



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

**NEW VENTURE CREATION
NQF LEVEL 2**

(3011032)

**22 November 2019 (Y-Paper)
13:00–16:00**

This question paper consists of 12 pages.

<p>TIME: 3 HOURS MARKS: 150</p>

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 BLUE or BLACK ink.
 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 (1.1.1–1.1.25) in the ANSWER BOOK.

1.1.1 A ... is a form of ownership with a maximum number of fifty members.

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



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

- A stock, water and electricity.
- B cleaning material, building and stationery.
- C vehicles, land and building.
- D machinery, land and capital.

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



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




1.1.4 When determining the ... a business manager must take into consideration all costs that he/she incurred when producing or obtaining the product.

- A selling price
- B cost price
- C fixed price
- D variable price

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 When you study the behaviour of your customers, which instrument would you use? 
- A Questionnaire
 - B Observation
 - C Focus group
 - D Interviews
- 1.1.7 The suitable professional body for teachers.
- A SAQA
 - B SACE
 - C CIPS
 - D IPSA
- 1.1.8 A ... is a detailed financial plan of what is most likely going to happen in the future.
- A balance statement
 - B cash-flow statement
 - C income statement
 - D profit statement
- 1.1.9 Which of the following is not an example of debt financing? 
- A Bank overdraft
 - B Own capital
 - C Suppliers credit
 - D Personal loan
- 1.1.10 External factors that influences the business:
- A Strengths and weaknesses
 - B Opportunities and threats
 - C Opportunities and weaknesses
 - D Weaknesses and threats
- 1.1.11 ... are valuable things or possessions of the business.
- A Assets
 - B Liabilities
 - C Creditors
 - D Shares
- 1.1.12 Which of the following is not an example of manufacturing industries? 
- A Parmalat
 - B Toyota
 - C Courier services
 - D South African Breweries

1.1.13 All the steps that a product undergoes from being raw material until it is known as the ...



- A selling process.
- B buying process.
- C value chain.
- D distribution channel.

1.1.14 Which of the following is NOT a characteristic of a product?

- A Tangible
- B Intangible
- C It can be seen
- D It can be felt

1.1.15 These factors are imposed by government and include changes to taxation and interest rates:

- A Sociological factors
- B Economic factors
- C Technological factors
- D Political factors

1.1.16 A method of collecting primary data that is widely used:

- A Bar graph
- B Survey
- C Pie chart
- D Pamphlets



1.1.17 South African Revenue Service (SARS) is a ... body which makes sure that all businesses adhere to strict guidelines of paying tax.

- A professional
- B regulatory
- C association
- D complex




1.1.18 The process of selling, advertising and promoting the product is called ...

- A pricing.
- B planning.
- C branding.
- D marketing.

1.1.19 ... is an informal, low-cost method used to gather primary data.






- A Supply
- B Advertising
- C Demand
- D Observation

- 1.1.20 ... is when the business income is equal to business expenditure.
- A Unit cost
 - B Equilibrium
 - C Break-even point
 - D Profit 
- 1.1.21 The aim of running a business is to ...
- A make a profit.
 - B help the poor.
 - C be famous.
 - D create employment.
- 1.1.22 The type of need that satisfies the highest possible level of personal achievement is called ...
- A physiological need.
 - B self-actualisation need.
 - C security need.
 - D status and esteem need.
- 
- 1.1.23 The name given to assets that are pledged to a lending institution as a guarantee that a loan will be paid is called ...
- A vehicles.
 - B collateral.
 - C movable assets.
 - D equipment.
- 1.1.24 ... facilities allow you to draw money from your account even when there is not enough money.
- A Overdraft
 - B Loan
 - C Economy
 - D Industrial
- 1.1.25 A/An ... is a person who purchases goods and services for personal use.
- A entrepreneur 
 - B consumer
 - C producer
 - D government

(25 × 1) (25)

1.2 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (1.2.1–1.2.25) in the ANSWER BOOK.

