

HILLCREST HIGH SCHOOL



ECONOMIC AND MANAGEMENT SCIENCES GRADE 9 EXAMINATION – NOVEMBER 2018

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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.

SECTION	QUESTIONS	MARKS ALLOCATION	
A. Economy Financial Literacy	1. Multiple Choice	20	40
	2. Choose the correct word	10	
	3. Matching Columns	10	
B. Economy	4. Economic systems	10	54
	5. Circular flow	18	
	6. Demand and Supply	14	
	7. Trade unions	12	
C. Financial Literacy	8. Subsidiary journals	28	69
	9. Accounting equation	15	
	10. General Ledger	15	
	11. Trial Balance	11	
D. Entrepreneurship	12. Sectors of the economy	16	37
	13. Functions of a business	11	
	14. Business plan	10	
TOTAL		200	

SECTION A

QUESTION 1 (40 MARKS)

MULTIPLE CHOICE QUESTIONS

Four possible options are provided as answers to the following questions.

Choose the correct answers and write only the letter (A-D) next to the question number.

- 1.1 Impala Mines operates in the ... sector of the economy.
- A. secondary
 - B. business
 - C. primary
 - D. tertiary
- 1.2 A business sells a product at a selling price of R16 800 with a 40% mark-up. Calculate the cost price.
- A. R 6 720
 - B. R23 520
 - C. R4 800
 - D. R12 000
- 1.3 The three main participants in a closed economy are ...
- A. businesses, government and households.
 - B. state, households and secondary sector.
 - C. financial institutions, firms and households.
 - D. households, firms and the foreign sector.
- 1.4 The ... function looks after the advertising and sales promotion for the business and develops strategies to persuade consumers to buy their products and services.
- A. Administration
 - B. General Management
 - C. Financial
 - D. Marketing
- 1.5 Which ONE of the following is not one of the 4 Ps of marketing?
- A. Product
 - B. Planning
 - C. Promotion
 - D. Place
- 1.6 The source document issued for the transaction. "Buy goods on credit" is a (an) ...
- A. cheque counterfoil.
 - B. invoice.
 - C. receipt.
 - D. credit note.

- 1.7 The ... function is responsible for the good image of the business.
- A. human resource
 - B. production
 - C. marketing
 - D. public relations
- 1.8 The economic system where the government owns all land and businesses is known as the ... economy.
- A. socialist
 - B. mixed
 - C. market
 - D. labour
- 1.9 A group of employees who come together to regulate relations between themselves and their employers is called a ...
- A. legal consultation.
 - B. trade union.
 - C. work industry.
 - D. management group.
- 1.10 When a debtor returns goods that were bought on credit it will be recorded in the ...
- A. CPJ.
 - B. DAJ.
 - C. DJ.
 - D. CAJ.

(2 x 10 = 20)

QUESTION 2 (10 MARKS)

Complete the sentences by filling in the blank spaces from the list of words provided. Only write the answer next to the question number (2.1–2.5) you have selected.

market; products; business plan; exchange rate; break-even point;
SWOT-analysis; labour; sales

- 2.1 The place where buyers and sellers meet is known as a ...
- 2.2 The combination of strengths, weaknesses, opportunities and threats is called the ...
- 2.3 Cost of Sales + Mark-up % = ...
- 2.4 In a circular flow the businesses offer their ... to households.
- 2.5 An indication of how many units you need to sell in order to cover all your expenses.

(2 x 5 =10)

QUESTION 3 (10 MARKS)

Choose a description/ statement from column A that matches the term in column B.
Write only the letter next to the question.

