

GRADE 7 – EMS - WORKSHEET 4

TOPIC: ENTREPRENEURSHIP – Starting a business

Classroom Activity: Prepare a budget for Entrepreneurs' Day

Do this activity in your EMS notebook or on a neat page.

QUESTION 1 : Multiple choice questions

Read the questions carefully and choose only ONE answer from the four options given. Write the number of the question and the letter of the option you have chosen to be the correct answer next to it. For example: **1.6 a**

1.1 An entrepreneur calculates her/his profit as follows:

- a. Profit = total sales – variable costs
- b. Profit = total sales – total costs
- c. Profit = total sales – fixed costs
- d. None of the above options is correct

1.2 Variable costs;

- a. differ depending on the number of items produced.
- b. remain the same regardless of the number items produced.
- c. differ depending on the number of sales.
- d. differ depending on the cost of electricity.

1.3 Mark-up percentage is;

- a. a percentage that is added to the variable costs to determine the selling price.
- b. a percentage that is added to the fixed costs to determine the selling price.
- c. a percentage that is added to the selling price.
- d. a percentage that is added to the total costs to determine the selling price

1.4 Fixed costs;

- a. Occur only when a certain number of items are produced.
- b. Occurs regardless of the number of items being produced.
- c. Occurs only in businesses that are involved in production.
- d. Do not occur in businesses which render services.

1.5 Thrift means;

- a. Spending your money carelessly.
- b. Spending your money on needs and wants without a budget.
- c. Spending your money carefully.
- d. None of the above options is correct

QUESTION 2

In your own words explain why it is important for an entrepreneur to have a budget.

QUESTION 3

Entrepreneurs' Week

Finally! The school's Entrepreneurs' Week will start next week. Due to the large number of learners in your class your EMS teacher decided to host the Entrepreneur's Day activity over an entire week. Your class also decided that each learner would contribute 30% of their profit towards the building of a small tuck shop for the school. Since the Grade 7 learners will be leaving the school at the end of the year to go to High School, this would form part of your primary school legacy. Furthermore, your class promised your teacher that you would bank 50% of your profit in your savings account and keep the balance to do with it as you please.

The whole class is confident that they will do well since they have done their needs and SWOT analysis, they have set clear goals and have advertised their products well. All of you have done all the necessary ground work and the only thing that you have to complete and hand in to your teacher is your budget.

According to your survey you found that there was a high demand for hot dogs. You plan to sell 156 hot dogs. Your mark-up percentage is 30% and your estimated costs are as follows:

- 13 dozen hot dog rolls at R13,00 per dozen R169,00
- 2 big bottles of tomato sauce R 28,00
- 1 big bottle of mustard sauce R 16,00
- 156 packets R 50,00
- Hire of gas stove R 25,00
- Hire of table from the school R 25,00
- 13 dozen viennas at R30,00 per dozen R390,00
- Wages – Mother hired for the day R 50,00
- Advertising costs R 30,00

INSTRUCTIONS

Show all calculations

- 3.1 Calculate the fixed costs
- 3.2 Calculate the variable costs
- 3.3 Calculate the total costs
- 3.4 Calculate the cost per unit
- 3.5 Calculate the selling price per unit
- 3.6 Prepare the budget
- 3.7 Show the budgeted distribution of the profit