



1<sup>st</sup> SEM. 2017/2018

UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

**PROGRAMME:** BSc. in Agric. Economics and Agribusiness Management Year 3  
BSc. in Animal Science Year 3  
BSc. in Animal Science (Dairy) Year 3  
BSc. in ABE Year 3  
BSc. in Agron Year 3  
BSc. in ACR Year 3  
BSc. in Ag ED Year 3  
BSc. in COS Year 3  
BSc. in Horticulture Year 3

**COURSE CODE:** AEM 309

**TITLE OF PAPER:** Entrepreneurship

**TIME ALLOWED:** TWO (2) HOURS

**INSTRUCTION:** 1. ANSWER ALL QUESTIONS (Each Question Carries 25 Marks)  
2. DO NOT WRITE ON THIS QUESTION PAPER  
3. ALL ANSWERS SHOULD BE WRITTEN IN THE BOOKLET PROVIDED

**DO NOT OPEN THIS PAPER UNTIL PERMISSION HAS BEEN GRANTED BY THE CHIEF INVIGILATOR**

### Question One

- a) Briefly explain the relationship between the business and the establishment.  
(5 Marks)
- b) The Business environment is usually divided into three components, explain how each of the components influences the business either positively or negatively.  
(10 Marks)
- c) With the aid of a flow chart summarize the key success factors that usually contribute to successful entrepreneurship.  
(10 Marks)

### Question Two

- a) The techniques for the generation of a business idea can be divided into five broad approaches. Discuss and outline these approaches. (10 Marks)
- b) There are two methods that can be used to evaluate a business idea. Outline and explain the use of each of these methods. (10 Marks)
- c) A business is defined by its mission statement. Define a mission statement and its objectives.  
(5 Marks)

### Question Three

- a) What is the purpose and principles of a Business Plan? (5 Marks)
- b) Magagula wants to sell homemade biscuits in the University hostels where he is staying and studying. There are 800 students living in the University hostels and the average income per student is R24,000 per year. On average the students spend 0.2% of their income on buying these homemade biscuits during the year. Magagula is convinced that he will attract 14% market share, as students already buy biscuits from other competitors. What is the potential rand value of Magagula's market share or the rand value of his sales?  
(10 Marks)
- c) For the purpose of a model break-even calculation, let's assume that the fixed expenses for Jabulani Trading Company are as follows;

Rent	R2 000
Utilities	R1 000
Insurance	R 500
Salaries	R10 000
Taxes	R 500
Telephone	R1 000

If the gross profit margin of this business is 40%, what is the break-even figure or point for this business? Explain the rationale for break-even analysis.

(10 Marks)



### Question Four

- a) Using the information given below generate a pro-forma Income Statement for Company X. Comment on whether this business should continue operating or close down.

**(15 Marks)**

• Revenue	Rands
• Cost of Sales	800 000
• Selling Administrative and General expenses	600 000
• Freight on Sales	100 000
• Discount Allowed	10 000
• Commission to Sales Personnel	5 000
• Salaries and Wages	5 000
• Stationery and Postage	100 000
• Bad debts	1 000
• Insurance	2 000
• Sundry Expenses	2 000
• Depreciation	1 000
	2 000

- b) Define Financial Management.

**(2 Marks)**

- c) Explain how financial management relates to and integrates with the other functional areas of business.

**(8 Marks)**

**Good Luck**