	COLUMN A		COLUMN B
3.1	Law of Demand	A	The statement which lists all the balances on all accounts in the double entry system.
3.2	Trial balance	B	Unprocessed information used in a business organization.
3.3	Collective bargaining	C	The lack of sufficient resources to meet all human needs.
3.4	Economic problem	D	Goods or services purchased directly for the running of the business.
3.5	Overdraft	E	A person or another business that the business owes money to.
3.6	Manufacturer	F	The reduction of output by workers whilst still carrying on tasks.
3.7	Go-slow	G	Deficit in a bank account caused by drawing more money than the account holds.
3.8	Creditor	H	When the price is high, demand is low.
3.9	Data	I	Businesses that are involved in the making or producing of goods and services.
3.10	Expenses	J	Negotiation between a trade union and employer.

(1 x 10) =10

SECTION B – THE ECONOMY

QUESTION 4 (10 MARKS)

4.1 Read the scenario below and answer the questions that follow.

Ana works at a coffee bean plantation owned by the government of the country. She works 10 hours a day and she and her co-workers all receive the same income at the end of each month, even when the production of coffee increases or decreases. Her family stays for free on the plantation. The government also pays her children's school fees. Ana's husband is a teacher and the government also pays his salary.

Discuss TWO disadvantages of the economic system in the above scenario. (4)

4.2 Identify the characteristics of the different economic systems by completing A and B in the table below in the ANSWER BOOK.

Characteristic	Market Economy	Mixed Economy
Government control	<i>The government has little control</i>	A
Profit motive	B	<i>Yes, it is the driving force</i>

(4)

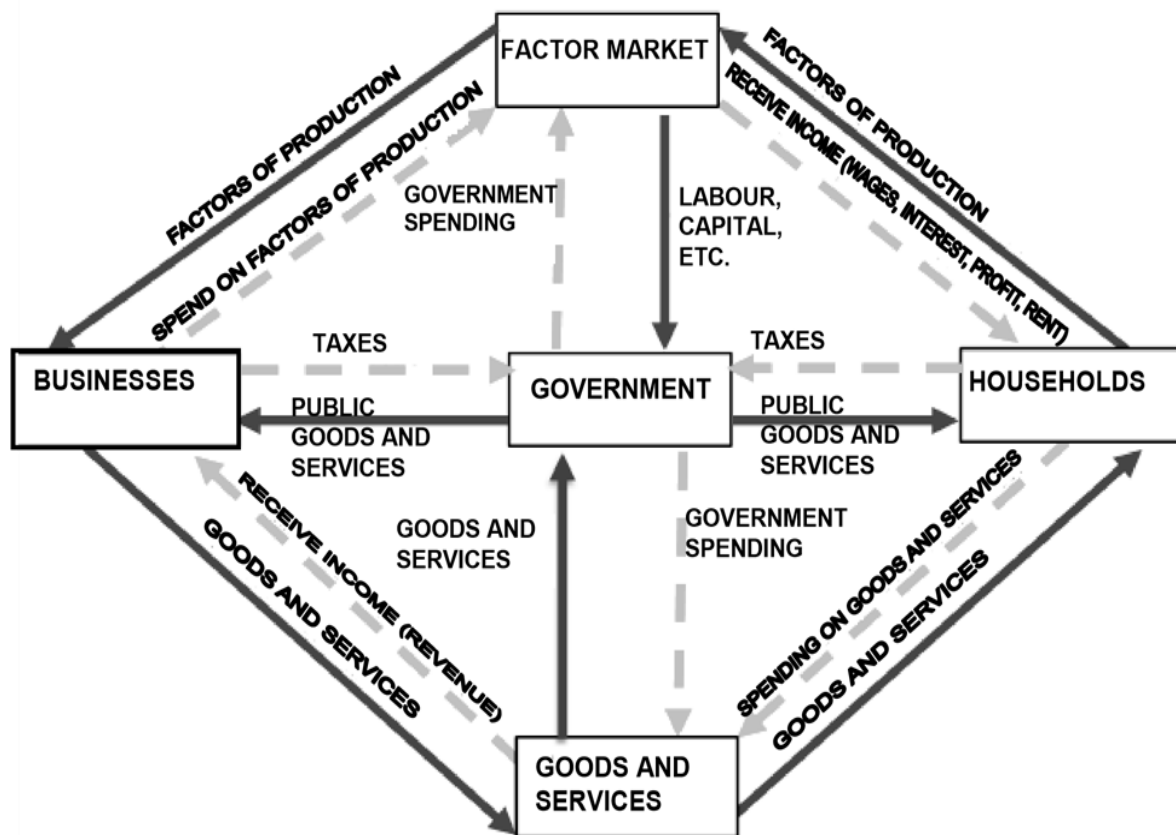
4.3 Identify the **economic term** that is represented by the three pictures below.



