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Province of the

**EASTERN CAPE**

EDUCATION

**SENIOR PHASE**

**GRADE 9**

**NOVEMBER 2010**

|  |
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| **ECONOMIC AND MANAGEMENT SCIENCES**  **MEMORANDUM** |

**MARKS: 100**

|  |
| --- |
| This memorandum consists of 13 pages. |

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| **SECTION A** | |  |
|  | |  |
| **QUESTION 1** | |  |
|  | |  |
| Choose the correct answer from the ones given and circle the correct one. | |  |
|  |  |  |
| 1.1 | Which of the following entries would not affect owner’s equity? |  |
|  |  |  |
|  | 1. Purchased stationery on credit. 2. Pay the owner’s telephone account with a business cheque. 3. Received monthly rent from a tenant. 4. **Bought a vehicle and paid by cheque.** |  |
|  |  |  |
| 1.2 | The price at which the quantity demanded is the same as quantity supplied is known as … |  |
|  |  |  |
|  | 1. minimum price. 2. **equilibrium price.** 3. discount price. 4. reasonable price. |  |
|  |  |  |
| 1.3 | The act that provides guidelines for the maximum hours that one is allowed to work is the … Act. |  |
|  |  |  |
|  | 1. Skills Development 2. The Employment Equity 3. The Labour Relations 4. **Basic Conditions of Employment** |  |
|  |  |  |
| 1.4 | … is when the country produces more goods and services. |  |
|  |  |  |
|  | 1. Economic development 2. **Economic growth** 3. Economic prosperity 4. Economic sustainability |  |
|  |  |  |
| 1.5 | The total value of the final goods and services produced within the borders of a country in a given year, is called … |  |
|  |  |  |
|  | 1. Gross Profit. 2. Gross Income. 3. **Gross Domestic Product.** 4. Gross National Product. |  |
|  | (5 x 1*)* | **[5]** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **QUESTION 2** | | | | | |  |
|  | | | | | |  |
| **Fill** in the missing words in the spaces provided. | | | | | |  |
|  |  | | | | |  |
| 2.1 | Marketing intends to inform the **TARGET MARKET/CONSUMERS** about the business. | | | | |  |
|  |  | | | | |  |
| 2.2 | The **CIRCULAR FLOW/ECONOMIC CYCLE DIAGRAM** shows the flow of money, goods and services in an economy. | | | | |  |
|  |  | | | | |  |
| 2.3 | One of the RDP challenges is to redress the **IMBALANCES/INEQUALITIES** of the past between the rich and the poor. | | | | |  |
|  |  | | | | |  |
| 2.4 | A **DEBIT** card gives you the benefit of using it electronically without the danger of carrying a large sum of money and also the spending of money you do not actually have. | | | | |  |
|  |  | | | | |  |
| 2.5 | The higher the price, the lower the **QUANTITY DEMANDED** (NOT DEMAND) of a product. | | | | |  |
|  | (5 x 1) | | | | | **[5]** |
|  |  | | | | |  |
| **QUESTION 3** | | | | | |  |
|  |  | | | | |  |
| CHOOSE the concept in COLUMN B that matches a description in COLUMN A. Write only the chosen letter next to the question in the grid provided, e.g. 3.1 Z. | | | | | |  |
|  | | | | | |  |
|  | **COLUMN A.** | | | **COLUMN B** | |  |
| 3.1 | Import and export of goods and services from and to another country | | | A | Public Relations |  |
| 3.2 | Difference between sales and cost of sales | | | B | National Budget |  |
| 3.3 | Creating a positive image of a business | | | C | Liabilities |  |
| 3.4 | A projected statement of government’s revenue and expenditure for the year | | | D | Gross Profit |  |
| 3.5 | Everything that the business owe to others | | | E | International Trade |  |
|  |  | | | F | Taxation |  |
|  |  | | | | |  |
| ANSWERS | | | | | |  |
| 3.1 | **E** | 3.4 | **B** | | |  |
| 3.2 | **D** | 3.5 | **C** | | |  |
| 3.3 | **C** |  |  | | |  |
|  | (5 x 1) | | | | | **[5]** |
|  |  | | | | |  |
|  | **TOTAL SECTION A:** | | | | | **15** |

