higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

NEW VENTURE CREATION
NQF LEVEL 2

(3011032)

22 November 2018 (X-Paper)
09:00–12:00

This question paper consists of 11 pages.

NCV

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TIME: 3 HOURS
MARKS: 150

INSTRUCTIONS AND INFORMATION

1. Read ALL the questions carefully.
2. Answer ALL questions.
3. Number the questions according to the numbering system used in this question paper.
4. Write neatly and legibly.

NCV

SECTION A

QUESTION 1

1.1 Various options are given as possible answers to the following questions. Choose the correct 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 20 people.

A private company
B partnership
C close corporation
D sole trader

1.1.2 A … is a type of organisation that is formed by 1 to 10 people.

A sole trader
B partnership
C close corporation
D private company

1.1.3 The value-adding process that a product or service undergoes from raw material until finished product or service is known as …

A value output.
B value input.
C a value chain.
D a value plan.

1.1.4 … is ONE of the marketing mix elements.

A Production
B Personality
C Population
D Pricing

1.1.5 An expression of the income and expenditure that you expect to occur in the future is called a/an …

A budget.
B income statement.
C trial balance.
D journal.

1.1.6 The cost of producing a single product is known as …

A unit cost.
B a profit.
C the selling price.
D production cost.

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1.1.7 The assets that are pledged to a lending institution as a guarantee that a loan will be paid are called …

A collateral.
B movable assets.
C a personal car.
D a current asset.

1.1.8 A … is the method used to conduct a survey.

A analysis
B bar graph
C pie chart
D questionnaire

1.1.9 The internal factors that influence a business are called …

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

1.1.10 An organisation can compare its position with that of other competitors by using a/ the… as a tool.

A SWOT analysis
B marketing mix
C PEST factors
D demand

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

A Transport
B Packaging
C Marketing
D Labour

1.1.12 The law of demand states that if the …

A price is high, more products will be demanded.
B price is low, more products will be demanded.
C price is low, few products will be demanded.
D price is high, more products will be supplied.

1.1.13 … such as food, air, water, heat and basic necessities are survival needs that must be satisfied.

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

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1.1.14 The cost that stays the same with the quantity purchased, irrespective of how many units are produced, is called … cost.

A variable
B operating
C fixed
D total

1.1.15 ONE of the following is a characteristic of a product:

A Intangible
B Tangible
C Inseparable
D Variable

1.1.16 Mining, agriculture, fishing and forestry are good examples of the … sector.

A tertiary
B secondary
C primary
D intermediary

1.1.17 Profit is the difference between …

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

1.1.18 These types of question in a questionnaire aim to get a very specific answer, generally 'yes' or 'no'.

A Open-ended questions
B Closed questions
C Opening questions
D Close-ended questions

1.1.19 External factors are often called …

A SWOT.
B PEST.
C VAT.
D SABC

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1.1.20 … facilities allow you to draw money from your account, even when you do not have enough money.

A Economic
B Loan
C Default
D Overdraft

1.1.21 … is information that is specifically gathered for the current project.

A Primary data
B Secondary data
C Experimental data
D Analysis data

1.1.22 …….. purchases goods and services for personal use.

A entrepreneurs
B consumers
C government
D producers

1.1.23 A … is the amount of money expected, required, or given in payment for something.

A promotion
B place
C price
D product

1.1.24 … are the possessions of the business.

A Liabilities
B Losses
C Costs
D Assets

1.1.25 … makes your product or service more attractive to customers than that of competitors.

A Competitive advantage
B Creative advantage
C Customer advantage
D Compensative advantage

(25 × 1) (25)

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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 Raw materials and transport costs are examples of variable costs.

1.2.2 Libraries and the internet are sources of secondary data.

1.2.3 A good customer survey will help you identify customer expectations.

1.2.4 In a close corporation, ownership can be easily transferred.

1.2.5 Limited liability means that the owners of a business are responsible for business debt, but only to the extent of the investment that they have made in the business.

1.2.6 A change in the interest rate will have no effect on the economy.

1.2.7 A business plan creates an outline for the way in which you will run your business.

1.2.8 Consumer needs, wants and demands are constant, and they do not change over time.

1.2.9 It is essential to consider your target market when advertising your product/services.

1.2.10 Competition between companies leads to lower prices.

1.2.11 Security is the availability of food, clothing and housing for the foreseeable future.

1.2.12 The main objective of any business venture is to encourage customers to become loyal buyers.

1.2.13 The money needed to start a business is called capital.

1.2.14 The point, at which expenses are more than income, is known as a breakeven point.

1.2.15 A product is something that you can touch, feel and see.

1.2.16 Current liabilities are loans repayable over a period of more than ONE year.

1.2.17 A private college is an example of a non-profit organisation.

1.2.18 Secondary data is the information that you, as an entrepreneur, collect on your own.

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1.2.19 Private companies usually offer their shares to the public.

1.2.20 Abraham Maslow developed a theory according to which people's needs occur in a certain order and at certain stages.

