



SOUTH AFRICAN COMPREHENSIVE ASSESSMENT INSTITUTE  
SUID-AFRIKAANSE KOMPREENSIEWE ASSESSERINGSINSTITUUT

## **Adult Basic Education and Training (ABET)**

### **Summative Assessment**

**Small Medium and Micro Enterprises: NQF Level 1**

**Examination Session: June 2023**

**Total Marks: 100 Marks**

**Time: 3 Hours**

**Number of Pages: 19 Pages**

### **Learner Information**

**Candidate Number**

---

**Centre**

---

**Date**

---



## EXAMINATION RULES FOR CANDIDATES

1. Candidates are bound in all matters relating to the examination to obey the instructions of the chief invigilator. The chief invigilator, where relevant, determines the dress code.
2. Candidates must be identified before they are permitted to write an examination. Identity documents must be produced when required. All candidates are to sign the attendance register.
3. Candidates will not be admitted to the examination room if they arrive an hour or more after the start of the examination. Candidates who have finished answering an examination paper within fifteen minutes of stopping time will not be allowed to leave the examination room, provided there are still candidates writing.
4. Candidates must occupy the places first allocated to them for the entire duration of the examination and for all other examination sessions, unless otherwise directed by the chief invigilator.
5. No explanation of examination questions may be asked or given by any person.
6. No candidate is allowed to leave the examination room within the first hour of the examination, except in an emergency and under supervision.
7. A candidate may only be allowed to leave the examination room in the case of an emergency or to go to the toilet, and in these cases, this must be done under supervision.
8. As soon as a candidate hands in his or her answer script, he or she must leave the examination room.
9. A candidate must carefully read and comply with the instructions, which appear in his or her question paper and the examination timetable.
10. A candidate is not allowed to assist another candidate or try to assist him or her or communicate with another candidate. Should this occur, it would constitute an irregularity. Invigilators are expressly forbidden from assisting candidates in the answering of questions.
11. All questions must be directed to the invigilator.
12. A candidate may not cause a disturbance in the examination room or behave in an improper or unseemly manner.
13. A candidate may not disregard the instructions of the invigilator or may not conduct themselves in a manner that conflicts with the instructions of the chief invigilator.
14. The following are not allowed next to the candidate in the examination room: suitcases, school bags, Walkmans, CD players, cell phones, books, dictionaries, notes, sketches or paper other than the official examination material distributed by the chief invigilator. Slide-rules and non-programmable, silent calculators may be used, unless expressly prohibited in the question paper. Pens, erasers, rulers, etc. should be kept in transparent containers/bags. No borrowing is allowed. Wristwatch alarms must be switched off.
15. Candidates should be informed that the possession of notes constitutes an irregularity regardless of whether or not the notes are used. The excuse that a candidate has forgotten or was not aware that he or she has the unauthorised material listed in paragraph 14 in his or her possession will not be accepted.
16. No examination answer books (or part of an answer book), whether used or unused, may be removed from the examination room. Should this occur, it will be considered an irregularity and the candidate will receive NO credit for the examination. Should a candidate write the wrong subject or wrong grade of a subject, this will be a technical irregularity and will lead to the candidate's results being blocked/cancelled/delayed.
17. Should a candidate miss an examination due to illness, a valid doctor's certificate must be given to the chief invigilator. A Certificate will not be awarded to candidates who miss an examination.
18. Any candidate who disregards these rules or the instructions of the chief invigilator or his
19. / her assistants, will have committed an offence in terms of the Regulations [Regulation 6 2(a) and (b)] or a contravention of the Rules [Rule 3(2)].



## INSTRUCTIONS

1. This question paper consists of **THREE** sections: SECTION A, B and C.
2. All sections are **COMPULSORY**.
3. Answer all questions.
4. Calculators may be used.
5. Answer all the questions in the space provided.
6. Write in blue or black pen only.



**SECTION A****QUESTION 1**

1.1 Various options are given as possible answers to the following questions. Choose the answer and **ENCIRCLE** only the letter (A–D) next to the question numbers (1.1.1–1.1.10).

