

BOTSWANA COLLEGE OF DISTANCE
AND OPEN LEARNING

Certificate in Small Scale Business Management

SSBM

Sessional Examination

Marks: 100

3 HOURS

Instructions

1. This examination consists of **Four** sections: A, B, C and D
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

SECTION A –Multiple Choice Questions

[10 marks]

Answer ALL questions. Each question carries ONE (1) mark.

Choose the best alternative answer

1. Which of the following businesses has limited liability.
 - A Cooperative
 - B Partnership
 - C Public limited company
 - D Sole proprietorship

2. _____ is not a source of capital.
 - A Current assets
 - B Bank loan
 - C Savings
 - D Debentures

3. A pricing strategy whereby a markup is added to the cost price is referred to as _____.
 - A Multiple pricing.
 - B Flexible pricing.
 - C Variable pricing.
 - D Cost plus pricing.

4. Gross profit is calculated _____?
 - A Fixed costs – variable costs
 - B Gross profit – expenses
 - C Gross profit – purchases
 - D Sales – cost of goods sold

5. What kind of buyers would move from one shop to another before they can eventually buy from your business?
- A Nervous buyer
 - B Cold buyer
 - C Social buyer
 - D Cautious buyer
6. Which of the following best describes the process of employee recruitment.
- A Advertise, interview, induction
 - B Advertise, induction, interview
 - C Induction, advertise, interview
 - D Induction, interview, advertise
7. _____ is a good example of upward communication?
- A Cleaner communicating to a fellow cleaner
 - B Nurse communicating to a Doctor
 - C Teacher communicating to a teacher
 - D Foreman communicating to a labourer
8. If an employee works overtime after the normal working hours, he is paid by _____.
- A Double pay
 - B Time and a half
 - C Time and a third
 - D Time and a quarter
9. The following are qualities of entrepreneurs except _____.
- A Nervousness
 - B Risk taking
 - C Innovativeness
 - D Self Confidence



10. The rate at which employees leave the organization is referred to as _____.
- A Staff exit
 - B Staff turnover
 - C Staff recruitment
 - D Staff retirement

SECTION B – TRUE/FALSE QUESTIONS

[10 MARKS]

Answer ALL questions. Each question carries ONE (1) mark.

State whether each of the following statements is TRUE or FALSE.

1. An entrepreneur is someone who takes the risk of starting a business.
2. The factors of production are land and capital only.
3. Government lending institutions charge higher interests than commercial banks.
4. The marketing mix refers to a set of marketing tools that the firm blends to produce the response it wants in the target market.
5. Fixed costs related to producing 1000 chairs is P2000, when production increases to 1500 chairs, the fixed costs increase to P3000.
6. $\text{Cost of goods sold} = \text{Opening stock} + \text{Purchases} - \text{Closing stock}$.
7. Cautious buyers are people who buy after thorough comparison of prices.
8. A job description is the same as a job specification.
9. The Employment Act does not affect small businesses in Botswana.
10. If an employee is hospitalized, s/he is only allowed fourteen days of paid leave.

SECTION C – SHORT ANSWER QUESTIONS

[30 marks]

Answer all questions in this Section.

1. State the contents of a business plan. **(5 marks)**
2. Outline any five qualities of entrepreneurs. **(5 marks)**
3. State the different sources of prospective employees for small businesses. **(5 marks)**
4. a. What is SWOT analysis? **(2 marks)**
b. Why is it important for a business to carry out a SWOT analysis? Give three reasons **(3 marks)**
5. With the use of examples, differentiate between capital expenditure and current expenditure. **(5 marks)**
6. Explain the different steps in drawing up a business plan. **(5 marks)**

SECTION D ESSAY-TYPE QUESTIONS

[50 marks]

Answer any TWO questions from this Section.

QUESTION 1

(25 MARKS)

- A) Discuss the advantages and disadvantages of downward and upward communication, (citing practical examples from your experience). **(10 marks)**
- B) With the use of examples, differentiate between capital expenditure, current expenditure and sundry expenses. **(5 marks)**
- C) Explain the marketing mix, with the aid of relevant examples. **(10 marks)**

QUESTION 2

(25 marks)

Use the trial balance below to prepare the Trading, Profit and Loss account and a Balance Sheet for Mochudi Enterprises.

Trial Balance as at 31 December 2010

	P	P
Sales		25 000
Opening stock	8 000	
Purchases	16 000	
Returns inwards	500	
Carriage outwards	450	
Electricity	100	
Stationary	80	
Drawings	2500	
Cash at bank	6000	
Cash in hand	2000	
Debtors	1500	
Current Liabilities		8 000
Motor vehicles	15 000	
Building	30 000	
Furniture & fixtures	16 000	
Capital		35130
Long term liabilities		<u>30000</u>
	<u>98130</u>	<u>98130</u>
Closing stock	970	

a. Draw up the Trading and profit and loss account as at 31 December 2010. **(12 marks)**

b. Prepare Mochudi Enterprises' Balance Sheet (Statement of financial position) as at 31 December 2010. **(13 marks)**

QUESTION 3 **(25 marks)**

a. Discuss the five buyer categories with examples. **(15 marks)**

b. Your company sells batteries and it is growing so you have introduced the position of a salesperson. Design a job advertisement for this post, clearly showing the job description and job specification. **(10 marks)**