(2)

QUESTION 5 (18 MARKS)

Study the circular flow diagram and answer the questions below.



5.1 The statements below describe the flow of income in an economy. In each case indicate the relevant participant. For example: 5.1.4 - Households

5.1.1 Receives taxes from other participants.

5.1.2 Provides labour to the government and business.

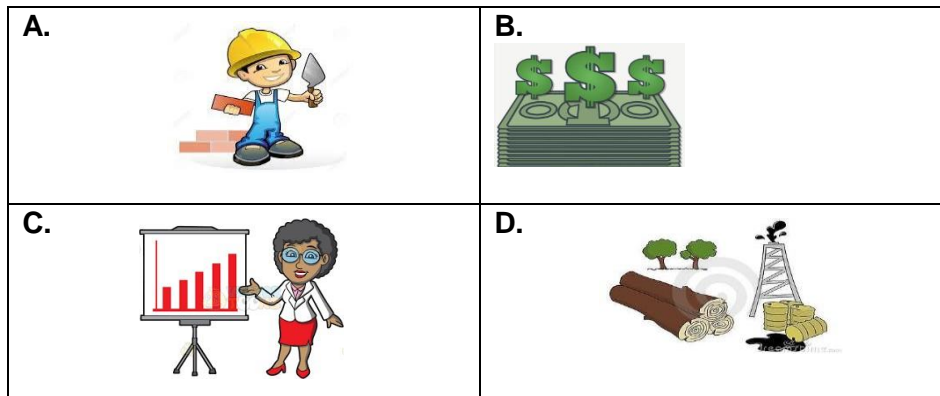
5.1.3 Sell goods and services to the other participants. (3 x 2) (6)

5.2 Discuss ONE way in which households receive an income. (2)

5.3 Complete the following sentence:

“A model that describes the movement of money through the economy between participants is called the ...” (2)

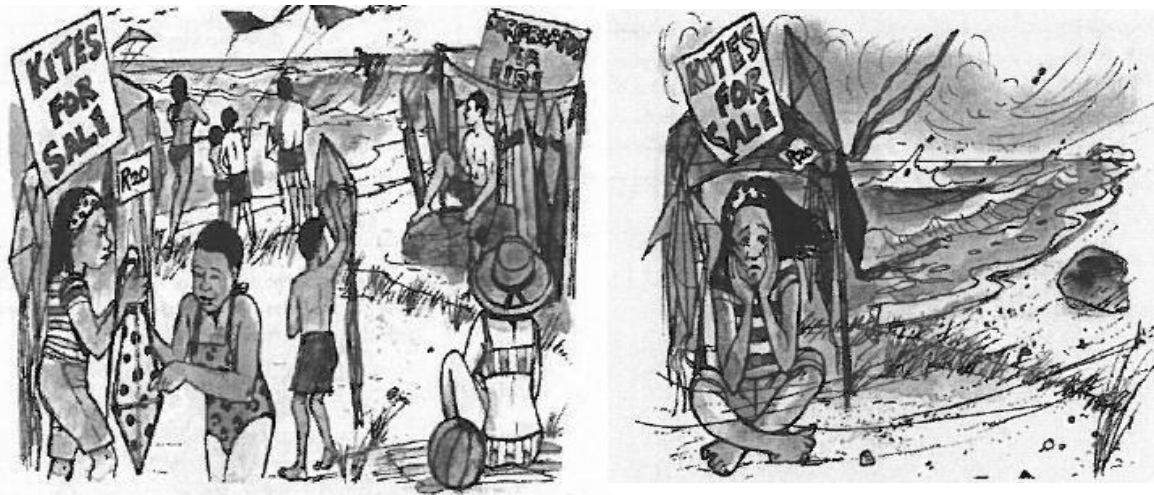
5.4 Identify the remuneration for the following FOUR factors of production:



(8)

QUESTION 6 (14 MARKS)

Study the pictures below and answer the questions that follow.