1.1.1 Which of the following market research method is the cheapest?

- A Personal needs
- B Telephone survey
- C Door-to-door survey
- D Interviews (2)

1.1.2 When developing any business idea, you must consider if it \_\_\_\_\_.

- A creates problems for the community.
- B uses the ideas of the community.
- C meets the needs of the community.
- D observes the community. (2)

1.1.3 Which ONE of the following is regarded as a strength when conducting a SWOT analysis?

- A Consumers cannot easily access the market
- B Production of high-quality products
- C Many producers sell the same product
- D Low demand for a product (2)

- 1.1.4 The regulation that requires employers to ensure the work environment is safe and not risky to employees.
- A VAT
  - B Employment Equity
  - C PAYE
  - D Health and Safety (2)
- 1.1.5 ONE of the reasons why a partnership is formed is to \_\_\_\_\_.
- A increase social responsibility.
  - B combine skills.
  - C fix prices.
  - D reducing competition. (2)
- 1.1.6 During the oral presentation of a business plan, the following skill plays a vital role.
- A Shyness
  - B Quietness
  - C Passiveness
  - D Ability to convey ideas (2)
- 1.1.7 The main component of a cash flow statement.
- A Assets
  - B Net worth
  - C Income
  - D Liabilities (2)

- 1.1.8 The purpose of a business plan is to present \_\_\_\_\_.
- A the failure of the business.
  - B incorrect projections.
  - C where the business will be in future.
  - D a long document. (2)
- 1.1.9 Which of the following factors does not influence change in the business environment?
- A Taste and preferences of the consumer
  - B Changes in demand
  - C Changes in supply
  - D Time management (2)
- 1.1.10 When screening a business idea, \_\_\_\_\_ should be considered.
- A potential profit
  - B wealth creation
  - C loss of employment
  - D potential loss (2)

**Total Marks for Question 1.1**

**[20]**

1.2 Indicate whether the following statements are **TRUE or FALSE**.  
Choose the answer and write only 'true' or 'false'.

1.2.1 A trading business sells skills to customers.

---

(1)

1.2.2 The operational plan describes all essentials such as equipment, materials and structure of the business.

---

(1)

1.2.3 A viable business idea is a business that cannot be operated successfully by realising its objectives.

---

(1)

1.2.4 The external environment consists of factors that can harm the business and that entrepreneurs are unable to control.

---

(1)

1.2.5 Competitive edge refers to running away from the business.

---

(1)

1.2.6 Tone and tempo mean speaking loudly enough so that everyone can hear you.

---

(1)

1.2.7 Researching the market does not assist with identifying who will be your customers and competitors.

---

(1)

1.2.8 Prospective entrepreneurs present the business plan to look for funding.

---

(1)

1.2.9 Empowerment is a process of capacitating employees on the skills that business requires.

---

(1)

1.2.10 UIF is not one of the legal requirements to start and manage a business.

---

(1)

**Total Marks for Question 1.2**

**[10]**

1.3 Choose a description from COLUMN B that matches statements in COLUMN A. Write only the letter (A–I) under the question number (1.3.1 – 1.3.5) in the table below.

COLUMN A		COLUMN B	
1.3.1	Describes in detail the number of employees needed by the business.	<b>A</b>	Market size (1)
1.3.2	Money that is circulating within the community.	<b>B</b>	Economic reasons (1)
1.3.3	The number of potential buyers.	<b>C</b>	Interviews (1)
1.3.4	Difference between sales and cost of sales.	<b>D</b>	Wealth creation (1)
1.3.5	A reason for changing the business plan.	<b>E</b>	Staff structure (1)
		<b>F</b>	Gross Profit
		<b>G</b>	Mark-up price
		<b>H</b>	Fixed Costs
		<b>I</b>	Target market

Column A	1.3.1	1.3.2	1.3.3	1.3.4	1.3.5
Column B					

**Total Marks for Question 1.3**

**[5]**



- 1.4. Complete the following sentences by using the words given in the list below. Write only the word(s) next to the question number (1.4.1-1.4.5).

List of words to choose:

chances, partnership, questionnaire, calculated risks,  
brainstorming, sales, reporting, selecting, financial plan,  
environmental plan

- 1.4.1 \_\_\_\_\_ is an instrument consisting of a series of questions to gather information. (1)
- 1.4.2 Entrepreneurs are prepared to take \_\_\_\_\_ to make use of opportunities which may arise. (1)
- 1.4.3 \_\_\_\_\_ is the system that stores, collects, and analysis the information of a business. (1)
- 1.4.4 \_\_\_\_\_ are the number of goods sold in a given targeted time period. (1)
- 1.4.5 When \_\_\_\_\_ ideas, suggestions are made without judging their merit in the hope that something concrete will come out of it. (1)

**Total Marks for Question 1.4**

**[5]**

**Total Section A: 40 marks**  
**SECTION B is on the next page.**

**SECTION B****QUESTION 2**

Read the case study below and answer the questions below.