|  |  |  |
| --- | --- | --- |
| **SECTION B** | |  |
|  |  |  |
| **QUESTION 4** | |  |
|  | |  |
| 4.1 | Differentiate between the following concepts/terms: |  |
|  |  |  |
|  | (a) Real and monetary flow in the circular flow diagram (2 x 2) | (4) |
|  |  |  |
|  | **Real flow is the flow of goods and services within the economic**  **cycle.** √√  **Monetary flow is the flow of money in the economic cycle.** √√ |  |
|  |  |  |
|  | (b) Fixed and current assets and give one example of each: | (5) |
|  | **Fixed assets are possessions of a business which have been purchased but not for resale, and have a long life, e.g. land and buildings/vehicles/equipment.** **(2 marks for correct definition and ½ mark for example)**  **Current assets are possessions of the business that can be converted into cash, e.g. trading stock/debtors/bank. (2 marks for correct definition and ½ mark for example.)** |  |
|  |  |  |
| 4.2 | Explain the following terms: (4 x 2) | (8) |
|  |  |  |
|  | (a) Exchange Rate:  **The price of the currency of a country in terms of the currency of another country.** √√  (b) Productivity:  **The efficient use of resources to produce goods and services at the lowest possible cost within a given time.** √√  (c) Inflation:  **An increase in the general price level of goods and services** √√  (d) Source document  **Is written proof and evidence that transactions took place between two parties.**  √√ |  |

|  |  |  |
| --- | --- | --- |
| 4.3 | Decide whether the following market events indicate an increase or a decrease in **quantity supplied or supply and quantity demanded or demand**. Give reasons for your answer. |  |
|  |  |  |
|  | 1. Market: Selling of Chocolate bars   Event: The price of sugar decreases.  **Supply increases √**  **Reason decrease in the input price** √   1. Market: Selling of Bread   Event: The price of bread decreases.  **Increase in quantity demanded √**  **Reason: Decrease in price of bread**  √   1. Market: Selling Mutton   Event: The price of beef decreases.  **Decrease in demand for mutton √**  **Decrease in the price of substitute** √ |  |
|  | (3 x 2) | (6) |
|  |  |  |
| 4.4  **BUSINESS** | D √  C √  F √  E √  **PRODUCT**  A √  B √  **HOUSEHOLD**  **GOVERNMENT**  **FACTOR** | |
|  |  |  |
| Study the following activities and locate them in the circular flow diagram. Use only the given letters next to each activity to indicate the flow. Do not rewrite the activities. | |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **A**. Jo buys a CD, pizza and sweets  **B**. Anna pays for tickets to a rock concert  **C.** Sasha paints housed for a summer job  **D.** Spar supermarkets pay workers  **E.** A defence department worker receives R60 000 per year for her work as a  translator  **F.**  A policeman applies for a job with the police department | |  |
|  | (6 x 1) | | (6) |
|  |  | |  |
| 4.5 | The graph below illustrates the demand and supply curves of Bafana Bafana T shirts. Analyse it and then answer the questions that follow | |  |
|  |  | |  |
|  | |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **SUPPLY AND DEMAND GRAPH** | | | | | | | | | **PRICE** | 350 | x |  |  |  | x |  | | 340 |  | x |  |  |  |  | | 330 |  |  | x |  |  |  | | 320 |  | x |  | x |  |  | | 310 | x |  |  |  | x |  | | 0 | 100 | 200 | 300 | 400 | 500 |  | |  | **QUANTITY** | | | | | | | |  |
|  |  |  |  |
|  | (a) | What quantity of T shirts will be supplied if the price is R340? |  |
|  |  |  |  |
|  |  | **200 T-shirts** √ | (1) |
|  |  |  |  |
|  | (b) | What will be the quantity demanded for T-shirts when the price is R350? |  |
|  |  |  |  |
|  |  | **100** **T-shirts** √ | (1) |
|  |  |  |  |
|  | (c) | What will happen in the demand curve for Bafana Bafana T shirts if there are fake T-shirts selling at a cheaper price, and people are buying them? |  |
|  |  |  |  |
|  |  | **The demand curve will shift to the left .** √√ | (2) |
|  |  |  |  |
|  | (d) | What will happen to the supply curve, if a law is passed that all citizens of South Africa should buy the genuine Bafana Bafana T-shirts? |  |
|  |  |  |  |
|  |  | **Supply curve will shift to the right.** √√ | (2) |
|  |  |  |  |
|  |  | **TOTAL SECTION B:** | **17** |

