



## TOM NEWBY SCHOOL EXAMINATION

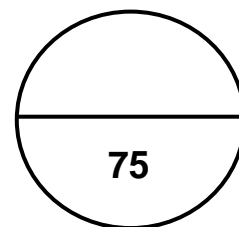


<b>Subject</b>	<b>EMS</b>	<b>Examiner</b>	<b>Miss L Klemp/Miss B Botha</b>
<b>Date</b>	<b>14 June 2018</b>	<b>Total marks</b>	<b>75</b>
<b>Session</b>	<b>1</b>	<b>Duration</b>	<b>1h30mins</b>
<b>Grade</b>	<b>7</b>	<b>Moderator</b>	<b>Mrs A Singh</b>
<b>Special instructions/Equipment</b>		<b>Calculators may be used, but NO sharing.</b>	

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:** \_\_\_\_\_



**Instructions:**

1. Write your name, surname and class on the question paper.
2. Answer all questions on the question paper.
3. Read each question carefully and answer according to the mark allocation.
4. Write neatly and legibly.



**Question 1: (5)****1. Fill in the missing words:**

- 1.1 The economic problem, is that needs and wants are \_\_\_\_\_, but resources to satisfy them are \_\_\_\_\_.
- 1.2 Households who buy and use goods are called \_\_\_\_\_.
- 1.3 The businesses that make and supply goods are called \_\_\_\_\_ businesses.
- 1.4 We call resources which will run out completely one day, \_\_\_\_\_ resources.

**Question 2: (5)**

**Match Column A to Column B. Write the letter from Column B, in the spaces below.**

<b>COLUMN A</b>	<b>COLUMN B</b>
2.1 VAT	a) Refuse removal
2.2 Formal business	b) Assets – Liabilities
2.3 Net worth	c) Money paid monthly to employees
2.4 Salary	d) An illegal business
2.5 Community need	e) Tax paid on goods and services
	f) A business that has registered for tax and keeps accurate records
	g) Liabilities – Assets

2.1	2.2	2.3	2.4	2.5
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**Question 3: (31)**

3.1 How do we distinguish between a formal and informal business?

Provide three points under each heading. (6)

<b>FORMAL BUSINESS</b>	<b>INFORMAL BUSINESS</b>

3.2 Explain the differences between a Developed and Developing Country. Give two very clear differences. (4)

DEVELOPED COUNTRY	DEVELOPING COUNTRY

3.3 If “Consumer goods” is one type of Goods – name the two other types of goods, and give a brief explanation of each. (4)

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3.4 Provide a definition for the following terms:

3.4.1 Trading Business (2)

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3.4.2 Services Business (2)

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3.4.3 Natural disaster (2)

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3.4.4 Health epidemic (2)

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3.5 Discuss four effects that natural disasters and health epidemics have on businesses. (4)

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3.6 Give a brief explanation of Bartering. (1)

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3.7 List four disadvantages of bartering. (4)

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**Question 4:** (15)

**This is Mr Smith's budget.**

Income	Amount	Expenses	Amount
Salary (after tax)	R5 100	Rent	R1 500
		Electricity	R 120
<b>TOTAL</b>	R5 100	Food	R1 250
		Taxi	R 700
		Cell phone	R 600
		Entertainment	R 600
		Clothing	R 480
		Private Chef	R 650
		<b>Total</b>	<b>R5 900</b>

4.1 What do you notice about Mr. Smith's Budget? (1)

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4.2 Is this a balanced budget? Give a reason for your answer. (2)

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4.3 What would you suggest he could do to manage his money better? Give two suitable answers by looking at his budget. (2)

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4.4 Should he be saving any money? Give a reason for your answer. (2)

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4.5 What can you do to ensure you save money? (2)

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4.6 What is the difference between income and expenses? (2)

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4.7 Why is it better to have a surplus than a deficit in a business? (2)

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4.8 Explain the difference between Fixed Income and Variable Income. (2)