- 1.2.1 In a close corporation ownership can easily be transferred.
- 1.2.2 Competition between companies does not lead to lower prices.
- 1.2.3 Equilibrium is when the business is not making a profit or a loss.
- 1.2.4  Products are one of the elements of the marketing mix.
- 1.2.5 Total cost is the sum of income and expenditure.
- 1.2.6 At the break-even point total costs are equal to the total income.
- 1.2.7 A private college is an example of a non-profit organisation.
- 1.2.8 Fixed assets can be converted into cash in six months.
- 1.2.9 Debtors are clients that owe your business.
- 1.2.10 When identifying the target market, you need to consider age, income and gender. 
- 1.2.11 The value chain in a business is when value is added to the product from transformation to output.
- 1.2.12 Cash flow budget is one of the methods used to avoid cash flow shortages.
- 1.2.13 Sole trader entity is owned by two people.
- 1.2.14 All THREE sub sectors can be located on one premise.
- 1.2.15 A business plan creates an outline for the way in which you will run your business.
- 1.2.16 The disadvantage of a close-corporation is that dividends can only be paid if the business is solvent.
- 1.2.17 Limited liability means that the owners of a business are responsible for business debt only to the extent of the investment they have made in the business. 
- 1.2.18 Output is the result of the transformation process.
- 1.2.19 Raw-materials and transport costs are examples of variable costs.

1.2.20 People who have bought shares in a company are referred to as partners.



1.2.21 Venture capitalists offer lower interest rates than commercial banks.

1.2.22 Land and buildings are examples of fixed assets.

1.2.23 Non-profit organisations provide services without seeking a profit.

1.2.24 Consumer needs, wants and demand are constant and do not change over time.



1.2.25 Growth capital is the money used to expand the business.

(25 × 1)

(25)

[50]

TOTAL SECTION A:

50

SECTION B**QUESTION 2**

Read the case study below to answer the questions.

PRO-CLEANZ CC.

Protas started his career as a caretaker and cleaner at one of the schools in the township. One of his duties was to order cleaning detergents. This is how he came in contact with the different suppliers and learned about the different products.

He saw a gap in the market and decided to start his own business. He needed at least R20 000 start-up capital. His best friend advised him to draw up a business plan and apply for a loan at the bank.

His loan application was successful and in 2014 he started PRO-CLEANZ cc, selling household detergents. The business didn't break even in the first few months but Protas did not give up. His hard work payed off and in 2016 he launched a cleaning company under the same name.

His monthly expenses include:



- Water and Electricity
- Wage and salaries
- Loan repayment
- Telephone
- Fuel
- Rent



2.1 Briefly explain the term start-up capital. (2)

2.2 List THREE funding options besides a bank loan. (3)

2.3 Name TWO disadvantages of a closed corporation. (2)

- 2.4 Protas must take some sectors in the South African economy into consideration.



Briefly explain these THREE sectors and give an example of each. (3 × 3) (9)

- 2.5 Explain why Protas must submit a business plan to apply for a loan. (1)

- 2.6 Name examples of the following segments of the target market.

2.6.1 Geographic (3 × 1) (3)

2.6.2 Behavioral (2 × 1) (2)



2.6.3 Demographic (3 × 1) (3)

[25]


QUESTION 3

- 3.1 Name SIX factors that could prevent people from buying at PRO-CLEANZ cc. (6)

- 3.2 Determine whether the following is a product or a service. Write the word PRODUCT or SERVICE next to the number (3.2.1–3.2.5) in the ANSWER BOOK.

3.2.1 

3.2.2 

3.2.3 



3.2.4 

3.2.5 

(5 × 1) (5)

- 3.3 Discuss TWO of Protas', strengths, which contributed to the success of his Business. (2 × 2) (4)

- 3.4 Protas has heard of the P's in the marketing mix.



Explain to him what each of the FOUR P's stands for. (4 × 1) (4)

3.5 Protas support local businesses.

Briefly explain this statement.



