



Index Number: .....

# NATIONAL CERTIFICATE OF EDUCATION

March / April 2021

## BUSINESS AND ENTREPRENEURSHIP EDUCATION (N560)

TIME: 2 HOURS

Candidates answer on the Question Paper.

Additional Material: Ruler

### INSTRUCTIONS TO CANDIDATES

1. Write your index number in the space provided above.
2. Answer **ALL** questions.
3. Write in dark blue or black ink.
4. The use of calculators is allowed.
5. Any rough working should be done in this booklet.
6. Do not use correction fluid.
7. This paper consists of **8** questions printed on **20** pages.
7. This paper consists of two sections: **Section A** (5 Questions) and **Section B** (3 Questions).
9. The number of marks for each question is given in brackets ( ).
10. The total of the marks for this paper is **100**.

For Examiners' use										
Question No.	1	2	3	4	5	6	7	8	Total	Signature
Marker										
Team Leader										
Quality Controller										
CE/ACE										

**SECTION A - Business / Enterprise / Economics****Answer ALL questions (65 marks)****Question 1 A [10 marks]****Circle the letter which shows the correct answer.****Example:** In a company, the ..... are the owners of the business organisation.

- A** customers
- B** employees
- C** shareholders
- D** suppliers

1. Which **one** of the following is an advantage to the shareholders of a company?

- A** Registration
- B** Disclosure of accounts
- C** Limited liability
- D** Limited capital

2. Which **one** of the following is an example of verbal communication?

- A** Phone conversation
- B** Handshake
- C** Eye contact
- D** Logo

3. Marketing can be defined as .....

- A** exchanging a product for cash
- B** identifying the needs of customers to satisfy them
- C** exchanging a product for cash and credit
- D** informing consumers of products using media

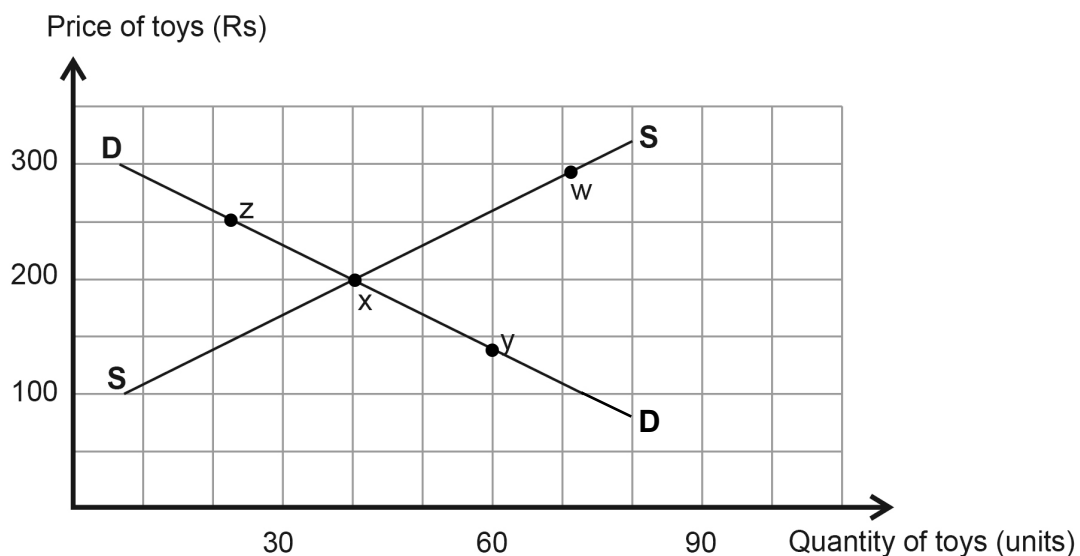
4. Setting a low price to attract customers to buy a new product is known as .....

- A premium pricing
- B promotional pricing
- C penetration pricing
- D competitive pricing

5. The function of an entrepreneur when hiring people to work in the enterprise is .....

- A controlling
- B organising
- C planning
- D staffing

6. **Figure 1** shows the demand and supply of toys at different prices.

