

# HILLCREST HIGH SCHOOL



## ECONOMIC AND MANAGEMENT SCIENCES GRADE 9 FINAL EXAMINATION - NOVEMBER 2016

EXAMINER: MRS WITTSTOCK

MODERATOR: MRS EDY

### INSTRUCTIONS

**This question paper consists of FOUR sections:**

1. Read each question carefully.
2. This paper must be completed in 2 hours.
3. Write neatly and legibly
4. Answer ALL questions on the answer sheets provided
5. Use the numbering format that appears on your question paper when answering.
6. Show all your workings where applicable.

SECTION	QUESTIONS	MARKS ALLOCATION	
A ▪ Economy; ▪ Financial Literacy ▪ Entrepreneurship (60 Marks)	1. Multiple Choice	20	60
	2. True or False	10	
	3. Matching Columns	20	
	4. Fill in the missing word/s	10	
B. Economy (30 Marks)	5. Graphs	12	30
	6. Short Answer Questions	10	
	7. Short Answer Questions	8	
C. Financial Literacy (70 Marks)	8. Costings	10	70
	9. Journals	35	
	10. General Ledger	16	
	11. Trial Balance	9	
D. Entrepreneurship (40 Marks)	12. Case Studies	26	40
	13. Short Answer Questions	14	
TOTAL		200	

## SECTION A

### QUESTION 1: MULTIPLE-CHOICE QUESTIONS

Four options are provided as possible answers to the following questions. Choose the correct answer and write ONLY THE LETTER (A–D) of your answer in the block that is provided, for example 1.1.11 E.

- 1.1 Which of the following are all assets?:  
A Bank, cash float, stationery, accounts receivable  
B Bank, accounts receivable, sales, loan  
C Vehicles, petty cash, accounts receivable, trading stock  
D Bank, petty cash, accounts payable, trading stock (2)
- 1.2 The most correct definition for a liability is:  
A Amounts owing on which interest is charged  
B Debts that the business has for trading stock purchased  
C Amounts that the business will recover  
D All amounts owing for services or goods purchased (2)
- 1.3 Which of the following correctly represent the Accounting equation?  
A  $\text{Assets} - \text{Liabilities} = \text{Owner's equity}$   
B  $\text{Assets} + \text{Liabilities} = \text{Owner's equity}$   
C  $\text{Assets} - \text{Drawings} = \text{Owner's equity}$   
D  $\text{Assets} - \text{Expenses} = \text{Owner's equity} + \text{Liabilities}$  (2)
- 1.4 Which of the following accounts increase on the credit side?  
A Trading stock  
B Stationery  
C Rent income  
D Drawings (2)
- 1.5 A loan from the bank is a/an...:  
A Asset  
B Liability  
C Interest  
D Cash (2)
- 1.6 Transactions are recorded twice in the General Ledger.  
A Double work  
B Unnecessary  
C Double check  
D Double Entry Principle (2)
- 1.7 The effect of cash sales on the accounting equation is to .....  
A increase Assets and decrease Owner's Equity  
B increase Assets and increase Owner's Equity  
C increase Owner's Equity and decrease Assets  
D decrease Assets and decrease Owner's Equity (2)
- 1.8 An example of a fixed cost would be .....  
A Equipment  
B Rent Expense  
C Material costs  
D Water and electricity (2)

- 1.9 When the Bank account in the General Ledger has a credit balance, the business has a/an  
 A Underdraft  
 B Asset  
 C Expense  
 D Overdraft (2)
- 1.10 A discount that is not recorded in the business' books.  
 A Creditors Discount  
 B Debtors Discount  
 C Trade Discount  
 D All of the above (2)

[20]

## QUESTION 2

Indicate whether the following statements are TRUE or FALSE. Write only the correct answer next to the number. Example: 1.2.8 True

- 2.1 The Creditors Journal is used to record various items bought on credit. (2)
- 2.2 The increase in the supply of a product would cause its price to increase as well. (2)
- 2.3 Payments from debtors are recorded in a Cash payments journal. (2)
- 2.4 Primary sector provides tertiary sector with raw materials. (2)
- 2.5 Income accounts have credit totals. (2)

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## QUESTION 3

Choose a term/concept from COLUMN B that matches the description in COLUMN A. Write only the letter containing the correct answer next to the number. Example: 3.14 M

