



# higher education & training

Department:  
Higher Education and Training  
**REPUBLIC OF SOUTH AFRICA**

## **NATIONAL CERTIFICATE (VOCATIONAL)**

### **NEW VENTURE CREATION NQF LEVEL 2**

(3011032)

**2 December 2020 (X-paper)  
09:00–12:00**

**This question paper consists of 10 pages.**

217Q1N2002

<p><b>TIME: 3 HOURS</b> <b>MARKS: 150</b></p>
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## **INSTRUCTIONS AND INFORMATION**

1. Answer all the questions.
  2. Read all the questions carefully.
  3. Number the answers according to the numbering system used in this question paper.
  4. Start each section on a new page.
  5. Use only a black or blue pen.
  6. Write neatly and legibly.
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**SECTION A****QUESTION 1**

1.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.15) in the ANSWER BOOK.

1.1.1 A/An ... is a business which consists of 2 to 20 people.

- A sole proprietorship
- B partnership
- C private company
- D close corporation



1.1.2 The cost of producing a single product is known as...

- A unit costs.
- B profit.
- C production costs.
- D selling price.

1.1.3 A/An ... advantage is something that a business does so well that it is difficult for other businesses to copy.

- A price
- B competitive
- C competing
- D skill



1.1.4 Examples of fixed assets that may need to be purchased to start a business may include...

- A furniture and electricity.
- B land and buildings.
- C bank overdraft.
- D wages.




1.1.5 The ... market is the group of customers who are most likely to buy your product/service.

- A supplier
- B stock
- C target
- D production

1.1.6 ... is an activity that is common to all organisations in a sector.

- A Winning
- B Selling
- C Packaging
- D Transport



- 1.1.7 The external factors that influence businesses are called ...
- A strengths and weaknesses.
  - B strengths and opportunities.
  - C opportunities and threats.
  - D weaknesses and threats.
- 1.1.8 Professional body for accountants:
- A SIACA 
  - B SAICA
  - C SACIA
  - D SAIAC
- 1.1.9 The value that fixed assets lose over time while they are being used in the business:
- A Book value
  - B Current assets
  - C Depreciation
  - D Accumulation
- 1.1.10 The SPCA is an example of a ...organisation.
- A private 
  - B non-profit
  - C profit
  - D secular
- 1.1.11 A possible way of financing a new venture:
- A Leasing
  - B Stealing
  - C Promoting
  - D Supplying
- 1.1.12 This organisation regulates qualifications:
- A QASA
  - B SQSA
  - C SAQA
  - D QSAS
- 1.1.13 All the steps that a product undergoes from being a raw material until it is used, is known as the ...
- A selling process.
  - B buying process. 
  - C value chain.
  - D distribution channel.

1.1.14 One of the following is a characteristic of a service:

- A Tangibility
- B Movability
- C Excludability
- D Intangibility



1.1.15 ... such as food, air, water and the necessities of survival need to be satisfied.

- A Physiological needs
- B Security needs
- C Status and esteem needs
- D Self-actualisation needs

(15 × 2) (30)

1.2 Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (1.2.1–1.2.20) in the ANSWER BOOK.

1.2.1 Opening questions in the questionnaire can be answered by a 'yes' or 'no'.

1.2.2 A private company is an organisation that is formed by 2 to 20 people.

1.2.3 Primary data is information other people have collected about your target market.



1.2.4 Strengths and weaknesses are the internal factors of your business.

1.2.5 Marketing research can be used to maximise the risk of a new competitor.

1.2.6 Product is one of the elements of the marketing mix.

1.2.7 A slogan is a clever phrase or sentence that says something good about a product, service or business.

1.2.8 Cell phone businesses operate only as service businesses.


1.2.9 Breakeven point reflects best on a line graph.

1.2.10 A questionnaire is a series of questions asked to the individual to obtain information.

1.2.11 ABSA bank is an example of a manufacturing business.



1.2.12 It is not necessary to consider your target market when advertising your products or services.

- 1.2.13 When you define your target market, you also look at the density of the market.
- 1.2.14 Financial contributions received from friends and relatives are a form of equity financing. 
- 1.2.15 Maslow's hierarchy of needs places security at the lowest level.
- 1.2.16 A change in the interest rate will have no effect on the economy.
- 1.2.17 The purchasing habits of customers can be determined by a survey.
- 1.2.18 A partner is someone who owns shares in a business.
- 1.2.19 A market feasibility study will help you to get information about the prospective market.
- 1.2.20 A bar graph may be used in interpreting the results from the survey and to give statistical data.



