

**UNIVERSITY OF ESWATINI**

**FACULTY OF SCIENCE & ENGINEERING**

**DEPARTMENT OF ELECTRICAL & ELECTRONIC ENGINEERING**

**MAIN EXAMINATION**

**DECEMBER 2019**

**TITLE OF PAPER: ENTREPRENEURSHIP**

**COURSE CODE: EE511/EEE511**

**TIME ALLOWED: THREE (3) HOURS**

**INSTRUCTIONS:**

1. THIS PAPER CONSISTS OF SECTION A AND SECTION B.
2. SECTION A (CASE STUDY) IS COMPULSORY.
3. ANSWER ANY THREE QUESTIONS FROM SECTION B.

*YOU ARE REMINDED THAT IN ASSESSING YOUR WORK, ACCOUNT WILL BE GIVEN OF THE ACCURACY OF LANGUAGE AND THE GENERAL QUALITY OF EXPRESSION, TOGETHER WITH THE LAYOUT AND FINAL PRESENTATION OF YOUR FINAL ANSWER.*

**THIS PAPER MUST NOT BE OPENED UNTIL THE INVIGILATOR HAS GRANTED PERMISSION.**

## SECTION A (COMPULSORY)

Read the case and then answer the questions that follow.

### Question 1: CASE STUDY

Excelsior is a farm along the Orange River in the Northern Cape that produces early table grapes for export to Europe. The farm also sends grapes to the local fruit processors for drying. It has recently experienced some difficulties, which are threatening the future of the farm.

The workers threatened to go on strike, right in the middle of the picking season because they claimed that their housing is of a very poor standard. They also claimed that they are not being paid the correct rate for shift work, as the grapes have to be picked at night; and that there is no proper grievance procedure on the farm.

There has been a rise in the value of the rand and this has reduced sales, as the grapes are more expensive in Europe. The worldwide recession has also had a negative effect on the market. Other management problems are that prices have dropped at the fruit dryers because of over-supply, there are more competitors and the high cost of fuel and electricity. Coupled with recent flood damage to some vineyards, it has decreased their profits.

Managers have trouble getting the local workers to do the work as some are not productive and absenteeism is high (especially on a Monday owing to excessive drinking). As a result, they have started employing Zimbabweans as contract workers during the picking season. This has been unpopular with the local people.

### **REQUIRED:**

- a. Identify the three environments that affect this (and other) businesses. (18 marks)
- b. Classify the examples (from the case study) into the appropriate environments. (10 marks)
- c. Fill in the banks for each of the following independent cases:

	Selling Price per unit	Variable cost per unit	Total units sold	Total Contribution Margin	Total Fixed Costs	Net Income
1.	E20	E14	-	E120 000	-	E10 000
2.	30	20	70 000	-	-	15 000
3.	25	-	180 000	900 000	800 000	-
4.	-	10	150 000	300 000	220 000	-

(12 marks)

## **SECTION B (Answer any three questions from this section)**

### **Question 2**

- a. Name at least five characteristics of an entrepreneur and apply them critically to the typical manager of a supermarket. Indicate which of the entrepreneurial characteristics mentioned are normally not found in the typical manager of a supermarket. (10 marks)
- b. Explain in concise manner how creativity fits into the entrepreneurial process (2 marks)
- c. Discuss about any 4 techniques/tools to enhance team creativity (8 marks)

### **Question 3**

- a. Compare debt and equity financing as a source of start-up capital for a new business. (8 marks)
- b. List the possible sources of finance in Swaziland and discuss the advantages and disadvantages of each in terms of their usefulness to SMMEs. (12marks)

### **Question 4**

Discuss the following terms associated with legal forms of business:

- a. Memorandum of association
- b. Limited liability
- c. Partnership
- d. Legal persona
- e. Stock exchange

(20 marks)

### **Question 5**

Explain the functions and value of the following components of the financial plan (as part of the business plan):

- a. Capital budget
- b. Pro-forma income statement
- c. Break-even analysis
- d. Operating budget

(20 marks)

