

Centre Number	Candidate Number	Candidate Name
---------------	------------------	----------------

**NAMIBIA SENIOR SECONDARY CERTIFICATE**

**BUSINESS STUDIES HIGHER LEVEL**

**8336/2**

PAPER 2

2 hours 30 minutes

Marks 100

**2020**

Additional Materials: Non-programmable calculator

**INSTRUCTIONS AND INFORMATION TO CANDIDATES**

- Candidates answer on the Question Paper in the spaces provided.
- Write your Centre Number, Candidate Number and Name in the spaces at the top of this page and on all separate answer sheets used.
- Write in dark blue or black pen.
- You may use a soft pencil for any rough work, diagrams or graphs.
- Do not use correction fluid.
- Do not write in the margin *For Examiner's Use*.
- You may use blank pages for working/when answers are crossed out and corrected.
- Answer **all** questions.
- The number of marks is given in brackets [ ] at the end of each question or part question.
- You may use a non-programmable calculator.

For Examiner's Use			
Q	Marks	Marker	Checker
1			
2			
3			
4			
5			
<b>Total</b>			

This document consists of **17** printed pages and **3** blank pages.



Republic of Namibia

**MINISTRY OF EDUCATION, ARTS AND CULTURE**

## SECTION A

**VON KOCK BEAD'S WORK**

Andra van Kock, a young entrepreneur wants to develop her hobby of craft into a small business by making traditional necklaces and earrings from beads. She lives in a small town in an area of high unemployment, however the area attracts a lot of tourists.

There are suitable premises which can be rented for N\$100 per month. Converting her hobby into an actual business will cost about N\$4 000. Her grandmother promised to pay for some of the necessary materials and equipment. There will be the regular costs of the business such as water and electricity at about N\$200 a month. She has budgeted at least N\$20 a week for advertising in local newspapers and at the tourist centre.

Andra intends to use e-commerce as medium of communication.

She has already designed and made a selection of items to sell. However, she thinks that more necklaces and earrings need to be made before she opens the doors of her business. She has managed to save N\$1 000. Part of this money is from a redundancy payment she received when she lost her job as supervisor at a local firm last year.

Despite her savings, she still needs more start up capital. Andra decided to visit the local bank for financial advice. The bank manager advised her to draw up a business plan and a cash flow forecast. These documents will help her to work out how much she will require to run her business in the first three months.

**Andra's cash flow forecast**

Receipts	January	February	March
	N\$	N\$	N\$
Cash sales	50	200	100
Debtors	0	20	40
Others sources	160	160	160
Total	210	380	300

Payments	January	February	March
Cash purchases	60	60	80
Creditors	20	40	50
Wages	160	160	160
Rent	30	30	30
Electricity	50	50	50
Bank charges	50	50	50
Total	370	390	420

Opening Balance	0	(160)	(170)
Net Cash Flow	(160)	(10)	(120)
Closing Balance	(160)	(170)	(290)

1 Explain the significance of the following terms as used in the case.

(a) Entrepreneur

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

[4]

(b) Advertising

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

[4]

(c) E-commerce

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

[4]

**(d)** Start up capital

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**[4]**

**(e)** Cash flow forecast

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**[4]**

**[20]**

**BLANK PAGE**

Question 2 is on page 6

2 Andra was advised to draw up a business plan.

(a) Explain the purpose of a business plan.

.....  
.....  
.....  
.....

[2]

(b) Discuss why a cash flow forecast will be a useful part of Andra's business plan.

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

[8]

(c) Explain **two other** important items, except the cash flow forecast, that would be included in Andra's business plan.

1.....  
.....  
.....  
.....  
.....  
.....  
.....

2.....  
.....  
.....  
.....  
.....  
.....  
.....

[6]

(d) Identify and explain **two** ways in which Andra might improve the negative cash flow.

1.....  
.....  
.....  
.....

2.....  
.....  
.....  
.....

[4]

[20]

3 (a) Explain **four** factors that financial providers should take into consideration before providing funds to Andra.

1.....

.....

.....

.....

2.....

.....

.....

.....

3.....

.....

.....

.....

4.....

.....

.....

.....

[8]



**(b) (i)** Explain the difference between a long-term bank loan and an overdraft.

.....  
.....  
.....  
.....

[2]

**(ii)** Recommend whether a bank loan or an overdraft would be the best for Andra to use to start her business.

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

[4]

(c) Productivity is the key to a satisfied tourist.

Describe **three** ways in which Andra could improve her productivity and how she could benefit from it.

1.....

.....

.....

.....

2.....

.....

.....

.....

3.....

.....

.....

.....

[6]  
[20]

**BLANK PAGE**

Section B is on page 12

**SECTION B**

**FULLERTON'S FUDGE**

Fullerton's, a small manufacturer, has been making fudge sweets for 50 years. It is packaged in rather boring and unattractive plastic bags. It is only sold in shops within a radius of 30 km of the factory. It is not surprising that Fullerton's Fudge has a rather small, and recently declining, market. Fullerton's sells its sweets direct to local shops without using a wholesaler. The marketing manager plans to increase the number of retail outlets stocking Fullerton's products. Selling outside the local area will either involve employing more sales people to visit new shops or using wholesalers to distribute Fullerton's fudge.

Employing more sales people will be costly as they need to be equipped with vehicles, whereas using wholesalers will require fewer sales people. Using wholesalers has additional advantages such as providing easy access to a large number of retailers who already visit the wholesalers.

The main drawback of using the wholesalers is that, they are also a business and need to make a profit. Therefore the price to the consumers will have to be higher, unless Fullerton's is prepared to make less profit on each packet of fudge they sell.

- 4 (a)** How might the use of a retailer as distribution channel, influence the distribution of Fullerton's Fudge negatively?

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

**[4]**

**(b)** Explain how a wholesaler operates.

.....

.....

.....

.....

.....

.....

.....

[3]

**(c)** Using the wholesaler will mean “higher prices for the consumers” said the marketing manager.  
Explain this statement.

.....

.....

.....

.....

.....

.....

.....

.....

[4]

(d) Fullerton's market is small and declining.

Suggest **three** methods of promotion Fullerton's could use to increase its market share. Explain how each method would attract extra customers.

1 .....

.....

.....

.....

.....

.....

.....

2 .....

.....

.....

.....

.....

.....

.....

3 .....

.....

.....

.....

.....

.....

.....

[9]  
[20]

**5** Fullerton's wants to increase the number of retail outlets stocking its sweets. The managers are experiencing a problem of how to select the best channel of distribution.

Write a report to Fullerton's advising them on different distribution channels to use. Recommend the best channel of distribution for Fullerton's to implement.

Your report should include

- Stating the problem
- Channels of distribution and advantages and disadvantages of each channel
- Conclusion
- Recommendation of most appropriate channel

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Dotted lines for writing.



A series of horizontal dotted lines for writing.