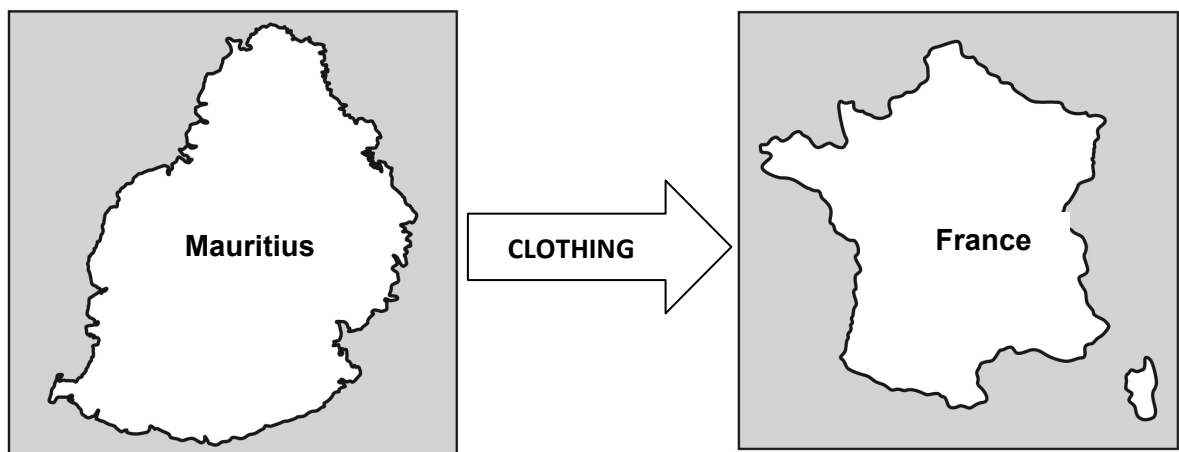


**Figure 1**

Which **one** of the following represents the equilibrium point?

- A W
- B X
- C y
- D Z

7. Which **one** of the following factors influences the supply of a commodity?
- A** Population
  - B** Technology
  - C** Consumer income
  - D** Taste and preferences
8. **One** function of money is to act as a ..... .
- A** barter system
  - B** commodity
  - C** trade barrier
  - D** medium of exchange
9. Taking money from a person or financial institution to be repaid in the future is called ..... .
- A** borrowing
  - B** spending
  - C** tax
  - D** savings
10. Mauritius sells clothing to France.



This is known as ..... .

- A** import
- B** home trade
- C** internal trade
- D** export

**Question 1 B [8 marks]**

**Marks**

**Match each term to its correct definition or description. Write your answers in the answer grid provided below.**

**The first one has been done for you in the answer grid.**

	<b>Term</b>		<b>Definition / Description</b>
1	Annual General Meeting	<b>A</b>	purchase of goods and services from foreign countries.
2	Stakeholders	<b>B</b>	a rise in the price of a commodity will raise quantity supplied.
3	Savings	<b>C</b>	refers to any factor that represents a threat to an enterprise's ability to achieve its goals.
4	Imports	<b>D</b>	<b>yearly meeting where shareholders elect the directors of a company and the annual report is presented and approved.</b>
5	Barter system	<b>E</b>	a business organisation which is owned and run jointly by its members, who share the profits or benefits.
6	Law of supply	<b>F</b>	people, groups or organisations that take interest in activities and decisions taken by a business.
7	Bank	<b>G</b>	part of income that is kept for future use.
8	Business Risk	<b>H</b>	selecting an appropriate channel of distribution for products to reach customers.
9	Cooperative	<b>I</b>	involves the direct exchange of commodities where there is double coincidence of wants.
		<b>J</b>	an institution which receives deposits.

**Answer grid**

<b>Term</b>	1	2	3	4	5	6	7	8	9
<b>Definition</b>	<b>D</b>								

**Question 1 C [4 marks]**

Marks

Fill in the blanks with a suitable word chosen from the list below.

One example has been done for you.