|  |  |  |
| --- | --- | --- |
| **SECTION C** | |  |
|  | |  |
| **QUESTION 5** | |  |
|  | |  |
| Read the case study below and answer the questions. | |  |
|  | |  |
| A.B. Jacobs started a shoe business, AJ Stores, in Woodstock Cape Town. He raised capital by asking his parents to assist. Jacobs manufactured shoes for sports brands, security firms and schools. He professionally runs his business in a small factory with 10 staff members. They are able to produce 30 pairs of shoes every 3 hours.  All the people who work for AJ Stores were previously unemployed. His workers are very happy as he treats them fairly and pays them well. Jacobs has also taken on young school leavers who are interested in shoe making and has started training them.  Jacobs has also been saving his profits. Although he has to compete with cheaper imports his business is running successfully. As a result, he is thinking of expanding his business. He is looking for investors who can invest into his business. | | |
|  |  |  |
| 5.1 | Will AJ Stores attract investors from overseas? Explain your answer  **No.** √  **The business is too small to attract a foreign investors at this**  **stage.**  √√ | (3) |
|  |  |  |
| 5.2 | What form of ownership is AJ Stores?  **Sole trader** √ | (1) |
|  |  |  |
| 5.3 | Give TWO advantages of this ownership mentioned in QUESTION 5.2.  **He receives all the profits**. √  **Easy to start.**  **Can adapt easily to changing conditions.** √ | (2) |
|  |  |  |
| 5.4 | Explain how investment contributes to economic growth.  **Investment leads to more jobs being created and this will also increase the production of goods and services.** √ | (1) |
|  |  |  |
|  | **TOTAL SECTION C:** | **7** |