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**Question 5:****(19)**

5.1 Calculate the Net Worth of Joe Soap using the information below.

**(10)**

Savings account:	R2 360	Money borrowed from uncle	R600
Credit card payments:	R176	Money owing on car:	R2 270
Short term insurance:	R150	School fees due:	R200
He owns his cell phone:	R1 800	Owens clothing worth:	R2 800
He owns a watch worth:	R320	Money owing on his X-box:	R1200
Owens all his office equipment:	R5 200		

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5.2 Name two groups of people or institutions that will be interested in the Financial Statements of a business. (2)

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**5.3 Read the case study about Abdul, then answer the questions that follow:****Abdul saves and invests in his future**

For many years, Abdul and his family lived in a fishing community. They were subsistence fishermen, which means that they ate the fish they caught. They sometimes sold some fish to tourists in order to buy other things they needed.

Abdul noticed that if he fished for a few more hours a day than usual, he caught much more fish than he needed. He made an arrangement with a fish and chips shop to sell all his surplus fish to them.

In a nearby boatyard, he saw a small rowing boat that needed repairs done and was for sale. He decided to save the extra money he made in order to buy the boat. When he had saved enough money, he bought the boat and did the repair work in his spare time.

He now needed money for a fishing licence. To make extra money, he bought the excess fish from his fellow fishermen at a nominal fee and then sold it to the fish shops in a nearby town.

Soon Abdul had enough money for his fishing licence. He could now go out in his rowing boat and catch much more fish than he had from the shore. He sold this fish at the fish market nearby, thereby making more money than before.

Eventually Abdul had enough money for a bigger boat and he could also employ people to work for him. Abdul saw an opportunity, saved his money and made an investment in his future and that of his family.

He became a small businessman and improved the quality of life for himself and his family. By employing other fishermen, he also created jobs and opportunities for other people. This is also an investment in the economy of the country and the community.

5.3.1 How did Abdul save money for what he needed?

(2)

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5.3.2 What “investments” did Abdul make to help his business grow? (3)

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5.3.3 The selling of surplus goods is an important step in economic development.  
Explain why? (2)

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**TOTAL: 75 MARKS**



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### MEMORANDUM

NO.	ANSWER	MARK	LEVEL														
<b>1.</b>	<p><b>Fill in the missing words:</b></p> <p>1.1 The economic problem is that needs and wants are <u>unlimited</u>, ✓ but resources to satisfy them are <u>limited</u>. ✓</p> <p>1.2 Households who buy and use goods are called <u>consumers</u>. ✓</p> <p>1.3 The businesses that make and supply goods are called <u>manufacturing</u> ✓ businesses.</p> <p>1.4 We call resources which will run out completely one day, <u>non-renewable</u> ✓ resources.</p>	<b>5</b>	<b>1</b>														
<b>2.</b>	<p><b>Match Column A to Column B. Write the letter from Column B, in the spaces below.</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 50%;">COLUMN A</th> <th style="text-align: center; width: 50%;">COLUMN B</th> </tr> </thead> <tbody> <tr> <td>2.1 VAT</td> <td>a) Refuse removal</td> </tr> <tr> <td>2.2 Formal business</td> <td>b) Assets – Liabilities</td> </tr> <tr> <td>2.3 Net worth</td> <td>c) Money paid monthly to employees</td> </tr> <tr> <td>2.4 Salary</td> <td>d) An illegal business</td> </tr> <tr> <td>2.5 Community need</td> <td>e) Tax paid on goods and services</td> </tr> <tr> <td></td> <td>f) A business that has registered for tax and keeps accurate</td> </tr> </tbody> </table>	COLUMN A	COLUMN B	2.1 VAT	a) Refuse removal	2.2 Formal business	b) Assets – Liabilities	2.3 Net worth	c) Money paid monthly to employees	2.4 Salary	d) An illegal business	2.5 Community need	e) Tax paid on goods and services		f) A business that has registered for tax and keeps accurate	<b>5</b>	<b>1</b>
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3.3	If “Consumer goods” is one type of Goods – name the <b>two</b> other types of goods, and give a brief explanation of each. Capital goods✓: used to <b>produce</b> other goods e.g. machinery, delivery vehicles.✓ Semi-finished goods✓: goods used to <b>manufacture</b> other goods.✓		<b>4</b>	<b>3</b>														