**operational****interest****durable****tax****conflict****~~internet~~**

- (a) E-marketing refers to the process of marketing a product using **internet**.
- (b) A situation when there is a disagreement with another person is a .....
- (c) Risks related to the safety of employees are called ..... risks .
- (d) A loan is money borrowed which must be repaid with ..... over a given period of time.
- (e) Money must be ..... to enable people to use it for a long period of time.

**[4 marks]****QUESTION 2 [13 marks]**

- (a) State whether the following statements are “**True**” or “**False**”.

One **example** has been done for you.

		True / False
<b>Example:</b> Bringing in resources into the enterprise to meet the objectives set by the entrepreneur is known as organising.		<b>True</b>
1.	The amount of income available for spending after taxes are paid is known as disposable income.	
2.	A buyer is someone who offers goods and services for sale.	
3.	Limited liability means that shareholders will lose only the amount invested in case of bankruptcy.	
4.	A central bank is owned by private enterprises.	
5.	Gold and silver coins are the only forms of money.	

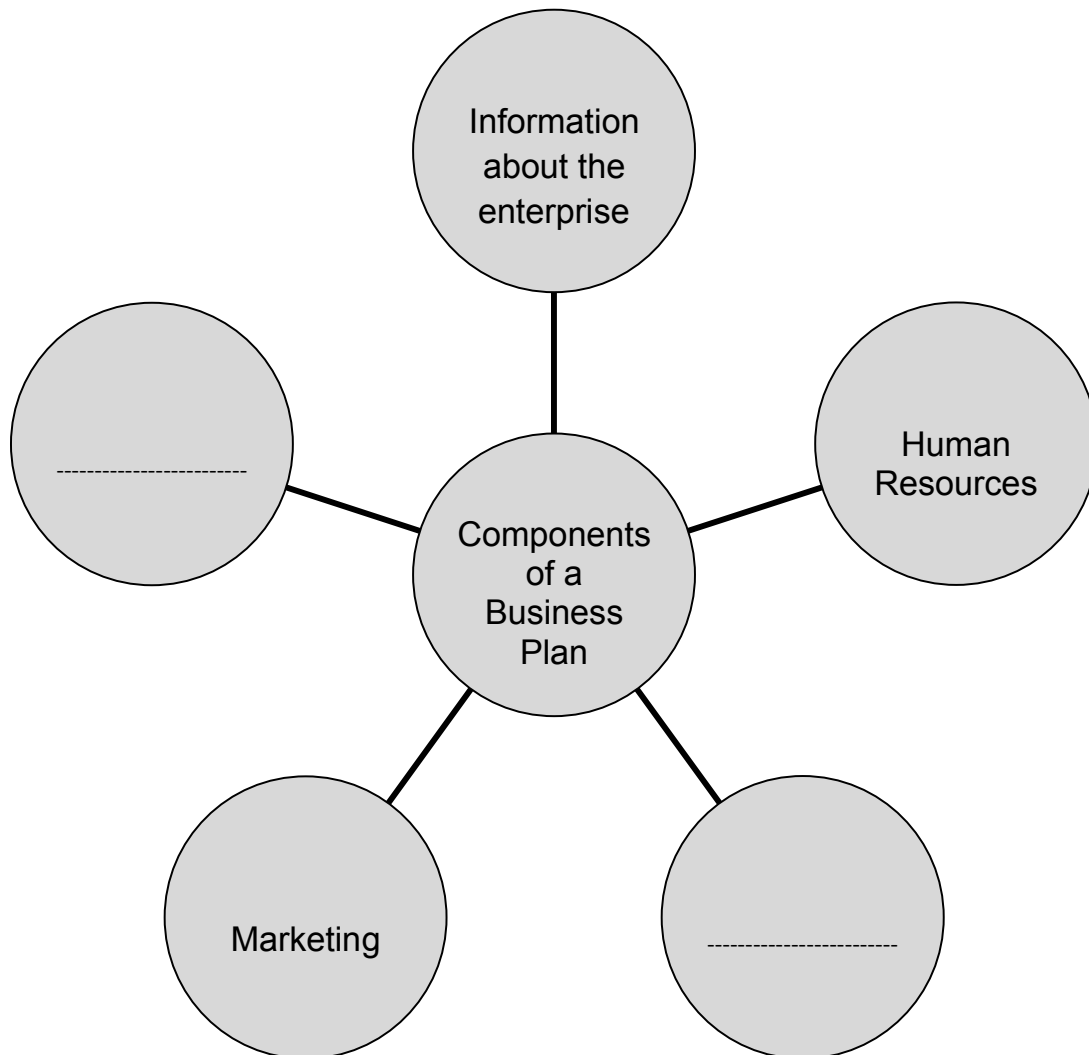
**[5 marks]**

(b) **Figure 2** shows different components of a business plan.

**Marks**

Choose the appropriate words from the list given below to complete **Figure 2**.

