



Small, Medium & Micro Enterprises: SMME4

INSTRUCTIONS AND INFORMATION

1. This assessment task consists of TWO QUESTIONS.
2. Answer all the questions.
3. Write in Blue or Black pen.

CASE STUDY 3

QUESTION 1

Read the following case study and answer the questions based on it.

NTHABI AND NTEBO DRESSMAKING

Nthabi and Ntebo dressmaking business together, they specialize in wedding dresses, traditional dresses and matric farewell dresses. They have been working on dressmaking for twelve years. The business is situated in crossing shopping mall in Mabopane. Nthabi has sewing certificate, Ntebo a diploma in fashion design. Their qualifications and skills helped them to produce quality products. The business is growing fast. They have proven to have taken calculated risk by identifying opportunities to grow their business.

The demand of their products is increasing rapidly. That made them to have large number of customers. They mainly targeted young and old women in the community and the surrounding areas. They advertise their business by distributing flyers and posting billboards around the community.

They employed three employees to help them in the business and registered them for UIF; they also wanted to transfer their skills to unemployed youth in their community. They ensure that they do not put their staff at risk by keeping the place and clean, also insured their business against natural disaster. Their main competitor is Maria dressmaking, she is also a good designer, but their low prices and good marketing strategies give them the advantage over the competitor.

Their selling price per dress is R800 and it is estimated that they have sell a maximum of 50 dresses in one month. The running costs for one month are: salaries for three workers R6 000, rental R2 500, water and electricity R1 200, telephone for R350, R500 for transport and bought new over-locker sewing machine for R1 500, advertising R300, cleaning material and consumable stock R2 000.



- 1.1 Give a brief description of their business. (2)
- 1.2 What type of business Nthabi and Ntebo started? (1)
- 1.3 What is the form of ownership of their business? (1)
- 1.4 Explain **TWO** advantages of the above form of ownership? (2)
- 1.5 From the case study, identify two characteristics that made them to be successful entrepreneurship. (2)
- 1.6 Name **TWO** methods used to advertise their business. (2)
- 1.7 Identify a statement from the case study that supports the following screening technique.
- 1.7.1 Quality (1)
- 1.8 List **TWO** roles that they have done to develop their community. (2)
- 1.9 Identify **ONE** legal requirement that the business has to honour. (1)
- 1.10 How does the business adhere to Health and Safety requirement? Give one reason, why their business has to comply with the legal requirement listed above. (2)
- 1.11 Identify **ONE** way how they can minimize the risk by insuring their business. (1)
- 1.12 Calculate the income statement for Nthabi and Ntebo for one month
- 1.12.1 Income (1)
- 1.12.2 Expenditure (11)
- 1.12.3 Profit (3)
- (34)**



QUESTION 2

Complete Nthabi and Ntebo cash flow statement for January and February 2020. The closing balance at the end of December is R20 000.

CASH FLOW STATEMENT FOR NTHABI AND NTEBO FOR TWO MONTHS

Cash coming into business	JAN	FEB
Cash at the beginning of the month	2.1.....	R30 000
Expected income	R2500	2.4
Total cash in	2.2	R40 000
Cash coming out of the business	JAN	FEB
Fixed cost	R10 000	2.5
Variable cost	R 5 000	R3 000
Total cash out	2.3.....	R13 000
Cash at the end of the month	R30 000	2.6

GRAND TOTAL (40)

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