



TOM NEWBY SCHOOL EXAMINATION



Subject	Economic Management Sciences	Examiner	Miss L Klemp Miss B Botha
Date	November 2018	Total marks	150
Session	1	Duration	2 hours
Grade	7	Moderator	Mrs A Singh
Special instructions/ Equipment	1. Read each question carefully and answer on the question paper. 2. Calculators may be used, but NO sharing is allowed.		

MEMORANDUM

NO.	ANSWER	MARK	LEVEL																																				
1.	<p>Match the term from Column A, to the definition in Column B. Write your answers in the blocks provided below</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 30%; text-align: center;">Column A</th> <th style="width: 5%;"></th> <th style="width: 60%; text-align: center;">Column B</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.1</td> <td>Deficit</td> <td style="text-align: center;">A.</td> <td>Goods available for sale.</td> </tr> <tr> <td style="text-align: center;">1.2</td> <td>Net Profit</td> <td style="text-align: center;">B.</td> <td>Businesses encourage consumers to buy their products.</td> </tr> <tr> <td style="text-align: center;">1.3</td> <td>Inventory</td> <td style="text-align: center;">C.</td> <td>The first evidence of a type of money.</td> </tr> <tr> <td style="text-align: center;">1.4</td> <td>Industrialised Society</td> <td style="text-align: center;">D.</td> <td>Refers to the profit that the business has made after all the expenses have been deducted from the gross income.</td> </tr> <tr> <td style="text-align: center;">1.5</td> <td>Cowry Shells</td> <td style="text-align: center;">E.</td> <td>How quickly an asset can be converted into money.</td> </tr> <tr> <td style="text-align: center;">1.6</td> <td>Liquidity</td> <td style="text-align: center;">F.</td> <td>The act of putting money aside for future use.</td> </tr> <tr> <td style="text-align: center;">1.7</td> <td>Consumer Behaviour</td> <td style="text-align: center;">G.</td> <td>A society driven by the use of technology to enable mass production.</td> </tr> <tr> <td style="text-align: center;">1.8</td> <td>Sustainability</td> <td style="text-align: center;">H.</td> <td>The amount by which a sum of</td> </tr> </tbody> </table>		Column A		Column B	1.1	Deficit	A.	Goods available for sale.	1.2	Net Profit	B.	Businesses encourage consumers to buy their products.	1.3	Inventory	C.	The first evidence of a type of money.	1.4	Industrialised Society	D.	Refers to the profit that the business has made after all the expenses have been deducted from the gross income.	1.5	Cowry Shells	E.	How quickly an asset can be converted into money.	1.6	Liquidity	F.	The act of putting money aside for future use.	1.7	Consumer Behaviour	G.	A society driven by the use of technology to enable mass production.	1.8	Sustainability	H.	The amount by which a sum of	20	1
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			money is too small. .		
1.9	Savings	I.	A method of banking in which transactions are conducted electronically.		
1.10	Internet Banking	J.	Avoidance of the depletion of natural resources.		
1.1 H	✓✓	1.2 D	✓✓	1.3 A	✓✓
1.4 G	✓✓	1.5 C	✓✓	1.6 E	✓✓
1.7 B	✓✓	1.8 J	✓✓	1.9 F	✓✓
1.10 I	✓✓				
2.	State whether the following statements are True or False.			5	2
2.1	Assets are the items that have monetary value and are owned by the business. True ✓				
2.2	Expenses are items which have no lasting value. True ✓				
2.3	Articles that sell slowly, have a low profit margin. False ✓				
2.4	Personal expenses can be referred to as living expenses. True ✓				
2.5	The Tertiary Sector uses raw materials from the Primary Sector to produce goods and services. False ✓				
3.	Provide a term for the following definitions			10	3
3.1	A system of trade, whereby personal possessions of value could be exchanged for other goods. Bartering ✓✓				
3.2	The money a business makes after deducting all the expenses from the income. Profit ✓✓				
3.3	A decrease in financial value. Loss ✓✓				
3.4	The money a business earns.				

