higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

NEW VENTURE CREATION
NQF LEVEL 2

(3011032)

12 March 2018 (X-Paper)
09:00–12:00

This question paper consists of 9 pages.

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TIME: 3 HOURS
MARKS: 150

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. 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 (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 A … is a form of ownership with a maximum number of 50 members.

A private company
B public company
C partnership
D close corporation

1.1.2 The external factors that influence businesses are …

A strengths and weaknesses.
B strengths and threats.
C weaknesses and opportunities.
D opportunities and threats.

1.1.3 A … is the method of conducting a survey.

A value chain
B bar graph
C pie chart
D questionnaire

1.1.4 Loss in business result when …

A expenses are equal to income.
B income exceeds expenses.
C expenses are more than income.
D opening stock is added to closing stock.

1.1.5 Types of needs to satisfy the highest possible level of a personal achievement is called …

A security needs.
B physiological needs.
C status and esteem need.
D self-actualisation.

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1.1.6 Which ONE of the following is a characteristic of a service?

A Feel
B Tangible
C Intangible
D Taste

1.1.7 Profit is the difference between …

A income and expenditure.
B fixed and variable costs.
C opening stock and closing stock.
D net profit and income.

1.1.8 … is when the business income is equal to business expenditure.

A Unit cost
B Equilibrium
C Breakeven point
D Profit

1.1.9 Which ONE of the following is an example of a government organisation?

A Private college
B Vodacom
C Unilever
D TVET college

1.1.10 The aim of running a business is to …

A be famous.
B help the poor.
C create employment.
D make a profit.

(10 × 2) (20)

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1.2 Choose an item or a word from COLUMN B that matches a description in COLUMN A. Write only the letter (A–J) next to the question number (1.2.1–1.2.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	Costs of goods related to producing the product for sale	A	vehicle
1.2.2	The difference between income and expenditure	B	break-even point
1.2.3	An example of a fixed asset	C	loss
1.2.4	Loans repayable over a number of years	D	current assets
1.2.5	Brown & Sons	E	chamber of commerce
1.2.6	When income exceeds expenses	F	long-term liability
1.2.7	Costs that change in relation to the number of units produced	G	bank overdraft
1.2.8	Assets with a lifespan of less than a year	H	variable costs
1.2.9	Professional body in South Africa	I	direct costs
1.2.10	An example of a short-term loan	J	partnership

(10 × 2) (20)

1.3 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (1.3.1–1.3.5) in the ANSWER BOOK.

1.3.1 Raw materials and transport costs are examples of variable costs.

1.3.2 Libraries and internet are sources of secondary data.

1.3.3 Competition between companies leads to lower prices.

1.3.4 A close corporation is restricted to a maximum of 20 members.

1.3.5 A lender is a person or institution that provides money on loan to help you to finance a business project.

(5 × 2) (10)

[50]

TOTAL SECTION A: 50

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SECTION B

QUESTION 2

Read the case study below and answer the questions.





DIAMOND WEAR

Andile Cele is a 25-year-old hardworking clothing management graduate. She created a brand known as Diamond Wear. She worked at Shoprite as a cashier until 2014 when she came back to build her dream.

Her brand engages clients in coming up with ideas of what they want to wear to occasions they will be attending. She operates her business from home in one of the backrooms in order to save money for rent. She employed her two friends to assist with designing and bookkeeping. Her monthly expenses include the following:

Salaries	R3 200
Fuel	R 500
Insurance	R 600
Telephone	R 400

2.1 Identify the type of ownership. Motivate your answer. (2)

2.2 Explain TWO roles of each of the following organisations and give an example of each:

2.2.1 Non-profit organisations

2.2.2 Government organisations

(2 × 2) (4)

2.3 Identify TWO strengths and TWO weaknesses of Andile's business. (2 × 2) (4)

2.4 State TWO possible threats to Andile's business. (2)

2.5 Explain to Andile the FOUR *principles of trade* that define her market. (4 × 2) (8)

2.6 Name the THREE business sectors in the South African Economy and give an example of each. (3 × 2) (6)

2.7 Briefly explain the importance of a *professional body.* (4 × 1) (4)

[30]

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QUESTION 3

3.1 Briefly explain THREE methods of collecting primary data that Andile can use to gather information on the market potential for her business. (3 × 2) (6)

3.2 It has come under your attention that Andile's customers are in need of a hairdresser. You are Andile's neighbor and are in a good position to fill this need in the market.

- Design a questionnaire to gather data.
- You must have a minimum of FIVE questions.
- Use at least THREE different types of questions.
- Marks will be allocated for neat work. (10)

3.3 Identify THREE factors that influence the pricing of a product. (3)

3.4 Andile would have to market her business to attract more clients.

Briefly explain the FOUR marketing mix points to help her with the strategy. (4 × 2) (8)

3.5 List THREE inputs that Andile must use when she wants to produce an outfit? (3)
[30]

QUESTION 4

4.1 Name and explain FOUR differences between a *product and a service*. (4 × 2) (8)

4.2 Explain the *law of supply.* (2)

4.3 Read the following statement and answer the questions:

STATEMENT:

Mandisa runs her business from her backyard because her target market is the lower income group.

4.3.1 Do you agree with the statement? (1)

4.3.2 Motivate your answer. Refer to the marketing mix. (3 × 1) (3)

4.3.3 What is the definition of a *target market*? (2)

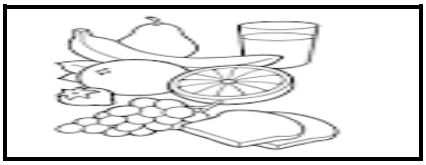
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4.4 Study the pictures below and categorise them according to NEED or WANT. Write only 'need' or 'want' next to the question number (4.4.1–4.4.4) in the ANSWER BOOK.

4.4.1



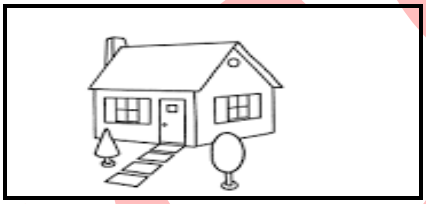
4.4.2



4.4.3



4.4.4



(4 × 1) (4)
[20]

QUESTION 5

5.1 Identify the following from the case study and write only the answer next to the question number (5.1.1–5.1.2) in the ANSWER BOOK.

5.1.1 TWO variable costs

5.1.2 TWO fixed cost

(2 × 2) (4)

5.2 State TWO differences between fixed assets and current assets. (2 × 2) (4)

5.3 Identify TWO methods for managing and controlling a budget. (2)

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5.4 Complete the cash-flow budget for Diamond Wear. Write only the missing amounts next to the question numbers (5.4.1–5.4.6) in the ANSWER BOOK.

Cash budget for Diamond Wear		
	September	**October**
Bank balance @ the beginning of the month	R9 000	**(5.4.4)**
INCOME		
Cash sales	R10 000	R7 000
Credit sales	R3 000	R3 500
Other income	R2 000	R1 500
TOTAL RECEIPTS	**(5.4.1)**	**(5.4.5)**
PAYMENTS		
Cash purchases	R4 000	R4 000
Monthly expenses	R6 700	R3 000
Other payments	R 1 600	R1 000
TOTAL PAYMENTS	**(5.4.2)**	**R8 000**
Bank balance @ the end of the month	**(5.4.3)**	**(5.4.6)**

(10)
[20]

TOTAL SECTION B: 100
GRAND TOTAL: 150

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