



NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF GOVERNANCE AND MANAGEMENT SCIENCES

QUALIFICATION: BACHELOR OF MANAGEMENT	
QUALIFICATION CODE: 07BBMA	LEVEL: 6
COURSE CODE: BMI511S	COURSE NAME: INTRODUCTION TO BUSINESS MANAGEMENT
SESSION: JUNE 2023	PAPER: 1
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	Mr B. Zealand Mr K. Uirab Dr M. Waiganjo Ms M. Namhindo MS O. Kangandjo
MODERATOR:	Ms E. Olivier

INSTRUCTIONS	
1.	Answer all questions in booklet provided.
2.	Read all the questions carefully before answering.
3.	Marks for each question are indicated at the end of each question.
4.	Please ensure that your writing is legible, neat, and presentable and start each section on a new page.

PERMISSIBLE MATERIALS

1. Examination question paper
2. Examination answer sheet
3. Calculator

THIS QUESTION PAPER CONSISTS OF 7 PAGES (Including this front page)

Question 1- Multiple Choice Questions

(2x 10 = 20 marks)

- 1.1. Margaret Whitman, the chief executive officer (CEO) of eBay, announced her plans to retire at the beginning of 2008. She had served in the position for 10 years and was popularly known as Meg Whitman and “darling of the internet”. In 2007, she accepted the Lifetime Achievement Award for the community of buyers and sellers that makes up eBay. As CEO of eBay, Whitman had _____ power. This is a form of _____ power.
- A. Referent; positional; informal
 - B. Referent; positional; formal
 - C. Legitimate; personal; formal
 - D. Legitimate; positional
- 1.2. Management performs which of the following activities?
- A. selling
 - B. directing the activities of employees
 - C. stock merchandise
 - D. ordering merchandise
- 1.3. Corporate social responsibility is when:
- A. the welfare of society is acknowledged by organisations
 - B. ensure that employees are competent in the work environment
 - C. societies are familiarized with the aspects of the business they may come into contact with
 - D. all of the above
- 1.4. Which type of processing system would be least likely to produce goods for inventory rather than for a specific customer request?
- A. assembly
 - B. job
 - C. batch
 - D. continuous
- 1.5. Production systems with customized outputs typically:
- A. have relatively high volumes of output
 - B. have relatively low unit costs
 - C. have relatively fast work movement
 - D. none of the above
- 1.6. Which of the following is not a disadvantage of a sole proprietor?
- A. limited liability
 - B. lack of finance
 - C. lack of continuity
 - D. lack of skills
- 1.7. What is a viable business idea?
- A. an idea that can be transformed into a profitable business
 - B. an idea that is practical
 - C. an idea that is difficult to apply
 - D. an idea that is easy to apply

- 1.8. A business plan is a plan of action that sets out every imaginable aspect of the planned establishment of the enterprise. This plan should be able to answer the following questions:
- A. where does the entrepreneur aim to start the business?
 - B. how does the entrepreneur aim to start the business?
 - C. why does the entrepreneur believe that the business will be successful?
 - D. all of the above
- 1.9. Which of the following options is not considered as one of the forces of Michael Porter?
- A. buyers
 - B. substitute products
 - C. intermediaries
 - D. suppliers
- 1.10. M&J Manufacturing's yearly costs for salaries, telephone and rental are R500 000, R20 000 and R100 000 respectively. Its manufacturing cost is R8 per unit. Each unit will be sold for R 18 per unit. M&J Manufacturing's break-even point is:
- A. 50 000 units
 - B. 77 500 units
 - C. 62 000 units
 - D. 52 000 units.

PLEASE TURN OVER FOR QUESTION 2

Question 2 – True or False**[1 x 20 = 20 marks]**

Indicate whether the following statements are True or False in the examination booklet provided.

