higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

NEW VENTURE CREATION
NQF LEVEL 4

(3011034)

12 March 2018 (Y-Paper)
13:00–16:00

This question paper consists of 8 pages.

Copyright reserved

TIME: 3 HOURS
MARKS: 200

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 question on a NEW page.
5. Write neatly and legibly.

Copyright reserved

SECTION A

QUESTION 1

1.1 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 Inventory control is also known as stock control.

1.1.2 Financial information taken from financial statements is changed into ratios to help management understand the businesses progress.

1.1.3 A lease is most often used to finance the purchase of property.

1.1.4 A purchasing budget is a financial plan that depicts how resources should best be allocated to achieve the forecasted sales.

1.1.5 An overdraft is caused when drawing more money than a bank account holds.

1.1.6 Social responsibility refers to the duty that a person or business has towards other individuals or communities.

1.1.7 Negligence is a legal concept usually used to get compensation for injuries.

1.1.8 The time from purchasing raw materials until selling finished goods produced from these raw materials is called the trading cycle.

1.1.9 A salary is the money paid or received for work or a service per hour, day or week.

1.1.10 The path that goods and services travel from the vendor to the consumer is called a distribution channel.

(10 × 1) (10)

1.2 Complete the following sentences. Write only the word or words next to the question number (1.2.1–1.2.10) in the ANSWER BOOK.

1.2.1 The difference between income and expenses is called …

1.2.2 A … statement is a way of avoiding cash shortages or knowing when to expect them.

1.2.3 … capital is the capital needed to grow and expand a business.

1.2.4 … capital is the capital needed to run a business.

1.2.5 … is the act of treating someone differently or unjustly based upon some characteristics.

Copyright reserved

1.2.6 The acronym BEE stands for …

1.2.7 A … means being held legally responsible for actions taken or failure to take appropriate action.

1.2.8 … cost stays the same no matter how much of an item is produced.

1.2.9 … is the idea that businesses should balance profit-making activities with activities that benefit society.

1.2.10 A/An … is financing that investors provide to start-up companies and small business believed to have long-term growth potential.

(10 × 1) (10)
[20]

TOTAL SECTION A: 20

SECTION B

QUESTION 2

2.1

Mbali, who completed her studies at the local TVET college some years ago, is now employed at a local plumber. However, her dream is to start her own business.

She says a plumbing business is not about cleaning blocked drains and toilets, but that there is beauty in the design and layout of a bathroom as well.

Mbali is thinking about applying for a loan to start her own business. She wants to specialise in the plumbing of major buildings and constructions.

As a black African woman, she will gain points with companies when tendering on the BEE point scale.

2.1.1 Would you suggest that Mbali establish her own business? (2)

2.1.2 Justify your answer in 2.1.1 (2)

2.2 Mbali has decided to start her own business.

Identify FOUR problems she will face when obtaining finance. (4 × 2) (8)

2.3 Explain to Mbali FOUR purposes of the code of conduct of any business.

(4 × 2) (8)

2.4 An employee who arrives late for work is 'stealing company's time' and this point can be included in a Code of Ethics of a business. Identify SIX other factors Mbali can include in her business Code of Ethics.

(6 × 1) (6)

Copyright reserved

2.5 Pricing decisions are influenced by, amongst other things, activity levels and limitations specific to the business being operated.

Name TWO specific limitations that can influence pricing for a plumbing business. (2 × 2) (4)

[30]

QUESTION 3

3.1 Name TWO forms of tax Mbali would have to pay if she employs staff to work in her business. (2 × 2) (4)

3.2 List FIVE financial institutions Mbali can ask for funds to establish her business from. (5)

3.3 Should there be noncompliance with any act or contract, a business exposes itself to various legal consequences.

List FIVE actions that may be taken against a defaulting business. (5 × 2) (10)

3.4 Explain each of the following terms:

3.4.1 Tendering

3.4.2 Pricing

3.4.3 Working capital

(3 × 2) (6)

3.5 Explain TWO costing methods Mbali can use in her business. (2 × 2) (4)

3.6 Who is the current Minister of Finance in South Africa? (1)

[30]

QUESTION 4

4.1 If Mbali starts her own plumbing business, she will be called an entrepreneur.

Explain the term *entrepreneur* with reference to risk. (4)

4.2 Explain THREE important things Mbali has to consider when leasing an asset. (3 × 2) (6)

4.3 Discuss THREE ways in which staff members are covered under the Occupational Health and Safety Act. (3 × 2) (6)

Copyright reserved

4.4 Determine which of the following costs are fixed or variable. Choose the answer and write only 'fixed' or 'variable' next to the question number (4.4.1–4.4.6) in the ANSWER BOOK.