|  |  |  |
| --- | --- | --- |
| **SECTION D** | |  |
|  | |  |
| **QUESTION 6** | |  |
|  |  |  |
| 6.1 | INFORMATION |  |
|  |  |  |
|  | 1. The mark-up is as follows: 2. Cash sales 25% 3. Credit sales 40% 4. The journals for October have been summarised as follows: |  |
|  |  |  |
| **CASH RECEIPTS JOURNAL**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Bank** | **Sales** | **Cost of sales** | **Debtors control** | **Sundry accounts** | | R71 400 | R39 000 | R? | R20 200 | R12 200 | | | |
|  |  |  |
| **CASH PAYMENTS JOURNAL**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Bank** | **Wages** | **Trading stock** | **Creditors control** | **Sundry accounts** | | R101 400 | R28 200 | R51 000 | R14 400 | R7 800 | | | |
|  |  |  |
| **CREDITORS JOURNAL**   |  |  |  |  | | --- | --- | --- | --- | | **Creditors** | **Trading Stock** | **Stationery** | **Sundry accounts** | | R99 500 | R71 500 | R20 000 | R8 000 | | | |
|  |  |  |
| **DEBTORS JOURNAL**   |  |  | | --- | --- | | **Sales** | **Cost of Sales** | | R? | R78 000 | | | |
|  | |  |
| **INSTRUCTION:** | |  |
|  |  |  |
| 1. Use the information provided to post from the journals to the following ledger accounts. | |  |
|  |  |  |
|  | 1. Trading stock | (14) |
|  | 1. Creditors control | (7) |
|  | 1. Sales | (5) |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| GENERAL LEDGER OF BOXER STORES | | |  | | |
|  |  | |  | | |
| **BALANCE SHEET ACCOUNTS SECTION** | | |  | | |
|  |  | |  | | |
| **TRADING STOCK**   |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | 2010  Oct | 1 | Balance | b/d | 69 000 |  | 2010  Oct | 31 | Cost of Sales √ | CRJ | 31200 √√√ |  | |  | 30 | Bank √ | CPJ | 51000 √ |  |  | 31 | Cost of Sales √ | DJ | 78000 √ |  | |  | 31 | Creditors √ | CJ | 71500 √ |  |  | 31 | Balance √ | c/d | 82300 √√ |  | |  |  |  |  | 191500 |  |  |  |  |  | 191500 |  | | 2010  Nov | 1 | Balance | b/d | 82300 √ |  |  |  |  |  |  |  | | | | | | |
|  |  |  | | (14) | |
|  |  |  | |  | |
| **CREDITORS CONTROL**   |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | 2010  Oct | 31 | Bank √ | CPJ | 14400 √ |  | 2010  Oct | 1 | Balance | b/d | 51400 |  | |  | 31 | Balance | c/d | 136500 √√ |  |  | 31 | Total Purchases √ | CJ | 99500 √ |  | |  |  |  |  | 150900 |  |  |  |  |  | 150900 |  | |  |  |  |  |  |  | Nov | 1 | Balance | b/d | 136500 √ |  | | 2010  Oct | 31 | Bank √ | CPJ | 14400 √ |  | 2010  Oct | 1 | Balance | b/d | 51400 |  | | | | | | |
|  |  |  | | | (7) |
|  |  |  | | |  |
| **SALES**   |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | |  |  |  |  |  |  | 2010  Oct | 1 | Total | b/f | 31000 |  | |  |  |  |  |  |  |  | 31 | Bank √ | CRJ | 39000 √ |  | |  |  |  |  |  |  |  | 31 | Debtors √ | DJ | 97500 √√ |  | |  |  |  |  |  |  |  |  |  |  | 167500 |  | |  |  |  |  |  |  | 2010  Oct | 1 | Total | b/f | 31000 |  | | | | | | |
|  |  |  | | | (5) |

|  |  |  |
| --- | --- | --- |
| **QUESTION 7** | |  |
|  | |  |
| Use the following Trial Balance of Golden Eagles Traders to prepare the following: | |  |
|  |  |  |
|  | (a) Income Statement of Golden Eagles Traders for the year ended 30 November 2010 | (17) |
|  |  |  |
|  | (b) Balance Sheet of Golden Eagles Traders for the year ended  30 November 2010 | (18) |
|  |  |  |
| **GOLDEN EAGLES TRADERS** | |  |
| **TRIAL BALANCE AS AT 30 NOVEMBER 2010**   |  |  |  |  | | --- | --- | --- | --- | | **BALANCE SHEET ACCOUNT SECTION** | **FOLIO** | **DEBIT** | **CREDIT** | | Capital | B1 |  | 106 000 | | Drawings | B2 | 10 802 |  | | Land and building | B3 | 85 000 |  | | Vehicles | B4 | 21 861 |  | | Equipment | B5 | 18 794 |  | | Trading Inventory | B6 | 3 431 |  | | Debtors control | B7 | 8 520 |  | | Bank | B8 | 200 |  | | Cash Float | B9 | 60 |  | | Creditors | B10 |  | 6 475 | | NOMINAL ACCOUNT SECTION |  |  |  | | Sales | N1 |  | 104 944 | | Cost of Sales | N2 | 52 472 |  | | Rent income | N3 |  | 7 106 | | Telephone | N4 | 2 223 |  | | Stationery | N5 | 813 |  | | Salaries | N6 | 12 155 |  | | Fuel | N7 | 4 059 |  | | Advertising | N8 | 613 |  | | Water and electricity | N9 | 1 542 |  | | Cleaning material | N10 | 1 980 |  | |  |  | 224 525 | 224 525 | | |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **INCOME STATEMENT OF GOLDEN EAGLES FOR THE YEAR ENDED 30 NOVEMBER 2010** | | |  |
|  |  | R |  |
| Sales |  | 104944 √ |  |
| Less Cost of Sales |  | (52472) √ |  |
| Gross Profit |  | 52472 √√ |  |
| Other Income |  | 7106 √ |  |
| Rent Income |  | 7106 |  |
|  |  |  |  |
| Gross Income |  | 59578 √√ |  |
| Operating Expenses |  | 23385 √√ |  |
| Telephone |  | 2223 √ |  |
| Stationery |  | 813 √ |  |
| Cleaning Material |  | 1980 √ |  |
| Salaries |  | 12155 √ |  |
| Fuel |  | 4059 √ |  |
| Advertising |  | 613 √ |  |
| Water and electricity |  | 1542 √ |  |
| Operating profit for the year |  | 36193 √ |  |
|  |  |  |  |
| NET PROFIT FOR THE YEAR |  | 36193 | (17) |

