



ECONOMIC AND MANAGEMENT SCIENCE

GRADE 8

EXAMINATION JUNE 2013

MARKS:	250
TIME:	2 HOURS
EXAMINER:	MRS P WALKER
MODERATOR:	MRS C EDY

INSTRUCTIONS: This paper consists of 11 questions and 11 pages.

- 1. Answer ALL questions in the answer book provided.**
- 2. The use of calculators is permitted.**
- 3. Write neatly in blue or black pen.**

Question 1: Multiple choice: 15 MARKS

Each of the statements below has only one correct answer. Choose the correct answer from the options given. Record the letter of the correct answer in the block below the question number in the answer book provided.

1. Someone who starts their own business is called an:
 - A. Employee
 - B. Entrepreneur
 - C. Manager
 - D. Advocate

2. Which of the following cannot be part of the informal sector?
 - A. Sole trader
 - B. Partnership
 - C. Close Corporation
 - D. All of the above

3. Which of the following items will not appear on an Income Statement?
 - A. Sales
 - B. Net profit
 - C. Net worth
 - D. Gross profit

4. Overheads include items such as:
 - A. Trading stock
 - B. Raw materials
 - C. Direct labour
 - D. Rent

5. A dividend is earned by:
 - A. Investing money in a fixed deposit
 - B. Renting out a property
 - C. Owning shares in a company
 - D. Selling goods for a profit

6. CCMA stands for:
 - A. Commission for Consumerism, Marketing and Advertising
 - B. Chamber of Currencies, Money and Ammunition
 - C. Council for Co-operation, Management and Arbitration
 - D. Commission for Conciliation, Mediation and Arbitration

7. GDP is:
- A. The total value of goods and services produced within a country in one year
 - B. The total value of goods and services sold locally in one year
 - C. The total value of goods exported in one year
 - D. The total value of government spending in one year
8. The loss of an item when choosing an alternative is:
- A. Option cost
 - B. Organisation cost
 - C. Opportunity cost
 - D. Original cost
9. Money paid to an individual for the loan of their money is:
- A. Profit
 - B. Interest
 - C. Tax
 - D. Service fee
10. Which of the following is not a franchise?
- A. Wimpy
 - B. Steers
 - C. Jo's corner shop
 - D. MacDonalds
11. Which of the following investments has the highest risk:
- A. Notice deposit at the bank
 - B. Fixed deposit at the bank
 - C. Shares
 - D. Unit trusts
12. Which of the following source documents is used to draw up a cash payments journal?
- A. Receipts
 - B. Cheque Counterfoils
 - C. Bank statements
 - D. B and C
13. Organisations that negotiate on behalf of workers are called:
- A. Trade Unions
 - B. Worker Unions
 - C. Negotiating Unions
 - D. Bargaining Unions

14. The value of one currency in relation to another currency is called the

- A. Repo rate
- B. Interest rate
- C. Exchange rate
- D. Currency rate

15. Which of the following is regarded as money?

- A. Cheques
- B. Credit cards
- C. E-bucks
- D. All of the above

QUESTION 2: Missing Words: (15 marks)

In the paragraphs below some words are missing. Choose the missing words from the word box. You need only write the letter and corresponding word/s. DO NOT RE-WRITE THE PARAGRAPHS.

The plan that is drawn up that shows how the government will spend money is called our ___(A)_____. (2 words)

The government earns money by charging different ___(B)_____.

Company tax is paid by a business and is according to how much ___(C)_____ the business made.

___(D)_____ tax is paid by individuals who earn salaries, wages, rent and interest.

The government also charges ___(E)_____ on goods from outside South Africa and ___(F)_____ on most goods and services.

The government spends money on things like ___(G)_____ and ___(H)_____.

There are 3 main economic systems in the world. These are the ___(i)_____ (2 words) system, the ___(J)_____ (2 words) system and the ___(K)_____ economic system.

The system in which the government has very little interference in the economy is also called ___(L)_____. In this system, factors of production are owned by ___(M)_____.

The other system, in which the government controls the economy, is also called ___(N)_____. In this system, the factors of production are owned by ___(O)_____.

Private businesses	Mixed	Unions	Housing	Communism
National Budget	Education	VAT	Taxes	Capitalism
Customs duties	The State	Free market	Sales	Income
Profit	Centrally Planned	Entrepreneurship	Developed	Developing
Formal	Informal	The Workers	Franchises	Excise Duties

QUESTION 3: Matching columns: (10 Marks)

In column A are words and in column B are the meanings. The order is mixed up. Write down the letter from column A and next to it the number of the most appropriate meaning from column B. For example, if you think the best meaning for word A is number 7, write **A 7** in your answer book. Use the table provided in your answer book to record your answer.