3.5	<p>Income ✓✓</p> <p>A financial action or event that takes place in a business.</p> <p>Transaction ✓✓</p>																								
<p>4.</p> <p>4.1</p> <p>4.2</p>	<p>Answer the following questions</p> <p>Explain the term personal expenses.</p> <p>Personal expenses are everything people have to pay for in order to survive ✓✓.</p> <p>In the column below, list six types of personal expenses.</p> <p>Rental expenses ✓</p> <p>School fees ✓</p> <p>Clothing ✓</p> <p>Teachers / managers ✓</p> <p>Petrol / transportation ✓</p> <p>Medical expenses ✓</p> <p>Telephone costs ✓</p> <p>Water and electricity ✓</p> <p>(Any 6)</p>	<p>2</p> <p>6</p>	<p>3</p> <p>3</p>																						
5.	<p>Draw up a Statement of Net Worth.</p> <p>The bank has asked Cynthia Harebottle for a Statement of Net Worth to assess if she qualifies for a personal loan.</p> <p>Cynthia has provided the following information in order to set up her Statement of Net Worth.</p> <table border="1" data-bbox="256 1552 930 1783"> <tr> <td>Property</td> <td>R1 740 000</td> </tr> <tr> <td>Mortgage loan</td> <td>R900 000</td> </tr> <tr> <td>Clothing accounts</td> <td>R5 500</td> </tr> <tr> <td>Household equipment</td> <td>R24 500</td> </tr> <tr> <td>Credit card debts</td> <td>R25 000</td> </tr> <tr> <td>Fixed deposit</td> <td>R6 200</td> </tr> </table> <table border="1" data-bbox="256 1821 922 2101"> <tr> <td>Balance in bank account</td> <td>R1 340</td> </tr> <tr> <td>Value of her:</td> <td></td> </tr> <tr> <td>Cell phone</td> <td>R2 400</td> </tr> <tr> <td>Laptop</td> <td>R8 000</td> </tr> <tr> <td>Loan from cousin</td> <td>R2 500</td> </tr> </table>	Property	R1 740 000	Mortgage loan	R900 000	Clothing accounts	R5 500	Household equipment	R24 500	Credit card debts	R25 000	Fixed deposit	R6 200	Balance in bank account	R1 340	Value of her:		Cell phone	R2 400	Laptop	R8 000	Loan from cousin	R2 500	15	6
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<u>Statement of Net Worth for Cynthia Harebottle</u> ✓			
Assets			
Property	R1740 000	✓	
Household equipment	R24 500	✓	
Fixed deposit	R6 200	✓	
Bank balance	R1 340	✓	
Cell phone	R2 400	✓	
Laptop	R8 000	✓	
Total	R1 782 440	✓	
Liabilities			
Mortgage bond	R900 000	✓	
Clothing accounts	R5 500	✓	
Credit card debts	R25 000	✓	
Loan from cousin	R2 500	✓	
Total	R933 000	✓	
Net Worth = R1 782 440 – R933 000 = R849 440 ✓✓			
6.	Answer the following questions:		
6.1	List the five main types of capital. Fixed capital / physical capital ✓ Financial capital ✓ Share capital ✓ Working capital / operating capital ✓ Start-up capital ✓	5	2
6.2	In a short paragraph, explain the importance of a budget. Budgets are important for financial planning ✓. The aim of a budget is to help you stay out of debt and to spend your money wisely ✓. A budget is also used to help you save money ✓.	3	5
6.3	Explain the difference between fixed and variable income. Fixed: amounts that are received regularly. ✓ Variable: uncertain windfalls. ✓	2	5

7. Read the following information. Answer the questions that follow.

Sugar and Spice is a small business that sells a variety of scarce ingredients needed by catering businesses. Their incomplete budget for October is listed below. The budget is based on October 2013 and September 2014.

Sugar and Spice

Budget – October 2014

Receipts of cash	A
Sales	R400 250
Money earned from delivering stock	R10 350
Payments of cash	B
Stock bought	R200 000
Transport cost of getting stock to shop	R1 500
Staff wages	R20 000
Shop rental	R8 000
Advertising costs	R4 000
Surplus for the month	C
Money at the beginning of month	R23 000
MONEY AT THE END OF THE MONTH	D

7.1 Determine the answers for the missing calculations marked A to D.

A: R410 600 ✓✓

B: R233 500 ✓✓

C: R177 100 ✓✓

D: R200 100 ✓✓

4x2=8

6

7.2 If the sales for October 2013 were R250 000 and the sales for September 2014 were R350 000, do you think R400 250 is a realistic amount to achieve for October 2014?

Provide a reason for your answer.

It is not unrealistic ✓, especially if they have information that a big order might come through, or a new client has signed up. ✓

2

5

7.3	<p>Name any two expenses that you think would have also increased, if sales increased by R50 000. Explain your answer.</p> <p>Thy stock that they have to buy ✓ Transportation costs ✓</p>	2	3
8.	<p>Answer the following questions.</p>		
8.1	<p>Provide a detailed explanation of an entrepreneur.</p> <p>People who take risks to start a new business ✓. They have specific characteristics and skills to be successful in their new ventures ✓.</p>	2	3
8.2	<p>List the four entrepreneurial actions</p> <p>Buy ✓ Sell ✓ Produce ✓ Make a profit ✓</p>	4	1
8.3	<p>Explain the term <i>advertising</i>.</p> <p>To publicise a product. The activity of producing advertisements for commercial products and services ✓.</p>	1	3
8.4	<p>List the 4 “P”s of marketing and provide a brief explanation of each.</p> <p>Product ✓ – what product are you selling? ✓ Price ✓ – is the price charged competitive? ✓ Place ✓ – where is the “shop” situated? ✓ Promotion ✓ – special deals available. ✓</p>	8	3
8.5	<p>Provide a definition for the term <i>socio-economic imbalance</i>.</p> <p>People do not have equal access to resources ✓.</p>	1	3
8.6	<p>Name and explain the two types of inequality</p> <p>Inequality of income ✓: some people have a large income while others have a small or no form of income ✓.</p>	4	4

