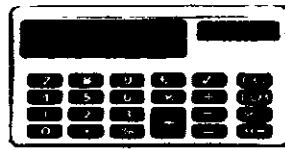


UNIVERSITY EXAMINATIONS



UNIVERSITEITSEKSAMENS

UNISA  university of south africa

**MNE2601**

( 482068)

May/June 2013

**INTRODUCTION TO ENTREPRENEURSHIP AND SMALL BUSINESS  
MANAGEMENT**

Duration 2 Hours

70 Marks

EXAMINERS ·

FIRST

SECOND

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Use of a non-programmable pocket calculator is permissible

Closed book examination

This examination question paper remains the property of the University of South Africa and may not be removed from the examination venue.

**This paper consists of 9 pages plus instructions for the completion of a mark reading sheet.**

Section A is a **compulsory** section, which you have to answer on the mark reading sheet. In Section B, you must answer Question 1 and then **either** Question 2 **or** Question 3.

**[TURN OVER]**

**SECTION A**

Answer the following 30 multiple-choice questions on the mark-reading sheet. The questions are worth one (1) mark each. The total for this section is, therefore, 30 marks. Make sure that the following information appears on the mark-reading sheet

- your **student number**
- the module code (**MNE2601**)
- the **unique number of the paper**

- 1 Buying an existing business can be an option for an aspiring entrepreneur. What is one of the disadvantages of buying an existing business?
  - 1 experienced employees
  - 2 poor reputation
  - 3 established suppliers
  - 4 inventory is in place
  
- 2 Physical resources that may be required in establishing a new business venture include ...
  - 1 labour
  - 2 fixed assets
  - 3 information
  - 4 skills
  
3. The description of any patents, trade secrets or other features is recorded in the ... section of the business plan
  - 1 operations
  - 2 financial
  - 3 products and/or services
  - 4 marketing
  
- 4 One of the requirements of the preparation stage of the creative process is
  - 1 intuitive ability
  - 2 critical attitude
  - 3 imagination
  - 4 curiosity

**[TURN OVER]**

- 5 If one owner leaves the business, the whole business is dissolved and a new agreement has to be concluded. This is true for a ..
- 1 company
  - 2 close corporation
  - 3 partnership
  - 4 sole proprietorship
- 6 Value added tax is .
- 1 an annual tax on the income of an individual
  - 2 a tax on dividends from foreign registered companies and CCs
  - 3 an annual tax on the income of companies
  - 4 a tax levied on goods or services at particular points
- 7 In certain circumstances, it might be a strategy to bear risk or to accept it as part of the business. This is known as risk .
- 1 reduction
  - 2 retention
  - 3 transfer
  - 4 avoidance
8. The raising of funds by the sale or assignment of book debts to a third person is known as .
- 1 acceptance credit
  - 2 factoring
  - 3 leasing
  - 4 bank credit
9. All of the following are functions of a business network in the growth of a business venture EXCEPT:
- 1 financial support
  - 2 emotional support
  - 3 practical assistance
  - 4 opportunity identification
10. Which one of the following subsystems exist in a family business system?
- 1 parents
  - 2 owners
  - 3 managers
  - 4 favouritism

[TURN OVER]

11. Entrepreneurs need to possess various managerial success factors in order to be successful. These managerial success factors include ...
- 1 risk orientation, leadership, client service
  - 2 commitment, knowledge, passion
  - 3 planning, client service, financial insight
  - 4 perseverance, passion, positive attitude
12. After inheriting his grandfather's jewellery business, Ben transfers the business to his sister's son. This is an example of a ... business.
- 1 partnership
  - 2 family
  - 3 small
  - 4 private
13. Which one of the following is an entrepreneurial success factor?
- 1 planning
  - 2 knowledge
  - 3 quality
  - 4 perseverance
14. There are many reasons or push factors which may force South Africans to become entrepreneurs. Which option below represents such push factors?
- 1 unemployment and job insecurity
  - 2 retrenchment and achievement
  - 3 recognition and independence
  - 4 None of the above.
15. The name or logo in association with which an article is marketed, or a service rendered, can be registered as a .
- 1 patent
  - 2 trademark
  - 3 license
  - 4 copyright

**[TURN OVER]**

16. Which of the following is an example of a social environmental barrier to creativity?
- 1 finance
  - 2 economy
  - 3 culture
  - 4 support
17. The attractiveness of a market is, among other factors, determined by market ...
- 1 issues
  - 2 share
  - 3 criteria
  - 4 economy
18. The time period available for creating new ventures is called the window of ...
- 1 greatness
  - 2 ideas
  - 3 entrepreneurship
  - 4 opportunity
19. All creations or products of the human mind that can be used for commercial gain are referred to as .
- 1 intellectual property
  - 2 financial resources
  - 3 intellectual rights
  - 4 human resources
20. Katlego has just started a new business as a Bed and Breakfast business owner. As the owner of a new business that will employ people, Katlego must register as an employer with the Department of Labour in order to contribute to. .
- 1 Value Added Tax
  - 2 SITE
  - 3 Pay As You Earn
  - 4 Unemployment Insurance Fund

**[TURN OVER]**

21. Which of the following statements regarding the legal forms of business is FALSE?
- 1 The owner of a sole proprietorship is personally liable for all debts and liabilities of the business.
  - 2 A private company does not restrict the transfer of its shares and number of shareholders
  - 3 If one owner leaves a partnership, the partnership is dissolved and a new partnership agreement is drawn up
  - 4 A private company is a legal entity separate from its shareholders.
22. Raising finance for a new and growing business venture is a time consuming and costly process. Back-end costs that a new business owner can incur during start-up include ... fees
- 1 legal, brokerage, listing
  - 2 advertising, travel, listing
  - 3 lost time, travel, legal
  - 4 auditor, brochures, prospectus
23. A number of risks in the micro-environment can befall any business venture. An example of property risk is ..
- 1 product liability
  - 2 competition
  - 3 shoplifting
  - 4 bad debts
24. A new and innovative way that is designed to nurture start-up and early stage enterprises in a managed workspace is known as business ..
- 1 incubation
  - 2 mentoring
  - 3 support
  - 4 enabling
25. Franchising can be considered as one of the ways of starting a new business venture. An advantage associated with franchising is ..
- 1 rapid expansion
  - 2 restrictions
  - 3 ongoing assistance
  - 4 increased costs