2.1	Corporate social investment recognises corporations as legal persons with certain rights and responsibilities.
2.2	Analytical skill centers on a manager's mental ability to coordinate all of the organisation's interest and activities.
2.3	When one of the partners in a partnership is declared insolvent, then the partnership can be dissolved.
2.4	Social responsive organisations actively seek out possible problems that will face the society and seek out plans to put in place to avoid them.
2.5	A job specification describes the nature of the work and the performance expected from the employee.
2.6	In a free-market economy, business organisations may not exploit the consumer.
2.7	Quantitative guidelines for defining SMME's include a simple organisational structure that is independent, privately owned and managed.
2.8	Intermediaries are bridging the gap between manufacturers and consumers.
2.9	Total quality is concerned with improving products and services outside the business and thereby satisfying the customers' needs.
2.10	Housing benefits are regarded as direct compensation.
2.11	A farmer who sells mushrooms at a farm stall to passing motorists is an example of a three-link distribution channel.
2.12	Price is a quality characteristic used in quality planning and control.
2.13	Accountability is the obligation to achieve organisational goals by performing required activities.
2.14	Operations management in the business can help the business to satisfy the needs of its clients more effectively.
2.15	Advertising is the last promotional tool.
2.16	The task environment is within the control of the business itself.
2.17	The memorandum of association is the organisation's set of principles, rules and regulations.
2.18	The first reason why studying management is that we all have a vested interest in improving our own chances of finding a quality and secure job.
2.19	Effectiveness refers to doing the right thing in order to attain the goal of the organisation.
2.20	Supply chain management is concerned with the choice of suppliers.

Question 3

(This question requires that you show all your workings in order to get full marks)

The following are extracts from the financial statements of Van Rensberger CC. Make use of the information provided to answer the questions below.

Van Rensberger CC

Balance sheet extracts for the year ended 31 October 2017

Non-Current Assets	N\$ 1 213 482
Land, buildings, machinery	N\$ 1 715 513
Less: depreciation	N\$ 502 031
Current Assets	N\$ 5 994 095
Cash	N\$ 292 934
Debtors	N\$ 2 201 765
Stock	N\$ 3 499 396
TOTAL ASSETS	<u>N\$ 7 207 577</u>
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SHAREHOLDERS' FUNDS	N\$ 2 897 754
Common Shares	N\$ 1 745 175
Distributable reserves	N\$ 1 152 579
Non-Current Liabilities	
Long-term Loan (Bank)	N\$ 892 660
Current liabilities	N\$ 3 417 163
Short-term Loan	N\$ 1 367 428
Creditors	N\$ 1 499 889
Liabilities in arrears	N\$ 549 846
Liabilities and Shareholders' Funds	<u>N\$ 7 207 577</u>

Van Rensberger CC

Income statement extracts for the year ended 31 October 2017

Net Sales	N\$ 14 679 872
Less: Cost of Sales	N\$ 12 498 193
Gross profit	N\$ 2 181 679
Less: Operating Cost	N\$ 1 848 426
Net Profit before Interest and Tax	N\$ 333 253
Less: Interest Paid	N\$ 108 898
Net Profit before Tax	N\$ 224 355
Less: Tax Paid	N\$ 52 271
Net Profit after Tax	N\$ 172 084
Less: Dividends Paid	N\$ 14 157
Retained earnings	N\$ 157 927

Calculate the following accounting ratios:

- 3.1. Liquidity ratios (indicate whether it is favourable or not) (8)
- 3.2. Debt ratio (indicate whether it is favourable or not) (4)
- 3.3. Profitability ratios (indicate whether it is favourable or not) (8)

- 3.4. Calculate the FV of N\$3000.00 in ten years' time at an interest rate of 6% p.a. compounded quarterly. (8)
- 3.5. Managers should ensure that goals are not ambiguous. What criteria or framework should managers follow in order to formulate goals properly? (10)
- 3.6. Explain and give examples of short- and long-term financing (4)

Question 4

- 4.1 Discuss any four factors that you need to consider when choosing a suitable form of an enterprise. (8)
- 4.2 The business world can be seen as a complex system involving the transformation of resources into products and services. Businesses play a vital role in satisfying the needs and wants of a society. List and explain at least 5 factors which entrepreneurs should consider in the location of their businesses. (10)

TOTAL MARKS: 100