3.4	<p>Provide a definition for the following terms:</p> <p><b>Trading Business:</b> retailers who sell products made by other businesses. ✓They sell goods at a profit.✓</p> <p><b>Service business:</b> sell their skills and time✓ – includes transport.✓</p> <p><b>Natural disaster:</b> natural events that damage the environment ✓e.g. floods, hurricanes✓</p> <p><b>Health epidemic:</b> diseases that affect a population✓ and is wide spread.✓</p>	2  2  2  2	2  2  2  2
3.5	<p>Discuss four effects that natural disasters and health epidemics has on businesses.</p> <ol style="list-style-type: none"> <li>1. One person can infect many others.</li> <li>2. Businesses have to spend money on training other people.</li> <li>3. Destroys infrastructure</li> <li>4. The economy slows down.</li> <li>5. Insurance companies lose billions of rands.</li> <li>6. Households suffer when the breadwinner of the house is killed.</li> </ol> <p>(any 4)✓✓✓✓</p>	4	3
3.6	<p>Give a brief explanation of Bartering.</p> <p>Personal possessions of value can be exchanged for other good. ✓</p>	1	2
3.7	<p>Give four disadvantages of bartering.</p> <ol style="list-style-type: none"> <li>1. Not always practical.</li> <li>2. No common measure of value.</li> <li>3. No late payments allowed.</li> <li>4. Certain goods can't be divided into smaller units.</li> </ol> <p>(Other valid arguments) (any 4) ✓✓✓✓</p>	4	2

4.	<p><b>This is Mr Smith's budget.</b></p> <table border="1" data-bbox="260 280 1174 898"> <thead> <tr> <th data-bbox="260 280 474 331">Income</th> <th data-bbox="474 280 691 331">Amount</th> <th data-bbox="691 280 959 331">Expenses</th> <th data-bbox="959 280 1174 331">Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="260 331 474 450">Salary (after tax)</td> <td data-bbox="474 331 691 450">R5 100</td> <td data-bbox="691 331 959 450">Rent</td> <td data-bbox="959 331 1174 450">R1 500</td> </tr> <tr> <td data-bbox="260 450 474 501"></td> <td data-bbox="474 450 691 501"></td> <td data-bbox="691 450 959 501">Electricity</td> <td data-bbox="959 450 1174 501">R 120</td> </tr> <tr> <td data-bbox="260 501 474 553"><b>TOTAL</b></td> <td data-bbox="474 501 691 553">R5 100</td> <td data-bbox="691 501 959 553">Food</td> <td data-bbox="959 501 1174 553">R1 250</td> </tr> <tr> <td data-bbox="260 553 474 604"></td> <td data-bbox="474 553 691 604"></td> <td data-bbox="691 553 959 604">Taxi</td> <td data-bbox="959 553 1174 604">R 700</td> </tr> <tr> <td data-bbox="260 604 474 656"></td> <td data-bbox="474 604 691 656"></td> <td data-bbox="691 604 959 656">Cell phone</td> <td data-bbox="959 604 1174 656">R 600</td> </tr> <tr> <td data-bbox="260 656 474 707"></td> <td data-bbox="474 656 691 707"></td> <td data-bbox="691 656 959 707">Entertainment</td> <td data-bbox="959 656 1174 707">R 600</td> </tr> <tr> <td data-bbox="260 707 474 759"></td> <td data-bbox="474 707 691 759"></td> <td data-bbox="691 707 959 759">Clothing</td> <td data-bbox="959 707 1174 759">R 480</td> </tr> <tr> <td data-bbox="260 759 474 810"></td> <td data-bbox="474 759 691 810"></td> <td data-bbox="691 759 959 810">Private Chef</td> <td data-bbox="959 759 1174 810">R 650</td> </tr> <tr> <td data-bbox="260 810 474 862"></td> <td data-bbox="474 810 691 862"></td> <td data-bbox="691 810 959 862"><b>Total</b></td> <td data-bbox="959 810 1174 862"><b>R5 900</b></td> </tr> </tbody> </table>	Income	Amount	Expenses	Amount	Salary (after tax)	R5 100	Rent	R1 500			Electricity	R 120	<b>TOTAL</b>	R5 100	Food	R1 250			Taxi	R 700			Cell phone	R 600			Entertainment	R 600			Clothing	R 480			Private Chef	R 650			<b>Total</b>	<b>R5 900</b>		
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4.3	<p>What would you suggest he could do to manage his money better? Give 2 suitable answers by looking at his budget.</p> <p>He should spend less on clothing/cellphone/entertainment.√</p> <p>He should cook his own food.√</p>	2	5																																								
4.4	<p>Should he be saving any money? Give a reason for your answer.</p> <p>Yes. √</p> <p>If he has an emergency situation that's require cash, he will not be able to afford /make payment without a savings.√</p>	2	5																																								
4.5	<p>What can you do to ensure you save money?</p> <p>Never spend more than you earn.</p> <p>Pay off all your debt.</p> <p>Think before spending.</p>	2	6																																								