**SOLOMON FARMING BUSINESS**

Mr. Solomon Watson is a successful farm owner, who produces fresh fruits and vegetables. Key to his prosperity is hard work, being committed, taking risks, and being creative and innovative. He has the skill of answering questions when presenting his business plan and is not afraid of asking questions from knowledgeable industry advisors and producers. In addition to this, Solomon has been farming for many years and has built up significant experience in horticulture.

He noticed the high rate of youth unemployment in his area. Currently, he employs 25 permanent workers, and during the harvesting periods, an additional 60 unemployed youths are recruited. His dream is to empower local SMMEs and support them to become self-sufficient. He advertises his produce using newspapers and distributing pamphlets to local businesses and the community.

The business provides fresh fruits and vegetables to markets, wholesalers, hawkers, spaza shops and people from neighbouring villages. He expanded his business last year by buying land with the plan to open another farm. Despite his efforts and the growth potential of the business, he could not manage the business's finances. He insured his property against natural disasters and fire. His farm is secured with high walls razor wires at the top, surveillance cameras and a security company that patrols the area. A new competitor emerged in the area called Hendricks Farm.

*(Source: Own creation)*

2.1 What type of business is Solomon Farming Business? (1)

---

2.2 Provide FOUR personal qualities Solomon possesses that make him a successful entrepreneur. (4)

---

---

---

---

2.3 Discuss the presentation skills used by Solomon. (2)

---

---

2.4 Mention TWO target markets based on the case study. (2)

---

---

2.5 Identify the form of ownership of Solomon's business. (1)

---

2.6 Outline TWO methods used to advertise his business. (2)

---

---

---

2.7 Describe how the following screening techniques were used in the case study:

2.7.1 Job creation (2)

---

---



2.7.2 Empowerment (2)

---

---

2.8 Perform a SWOT analysis of Solomon’s business.

2.8.1 Identify a strength. (1)

---

---

2.8.2 Identify a weakness. (1)

---

---

2.8.3 Identify an opportunity. (1)

---

---

2.8.4 Identify a threat. (1)

---

---

2.9 Suggest TWO reasons why Solomon needed to protect his business. (2)

---

---



---

---

2.10 Recommend TWO ways Mr Solomon can manage the business risks faced (2) at his farm.

---

---

---

---

---



- 2.11 Calculate the missing amounts in the cash flow statement for March-May 2022. The opening balance on the 1st of March is R30 000. Write the correct answer in the spaces provided. (16)

<b>Cash coming to the business</b>	<b>MARCH</b>	<b>APRIL</b>	<b>MAY</b>
Balance at the beginning of the month	(2)	R22 000	R31 500
Cash coming into the business	R10 000	R25 000	(2)
<b>Total income</b>	(2)	(2)	R52 000
<b>Cash going out of the business</b>	<b>MARCH</b>	<b>APRIL</b>	<b>MAY</b>
Fixed costs	R10 000	(2)	R 10 000
Variable costs	R8 000	R5 500	(2)
<b>Total cash outflow</b>	R18 000	R15 500	R17 500
<b>Balance at the end of the month</b>	(2)	R31 500	(2)

(16)

Total Marks for Question 2

[40]

Total for Section B: 40 Marks

**SECTION C**

**QUESTION 3**

3.1 Differentiate between viable and non-viable business ideas. (2)

---

---

---

---

3.2 Discuss TWO problems encountered when drawing up a business plan. (2)

---

---

---

3.3 Explain ONE negative result of pricing the goods too high. (2)

---

---

---

---

3.4 Discuss TWO disadvantages of conducting a telephone survey. (4)

---

---

---





3.7 Suggest TWO ways a well-drawn financial plan can be of assistance to the success of the business. (4)

---

---

---

---

---

---

---

---

**Total Marks for Question 3**

**[20]**

**Total for Section C: 20 Marks**

**TOTAL MARKS: 100 MARKS**

**END OF THE EXAMINATION**



**For Office Use Only**

Section	Question	Maximum Mark	Learner's Mark	Moderated Mark
<b>A</b>	Question 1.1	20		
	Question 1.2	10		
	Question 1.3	5		
	Question 1.4	5		
	<b>Total: A</b>	<b>40</b>		
<b>B</b>	Question 2	40		
	<b>Total: B</b>	<b>40</b>		
<b>C</b>	Question 3	20		
	<b>Total: C</b>	<b>20</b>		

<b>Grand Total (A + B + C)</b>	<b>100</b>
<b>Learner's Total (A + B + C)</b>	
<b>Percentage</b>	
<b>Final Grading</b>	

Name and Surname of Marker

Name and Surname of Moderator

Date of Marking

Date of Moderation

Name and Surname of Umalusi  
Official

Date of Marking