**Stakeholders    Operations    Potential investors    Finances**



**Figure 2: Components of a business plan**

**[2 marks]**


- (c) **Olivier wants to open a clothing boutique. He decides to buy a license from a franchisor and runs his boutique as a franchise.**

Tick (✓) the correct boxes to indicate whether each of the following statements about a franchise is an **advantage** or a **disadvantage** to Olivier.

Statements about a Franchise		Advantage	Disadvantage
1.	Part of the profit has to be paid to the franchisor each year.		
2.	Strict rules over pricing and layout of the outlet reduce Oliver's control over his business.		
3.	Training to personnel is offered by the franchisor.		

[ 3 marks]

- (d) **Marie earns Rs 18 000 monthly. The table below shows her spending and savings for three months. Calculate the missing figures.**

	Income	Spending	Savings
January	18 000	10 000	<b>A</b>
February	18 000	<b>B</b>	7 000
March	18 000	13 000	5 000
<b>TOTAL SAVINGS</b> 			<b>C</b>

- (i) Calculate savings for the month of January.      **A** .....
- (ii) Calculate spending for the month of February.      **B** .....
- (iii) Calculate Marie's total savings.      **C** .....

[3 marks]



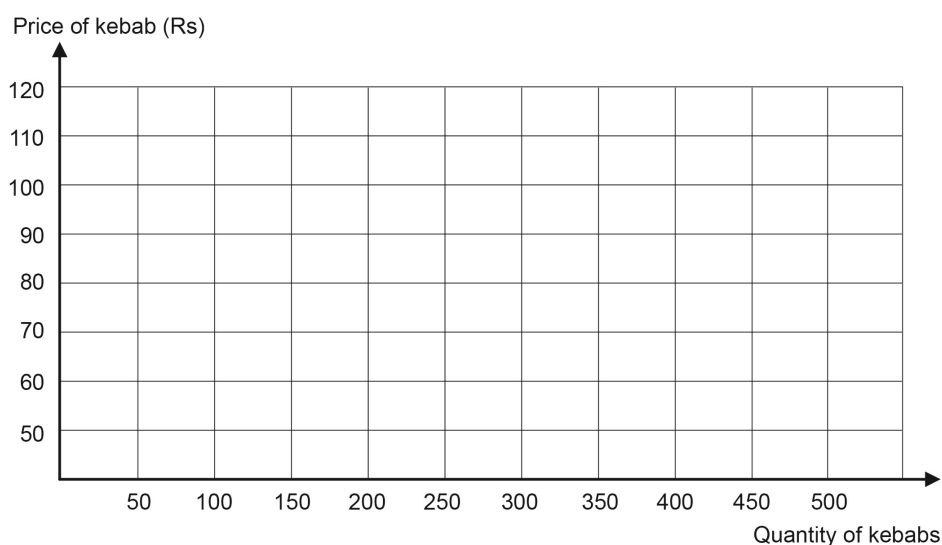
**QUESTION 3 [8 marks]****Marks**

Aslam owns a kebab corner in Port-Louis. He observes that the demand for kebab varies when there is a change in price. **Table 1** shows the demand and supply schedules for kebab for the month of October.