No.	COLUMN A	No.	COLUMN B	
3.1.	The source document used for goods that are returned to the suppliers	A	Law of Supply	(2)
3.2.	Assuming other things remain constant, an increase in the price of a product will cause a proportionate increase in quantities supplied, and vice versa.	B	Planned Economy	(2)
3.3.	Favourable internal factors enabling the business to operate effectively.	C	Credit balance	(2)
3.4.	An economic system in which all the economic activities are determined by the state.	D	Debtors Ledger	(2)
3.5.	Unfavourable bank balance in the General Ledger.	E	Creditors Journal	(2)
3.6.	Bought office stationery on credit from Ndlovu Stationers for R1000 as per invoice No.50. This transaction will be recorded in the:	F	Strengths	(2)
3.7.	C. Celeste, a debtor pays R500 by cheque in part payment of his account of R1000. His balance will be reflected in.	G	Administration	(2)
3.8.	Manages the recruitment, training and staffing in the business	H	Households	(2)
3.9.	Assists in the running and handling of information in the business	I	Debit note	(2)
3.10.	They buy goods and services to satisfy their unlimited wants	J	Human Resource Function	(2)
		K	Creditors Ledger	[20]

#### QUESTION 4

Fill in the correct word/s. Write only the word/s next to the question number.

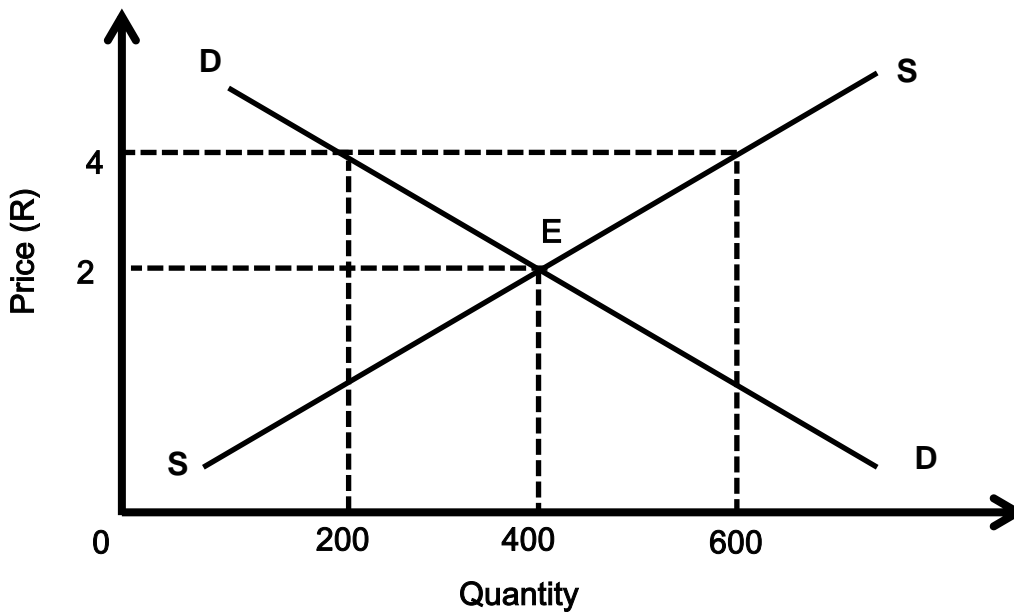
- 4.1 The remuneration for capital as a factor of production is \_\_\_\_\_ . (2)
- 4.2 The \_\_\_\_\_ is where the demand and supply curves meet. (2)
- 4.3 \_\_\_\_\_ is the amount of money, assets and expertise invested in the business with the aim of obtaining a return. (2)
- 4.4 Drawings will \_\_\_\_\_ owner's equity. (2)
- 4.5 When the trade union negotiates with the employer on behalf of the workers, this is known as \_\_\_\_\_ . (2)

**[10]**

## SECTION B: THE ECONOMY

### QUESTION 5

Study the diagram and answer the questions.



- 5.1 Explain the concept 'Equilibrium price'. (2)
- 5.2 Identify the equilibrium price and the equilibrium quantity in this market. (2)
- 5.3 If the price increased to R4.00, briefly explain what would happen to the quantity of goods. (2)
- 5.4 Why does weather conditions change the quantity demanded by consumers. Give a relevant example. (2)
- 5.5 Define the following terms:
- 5.5.1 Demand (2)
- 5.5.2 Supply (2)

