 000 fund from the Youth Development Fund, she managed to buy the goats and the two bulls.

She said her farming business was blossoming especially as markets were readily available in Gaborone and surrounding areas, noting that she has clients from as far as Molepolole and Mahalapye. Her breeds are mostly Boer goats and she is grateful for the continuous support which she receives from the departments of Youth and Veterinary services and Local Enterprise Authority for their support.

Ms Bimbo encouraged the youth to venture into farming while urging them to be patient because ultimately anything which was being done properly pays off. She said she was able to take care of her family and has provided employment to two other youth in D'kar farms.

**Source:** *The Daily News Thursday March 21, 2013 No.55*

- 4 (a) Identify the **two** qualities that Ms Karina Bimbo has as an entrepreneur. **(2 marks)**
- (b) Outline Ms Bimbo's start up capital. **(2 marks)**
- (c) Describe Ms Bimbo's business opportunities. **(4 marks)**
- (d) State the **two** advantages of Ms Bimbo's farming business. **(2 marks)**

Use the following information to answer question 5.

Selling price P 31.45

Fixed Cost P 500

Variable Cost P 6.45

Calculate;

- 5 (a) Contribution **(2 marks)**
- (b) The breakeven point **(3 marks)**
6. Explain the following pricing objectives:
- (a) Achieve a target return **(3 marks)**

(b) Increase market share

**(3 marks)**

**Use the information below to answer question 7.**

	<b>P</b>
Sales	555 000
Cost of goods sold	70 000
Returns Inwards	550

7. Calculate the gross profit.

**(4 marks)**