	<p>Use money to buy basic needs.</p> <p>Plan for the future.</p> <p>Make long term goals.</p> <p>Make a budget.</p> <p>(any 2)✓✓✓</p>														
4.6	<p>What is the difference between income and expenses?</p> <p>Income: money that your receive.✓</p> <p>Expenses: spending money on goods and services.✓</p>	2	2												
4.7	<p>Why is it better to have a surplus than a deficit in a business?</p> <p>With a surplus, you have more than you need.✓</p> <p>With a deficit, you don't have enough money to pay for your needs.✓</p>	2	5												
4.8	<p>Explain the difference between Fixed Income and Variable Income</p> <p>Fixed income: receive the same amount regularly✓</p> <p>Variable income: there are "windfalls" – it changes all the time e.g. wages✓</p>	2	3												
5.1	<p>Calculate the Net Worth of Joe Soap using the information below.</p> <table border="1" data-bbox="260 1485 1161 2139"> <tr> <td>Savings account: R2 360</td> <td>Money borrowed from uncle R600</td> </tr> <tr> <td>Credit card payments: R176</td> <td>Money owing on car: R2 270</td> </tr> <tr> <td>Short term insurance: R150</td> <td>School fees due: R200</td> </tr> <tr> <td>He owns his cell phone: R1 800</td> <td>Owens clothing worth: R2 800</td> </tr> <tr> <td>He owns a watch worth: R320</td> <td>Money owing on his X-box: R1200</td> </tr> <tr> <td>Owens all his office equipment: R5 200</td> <td></td> </tr> </table>	Savings account: R2 360	Money borrowed from uncle R600	Credit card payments: R176	Money owing on car: R2 270	Short term insurance: R150	School fees due: R200	He owns his cell phone: R1 800	Owens clothing worth: R2 800	He owns a watch worth: R320	Money owing on his X-box: R1200	Owens all his office equipment: R5 200		10	5
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Statement of Net Worth for Joe Soap√			
ASSETS		LIABILITIES	
Savings	2360√	Credit card	176√
Cell phone	1800√	Insurance	150√
Watch	320√	Load – uncle	600√
Office equipment	5200√	Car	2270√
Clothing	2800√	School fees	200√
		X-box	1200√
	R12480√		R4596√
Net Worth: R12480 – R4596 = R7884√√			
<b>5.2</b>	Name 2 groups of people or institutions that will be interested in the Financial Statements of a business. Partners of the business. SARS Employees and trade Unions. Banks/Financial services Potential buyers Managers/creditors/suppliers (any 2)√√		<b>2</b>
<b>5.3.1</b>	How did Abdul save money for what he needed? Fished for a bit longer and sold his excess fish.√ Bought excess fish from the other fisherman and sold it at a profit.√		<b>1</b>
<b>5.3.2</b>	What “investments” did Abdul make to help his business grow? He bought a boat. Got a fishing licence. Bought a bigger boat thereafter. Employed other people to work. Invested in his family’s future. “Grew” the economy of the community. (any 3)√√√		<b>2</b>

<b>5.3.3</b>	The selling of surplus goods is an important step in economic development. Explain why.  You now have cash to invest or grow your business.√ You are able to employ others, which leads to theirs families living a better life.√	<b>2</b>	<b>6</b>
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