COLUMN A		COLUMN B	
A	Calculated Risk	1	The speed at which your money grows
B	Autocratic Leader	2	Done with the awareness of likely consequences
C	Rate of return	3	Buys and sells goods
D	Security	4	Selling price less cost price
E	Eco-tourism	5	Money owed by the business to third parties
F	Retailer	6	An event that occurs within a business
G	Gross profit	7	A manager that makes all the decisions
H	Asset	8	Something of value offered as assurance that debts will be repaid
I	Liability	9	A possession that adds value to a business
J	Transaction	10	Focuses on nature and wildlife

QUESTION 4 : True or False: (10 marks)

Indicate whether the following statements are TRUE or FALSE. You must record the number of the statement and TRUE or FALSE next to the number. E.g. 15 FALSE. Use the table in your answer book to record your answer.

1. The four factors of production are: money, land, water and labour.
2. One of the roles of government is to enforce laws
3. Membership to a trade union is voluntary.
4. A country is said to have had economic growth when it has improved in some way.
5. A worker can belong to more than one trade union.
6. VAT is charged on all goods and services
7. Jill Marcus is the minister of finance.
8. A company is allowed to pay women less to perform the same jobs as men.
9. An overdraft is a lump sum of money borrowed over a long period of time.
10. Wages are often paid in cash at the end of a week.

QUESTION 5: Accounting concepts: (10 marks)

Complete the table below in your answer book. The first one has been done for you.

		NON CURRENT ASSET	CURRENT ASSET	NON CURRENT LIABILITY	CURRENT LIABILITY	OWNERS EQUITY	INCOME	EXPENSE
1	Equipment	X						
2	Trading stock							
3	Water and electricity							
4	Petrol							
5	Creditors							
6	Petty cash							
7	Bank							
8	Capital							
9	Wages							
10	Interest on savings account							
11	Mortgage bond							

QUESTION 6: Financial Feasibility: (27 marks)

(A) Jenny is starting a new scarf making business. She has worked out that it will cost her R7 to make each scarf. She knows she can sell the scarves for R20 each. She has determined that she can sell 10 scarves a week. She spends R15 a week on advertising and R20 a week on hiring a table at the flea market. Calculate the following:

- a. Margin (2)
 - b. Volume (for one month) (2)
 - c. Overhead Expenses (for one month) (4)
 - d. Profit (for one month) (4)
- (12)**

(B) Design an advertisement for Jenny’s scarf business. (15 marks)

Your advertisement should be half of an A4 piece of paper.

Your advertisement will be assessed according to the following rubric:

	5	4	3	2	1
Design	Extremely attractive, eye catching, very neatly written	Attractive and eye catching, neatly written	Fairly attractive, Quite neat	Some attempt to make it attractive, not very neat	No effort shown to make it attractive. Untidy
Product information	All product information included	Most product information included	Some product information included	Minimal product information included	No product information included
Vendor details included	All vendor information included	Most vendor information included	Some vendor information included	Minimal vendor information included	No vendor information included

QUESTION 7: Net worth Statement: (30 marks)

SANDI'S SWEETS

Sandi started a sweet shop, selling sweets at the taxi rank. He invested R5 000 of his own money in the business.

He also borrowed R2 000 from his aunty. His aunty says he has 5 years to pay the money back.

Sandi bought the following items for the business:

Stove	2 000
Pots and pans	1 200
Cupboards	1 400
Till	400
Petty cash box	150

He keeps R200 in the till as a cash float and R100 in the petty cash box.

He currently has stock of sweets in his shop worth R2 100.

At the end of the month, debtors owe him R300, he owes his creditors R200 (and his aunty R2 000) and he has R750 in the bank.

So far he has made a profit of R1 400.

He has not made any drawings from the business.

