

HILLCREST HIGH SCHOOL



ECONOMIC AND MANAGEMENT SCIENCES EXAMINATION

GRADE 9
TIME: 2 HOURS

JUNE 2013
MARKS:200

EXAMINER: MRS D KENNY

MODERATOR: MRS C EDY

Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	TOTAL
20	10	20	15	35	45	40	15	200

Instructions to candidates:

- 1) Ensure your name; class and teacher's name are on the answer booklet.
- 2) Work neatly. You may lose marks if work is illegible.
- 3) Answer all the questions.
- 4) Answer only on the answer booklet.
- 5) The use of calculators is permitted.
- 6) Do NOT use tippex. If you make a mistake, cross out neatly and rewrite the correct answer.
- 7) Use only blue or black ink or an HB pencil.

QUESTION 1**MULTIPLE CHOICE****[20 MARKS]**

Write the letter next to the most correct answer (A-D) onto your answer sheet next to the question number. E.g 1.12 D

- 1.1 Which of the following is an expense of the business?
- A Stationery
 - B Drawings
 - C Trading stock
 - D Petty cash
- 1.2 Which of the following accounts is **not** found in the Balance Sheet section of the General Ledger?
- A Capital
 - B Assets
 - C Incomes
 - D Liabilities
- 1.3 Which of the following transactions is **not** entered in the Cash Payments Journal?
- A Drew cash to pay weekly wages, R 680.
 - B Purchased merchandise for R 2000 from Makro.
 - C The owner took R 4 000 for his personal use.
 - D Received loan from XY Bank, R 25 000.
- 1.4 Which of the following would be classified as a service business?
- A a bakery
 - B a school tuck shop
 - C a plant nursery
 - D a bank
- 1.5 The accounting equation is
- A $\text{assets} = \text{owner's equity} - \text{liabilities}$
 - B $\text{owner's equity} = \text{fixed assets} + \text{liabilities}$
 - C $\text{liabilities} + \text{owner's equity} = \text{assets}$
 - D $\text{liabilities} - \text{current assets} = \text{owner's equity}$

- 1.6 Which of the following is **not** a tangible (fixed) asset?
- A Equipment
 - B Land and buildings
 - C Vehicles
 - D Bank
- 1.7 Which of the following is **not** expenditure usually provided for in the national Budget?
- A Education
 - B Electricity
 - C Health
 - D Safety and security
- 1.8 Which source document is **not** used to record the transactions in the cash journals of a business ?
- A Bank statement
 - B Duplicate invoice
 - C Duplicate receipt
 - D Cheque counterfoil
- 1.9 Debts of a business are known as
- A Capital
 - B Income
 - C Assets
 - D Liabilities
- 1.10 Who is the Minister of Finance in South Africa ?
- A Tito Mboweni
 - B Gill Marcus
 - C Pravin Gordhan
 - D Trevor Manuel

QUESTION 2**MATCHING DEFINITIONS****[10 MARKS]**

Use the information below to match the correct terms in List B with the correct definitions in List A. Write only the letter from List B next to the number from List A. e.g. 2.1 q

No.	List A	List B
2.1	Payment for items with no lasting value	(a) Assets
2.2	Amounts withdrawn by the owner	(b) Debtor
2.3	Cash or other assets provided in order to start the business.	(c) Business Entity Rule
2.4	The amounts owed to the business by a person or other business.	(d) Investments
2.5	Keep the business affairs and personal affairs separate	(e) Expenses
		(f) Creditor
		(g) Capital
		(h) Double entry Principle
		(i) Drawings

QUESTION 3**CROSSWORD****[20 MARKS]**

Complete the crossword puzzle using the following clues:

Down:

- 1) Examples of a fixed/ long term asset.
- 2) Checks that the debits and credits are correct. (5-7)
- 3) All income comes through this journal.
- 4) Always equals credit

Across:

- 1) Issued whenever money is received
- 2) An example of a long term liability.
- 3) What banks encourage people to do with extra cash
- 4) The aim of the business
- 5) A financial plan to ensure expenses do not exceed incomes.
- 6) Money used by the owner to start the business.

QUESTION 4**SUPPLY AND DEMAND****[15 MARKS]**

The following exhibitors have decided to create a “Local is Lekker” basket that will be sold at the Hostex Show (South Africa’s International Hospitality and Catering Exhibition)

- Nestle (a variety of chocolates, Milo drinks and water)
- Unilever Foods (biltong and Robertson’s spices)
- Bokomo (Ouma Rusks, Tuc and Salticrax biscuits)
- Bayer (Zambuk)
- KWV (wine and brandy)
- Safari (dried fruit and chutney)

A team of market researchers have conducted a survey to determine the price that they will charge for a “Local is Lekker” basket. The results are presented in the table below.

PRICE	DEMAND	SUPPLY
R 300	14 000	8 000
R 350	13 000	9 000
R400	12 000	10 000
R450	11 000	11 000
R500	10 000	12 000
R550	9 000	13 000
R600	8 000	14 000

- 4.1 Use the information from the table to draw the demand curve and supply curve for the “Local is Lekker” baskets. Provide all the necessary labels. (8)
- 4.2 According to your graph, what is the market equilibrium price? (1)
- 4.3 How much money would you make if you sold all the baskets demanded at the market equilibrium price? (3)
- 4.4 Is there a surplus or deficit in demand at a price of R350? Briefly explain how you came to this answer. (3)

QUESTION 5**BUDGETING****[35 MARKS]**

- 5.1 Define a budget and explain why we do a personal budget.. (4)
- 5.2 Doughnuts & Delivery is owned by Dylan. He makes tasty doughnuts on a small scale according to orders and then delivers to his customers, which are mostly small coffee shops or school tuck-shops. All the customers pay C.O.D. The following information, provided by doughnuts and delivery, is taken from the books for the month of May 2013.