4.4.1 Salaries for workers

4.4.2 Leasing costs

4.4.3 Insurance premium

4.4.4 Electricity used

4.4.5 Interest on loan

4.4.6 Telephone costs

(6 × 1) (6)

4.5 Illustrate with a flow chart the trading cycle for any business. (8)
[30]

QUESTION 5

Grace Nxumalo, locally known as GogoG, started the Siyabonga Daycare Centre in Soweto many years ago. Currently the centre has 60 children, two teachers and three support staff members.

Some of the children who were helped by the centre donate money to it. Grace used these donations to paint the building inside and outside and she bought new furniture and toys.

Unfortunately, Grace does not have a driver's licence, but she has someone who goes to town once a week to buy groceries for the following week's meals. This helps Grace to plan.

Her timetable for the centre is as follows:

07:00	Breakfast
09:00	Snack
12:00	Lunch served to younger children
12:00	Rest time for children while older children arrives
13:00	Lunch served to older children

5.1 Identify Grace's personal characteristics by listing TWO items of each of the following factors:

5.1.1 personal strengths. (2)

5.1.2 weaknesses. (2)

5.1.3 abilities. (2)

5.1.4 passions. (2)

Copyright reserved

5.2 List EIGHT expenses that would form part of the monthly operating costs of the Siyabonga Daycare Centre. (8)

5.3 One of the aspects covered by the day care's business Code of Conduct is the customer's 'right to know'.

Discuss this point in relation to Siyabonga Daycare Centre. (3 × 2) (6)

5.4 Explain to Grace FOUR reasons why Siyabonga day care centre needs to draw up a cash- flow statement. (4 × 2) (8)

[30]

QUESTION 6

6.1.1 Give TWO types of training that Grace and her staff should attend? (2)

6.1.2 Give reasons for your answer in 6.1.1 (2)

6.2 Grace is currently occupying three rooms next to the local school. She would like to build another room so that the children from the school can have a safe place to do their homework. The bank needs collateral in order to give Grace the necessary funds.

Define the term *collateral.* (4)

6.3 Give TWO examples of collateral Grace could use to get the necessary funds. (2 × 2) (4)

6.4 Name TWO risks a daycare centre needs to be aware of and take precautions to prevent an incident from occurring. (2 × 2) (4)

6.5 Explain FOUR consequences of not managing any type of risk. (4 × 2) (8)

6.6 Identify THREE ways in which Grace and her staff can improve the daycare centre. (3 × 2) (6)

[30]

QUESTION 7

7.1 Explain to Grace the importance of networking in her community. (2 × 2) (4)

7.2 Identify FOUR stakeholders that the Code of conduct of Siyabonga day care centre will have an influence on. (4 × 1) (4)

7.3 Name TWO main legislations that apply to loaning money from banks. (2 × 2) (4)

7.4 When enrolling their children parents are required to sign a contract.

Define the term *contractual liability*. (4)

Copyright reserved

Copyright reserved

7.5 Grace has fixed costs of R20 000,00 per month which include salaries. She charges R500,00 per child per month. This includes breakfast and lunch, which costs her about R100,00 per child per month.

Calculate the number of children Grace needs to ensure that she breaks even. Use the following formula:

$$\text{Units} = \frac{\text{fixed costs}}{\text{price per unit} - \text{variable costs per unit}}$$ (6)

7.6 List FOUR fixed assets a daycare centre requires. (4 × 2) (8)

[30]

TOTAL SECTION B: 180
GRAND TOTAL : 200

Copyright reserved