1.2.21 Direct costs are costs related to producing goods for sale.

1.2.22 A sales budget is a prediction of how many products or services a business will sell in a particular period.

1.2.23 Customer superstitions are also factors that could prevent people from buying your product.

1.2.24 The accounts of a sole proprietor must be professionally audited.

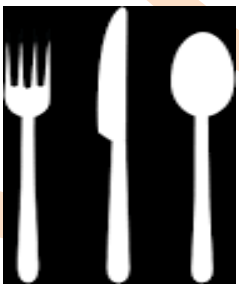
1.2.25 Output is the result of the transformation process.

(25 × 1) (25)
[50]

TOTAL SECTION A: 50

SECTION B

Read the scenario below and answer the questions.



Food ZB is a catering company founded by Zack Brown after he has spotted a gap in the market. Because the industrious 25-year-old kept seeing people leave events to buy food from other restaurants, he decided to start a catering company. Zack contributed R20 000 as start-up capital to cover pre-operating costs, fixed costs and monthly expenses for his business. He employed five people to assist in the business. He also applied for a loan of R15 000 from ABC Bank at 10,5% interest per annum for 15 months.

He has the following monthly expenses:

Rent	R1 500
Advertising	R 500
Salaries	R5 000
Telephone	R 400
Electricity	R 400

QUESTION 2

2.1 State the type of ownership of Food ZB. (1)

2.2 Explain FOUR advantages of the above-mentioned business. (4 × 2) (8)

2.3 In a table format, compile/ identify TWO strengths and TWO weaknesses of Zack's business. (4)

2.4 Zack is not registered with any professional organisation.

Explain THREE benefits that Zack could enjoy by belonging to a professional body. (3 × 2) (6)

2.5 2.5.1 Name the THREE business sectors in the South African economy. (3)

2.5.2 Give ONE example of each business sector mentioned in 2.5.1 (3)

[25]

QUESTION 3

3.1 From Food ZB's monthly expenses, identify the following:

3.1.1 TWO fixed costs (2)

3.1.2 THREE variable costs (3)

3.2 Zack heard of the Ps in marketing.

State what each 'P' stands for. (4)

3.3 Use the information in the case study to calculate how much interest Zack will pay on the loan after 15 months.

Use this simple interest formula: $I = \frac{P \times R \times T}{100}$ (4)

3.4 Calculate the total amount that Zack would pay after 15 months. (2)

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3.5 Complete the cash flow budget of Food ZB. Write only the missing figures next to the question number (3.5.1–3.5.6) in the ANSWER BOOK.

Cash flow budget of Food ZB		
	September	**October**
Bank balance at the beginning of the month	R12 000	**(3.5.4)**
INCOME		
Cash sales	R 8 000	R 7 000
Credit sales	R 3 000	R 2 000
Other income	R 2 000	R 1 700
TOTAL RECEIPTS	**(3.5.1)**	**(3.5.5)**
PAYMENTS		
Cash purchases	R 6 000	R 4 500
Monthly expenses	R10 400	R 9 000
Other payments	R 1 700	R 1 000
TOTAL PAYMENTS	**(3.5.2)**	R14 500
Bank balance at the end of the month	**(3.5.3)**	**(3.5.6)**

(10)
[25]

QUESTION 4

Read the scenario below and answer the questions.



ROYAL SKIN

Mandisa Khoza, 26-year-old homeopathy graduate, is the founder of the Royal Skin Cosmetics company. She manufactures natural skincare products packed with plant oils and essential oils. Her products are natural and free from all harmful synthetic chemicals. Compared to other beauty products, the products of Royal Skin Cosmetics are safe to use.

4.1 Briefly explain THREE primary data-collecting methods which Mandisa can use to gather market information for her business. (3 × 2) (6)

4.2 Briefly explain TWO factors that will influence the *pricing* of Royal Skin Cosmetics. (2× 2) (4)

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4.3 The following information was gathered during market research:

PRODUCTS	QUANTITY DEMANDED
Body cream	60
Face cream	85
Foot cream	45
Hair food	40

4.3.1 Draw a pie chart to represent the information gathered during the market research. (9)

4.3.2 Use the following ranking to interpret the results represented in the pie chart:

1 = poor, 2 = average, 3 = good, 4 = excellent (4)

4.4 4.4.1 Identify whether Royal Skin's focus is on a service or product market (1)

4.4.2 Motivate your answer in 4.4.1 (1)

[25]

QUESTION 5

5.1 Businesses need to identify different types of customer needs.

Help Mandisa identify her customers' needs by drawing Maslow's hierarchy of needs. Arrange the needs below in the correct order in a hierarchical structure.

- Social needs
- Security needs
- Self-actualisation needs
- Status and esteem needs
- Physiological needs (5 + 1) (6)

5.2 Identify FIVE factors that could prevent people from buying products from Mandisa. (5)

5.3 Explain FOUR characteristics of *services*. (4 × 2) (8)

5.4 List FOUR examples of advertising media that Mandisa can use to advertise her business. (4)

5.5 Loan/debt financing is an example of capital financing.

Name TWO other sources of financing. (2)

[25]

TOTAL SECTION B: 100
GRAND TOTAL: 150

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