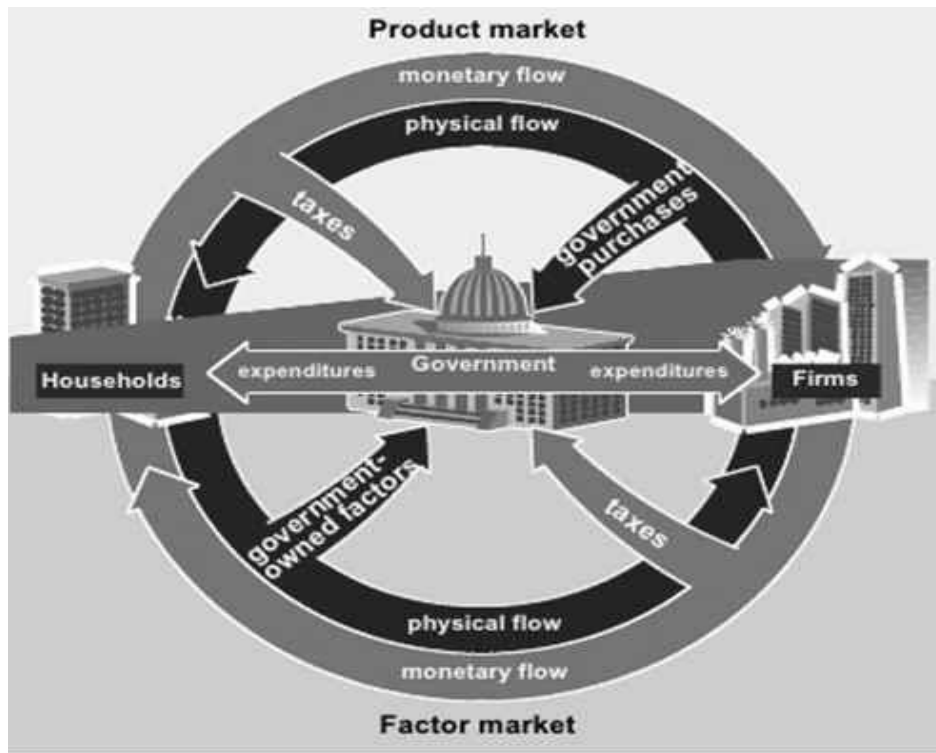
[12]

### Question 6

- 6.1 One of rights and responsibilities of trade unions is they have a right to call workers out on a strike. Discuss this statement in detail. (6)
- 6.2 List two advantages of mixed economy. (2)
- 6.3 List the factors of production. (2)

[10]

Question 7



- 7.1 Does the diagram show a circular flow in a market, mixed or planned economy? Explain your answer. (2)
- 7.2 What do you understand about the factor market? (2)
- 7.3 Name two ways in which the government 'earns' money. (2)
- 7.4 What do you understand about the product market? (2)

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## TOTAL SECTION C: FINANCIAL LITERACY

### QUESTION 8

In each of the following cases, you are required to do the necessary calculations:

- 8.1 Emily buys a second hand car for R25 000 and sells it to Jenna for R32 500. How much profit did she make? (1)
- 8.2 Jay has a 30% mark-up on his apples. He buys apples for R10 a bag at the Farmers Market on a Saturday morning. What does Jay sell the apples per bag for? (3)
- 8.3 Ntando's Hardware Stores sells their paint at a mark-up of 60%. What do they buy it for, if they charge R500 for a 20 litre drum? (3)
- 8.4 Angelo sells 'Get Fit' gym shoes for R300 and the cost price is R200, what is the mark-up percentage? (3)

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### Question 9

Record the transactions of Mango Stores for October 2016 into the following Journals.

- 9.1 Cash Receipts Journal (11)
- 9.2 Cash Payments Journal (9)
- 9.3 Creditors Journal (7)
- 9.4 Creditors Allowances Journal (2)
- 9.5 Debtors Journal (4)
- 9.6 Debtors Allowances Journal (2)

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#### Information:

- a) The profit mark-up is 50% on cost.
- b) All payments are made by cheques
- c) Insert source documents and source document numbers where necessary.
- d) The analysis columns are provided in the answer sheets therefore DO NOT open additional ones.

**DO NOT** cast off the journals at the end of the month

Date	Source Document	Nature of transactions	Amount (R)
02	Cheque No. 506	Bought a vehicle from BG Motors.	60 000
03	Cheque No. 507	Purchased merchandise from JT Suppliers	3 200
04	Invoice No. 60	Equipment bought on account from City Quip Ltd	6 700
06	Invoice No. 61	Purchased merchandise on credit from JT Suppliers	5 680
08	Cash Register Tape 01	Cash sales of merchandise.	12 300
10	Debit Note 12	Damaged goods returned to JT Suppliers.	410
13	Invoice No. 12	Sold goods on credit to T. Xaba.	900
15	Cash Register Tape 02	Cash sales of merchandise	15 000
21	Receipt No.01	Received part payment from A. Jali	2 300
27	Credit Note 7	Goods of inferior quality were returned by T. Xaba.	60

