

Student Number:       -

**Module 7 - FORMATIVE ASSESSMENT**

Learner Full Names:

Surname:

**Only fill in your answers in the provided columns to the right hand side of the page.**

**Question 1: Find the descriptions that are related to the business formats (a to j):**

- a. partnership
- b. sole proprietorship
- c. silent partnership
- d. *en commandite* partnership
- e. public company
- f. public liability company
- g. private company
- h. close corporation
- i. franchise
- j. non-profit company

Nr:	Statement:	Nr:	Your Answers
1.1	Afforded protection against third parties from personal liability for the partnership debts.	1.1	
1.2	A company gives an independent party the right to sell and market the company's products and services according to predetermined guidelines and regulations.	1.2	
1.3	The assets belong to the owner and he is personally liable for all debts and claims against the enterprise.	1.3	
1.4	They can offer shares to the public and must have at least three directors.	1.4	
1.5	Separate legal entity that is liable for it's own debts/liabilities with between 1 and 10 members.	1.5	
1.6	Not governed by statute but may be formed between at least two persons. May include more than 20 people.	1.6	
1.7	A partner limits its liability to its co-partners for the losses of the partnership to an agreed amount.	1.7	
1.8	Business form that provides in its memorandum of association that the directors together with the company are jointly and severally liable for all debts and liabilities of the company incurred during their term of office.	1.8	
1.9	Transferability of its shares is restricted, but it may have more than 50 shareholders.	1.9	
1.10	Must use all assets and income for their stated objectives and there is a special set of fundamental rules in the Companies Act which applies to this form of ownership.	1.10	
	Total question 1		/10

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<b>Question 2: Choose the <i>CORRECT</i> answer by selecting a or b.</b>			
<b>Nr:</b>	<b>Statement or question:</b>	<b>Nr:</b>	<b>Your Answers</b>
2.1	The board of directors are part of the _____ environment of a small business. a) socio-cultural b) micro	2.1	
2.2	The capital of a business is part of the _____ environment of a small business. a) economic b) micro	2.2	
2.3	The high unemployment levels in South Africa create pressure on the _____ environments of the SA business world. a) task and socio-cultural or b) micro an macro	2.3	
2.4	Consumer purchasing behaviour is strongly influenced by variables in the _____ environments. a) micro, market and macro or b) market and macro	2.4	
2.5	Economic factors are part of the _____ environment. a) macro or b) market	2.5	
Total question 2			/5

**Question 3: Choose one environment from the list (a-j) below, that is the closest related to each of the statements/word groups (3.1 to 3.10) that follow.**

- a. Micro environment.
- b. Macro environment.
- c. Task / market environment.
- d. Economic environment.
- e. Social environment.
- f. Political environment
- g. Physical environment
- h. Technological environment
- i. International environment
- j. Legal/statutory environment

<b>Nr:</b>	<b>Statements/word groups:</b>	<b>Nr:</b>	<b>Your Answers:</b>
3.1	Environment that cannot be controlled by the business but may be influenced to have an effect on the growth of a business.	3.1	
3.2	Geographical location.	3.2	
3.3	General functions and production factors of the business.	3.3	
3.4	Problems with the supply of electricity.	3.4	
3.5	Wide range of variables or forces outside the business that have an influence on the growth and continued existence of a business.	3.5	
3.6	Influences the customer's disposable income.	3.6	
3.7	Municipal health requirements.	3.7	
3.8	Importing technology from Germany.	3.8	
3.9	The government's budget for a specific year.	3.9	
3.10	All aspects which give rise to new or improved products and services.	3.10	
Total question 3			/10

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**Question 4: Fill in the missing words from the list below (some words can be used more than once):**

a. Skill  
b. Aptitude  
c. Expertise  
d. Talents

Nr:	Statement or question:	Nr	Your Answers
4.1	____ normally refers to manual work that can be learned.	4.1	
4.2	A person is born with certain ____ and ____ like artistic thinking.	4.2	
4.3	Knowledge of book retailing and the need for reliable suppliers is an example of ____	4.3	
4.4	Knowledge of antiques is an example of ____ that could enable a person to start his own unique business.	4.4	
Total: question 4			/5

**Question 5: Read each statement carefully then state True or False in the space provided.**

Nr:	Statement or question:	Nr:	T / F
5.1	Successful entrepreneurs will not take a risk when the chance of success is not their hands.	5.1	
5.2	Creativity refers to the use of creative abilities to create something concrete.	5.2	
5.3	Successful entrepreneurs never feel dispirited when events are not favourable, they are able to identify opportunities even in adverse and difficult situations.	5.3	
5.4	Entrepreneurs usually try to reduce risk by finding investors to provide finance and persuading suppliers to accept special terms of payments.	5.4	
5.5	Not all successful entrepreneurs need management skills.	5.5	
5.6	Entrepreneurs can be successful despite doing planning very informally.	5.6	
5.7	Knowledge of their competitors forms part of entrepreneurs' marketing function.	5.7	
5.8	Being personally presentable and having attractive premises with a neatly ordered shop, are all part of good customer service.	5.8	
5.9	Drawing up a business plan enables the entrepreneur to solve problems early on and eliminate mistakes.	5.9	
5.10	Successful entrepreneurs are product oriented and ensure that their product-service idea is cleverly advertised	5.10	
Total question 5			/10

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**Question 6:** Choose *type of budget* from the list below, that **best** matches each definition or statement that follows. **Write down the corresponding letter (a/b/c etc.) in the answer column:**

- a. Master budget
- b. Sales budget
- c. Purchases budget
- d. Production budget
- e. Labour budget

Nr:	Definition or Statement		Your Answers
6.1	It has an influence on many other budgets.	6.1	
6.2	If a small business does not produce goods but buys and sells, it must draw up this budget.	6.2	
6.3	Without this budget you may find that you do not have enough staff to complete your required production.	6.3	
6.4	Compiled from a number of different budgets.	6.4	
6.5	This budget helps you to ensure that the correct amount of stock is carried in your business.	6.5	
Total question 6			/5

**Question 7:** Choose the **CORRECT** answer by selecting a or b.

Nr:	Statement or question:		Your Answers
7.1	_____ is about promoting the same product to all your potential customers. a) Local marketing or b) Mass marketing		
7.2	"Luxury car buyers" is an example of a _____ market. a) niche or b) segment		
7.3	_____ segmentation consists of dividing the market into groups on variables such as religion and education. a) Demographic or b) Psychographic		
7.4	When a firm decides to target several market segments and design separate offers for each, it is engaging in _____ marketing. a) concentrated or b) differentiated		
7.5	With a multi-segment approach, the small business chooses several groups in a segment which it thinks will be profitable and then design _____. a) a separate marketing mix for each group b) a marketing mix for the segment		
Total question 7			/5
<b>TOTAL FORMATIVE 7</b>			<b>/50</b>

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