ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Advanced Level

BUSINESS ENTERPRISE SKILLS 6004/1

PAPER 1

SPECIMEN PAPER 2 hours 30 minutes

Additional materials:
- Soft eraser
- Soft pencil (type B or HB is recommended)
- Answering paper
- Calculators may be used.

TIME 2 hour 30 minutes

INSTRUCTIONS TO CANDIDATES

Do not open this booklet until you are told to do so.

Write your name, centre number and candidate number on the answer sheets provided

Show workings on the answer script.

Section A (40 marks)

Answer **all** questions.

Section B

Answer **both** questions

This specimen paper consists of 5 printed pages and 3 blank pages.

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SECTION A

Answer **all** questions.

1 **(a)** With the aid of a practical example, describe a franchise enterprise. [3]

(b) **(i)** Identify the economic system which best describes your country. [1]

(ii) Justify your answer in **b (i)** above. [2]

2 Explain any **two** benefits of motivation to a business enterprise. [4]

3 **(a)** Explain any **two** functions of a Human Resource Manager. [4]

(b) State any **three** ways of resolving disputes in a business enterprise. [3]

4 TKT (Pvt) Ltd bought a motor van in 2015 for $24 000 on credit from Euro motors. The motor van will be used by the enterprise for 5 years and will be disposed at $4 000 scrap value. Calculate the depreciation charged in the Income Statement for the year ended 2017 using:

(a) straight line method; [2]

(b) reducing balance method at the rate of 20% per annum. [3]

5 Evaluate debt factoring as a method of improving cash-flows of a business enterprise. [4]

6 Describe the following types of markets:

(a) virtual markets; [2]

(b) physical markets. [2]

7 Distinguish between labour intensity and capital intensity. [4]

8 Discuss the importance of decision trees in planning for a business enterprise. [6]

Total marks [40]

SECTION B

Read the passage below and answer the questions that follow:

Chikoti (Pvt) Ltd

Chikoti (Pvt) Ltd is a chemical manufacturing enterprise which started its operations in 2014. The enterprise is based in Rusape, and is located in a light weight industrial area.

The firm produces agricultural and industrial chemicals that might be harmful to human health such that there is need for safety clothes like goggles, masks and safety shoes. Workers are continuously taken through intensive training within the organisation on safety measures and are also encouraged to report any accidents. At its inception, the firm recorded rising sales. However, its fortunes were reversed due to negative economic conditions such as unemployment, inflation and cash flow shortages. This resulted in the firm's sales plunging to a low record in 2015.

In 2016, positive developments emanating from government's macro-economic policies meant to revitalise the economy changed the fortunes of the company. Command Agriculture, ZIMASSET and recapitalisation of the industry are the policies that resulted in the chemical firm registering rising demand. The increase in demand makes the firm to consider increasing its capacity. The firm had two options:

(i) developing another plant near a water source, i.e. Rusape dam, or
(ii) contracting-out

The Public Relations Manager was concerned about the extent to which option (i) was environmentally friendly. The firm has to comply with government's environmental regulations.

At the same time the government came up with measures to support firms producing for exportation. The removal of trade barriers among nations has created opportunities to enter into foreign markets. The government is encouraging local firms to take advantage of this opportunity to expand their operations into these foreign markets.

9 **(a)** **(i)** Identify any **two** stakeholders of Chikoti (Pvt) Ltd as mentioned in the case. [2]

(ii) Explain any **two** methods of training which can be used by the enterprise to equip its workers on safety measures. [4]

(b) Explain how the enterprise is complying with health and safety regulations. [4]

(c) Examine possible factors that can influence Chikoti (Pvt) Ltd when making the location decision for the new plant. [10]

(d) Discuss the effects of globalisation to the economy of your country. [10]

Read the passage below and answer the questions that follow:

Taftan Wedding Specialists

Taftan Statement of Financial Position as at 30 June 2016

Non-Current Assets	**Cost** $	**Accumulated Depreciation** $	**Net Book Value** $
Premises	20 000	-	20 000
Furniture and fittings	10 000	2 000	8 000
Trucks	30 000	18 000	12 000
	60 000	**20 000**	**40 000**
Current Assets			
Inventory		5 000	
Trade receivables		3 000	
Rent Prepaid		1 000	
Cash and cash equivalence		1 000	10 000
Total Assets			**50 000**

Equity and Liabilities		$	$	$
Equity				
Capital:	Tafara			22 000
	Tanatswa			22 000
				44 000
Current Accounts:	Tafara		500	
	Tanatswa		500	1 000
				45 000
Liabilities				
Current Liabilities				
Trade payables			4 000	
Salaries owing			1 000	5 000
				50 000

Initially the business was doing so well due to low competition. However, competition intensified in 2016 as new players, joined the industry. In order to beat competition, the business had to invest in new technology and to recover lost market share. To achieve this successfully, the enterprise has to raise adequate finance.

10 **(a)** Calculate

(i) current ratio; [2]

(ii) acid test (quick) ratio [3]

(b) Comment on the liquidity position of the business using your answers in **a(i)** and **a(ii)**. [6]

(c) Explain the benefits of any **three** possible sources of external finance that can be used by the business to finance their projects. [9]

(d) Assess possible benefits of introducing new technology to a business enterprise. [10]