Price per kebab (Rs.)	Quantity demanded	Quantity supplied
50	500	100
60	400	200
70	300	300
80	200	400
90	100	500

**Table 1: Demand and supply schedules for kebab**

- (a) Using the information provided in **Table 1**, draw and label the demand and supply curves in **Figure 3**.

**[4 marks]**

**Figure 3**

- (b) From the diagram, what is the equilibrium price and equilibrium quantity of kebabs bought and sold?

(i) Equilibrium price: .....

(ii) Equilibrium quantity: .....

**[2 marks]**

- (c) Identify and explain **one** factor other than price, which may influence the demand for kebab.

Factor: .....

Explanation: .....

.....

[2 marks]

#### QUESTION 4 [14 marks]

##### VicTee Ltd

Vicky runs a business (VicTee Ltd) that sells customised T-shirts of football clubs in Mauritius and abroad. The T-shirts he produces include the club logo and the logo of VicTee Ltd. Vicky uses both internal and external communication to maintain a good relationship with customers and workers.



- (a) Give **two** reasons why effective communication is important for VicTee Ltd.

Reason 1: .....

Reason 2: .....

[4 marks]

- (b) Using examples, explain the difference between **internal** and **external** communication.

.....

.....

.....

.....

[4 marks]

- (c) Identify and explain **one** advantage for Mauritius when VicTee Ltd sells T-shirts abroad.

Advantage : .....

Explanation : .....

.....

.....

**[2 marks]**

- (d) Resolving conflict in an enterprise is important. State **two** ways of resolving conflict in VicTee Ltd.

1. ....

2. ....

**[4 marks]**

**QUESTION 5 [8 marks]**

Casimir is a successful entrepreneur in Rodrigues. For many years, he has been involved in the production of naturally produced honey on his farm at Grande Montagne. He has carried out a market research and found that it is possible to produce honey sweets as a means to expand his business. For the new product, he has to consider all the elements of marketing. Through the new internet facilities provided by the government, he is also planning to use e-marketing to increase his sales.

**Honey sweets**

- (a) Identify **two** elements of marketing which Casimir should consider.

Element 1 .....

Element 2 .....

**[2 marks]**

- (b) Explain **one** way in which market research can help Casimir plan the production of honey sweets.

.....

.....

.....

.....

**[2 marks]**

(c) Explain how e-marketing can help Casimir's enterprise.

**Marks**

.....

.....

.....

.....

**[2 marks]**

(d) Describe **one** quality of Casimir as a leader entrepreneur.

.....

.....

.....

.....

**[2 marks]**

**SECTION B - Accounting****Answer ALL questions (35 marks)****Question 6 A (5 marks)****Circle the letter which shows the correct answer as shown in the example.****Example:** Activities that take place in a business are called ..... .

- A** inflows
- B** capital
- C** transactions
- D** outflows

1. Which of the following is a book consisting of different accounts?

- A** Trial Balance
- B** Ledger
- C** Journal
- D** Income Statement

2. Which of the following would be included in a statement of financial position?

- A** Sales
- B** Expenses
- C** Purchases
- D** Trade payables

3. "Bought goods on credit from Cedric Company Ltd" requires which **one** of the following entries?

**Marks**

	<b>Account Debited</b>	<b>Account Credited</b>
<b>A</b>	Cedric Company Ltd	Purchases
<b>B</b>	Purchases	Cedric Company Ltd
<b>C</b>	Goods	Cedric Company Ltd
<b>D</b>	Cedric Company Ltd	Goods

4. In the calculation of gross profit, opening inventory is .....

- A** added to purchases
- B** added to revenue
- C** deducted as expenses
- D** deducted from other income

5. Which accounting principle states that every account should have two entries?

- A** The Accounting Principle
- B** The Cash and Bank Principle
- C** The Dual Aspect Principle
- D** The Ledger Principle

**[5 marks]**

**Question 6 B (4 marks)**

Match each term to its correct definition or description. Write your answers in the table provided.

The first one has been done for you.

