



Province of the
EASTERN CAPE
EDUCATION

SENIOR PHASE

GRADE 9

NOVEMBER 2010

ECONOMIC AND MANAGEMENT SCIENCES

MEMORANDUM

MARKS: 100

This memorandum consists of 13 pages.

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?
- A Purchased stationery on credit.
 - B Pay the owner's telephone account with a business cheque.
 - C Received monthly rent from a tenant.
 - D **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 ...
- A minimum price.
 - B **equilibrium price.**
 - C discount price.
 - D reasonable price.
- 1.3 The act that provides guidelines for the maximum hours that one is allowed to work is the ... Act.
- A Skills Development
 - B The Employment Equity
 - C The Labour Relations
 - D **Basic Conditions of Employment**
- 1.4 ... is when the country produces more goods and services.
- A Economic development
 - B **Economic growth**
 - C Economic prosperity
 - D 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 ...
- A Gross Profit.
 - B Gross Income.
 - C **Gross Domestic Product.**
 - D 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	<u>E</u>	3.4	<u>B</u>
3.2	<u>D</u>	3.5	<u>C</u>
3.3	<u>C</u>		

(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.

(a) Market: Selling of Chocolate bars
Event: The price of sugar decreases.

Supply increases ✓
Reason decrease in the input price ✓

(b) Market: Selling of Bread
Event: The price of bread decreases.

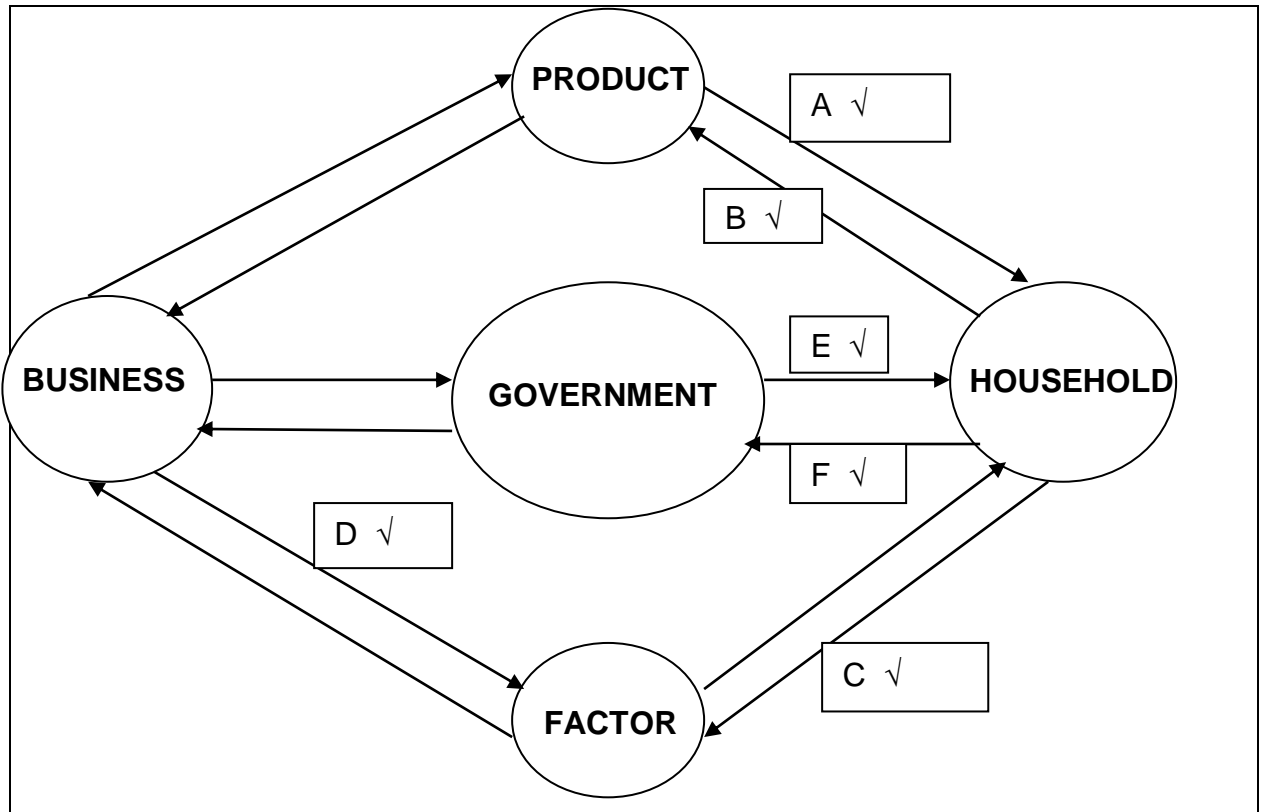
Increase in quantity demanded ✓
Reason: Decrease in price of bread ✓

(c) 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

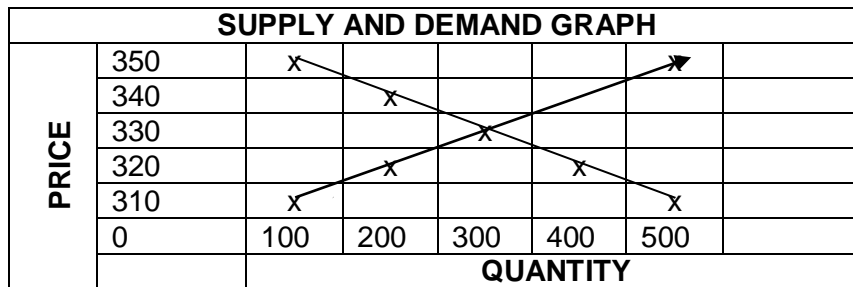


Study the following activities and locate them in the circular flow diagram. Use only the given letters next to each activity to indicate the flow. Do not rewrite the activities.

- A. Jo buys a CD, pizza and sweets
- B. Anna pays for tickets to a rock concert
- C. Sasha paints houses 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



- (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

(A) The mark-up is as follows:

1. Cash sales 25%
2. Credit sales 40%

(B) 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.

- | | |
|-----------------------|------|
| (a) Trading stock | (14) |
| (b) Creditors control | (7) |
| (c) 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 ✓	CP J	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 ✓✓			3 1	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

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**