Lily is an entrepreneur. She lives in a small town at the coast. Lily earns money by making kites and selling them on the beach to the tourists who visit the town during the summer months. The weather affects the demand for Lily's kites.

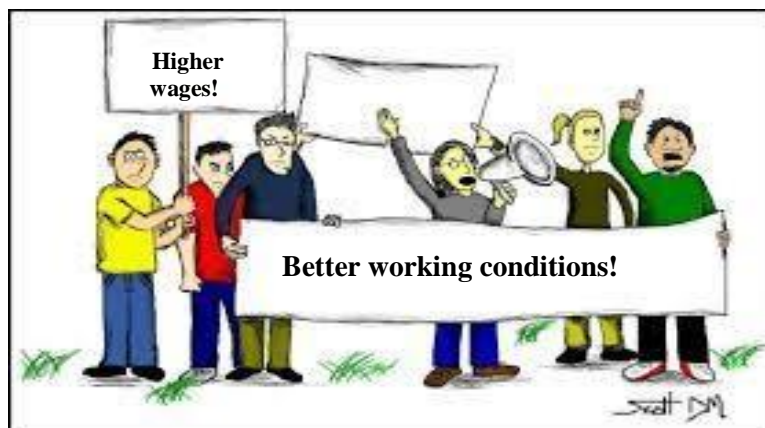
The following table represents the supply and demand schedule for Lily's kites:

Price of kites	Quantity demanded (number of kites)	Quantity supplied (number of kites)
R20	100	20
R40	80	40
R60	60	60
R80	20	80

- 6.1 Use the above schedule to draw a demand and supply curve on the same axes and indicate the equilibrium point. (8)
- 6.2 How much is the *equilibrium price*? (2)
- 6.3 Define the *Law of Supply*. (2)
- 6.4 Name ONE factor affecting the demand for Lily's kites. (2)

QUESTION 7 (12 MARKS)

A strike is a challenge which many businesses in South Africa must face today. Strikes, and go-slows are often very costly for businesses and / or the workers.



- 7.1 Define the term *trade union*. (2)
- 7.2 Identify the TWO main issues about which trade unions usually negotiate. (4)
- 7.3 Write an explanation on how strike action can have a negative impact on a business. (2 x 2) (4)
- 7.4 List ONE responsibility of trade unions in South Africa. (2)

SECTION C

FINANCIAL LITERACY

QUESTION 8 (28 MARKS)

K. Lennon is the owner of Lennon Boutique. He buys and sells clothing for cash as well as on credit. The business maintains a profit mark-up of 40% on cost price.

INSTRUCTIONS

1. Record the transactions in the following journals provided:
 - Cash Receipts Journal
 - Cash Payments Journal
 - Debtors' Journal
 - Debtors' Allowances Journal
 - Creditors' Journal

2. DO NOT close off the journals on 31 October 2018.

TRANSACTIONS FOR OCTOBER 2018:

- 03 Issued invoice 88 to Kelly Hoover for goods supplied on credit, R3 920.
Issued cheque 100 to Jozi Fashion Stores for trading stock bought, R11 800.
- 08 Bought summer range stock, R7 900 on account from GP Retailers, received invoice 91.
- 14 Kelly Hoover returned unsatisfactory goods to the value of R1 680. The goods were not according to the sample. Issued credit note 31.
- 24 Issued cheque 101 for R9 770 to GP Retailers in payment of amount owed on purchases on the 8 October and the rest was for packing material bought for cash.
- 30 Cash sales according to the cash register roll, R4 060. (CRR 56).
Received a cheque for R2 900 from Kelly Hoover in part payment of his account.
Issued receipt 21.

