



TOM NEWBY SCHOOL EXAMINATION

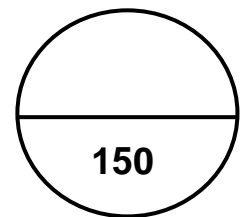


Subject	Economic Management Sciences	Examiner	Miss L Klemp Miss B Botha
Date	26 November 2018	Total marks	150
Session	1	Duration	2 hours
Grade	7	Moderator	Mrs A Singh
Special instructions/ Equipment	1. Read each question carefully and answer on the question paper. 2. Calculators may be used, but NO sharing is allowed.		

This assessment has been compiled using notes and information contained in the Tom Newby School resource material. The marking memorandum has been compiled accordingly. While alternative responses will be given due acknowledgement, the official memorandum will be considered a priority document to ensure uniformity of marking.

Name and Surname: _____

Class: _____



QUESTION 1

Match the term from Column A, to the definition in Column B. Write your answers in the blocks provided below. (20)

	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 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		1.2		1.3		1.4		1.5		1.6		1.7		1.8		1.9		1.10	
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QUESTION 2

State whether the following statements are True or False. (5)

2.1 Assets are the items that have monetary value and are owned by the business.

2.2 Expenses are items which have no lasting value.

2.3 Articles that sell slowly, have a low profit margin.

2.4 Personal expenses can be referred to as living expenses.

2.5 The Tertiary Sector uses raw materials from the Primary Sector to produce goods and services.

QUESTION 3

Provide a term for the following definitions. (5x2=10)

3.1 A system of trade, whereby personal possessions of value could be exchanged for other goods.

3.2 The money a business makes after deducting all the expenses from the income.

3.3 A decrease in financial value.

3.4 The money a business earns.

3.5 A financial action or event that takes place in a business.

QUESTION 4

Answer the following questions:

4.1 Explain the term personal expenses. (2)

4.2 In the column below, list six types of personal expenses.

(6)

Personal Expenses	
a)	b)
c)	d)
e)	f)

QUESTION 5

(15)

The bank has asked Cynthia Harebottle for a Statement of Net Worth to assess if she qualifies for a personal loan. Cynthia has provided the following information in order to set up her Statement of Net Worth:

Property	R1 740 000
Mortgage loan	R 900 000
Clothing accounts	R 5 500
Household equipment	R 24 500
Credit card debts	R 25 000
Fixed deposit	R 6 200

Balance in bank account	R 1 340
Value of her:	
Cell phone	R 2 400
Laptop	R 8 000
Loan from cousin	R 2 500

Draw up a Statement of Cynthia Harebottle's Net Worth.

Assets			Liabilities		
Net Worth					

QUESTION 6**Answer the following questions:**

6.1 List the five main types of capital. (5)

6.2 In a short paragraph, explain the importance of a budget. (3)

6.3 Explain the difference between fixed and variable income. (2)

QUESTION 7**Read the information provided below and 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 2014 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. (4x2=8)

A _____

B _____

C _____

D _____

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. (2)

7.3 Name any two expenses that you think would have also increased, if sales increased by R50 000. Explain your answer. (2)

QUESTION 8

Answer the following questions

8.1 Provide a detailed explanation of an entrepreneur. (2)

8.2 List the four entrepreneurial actions. (4)

8.3 Explain the term *advertising*. (1)

8.10 List the four groups of factors of production. (4)

8.11 In paragraph form, give a brief explanation on the History of Banks. (5)

QUESTION 9 (30)

Read the case studies below and answer the questions for each.

Case Study 1

CoCo's Restaurant

Elaine Jacobs and Sally Rasseau are the owners and managers of a popular restaurant called Coco's. The restaurant has a takeaway and sit-down section. It serves delicious meals for lunch and dinner. Elaine and Sally work hard to make a success of their business. There are many different tasks that they must do in order to manage the restaurant. They lead their staff by setting a good example. They are never late for work and they are always friendly and polite to the customers.

They make sure that each staff member knows what they are responsible for. Sally is in charge of the restaurant's employees. Sally also prepares a list of shifts for each employee. She plans in advance in order to hire extra staff over the holiday season. Elaine is responsible for many other tasks that are important for running a business. Elaine orders new supplies when needed, she adds variations to the menu and is responsible for the financial records.

Elaine and Sally work together in planning advertisements. They often have special offers at CoCo's in order to improve their business.

9.1 What is the role of a manager? (2)

9.2 Why is it necessary to treat customers in a polite manner? (1)

9.3 Elaine often changes the menu. Provide two reasons why this is good for their business. (2)

9.4 Draw a business logo for Elaine and Sally's restaurant. (5)



Case Study 2

Gugulethu Pharmacy

Pamela Mandini grew up in Gugulethu, a township in Cape Town. During the 1980s, life was difficult, but she had a vision of what she wanted to achieve in future. She was determined that nothing would stand in her way. Her dream was to open her own chemist in Gugulethu. She had a degree in Pharmacy, but she had no capital. She says that the

road has not been easy. She first had to persuade others to take a risk by helping her. Eventually, a Small Business Development Corporation helped her financially. Her dream came true when she overcame all her difficulties and the Gugulethu Pharmacy opened its doors. Her achievement was praised when she won the Southern Life / Worldcom Young Business Award. She is happy about her success, but she has not forgotten her goal of helping her community. Most of her customers are poor, therefore she has to find ways in providing them with the medication they need. She buys products in bulk so that the cost is less. She also gives talks to the youth in her area. She hopes to open more branches. She is proof that perseverance succeeds in the end. Her advice to others is, "The sky is not the limit".

9.5 What award did Pamela win? (1)

9.6 Why do you think Pamela needed financial help with her business? (2)

9.7 Do you think Pamela inspires her community? Provide a reason for your answer. (2)

9.8 Define the term *perseverance*. (1)

Case Study 3

Young Entrepreneurs

Three Durban teenagers have accepted that they are unlikely to find work in the formal sector. They have started to make wax potpourri. They hope that this will create employment for them well into the future.

Sisters, Tracey (15) and Phillipa (12), and their cousin, Vaughn Geyeser (18) accepted the

puzzled looks on people's faces when they describe their product because, so far it is giving them a competitive edge in the market place. "My dad came back with the idea from America last July. He started experimenting with ways of getting wax to absorb a scent," says Tracey. He then handed over the concept to us and suggested we run with it.

The girl's father, Mark Geysler, also an entrepreneur with his own mechanical engineering business, believes that school children should be taught business skills from a young age. "We set up the production in Mom's kitchen," says Tracey, "then moved out into the garage to set up an assembly plant."

Today, the teenagers, who call their business *Scentsations*, make 75 kg of wax potpourri a week. They sell it at three flea markets in the Durban area. Fifteen Durban pharmacies are now stocking it and the teenagers are planning to expand to Johannesburg. Vaughn, who has completed his schooling, works hard on production, distributing and marketing. When the girls return from boarding school over the weekend, they manufacture on Saturdays and sell on Sundays.

"It's tough – they work while their friends laze on the beach, but they are well motivated," says their mother, Rosemary. "We do it for fun as well as for money," says Phillipia.

9.9 In the block below, provide three differences between a formal and informal business sector. (6)

Formal Business Sector		Informal Business Sector	
1		1	
2		2	
3		3	

9.10 Motivate why people work in the informal sector. (3)

9.11 What is the name of the teenager’s business? (1)

9.12 In a short paragraph, discuss the growth of their business. (4)

TOTAL: 150 MARKS

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