	Payments	Receipts
Received on delivery from customers		8 700
Ingredients	1 900	
Fuel	800	
Advertising	300	
Telephone	850	
Insurance	450	
Vehicle Repayments	2 100	
Water & electricity	150	
DSTV	370	

- 5.2.1 Dylan wants to know if his business has made a cash surplus for May 2013. Calculate this figure. (show workings) (4)
- 5.2.2.1 What is his total payment for his vehicle and fuel? (3)
- 5.2.2.2 What percentage of his total payments does this represent? (3)
- 5.2.2.3 Do you think this expense is justified? (2)
- 5.3 What do we call it when the payments exceed the receipts? (1)
- 5.4 What does C.O.D mean? Explain (3)
- 5.5 List TWO fixed costs of Dylan's business. (2)
- 5.6 What is the National Budget? Explain (3)
- 5.7 Who announces the National Budget and when is it announced? (2)
- 5.8 Individuals and businesses in South Africa pay taxes. To whom do they pay taxes and why? (3)
- 5.9 List 5 ways in which the Government collects revenues or taxes. (5)

QUESTION 6**CASH JOURNALS****[45 MARKS]**

Use the following transactions to complete the Cash Receipts and Cash Payments Journal for Salon Sindi for March 2013.

March 2013

- 01 The owner, Sindi Dube put R35 000 into the business bank account as capital. Receipt R01 was issued.
She paid R4 500 to Maxprop for rent of the premises and paid with cheque no. 201
- 02 Received a loan for R15 000 from KZN Bank.
- 06 She purchased equipment from Trade Centre for R15 250 and paid by cheque.
- 08 Purchased receipt books from CNA for R250 and paid by cheque .
She purchased shampoo, conditioner and other consumable stores from Tresemme for R5 200 and paid by cheque.
- 09 Banked fee income from customers for services rendered, R2 800.
Drew R3 000 cash; to pay wages R1 400 and R1 600 for consumable stores.
- 12 Banked fee income, R7 400.
Received rent of R1 500 from Nelly's Nails for the use her back room
- 15 Cashed a cheque for R1 600 to pay wages.
- 17 Issued a cheque to Makro for R1 420 for another hair dryer.
- 20 Banked fee income of R8 500.
- 21 Paid wages, R1 750
- 26 Paid Telkom R665 for telephone account.
Banked fee income R5 560.
- 27 Sent a cheque to Ethekewini Municipality for R1 630 to pay for water and electricity.
Drew cash to pay wages R1 450 and R1 000 for owner's personal use.
- 30 The following appeared on the bank statement from KZN Bank
 - : Interest on current account, R50
 - Bank charges R99
 - : Interest on loan, R200

QUESTION 7 POSTING TO THE LEDGER [40 MARKS]

You have been provided with the Cash Receipts and Cash Payments Journals of Bob the Builder, a service business which does home repairs and simple building jobs.

REQUIRED:

- 7.1 Post to the accounts in the General Ledger for the month of April 2013. (26)
- 7.2 Balance the Bank account at the end of the month. (7)
- 7.3 Answer the questions below:
 - 7.3.1 Why is the General Ledger divided into two sections? (3)
 - 7.3.2 What do we mean we talk of “debit accounts”? (2)
 - 7.3.3 What do we call the entry in the Cash Payments Journal on 6 April 2013? Why is it called this? (2)

Cash Receipts Journal of Bob the Builder for April 2013 CRJ1

Doc.	Day	Details	Analysis of receipts	Bank	Fee Income	Sundry accounts		
						Amount	F	Details
11	1	Bob Buys	35 000	35 000		35 000		Capital
12	3	ABSA	15 000	15 000		15 000		Loan:ABSA
13	7	Services rendered	5 000	5 000	5 000			
14	9	Services rendered	2 500	2 500	2 500			
15	13	Services rendered	11 100	11 100	11 100			
16	17	Services rendered	3 400	3 400	3 400			
17	22	Services rendered	8 100	8 100	8 100			
18	29	Plascon Paints	4 000	4 000		4 000		Commission Income
BS	30	ABSA	120	120		120		Interest income
				84 220	30 100	54 120		

Cash Payments Journal of Bob the Builder for April 2013 CPJ1

Doc.	Day	Details	Bank	Stationery	Wages	Consumable stores	Sundry accounts		
							Amount	F	Details
101	1	Makro	7 250				7 250		Equipment
102	3	Maxprop	3 000				3 000		Rent paid
103	4	Cash	850		850				
104	6	Makro	720	200		520			
105	10	Builders express	2 400			2 400			
106	17	Cash	850		850				
107	22	CNA	350	350					
108		Cash	2 350		850		1 500		Drawings
109	28	Durban Metro	1 750				1 750		Electricity
BS	30	ABSA	75				75		Bank charges
			19 595	550	2 550	2 920	13 575		

QUESTION 8**TRIAL BALANCE****[15 MARKS]**

From the information provided draw up the Trial Balance of Sammy's Car Wash (a service business) at the end of May 2013.

	Fol	Debit	Credit
Bank		??	
Loan			15 500
Cash float		100	
Trading licence		300	
Rent expense		5 080	
Commission income			4 250
Fee income			14 460
Salaries		6 200	
Wages		3 050	
Capital			66 710
Water and electricity		2 170	
Equipment		17 700	
Drawings		7 000	
Rent income			8 400
Rates		3 200	
Consumable stores		3 400	
Repairs		450	
Advertising		1 550	
Vehicles		50 000	