QUESTION 9 (15 MARKS)**ACCOUNTING EQUATION**

Complete the table in your ANSWER BOOKLET. Analyse the following transactions.

No.	Journal	Assets	Owner's Equity	Liability
e.g.	CRJ	+10 000	+10 000	0

- 9.1 Received commission income, R5 200.
- 9.2 Bought a vehicle cash, R90 000
- 9.3 Received a cheque for R1 600 for services rendered.
- 9.4 FNB issued a loan for R60 000.
- 9.5 Owner withdrew R950 to pay for his personal cellphone.

QUESTION 10 (15 MARKS)**GENERAL LEDGER**

You are supplied with information from the books of Manzi Traders.

INSTRUCTION:

- 10.1 Post the following completed journals to the Trading Stock Account in the General Ledger.
- 10.2 Balance the account at the end of September 2018

INFORMATION**Opening Balance: Trading Stock: R33 475**

CASH RECEIPTS JOURNAL OF MANZI TRADERS FOR SEPTEMBER 2018 CRJ9

Bank	Sales	Cost of Sales	Debtors control
176 100	131 200	82 000	44 900

CASH PAYMENTS JOURNAL OF MANZI TRADERS FOR SEPTEMBER 2018 CPJ9

Bank	Trading Stock	Creditors Control	Salaries & wages	Sundry accounts
162 300	54 000	51 300	35 000	22 000

CREDITORS JOURNAL OF MANZI TRADERS FOR SEPTEMBER 2018

CJ9

Creditors Control	Trading Stock	Equipment	Stationery	Sundry accounts
212 700	185 000	22 000	2 400	3 300

CREDITORS ALLOWANCE JOURNAL OF MANZI TRADERS FOR SEPTEMBER 2018 CAJ9

Creditors Control	Trading Stock	Equipment	Stationery	Sundry accounts
15 900	12 900	2 500	500	0

DEBTORS JOURNAL OF MANZI TRADERS FOR SEPTEMBER 2018 DJ9

Sales	Cost of Sales
230 400	144 000

DEBTORS ALLOWANCE JOURNAL OF MANZI TRADERS FOR SEPTEMBER 2018 DAJ9

Debtors Allowance	Cost of Sales
28 800	18 000

QUESTION 11 (11 MARKS)

TRIAL BALANCE

The inexperienced bookkeeper of Broadway Traders prepared the Trial Balance below with some errors.

YOU ARE REQUIRED TO:

Correct the Trial Balance on 31 October 2018 and calculate the missing amount.

