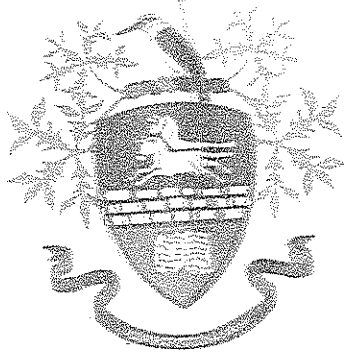


HILLCREST HIGH SCHOOL



ECONOMIC AND MANAGEMENT SCIENCE

GRADE 9

EXAMINATION

NOVEMBER 2013

TIME: 120 MINUTES

MARKS: 200

EXAMINER: MRS. D. KENNY

MODERATOR: MRS EDY

INSTRUCTIONS:

1. Answer all the questions in the answer book provided.
2. Calculators may be used.
3. Write in blue or black pen or an HB pencil only.
4. Do NOT use correction fluid or tippex.
5. Show all your workings when doing calculations:
6. This paper has 7 QUESTIONS.
Use the table below to guide you as to how much time to spend on each section.

	Topic	Marks	Time
	SECTION A: Short questions		
Question 1	Multiple choice	20	12 mins
Question 2	Matching definitions and finding missing words	30	18 mins
Question 3	Supply and Demand	10	6 mins
	SECTION B: Long questions		
Question 4	Credit Journals	15	9 mins
Question 5	Ledger accounts	40	24 mins
Question 6	Financial Statements	35	21 mins
Question 7	Cash Journals	50	30mins
Total		200	120 mins

SECTION A:**SHORT QUESTIONS****[60 MARKS]****QUESTION 1:****Multiple Choice****[20 Marks]**

Write only the letter next to the correct answer in the space on your answer sheet. E.g. 1.0 F

- 1.1 Which of the following is **NOT** a source document used by a business ?
- A duplicate receipt
 - B credit sales invoice
 - C cheque
 - D cash register tape
- 1.2 Which of the following do **NOT** wish to see the financial statements of a business?
- A The Minister of Finance
 - B The owner
 - C The employees
 - D The banks from which the business wants a loan.
- 1.3 Which of the following is a service business?
- A a bakery
 - B a tuck shop
 - C an estate agent
 - D a petrol station
- 1.4 Which of the following does **NOT** affect the owner's equity?
- A Drawings
 - B Bank
 - C Current income
 - D Wages
- 1.5 Which of the following does **NOT** increase the balance on the Bank account?
- A Rent income
 - B Capital
 - C Sales
 - D Cost of sales

- 1.6 If the secret price code of a business is VOLKSWAGEN where V=0, what is the gross profit for the following : Sales = R 670,50
Cost price = KEN/LW
- A R 490,36
B R 180,14
C R 389,25
D R 281,25
- 1.7 If the selling price of goods is R1 050 and the cost price is R 840, what is the percentage mark-up?
- A 50%
B 25%
C 33 1/3 %
D 40%
- 1.8 Below are all the steps in the Accounting process. Indicate the correct order in which they occur in the process.
- (a) Trial balance
(b) Transactions
(c) Enter into journals
(d) Draw up financial statements
(e) Post to ledger accounts
(f) Complete source documents
- A (f); (b); (c); (a); (e); (d)
B (b);(f); (c); (e); (a); (d)
C (b); (c); (e) (a); (f); (d)
D (f); (b); (e); (c); (a); (d)
- 1.9 Which of the following documents is NOT prepared by the business?
- A Trial Balance
B Income statement
C Balance sheet
D Bank statement
- 1.10 When the expenditure exceeds the income in a budget, this is called a?
- A surplus
B deficit
C profit
D loss

QUESTION 2:**[30 Marks]****2.1****Missing words****[16 Marks]**

Supply the correct missing words.

2.1.1 What do the following letters stand for?

2.1.1.1 SARS

2.1.1.2 PAYE

2.1.1.3 VAT

2.1.2 Mr. Pravin Gordhan is the current South African _____.

2.1.3 The tax year in South Africa runs from _____ to _____ each year.

2.1.4 The tax paid if you make a profit selling assets is _____.

2.1.5 Personal income tax in South Africa is a _____ system,.

2.1.6 If there is a shortage in supply of goods, people may try to buy them on _____.

2.2**Matching definitions****[14 Marks]**

No.	Concept		Definition
2.2.1	Cash float	A	The owner's investment in the business
2.2.2	Debtors	B	A statement of the financial worth of the business at a particular moment in time.
2.2.3	Current assets	C	People who owe money to the business.
2.2.4	Balance Sheet	D	When incomes exceed expenses
2.2.5	Liabilities	E	Items which are purchased to generate income for the business, expected be used for at least one year
2.2.6	Owner's Equity	F	Cash or possessions that can be converted to cash within a year.
2.2.7	Loss	G	When expenses exceed incomes
		H	Cash in the till to provide change for the customers.
		I	A statement which shows the profit or loss made over a specific period of time.
		J	Debts of the business

QUESTION 3:

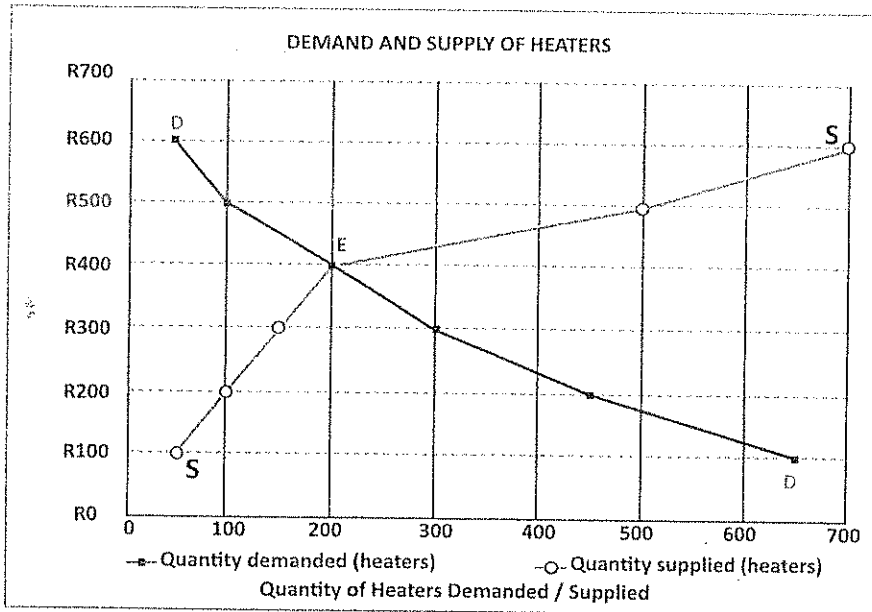
Supply and Demand

[10 marks]

You have been provided with a graph showing the supply curve and demand curve for electric heaters.

REQUIRED:

You must look at the graph carefully and then answer the questions below:



- 3.1.1 What is the full name of the point marked 'E' ? (2)
- 3.1.2 How would you describe the market at this point? (2)
- 3.2 What is the label that should be on the vertical axis? (2)
- 3.3 The law of demand says " If the price decreases, the demand will..? (1)
- 3.4 What is the quantity of electric heaters which would be demanded at a price of R 400? (1)
- 3.5 At what price would the supply for electric heaters be 500 units? (1)
- 3.6 Select the correct answer from the brackets to make this sentence true.

At a price of R 300 there will be a (shortage/ over-supply) of heaters on the market. (1)

SECTION B:**LONG QUESTIONS****[140 MARKS]****QUESTION 4:****Credit Journals****[15 marks]**

You have been provided with credit transactions (both sales and purchases) for Mega Music for April 2013.

REQUIRED:

1. Complete the Debtors Journal for April 2013, using the transactions provided and total at the end of the month.
2. Complete the Creditors Journal for April 2013, using the transactions provided, and total at the end of the month.

N.B. This business re-numbers invoices received).

The secret price code is PURCHASING with P=1

Transactions: April 2013

- 15 Received packing material, R 200, bought on credit from R&B Suppliers. Received invoice 394.
Sold goods to value of R 890 on credit to J.Zee . Invoice 303 issued. (Cost price R 720)
- 19 Sold goods on credit to B. Onsay for R 660 (Cost price CUG/GG).
- 21 Bought merchandise with a cost price of R4 400 from EMI Supplies on credit and received a 10% trade discount.(Invoice E34)
- 24 Purchased the following on credit from Grammy Dealers: Stationery R300,Packing material R150 and Trading stock R 2 310.Invoice 653 was received.
Invoice 438 was received from R&B Suppliers along with a cash register for R 1 650 and merchandise for R 800.
- 27 Sold stock on credit as follows:
B. Onsay R320,00 (mark-up on cost price = 100%)
J.Zee 360,00 (cost price = PIG/GG)

QUESTION 5:**General Ledger****[40 marks]**

Use the information provided to draw up the following accounts in the General Ledger of Hillcrest Traders.

Open **only** the accounts listed below on 1 September 2013 and post from the Cash Receipts Journal and Cash Payments Journal for September 2013. Balance or total the accounts at the end of the month.

Information:

The following balances appeared, amongst others, in the books of Hillcrest Traders on 1 September 2013:

Drawings	R5 040	Cost of sales	R16 080
Trading Stock	R14 700	Rent income	R3 400
Bank	R9 600	Wages	R2 920
Sales	R20 100	Water and electricity	R4 011

Cash Receipts Journal for Hillcrest Traders for September 2013 CRJ 3

Doc	Day	Details	Analysis of Receipts	Bank	Sales	Cost of Sales	Sundry Accounts		
							Amount	Fol	Details
CRT	1	Cash sales	884	884	884	553			
CRT	7	Cash sales	640	640	640	400			
CRT	14	Cash sales	2 240		2 240	1 400			
45		Crazy Flowers	1 000	3 240			1 000		Rent income
CRT	21	Cash sales	848	848	848	530			
CRT	28	Cash sales	1 280	1 280	1 280	800			
BS	30	Highway Bank	65	65			65		Interest income
				6 957	5 892	3 683	1 065		