(2)

3.6 Briefly explain the difference between the following:

3.6.1 Professional body

3.6.2 Regulatory authority

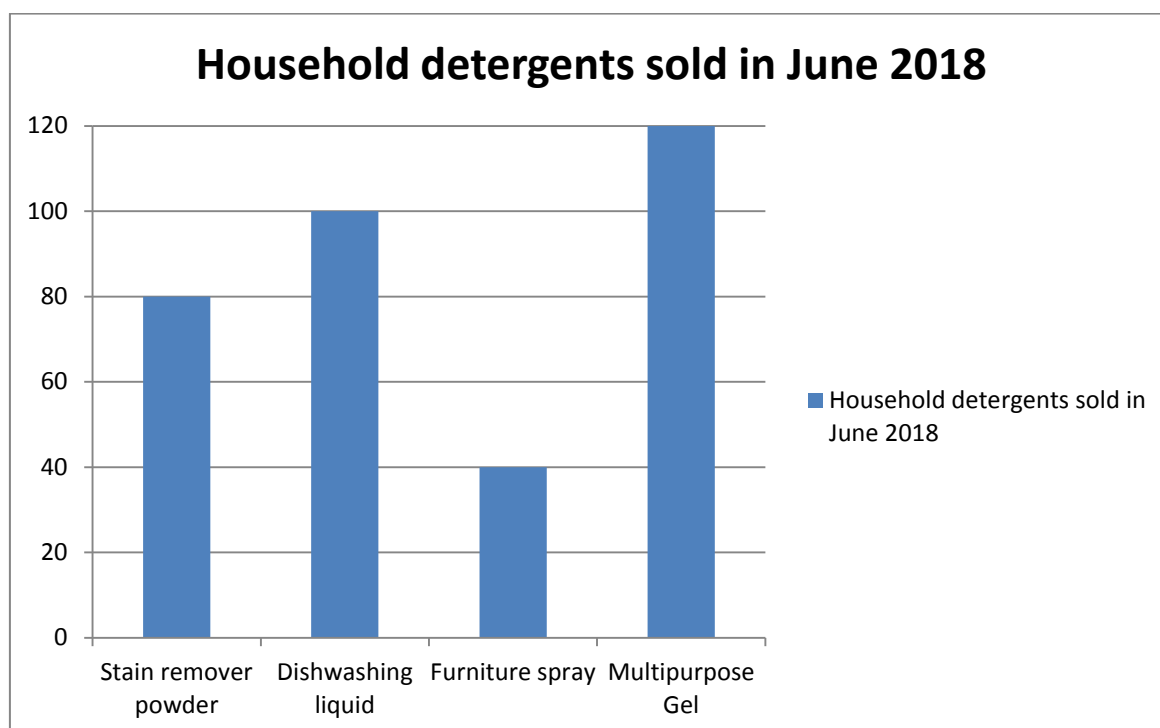


(2 × 2)

(4)

[25]

QUESTION 4



4.1 Briefly name and explain the THREE methods of collecting primary data and give examples.



(3 × 3)

(9)

4.2 Explain FOUR characteristics that differentiate services from products. (4 × 2)

(8)

4.3 Identify TWO factors that influence the pricing of a product.

(2)

4.4 Use the information above (graph) to answer the following questions.

4.4.1 What was the bestselling product in June 2018?

4.4.2 What was the total number of products sold in June?



(2 × 2)

(4)

4.5 Name TWO examples of businesses in the tertiary sector.

(2)

[25]

QUESTION 5

- 5.1 Use the case study (QUESTION 2) and identify TWO fixed costs and TWO variable costs (2 × 2) (4)
- 5.2 List THREE advantages of a partnership. (3)
- 5.3 State FOUR aspects or sections that should be included in a business plan. (2 × 2) (4)
- 5.4 Name FOUR steps of controlling and managing budgets. (4)
- 5.5 Complete the cash-flow budget for PRO-CLEANZ cc for the months June-July 2018. Write only the missing figures next to the question number (5.5.1–5.5.6) in the ANSWER BOOK.

	JUNE	JULY
Bank balance @ the beginning of the month	R22 000	(5.5.4)
INCOME		
Cash Sales	R38 000	R42 000
Credit Sales	R2 000	R3 500
Other Income	R800	R500
TOTAL RECEIPTS	(5.5.1)	(5.5.5)
PAYMENTS		
Cash Purchases	R12 000	R12 700
Monthly Expenses	R16 000	R16 000
Other Payments	R5 000	R3 000
TOTAL PAYMENTS	(5.5.2)	R31 700
Bank balance @ the end of the month	(5.5.3)	(5.5.6)

(10)
[25]

TOTAL SECTION B: 100
GRAND TOTAL: 150