Trial Balance of Broadway Traders on 31 October 2018

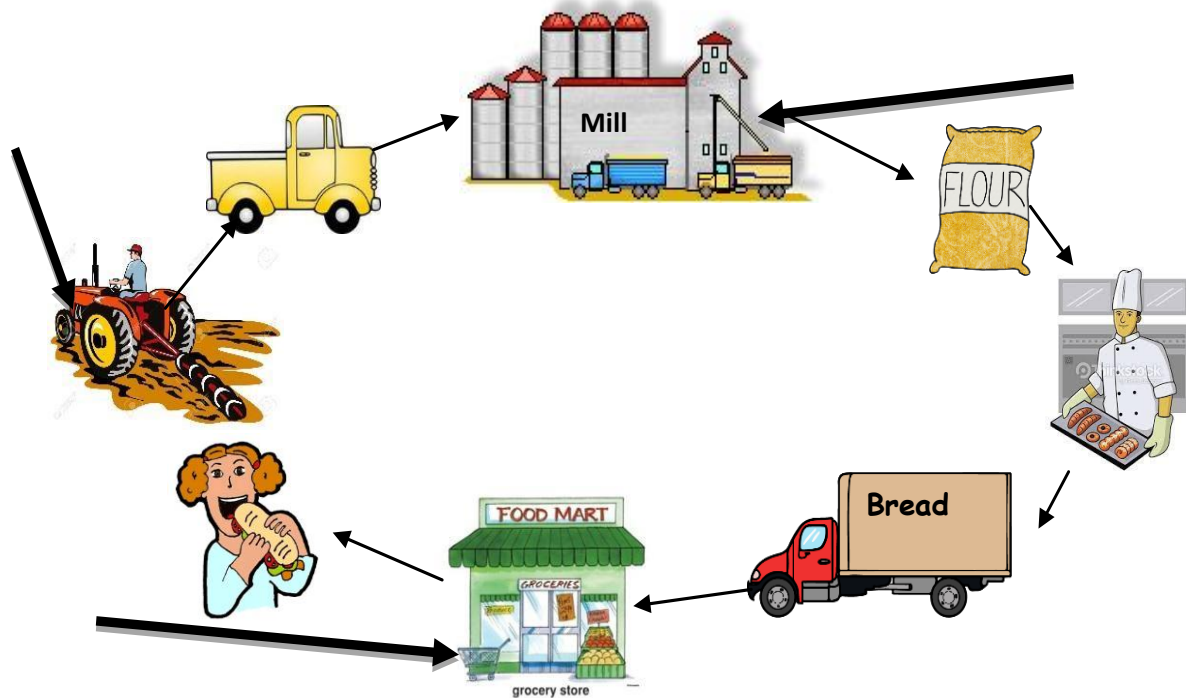
	Fol	Debit	Credit
Balance Sheet Accounts Section			
Sales		47 050	
Packing material		8 565	
Rent income		2 500	
Cost of Sales			27 525
Creditors Control		32 500	
Nominal Accounts Section			
Bank		45 150	
Consumables			2 810
Vehicles			63 000
Capital		?	
		<u>137 765</u>	<u>93 335</u>

SECTION D

ENTREPRENEURSHIP

QUESTION 12 (16 MARKS)

Study the flow chart for the production of bread and answer the questions that follow.



- 12.1 Label the sectors of the economy represented by (a), (b) and (c) above. (3)
- 12.2 Name TWO examples of businesses found in sector (a). (4)
- 12.3 Briefly discuss the interrelationship of the three sectors in the production of bread. (3)
- 12.4 List THREE ways in which businesses can promote sustainable use of resources. (3)
- 12.5 Name the THREE types of labour that are found in the three sectors that form part of economic sectors. (3)

QUESTION 13 (11 MARKS)

FUNCTIONS OF A BUSINESS

Bella's Clothing Company specialises in a popular range of children's clothing that is shipped to retail stores in all the major towns in South Africa. This progressive business carries out market research regularly to keep up with changing fashions and customer preferences. It also checks on the competition and what the consumer market thinks of Bella's Clothing Company.

Bella Tsele is proud of her growing business and is pleased to have a supportive board of directors. The management team is enthusiastic and competent – new suggestions for a staff canteen and gymnasium facilities by Trishen Maraj, the PR manager, have been well received.

Upgraded computer technology has improved information access. In addition, purchasing has identified a new supplier of raw materials that will keep Bella's Clothing products competitive.

The cash flow is healthy and firm of consultants has suggested ways to reduce any business risks.

13.1 Read the following extracts taken from the case study above. Identify the relevant business function in each one.

13.1.1 "Upgraded computer technology has improved information access." (2)

13.1.2 "The cash flow is healthy..." (2)

13.1.3 "... a firm of consultants has suggested ways to reduce business risks." (2)

13.1.4 "Bella ... is pleased to have a supportive board of directors." (2)

13.2 Define the concept *target market*. (3)

QUESTION 14 (10 MARKS)

THE BUSINESS PLAN

- 14.1 Briefly explain the importance of a business plan. (4)
- 14.2 You want to approach a local bank for financial assistance to expand your business operations. Name TWO important components which should be covered in your business plan. (4)
- 14.3 Give ONE example of a fixed cost in a business. (2)