27	Invoice No. 13	Sold merchandise to A. Jali on credit	1 200
28	Cheque No. 508	Paid JT Suppliers amount owing	5 290
29	Receipt No. 02	Cash received from T. Xaba in part payment of his account.	528
30	Receipt No. 03	Received cash from B. Zulu, a tenant	1 500
30	Invoice No. 62	Purchased stationery from Waltons on account	750
30	Cheque No. 509	Cashed cheque to pay for wages.	900

### Question 10

The following information appeared in the books of Zimele Incorporated in June 2015

#### CASH RECEIPTS JOURNAL – JUNE 2015

CRJ 4

Doc. No.	Day	Details	Bank	Debtors control	Sales	Cost of sales
			26 700	12 630	12 750	8 500

#### CASH PAYMENTS JOURNAL – JUNE 2015

CPJ 4

Doc. No.	Day	Details	Bank	Creditors control	Trading stock	Wages	Sundry accounts Amount	Details
			27 688	13 911	7 148	3 470	2 906	

#### CREDITORS JOURNAL – JUNE 2015

CJ 4

Doc. No.	Day	Creditors	Creditors control	Trading stock	Stationery	Repairs	Sundry accounts Amount	Details
			15 706	10 450	784	1 080	3 392	

#### DEBTORS JOURNAL – JUNE 2015

DJ 4

Doc. No.	Day	Debtors	Fol.	Sales	Cost of sales
				15 708	10 470

#### Balances on the 1<sup>st</sup> of June 2015:

Equipment R23 845, Trading Stock R17 698, Bank (Dr.) R4 453, Debtors control R328 and Creditors control R1 698.

#### Required:

Use the above information to draw up the following account in the General Ledger of Zimele Incorporated:

Trading Stock (B5) (6)

Debtors Control (B6) (5)

Creditors Control (B8) (5)

Balance the accounts where applicable.

Folio numbers MUST be used.

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### Question 11

Study the Trial Balance below and answer the question that follow.

#### TRIAL BALANCE OF WELLIE TRADIES ON 29 FEBRUARY 2016

<b>Balance Sheet Section</b>	<b>R</b>		<b>R</b>	
Capital			200 000	
Drawings	120 000			
Loan- SA Bank			50 000	
Land and Buildings	90 000			
Equipment	50 000			
Vehicles	60 000			
Trading Stock / Inventories	24 000			
Debtors Control	<b>11.1.1.</b>			
Bank	1 000			
Creditors Control			40 000	
<b>Nominal Accounts Section</b>				
Sales			144 000	
Cost of Sales	48 000			
Rent Income			<b>11.1.2.</b>	
Wages	36 000			
Water and Electricity	35 000			
Advertising	7 000			
Telephone	3 000			
	<b>499 000</b>		<b>499 000</b>	

Questions:

- 11.1 Identify the amount of money borrowed by the business in the Trial Balance. (2)
- 11.2 Calculate the missing figures:
- 11.2.1 Debtors Control (2)
- 11.2.2 Rent Income (2)
- 11.3 Determine the profit mark-up for Wellie Traders (3)

**[9]**

## TOTAL SECTION D: ENTREPRENEURSHIP

### QUESTION 12

Sandy owns Halala Shoe Supplies. She purchases shoes from overseas and from local manufacturers, and then sells them. She has two employees: the cleaner and the lady in the sales department, who sometimes performs supervisory services. Sandy does the administration herself and she also manages the business. She wishes to expand her business to a nearby town if the opportunity presents itself.

- 12.1 Identify which sector Halala Shoe Supplies belongs to and give **ONE** reason for your answer. (2)
- 12.2 Identify and explain the **THREE** types of labour to Sandy, and give an example for each from the case study. (6)
- 12.3 State where EACH of the following statements would belong in a SWOT analysis in relation to Sandy's business.
- 12.3.1 Sandy wins lottery worth R10million. (1)
- 12.3.2 A new shoe business has just opened around the corner from Sandy's shop. (1)
- 12.3.3 Sandy sends her sales lady on a training course for skills development. (1)
- 12.3.4 Sandy does not have an accountant and her financial statements are incomplete. (1)
- 12.3.5 Sandy introduces new strategies for advertising her merchandise. (1)
- 12.4 Sandy wishes to employ a Human Resource Manager to assist her in the expanding of her business. List the tasks of the Human Resource Manager and explain each task. (8)
- 12.5 Design a logo for Halala Shoe Supplies, including a slogan. (3)
- 12.6 Explain to Sandy why you think Halala Shoe Supplies should be trademarked. (2)

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### Question 13

- 13.1 Differentiate between the purchasing function and the production function. (4)
- 13.2 What are the FOUR P's of marketing (the marketing mix), give a definition for each one. (4)
- 13.3 Briefly explain the meaning of sustainable use of resources. (2)
- 13.4 List and explain the FOUR functions of the general manager. (4)

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