You are required to use the answer sheet provided to:

1. Calculate the owner's equity (3 marks)
2. Draw up the net worth statement (15 marks)
3. Answer the questions that follow (12 marks)
 - a) Is Sandi's sweet shop part of the formal or informal sector? (1 mark)
 - b) Give a reason for your answer to (a) (1 mark)
 - c) List 3 characteristics of businesses in this sector. (3 marks)
 - d) Calculate Sandi's rate of return (3 marks)
 - e) What would Sandi compare this return to when deciding whether it was worth staying in business? (2 marks)
 - f) Why would he make this comparison? (2 marks)

QUESTION 8: Short questions : (60 marks)

- A. List 4 characteristics of money. Briefly explain each characteristic. (8)
- B. Explain what is meant by cost push inflation. (2)
- C. Explain what is meant by demand pull inflation (3)
- D. Explain how large scale unemployment and poverty can impact on economic growth and development. (6)
- E. Discuss how technology has impacted small businesses. Give some examples of the positive impact of technology and identify the greatest negative impact of technology. (5)
- F. Explain two problems with a bartering system. (4)
- G. List 3 factors you would consider when determining whether you had a good business idea. (3)
- H. List 3 factors that you would consider when assessing the feasibility of a business idea. (3)
- I. Businesses can have various forms of ownership. Complete the table below in the answer book provided. (10)

	SOLE PROPRIETOR	PARTNERSHIP	CLOSE CORPORATION
Maximum number of members			
Business name ends with			
Advantage			
Disadvantage			

- J. A marketing strategy includes 4 aspects. Identify these 4 aspects and briefly explain each one. (8)
- K. One of the main functions of a trade union is to represent its members in negotiations with employers. Why is it beneficial for an employee to belong to a trade union? (2)
- L. Workers are entitled to certain rights. Identify and briefly explain any 3 such rights. (6)

QUESTION 9 CASE STUDY: (20 Marks)

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

At a recent management meeting of Blushing Beauties, a cosmetics company, the management team were discussing the goals of the business for the next year.

The sales director, Sally, started the meeting by stating that the goal for the upcoming year was to increase sales by 20% and profits by 24%. She immediately turned to Siwe, the marketing manager, and asked her for some ideas about how to increase sales. Siwe excitedly told everyone that she believed they would be able to launch a new lip gloss product and that she also believed that they could expand their market share by starting an on-line business alongside their existing business.

The purchasing manager said that he believed that if they placed larger orders with their suppliers, they would get a trade discount, which would help to increase the profits. The production manager, Joe, raised his hand and commented " I hate to spoil the fun, but we know that the unions are pushing for a 12% wage increase this year and the cost of running our machinery has gone up too because of fuel price increases. I'm excited about the new product, but I am not convinced that we will be able to increase our profits by as much as we would hope." The finance manager replied and said, "Joe, speak to your floor managers, see if they can convince the guys on the floor, from the forklift drivers to the cleaners, to settle for less. It's their jobs on the line too. In the meantime, I'll go do some calculations and see what the budget looks like."

1. Identify 4 business functions. (4)
2. Briefly describe the manager's role for each of the 4 functions identified. (4)
3. There are three levels of management in a business. List these 3 levels and give an example of each one from the case study. (6)
4. There are three skill levels associated with labour. Name these 3 levels and give an example from the case study for each level. (6)

QUESTION 10: SOURCE DOCUMENTS: (13 marks)

Use the information below to complete the source documents in your answer book.

Jamie Jones started a business called " Jamie's Jams" on the 1st March 2012. On that day she received a cheque from her father, David Jones for R5 000. Her granny, Nora Jones also gave her R1 000 cash. She deposited both of these into her bank account on the 1st.

On the 7th of March 2012, Jamie bought a mixer from Makro for R800. She paid Makro by cheque. She crossed the cheque to make sure that it could only be deposited into Makro's bank account.

QUESTION 11 CPJ and CRJ (40 MARKS)

Use the transactions listed below to draw up the CPJ and CRJ of Bubbles Car Wash for March 2013. You must total your journals. Use the CPJ and CRJ provided in your answer book

March 2013

Date

1. Received R30 000 from the owner, Bob Bubble, as capital. Issued receipt 001.
7. Received R6 000 for services rendered per cash register tape 001-004
Paid wages in cash R2 000. Used cheque 001.
9. Bought shampoo and polish from Makro for R550. Paid by cheque.
10. Went to Waltons and bought paper and ink R300 and a fax machine for R900. Paid by cheque.
12. Deposited fee income of R2 200 per Cash register tape 005-008
13. Paid the municipality for water and electricity R800. Paid by cheque.
14. Cashed a cheque for R3 000. Paid wages of R2 000 and owner took R1 000 for personal use.
18. Banked fee income of R1 600 per cash register tape 009-012
24. Received commission income from Sweet Air of R600 for selling car air fresheners. Issued a receipt.
30. Paid rent R4 000 to L.Otto
Bank charges R60 per bank statement from Top Bank.