	Inequality of opportunity ✓: some people have opportunities or chances that other people do not have ✓.		
8.7	Provide two reasons for the difference between income Education and training ✓ Sexism ✓ Racism ✓ Nepotism ✓ Personal preference ✓ (Any two)	2	4
8.8	Explain the term <i>production</i> . The process of making a good or service is known as production. ✓ Production is the process of taking raw materials and transforming them into useful goods and services. ✓	2	4
8.9	List the three stages of production and provide an explanation of each . Primary Stage ✓ : Natural resources are taken from the earth. ✓ Secondary Stage ✓ : products are manufactured from the natural resources. ✓ Tertiary Stage ✓ : Businesses provide a service rather than producing goods. ✓	6	2
8.10	List the four groups of factors of production. Natural Resources (land) ✓ Labour ✓ Capital ✓ Entrepreneurs ✓	4	3
8.11	In paragraph form, give a brief explanation on the History of Banks . Banking originated in Ancient Mesopotamia in 2000BC ✓ or the safekeeping of grains. ✓ People could withdraw their grain by writing out an ordered	5	5

	<p>instruction. ✓</p> <p>Modern banks were established in the 17th Century. ✓</p> <p>First National Bank started as the Eastern Province Bank in Grahamstown. ✓</p>		
9.	<p>Read the case studies below and answer the questions for each.</p> <p>Case Study 1</p>		
9.1	<p>What is the role of a manager?</p> <p>Manager is a job title that is used in organisations to denote an employee who has certain duties and responsibilities / responsible for controlling or administrating any business/ organisation. ✓✓</p>	2	3
9.2	<p>Why is it necessary to treat customers in a polite manner?</p> <p>In order to keep a good name for your business. ✓</p> <p>Customers do not like to be treated rudely. ✓</p>	1	2
9.3	<p>Elaine often changes the menu. Provide two reasons for why this is good for their business.</p> <p>It keeps the customers interested. ✓</p> <p>Customers may not have liked their previous menu options. ✓</p> <p>Greater income and profit. ✓</p> <p>(Any two)</p>	2	3
9.4	<p>Draw a business logo for Elaine and Sally's restaurant.</p> <p>Any appropriate logo</p> <ul style="list-style-type: none"> - Picture - Colour - Relevant ✓✓✓✓ 	5	4
	<p>Case Study 2</p>		
9.5	<p>What award did Pamela win?</p> <p>Pamela won the Southern Life / Worldcom Young Business Award. ✓</p>	1	1

9.6	<p>Why do you think Pamela needed financial help with her business?</p> <p>Although Pamela has a degree, she did not have the available funds to open her business. She needed capital to start her business ✓ and to supply her business with stock (medical supplies). ✓</p>	2	2
9.7	<p>Do you think Pamela inspires her community? Provide a reason for your answer.</p> <p>Yes, she does. ✓</p> <p>She supports her community based on their needs and financial status. She has also shown that it is possible to follow your dreams and to start your own business. ✓</p>	2	3
9.8	<p>Define the term <i>perseverance</i>.</p> <p>Determination.</p> <p>Persistent to do something despite difficulty or delay. ✓</p>	2	3
9.9	<p>Case Study 3</p> <p>In the block below, provide three differences between a formal and informal business sector.</p> <p><u>Formal business</u></p> <p>Various forms of ownership ✓</p> <p>Registered ✓</p> <p>Pays tax ✓</p> <p><u>Informal</u></p> <p>Does not have a permanent address ✓</p> <p>Is not known by the government ✓</p> <p>Does not pay tax ✓</p>	6	5
9.10	<p>Motivate why people work in the informal sector.</p> <ul style="list-style-type: none"> • They cannot find employment in the formal sector. ✓ • They take part in illegal activities that they should not be involved in. ✓ 	3	5

	<ul style="list-style-type: none"> • They do not want to pay tax. ✓ 		
9.11	<p>What is the name of the teenager's business?</p> <p>Scentsations. ✓</p>	1	1
9.12	<p>In a short paragraph, discuss the growth of their business</p> <p>They started out in their mother's kitchen. ✓</p> <p>The teenagers then opened up a bigger production plant in a garage ✓</p> <p>From there they created a business, <i>Scentsations</i>. ✓</p> <p>They produce 75 kg of potpourri and they also introduced the product to various pharmacies. ✓</p>	4	3

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