	Term		Definition / Description
1	Credit purchases	A	amount of goods that enterprises usually hold at the end of the accounting year.
2	Closing inventory	B	a transaction that occurs when money is received or paid in cash immediately.
3	Trading account	C	items owned and used by the enterprise for more than a year.
4	Cash transaction	D	goods bought by a business but for which payment is done later.
5	Non-current assets	E	all assets, liabilities and owners' capital in an enterprise at a particular date.
		F	records of items which deal with the trading activities of an enterprise.

Insert your answers below.

Term	1	2	3	4	5
Definition / Description	D				

[4 marks]



**Question 6 C (5 marks)****Marks**

Fill in the blanks with a suitable word from the list given below.

**capital****expenses****drawings****revenue****assets****debit**

1. Gross profit is the difference between ..... and cost of sales.
2. Land, buildings, and equipment are examples of business .....
3. The money needed to start a business is .....
4. Wages, rent and insurance are examples of ..... in a business.
5. Cash or goods withdrawn for personal use from the business is known as .....

**[5 marks]****Question 6 D (4 marks)**

Complete the table below with the “Account to be debited” and the “Account to be credited” for each of the transactions given. The first one has been done for you.

<b>Date 2020</b>	<b>Transaction</b>	<b>Account to be debited</b>	<b>Account to be credited</b>
August 09	Bought goods for resale Rs 10 000 for cash	Purchases	Cash
August 15	Sold goods on credit to Alisha Rs 25 000		
August 17	Paid rent by cheque Rs 5 000		

**Question 7 (9 marks)**

- (a) Shivaneer runs a general retail store as a sole trader. She had the following balances on 01 July 2020:

**Cash Account - Rs 9 000**

**Table 2** shows the transactions which took place during the month of July 2020.

**Table 2 : Transactions for the month of July 2020**

<b>Date: July 2020</b>	<b>Transactions</b>	<b>Amount (Rs)</b>
08	Bought goods in cash	3 000
10	Sold goods for cash	12 000
15	Sold goods and received cheque	7 500
20	Bought furniture in cash	4 000
31	Purchase goods by cheque	2 000

Select the appropriate transactions from **Table 2** and make relevant entries in the following accounts. Balance off the Cash Account and bring down the balance on 01 August 2020.

<b>Dr</b>		<b>Cash Account</b>		<b>Cr</b>	
Date 2020	Details	Rs	Date 2020	Details	Rs
<b>July 1</b>	<b>Balance b/d</b>	<b>9 000</b>			

**[4 marks]**

Dr		Purchases Account		Cr	
Date 2020	Details	Rs	Date 2020	Details	Rs

[1 mark]

Dr		Sales Account		Cr	
Date 2020	Details	Rs	Date 2020	Details	Rs

[1 mark]

Dr		Furniture Account		Cr	
Date 2020	Details	Rs	Date 2020	Details	Rs

[1 mark]

(b) What is the difference between a trial balance and a statement of financial position?

.....

.....

.....

.....

[2 marks]

**Question 8 [8 marks]**

Marks

Reshma, an entrepreneur, prepared the following trial balance as at 30 September 2020 for her jewellery business. The trial balance did not agree. You are required to rewrite the trial balance correctly.

**Reshma****Trial Balance as at 30 September 2020**

<b>Title of Account</b>	<b>Debit (Rs)</b>	<b>Credit (Rs)</b>
Revenue (sales)	106 100	
Inventory 1 October 2019	14 500	
Purchases		76 000
Bank overdraft		2 300
Equipment		9 000
Trade receivables		1 700
Trade payables	2 800	
Rent	10 000	
Salary		25 000
Electricity bill	2 500	
Capital		35 500
Drawings	8 000	
	<b>143 900</b>	<b>149 500</b>

**Reshma**

**Marks**

**Trial Balance as at 30 September 2020**

<b>Title of Account</b>	<b>Debit (Rs)</b>	<b>Credit (Rs)</b>

**[8 marks]**

**BLANK PAGE**

**BLANK PAGE**

**BLANK PAGE**