[TURN OVER]

26. Non-quantitative measures can be used when valuing a business. These measures include ...
- 1 earnings
  - 2 employee contracts
  - 3 assets
  - 4 market-based measures
27. The challenges faced by SMMEs in South Africa include access to ...
- 1 resources, markets and technology
  - 2 jobs, banks and resources
  - 3 property, expansion and finance
  - 4 transport, markets and location
28. Building strong relationships with service providers, especially lenders such as banks, is a characteristic that is attributed to .. entrepreneurs.
- 1 social
  - 2 male
  - 3 youth
  - 4 female
29. Identify the correct sequence of steps in the creative problem solving process.
- a) Define problem
  - b) Generate ideas
  - c) Identify problem
  - d) Idea fusion
  - e) Idea judgement
- 1 a, b, d, e, c
  - 2 c, b, d, e, a
  - 3 c, a, b, d, e
  - 4 d, a, b, c, e
30. An overdraft facility is a very common method of . finance.
- 1 medium-term
  - 2 short-term
  - 3 informal
  - 4 long-term

[TURN OVER]

**SECTION B**

Answer **two (2)** questions from Section B. **Question 1 is compulsory**. Choose and answer **either questions 2 or 3**. Please write the number of the questions that you have answered on the cover of your answer book.

**QUESTION 1 (Compulsory)**

Read the case study below and answer the questions that follow.

Peter and Brian, two college friends, met for lunch at a restaurant one day and started talking about service delivery and being a business owner. They discovered that they share the same dream, namely to be their own boss. They realised that they also shared a common interest in car repairs and decided to meet again to discuss the possibility of going into business. A short while later they started their business in Brian's garage, which they transformed into a workshop. They had a few breaks that helped them get where they are today in the form of people who were prepared to get involved and walk the extra mile to assist them. They have come a long way and, currently have five people working for them. They have now reached a crossroads, namely to either expand or to stay small. Peter thinks it is a good idea to expand and that they need more space for the business. An estate agent alerted them to an existing car repair business that is up for sale and they have to decide. Should they buy this existing business or not?

**QUESTION 1**

- 1.1. You have been appointed as Peter and Brian's business consultant. Explain to them any **four** sources of short-term finance that are available to them should they decide to buy this existing car repair business. (8)
  - 1.2. Explain any **six** advantages and **six** disadvantages that Peter and Brian should consider when purchasing this business (12)
- [20]**

**[TURN OVER]**



**Answer any ONE of the following two questions (EITHER Question 2 OR Question 3).**

**QUESTION 2**

- 2.1. The entrepreneur, especially in a rapidly changing society such as South Africa, can find opportunities in numerous places. Explain the **five** sources an entrepreneur can use to generate ideas. (5)
- 2.2. Distinguish between the entrepreneurial and managerial success factors of entrepreneurs. (15)
- [20]**

**OR**

**QUESTION 3**

- 3.1. Differentiate between male and female entrepreneurs in South Africa. (10)
- 3.2. As a business consultant, Tebogo approaches you and asks you to assist him with preparing a business plan. Explain to Tebogo what a business plan is and highlight what such a plan includes. (10)
- [20]**

**TOTAL [70]**

**PART 1 (GENERAL/ALGEMEEN) DEEL 1**

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INITIALS AND SURNAME  
 VOORLETTERS EN VAN

3

DATE OF EXAMINATION  
 DATUM VAN EKSAMEN

4

EXAMINATION CENTRE (E.G. PRETORIA)  
 EKSAMENSENTRUM (BY PRETORIA)

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For use by examination invigilator  
 Vir gebruik deur eksamenopsiener

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**IMPORTANT**

- 1 USE ONLY AN HB PENCIL TO COMPLETE THIS SHEET
- 2 MARK LIKE THIS ➡
- 3 CHECK THAT YOUR INITIALS AND SURNAME HAS BEEN FILLED IN CORRECTLY
- 4 ENTER YOUR STUDENT NUMBER FROM LEFT TO RIGHT
- 5 CHECK THAT YOUR STUDENT NUMBER HAS BEEN FILLED IN CORRECTLY
- 6 CHECK THAT THE UNIQUE NUMBER HAS BEEN FILLED IN CORRECTLY
- 7 CHECK THAT ONLY ONE ANSWER PER QUESTION HAS BEEN MARKED
- 8 DO NOT FOLD

**BELANGRIK**

- 1 GEBUIK SLEGS N HB-POTLOOD OM HIERDIE BLAD TE VOLTOOI
- 2 MERK AS VOLG ➡
- 3 KONTROLEER DAT U VOORLETTERS EN VAN REG INGEVUL IS
- 4 VUL U STUDENTENOMMER VAN LINKS NA REGS IN
- 5 KONTROLEER DAT U DIE KORREKTE STUDENTENOMMER VERSTREK HET
- 6 KONTROLEER DAT DIE UNIEKE NOMMER REG INGEVUL IS
- 7 MAAK SEKER DAT NET EEN ALTERNATIEF PER VRAAG GEMERK IS
- 8 MOENIE VOU NIE

**PART 2 (ANSWERS/ANTWOORDE) DEEL 2**

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**Specimen only**