Cash Payments Journal for Hillcrest Traders for September 2013 CPJ 3

Doc	Day	Details	Bank	Trading stock	Wages	Stationery	Sundry Accounts		
							Amount	Fol	Details
307	2	Rent-a-Place	2 500				2 500		Rent expense
308	3	CNA	250			250			
309		Crest Buys	3 800	3 800					
310	8	Cash	560		560				
311	12	Tools Galore	1 730				1 730		Equipment
312		Mega Dealers	2 715	2 715					
313	16	Cash	775		560	215			
314	22	KZN Insurers	675				675		Drawings
315	24	Cash	575		575				
316	29	Municipality	1 567				1 567		Water and electricity
317	30	Kloof Motors	585				585		Repairs
			15 732	6 515	1 695	465	7 057		

QUESTION 6:**Financial Statements****[35 Marks]**

6.1

Income Statement**[12 Marks]**

You have been provided with the Income Statement and Balance Sheet for Sharks Suppliers for the year ended 31 August 2013. Some of the figures are missing.

REQUIRED:

Answer the questions below concerning this statement.
(Where calculations are required, show your working)

Income Statement of Sharks Suppliers for the year ended 31 August 2013.

Sales	2 000 000
Cost of Sales	(1 200 000)
GROSS PROFIT	A
Other Operating Income	63 000
Rent Income	48 000
Commission Income	B
GROSS OPERATING INCOME	863 000
Operating expenses	C
Wages and Salaries	378 000
Electricity and Water	55 000
Rates	60 000
Stationery and Printing	22 200
Consumable stores	28 000
Sundry Expenses	160 000
OPERATING PROFIT	159 800
Interest on investments	2 000
Net profit before interest expense	161 800
Interest expense	(D)
NET PROFIT FOR THE YEAR	150 000

- 6.1.1 Calculate the missing figures. (8)
- 6.1.2 What is the purpose of an Income Statement? (2)
- 6.1.3 Why would the business be required to pay interest expense? (1)
- 6.1.4 How much money does the owner keep at the end of the financial year? (1)

You have been provided with the Balance Sheet section of the Trial Balance for Sharks Suppliers on 31 August 2013 (the financial year-end).

REQUIRED:

You must use this information, as well as information from the Income Statement, to complete the Balance Sheet on 31 August 2013.

N.B. Some of the figures have already been entered into the Balance Sheet for you.

Trial Balance for Sharks Suppliers on 31 August 2013.

	Fol	Debit	Credit
Balance Sheet Section			
Capital	B1		500 000
Drawings	B2	80 000	
Loan: KZN Bank	B3		60 000
Land and buildings	B4	400 000	
Vehicles	B5	90 000	
Equipment	B6	30 000	
Fixed deposit:	B7	20 000	
Trading stock	B8	100 000	
Accounts receivable (debtors)	B9	50 000	
Bank	B10	9 000	
Cash float	B11	1 000	
Accounts payable (creditors)	B12		70 000

QUESTION 7:**Cash Journals****[50 Marks]**

B. Lightyear, the owner of Toons Traders opened his business on 1 June 2013. He opened a bank account with Disney Bank.

REQUIRED:

1. Draw up the Cash Receipts and Cash Payments Journals for June 2013.
2. Total the journals at the end of the month.

NOTE: The business uses a fixed mark-up of 50 % on cost price for all items.

Transactions: June 2013

- 01 The owner, B.Lightyear, deposited R150 000 into a bank account as his capital contribution. Receipt R01 was issued.
Purchased shelves and other equipment from Snoopy Suppliers. Cheque no. 001 for R26 900 was issued.
- 02 Paid Monster Motors R 30 000 for a delivery van. Cheque 002 was issued.
Bought trading stock costing R33 600 from Dream Works and paid by cheque.
- 04 Issued a cheque to Nemo Dealers for R950 for cleaning materials and other consumable stores.
- 07 Cashed a cheque for R3 800; to pay R800 wages and the rest was for the owner's personal use.
Sold goods as per cash register tape R3 174. (Cost price R2 116)
- 10 Received receipt books and till rolls which we ordered from Pluto Printers and paid by cheque, R450.
- 14 Drew R800 cash to pay weekly wages.
- 15 Cash sales as per CRT, R5 100. (Cost of sales R3 400)
- 16 Took delivery of stock with cost price R5 400 from Pixar Stores and paid by cheque.
- 21 Paid weekly wages for R800.
- 22 Cash sales, R6 030.
- 24 Purchased the following from Nemo Dealers and paid with a cheque:
- | | |
|--------------------|------|
| Stationery | R563 |
| Cleaning materials | R148 |
- 25 Issued a cheque for R6 500 to Sponge Bob, the manager, for his monthly salary.
- 27 Cash sales as per CRT, R11 250.
D. Duck, who rents a spare storeroom from the business, paid his rent of R2 500.
Issued a cheque to UA Municipality R1 234 for water and electricity.
- 29 Received the bank statement from Disney Bank showing bank charges of R65.