|  |  |  |  |
| --- | --- | --- | --- |
| **BALANCE SHEET OF GOLDEN EAGLES FOR THE YEAR ENDED 30 NOVEMBER 2010** | | |  |
|  | Notes | R |  |
| **ASSETS** |  |  |  |
| **NON CURRENT ASSETS** |  |  |  |
| **Fixed Assets** | 1 | 106861 √ |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **CURRENT ASSETS** |  | 31005 √ |  |
| Inventories | 2 | 18794 ½ |  |
| Trade and other Receivables/Debtors | 3 | 3431 ½ |  |
| Cash and Cash equivalent | 4 | 8780 √ |  |
|  |  |  |  |
| **TOTAL ASSETS** |  | 137866 ½ |  |
|  |  |  |  |
| **EQUITY AND LIABILITIES** |  |  |  |
| NON CURRENT LIABILITIES |  |  |  |
| Owners’ Equity | 5 | 131391 √ |  |
| CURRENT LIABILITIES |  |  |  |
| Trade and other Payables | 6 | 6475 √ |  |
| **TOTAL EQUITY AND LIABILITIES** |  | 137866 ½ | (7) |

|  |  |  |  |
| --- | --- | --- | --- |
| **NOTES TO THE FINANCIAL STATEMENTS ON 30 NOVEMBER 2010** | | |  |
| 1 | FIXED ASSETS | R106861 |  |
|  | Land and Buildings | 85 000 √ |  |
|  | Equipment | 21 861 √ |  |
|  |  |  |  |
| 2 | INVENTORIES | R18 794 |  |
|  | Trading Stock | 18 794 √ |  |
|  |  |  |  |
| 3 | TRADE AND OTHER RECEIVABLES | R3 431 |  |
|  | Debtors | 3 431 √ |  |
|  |  |  |  |
| 4 | CASH AND CASH EQUIVALENT | R8 780 |  |
|  | Bank | 8 520 √ |  |
|  | Petty Cash | 60 √ |  |
|  | Cash Float | 200 √ |  |
|  |  |  |  |
| 5 | OWNERS’ EQUITY | R131 391 |  |
|  | Balance at the beginning | 106000 √ |  |
|  | Add Net Profit for the year | 35193 √ |  |
|  | Less Drawings | (10802) √ |  |
|  |  |  |  |
| 6 | TRADE AND OTHER PAYABLES | R6475 |  |
|  | Creditors | 6475 √ | (11) |
|  |  |  | **[35]** |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **TOTAL SECTION D:** | **61** |
|  |  |  |  |
|  |  | **GRAND TOTAL:** | **100** |