(20 × 1)

(20)  
[50]**TOTAL SECTION A:****50****SECTION B****QUESTION 2**

Read the scenario below and answer the questions.



Tim Olifant completed a course in electronics and decided to open an air conditioning installation company called *Tim Cool Installations* (TCI). His family supported his ambition and gave him R 10 000 as capital. He will be offering the following services: installations, repairs, maintenance. He will also sell detergents. He is hoping that his business will expand so that he will be able to give back to his community.



- 2.1 State TWO reasons why people start their own business.

(2 × 2)

(4)

2.2 Tim is running a service business.

Name and explain FOUR characteristics of a service. (4 × 2) (8)

2.3 Identify the form of ownership that will be suitable for Tim's business. (1)

2.4 State THREE advantages of the type of ownership that you have identified above. (3 × 2) (6)



2.5 State FOUR cheap methods to advertise your business (4)

2.6 Name TWO assets of *Tim Cool Installations*. (2)

**[25]**

### QUESTION 3

3.1 Study the sketch below and indicate whether you AGREE or DISAGREE with the following statements.



3.1.1 When the supply is low, the price of a product/service is low.

3.1.2 Break-even point is when the supply and demand is the same.

3.1.3 Manufacturers supply more products when the product is new on the market.



3.1.4 The price of a product/service is high when the demand for it is high.

3.1.5 Effective advertising of a product/service creates an increase in the demand for it.

(5 × 1) (5)

3.2 Explain the difference between a product and a service. (2 × 2) (4)

3.3 Name THREE disadvantages of a partnership. (3 × 2) (6)

3.4 Name TWO disadvantages of advertising your business on television. (2 × 2) (4)

3.5 Professional businesses must be registered. State THREE benefits of belonging to a professional body. (3 × 2) (6)



**[25]**

**QUESTION 4**

Read the scenario below and answer the questions.

Tim started his business and employs two people. They are charging R700 for any services rendered. He realised that he needed more money to cover other expenses as his business was growing. He then borrowed R 40 000 from SD Bank.

His monthly expenses are as follows:

Rent: R 3 000

Petrol: R 1 800

Salaries: R 6 000

Telephone: R 900

Insurance: R 1 200



- 4.1 Calculate Tim's expected turnover for the months July, August and September. Draw and complete the table below in the ANSWER BOOK.

Months	July	Aug	Sept	Total
Services rendered	10	25	30	65
Total income				

(4)

- 4.2 List FOUR factors that cause people to buy a product/service. (4 × 2) (8)

- 4.3 Tim wants to expand his business, but he wants to get feedback about his customers' tastes and interests.

- 4.3.1 Name and explain THREE methods of collecting primary data. (3 × 3) (9)



- 4.3.2 Briefly explain the difference between primary and secondary data. (2 × 2) (4)

**[25]**



**QUESTION 5**

5.1 Name the FOUR P's of the marketing mix. (4)

5.2 Complete the cash flow budget for *Tim Cool Installations*. Write only the missing figure next to the question number (5.2.1–5.2.7) in the ANSWER BOOK.



<b>CASH FLOW STATEMENT</b>		
	<b>November</b>	<b>December</b>
Bank balance at the beginning of the month	R 23 000	<b>(5.2.4)</b>
<b>INCOME</b>		
Cash sales	R 17 000	R 19 000
Credit sales	R 5 000	R 2 000
Other income	R 3 000	R 4 000
<b>TOTAL RECEIPTS</b>	<b>(5.2.1)</b>	<b>(5.2.5)</b>
<b>PAYMENTS</b>		
Cash purchases	R 18 000	R 14 000
Monthly expenses	R 11 700	R 11 700
Other payments	R 3 000	R 1 000
<b>TOTAL PAYMENTS</b>	<b>(5.2.2)</b>	<b>(5.2.6)</b>
Bank balance at the end of the month	<b>(5.2.3)</b>	<b>(5.2.7)</b>

(11)

5.3 Name and give examples of the THREE business sectors. (3 × 2) (6)



5.4 Does the cash flow budget of *Tim Cool Installations* reflect favourably? Substantiate your answer. (4)

**[25]****TOTAL SECTION B: 100****GRAND TOTAL: 150**