



Province of the  
**EASTERN CAPE**  
EDUCATION

**SENIOR PHASE**

**GRADE 9**

**NOVEMBER 2014**

**ECONOMIC AND MANAGEMENT SCIENCES**

**NAME OF THE LEARNER:** \_\_\_\_\_

**MARKS:** 200

**TIME:** 2 hours



\_\_\_\_\_  
This question paper consists of 26 pages which is also an answer book.  
\_\_\_\_\_

**INSTRUCTIONS**

1. This question paper consists of ELEVEN questions and FOUR sections.  
  
SECTION A: 60 marks  
SECTION B: 40 marks  
SECTION C: 60 marks  
SECTION D: 40 marks
2. Answer ALL the questions.
3. Read the instructions for EACH question carefully and answer only what is required.
4. Questions must be answered ON THIS QUESTION PAPER.
5. Use the mark allocation to determine the length of answers.
6. Write clearly and neatly.

**SECTION A**

**QUESTION 1: MULTIPLE-CHOICE QUESTIONS**

Four options are provided as possible answers to the following questions. Choose the correct answer and write ONLY THE LETTER ( A–D) of your answer in the block that is provided, for example 1.1.11 E.

1.1 The economic system in which the factors of production are owned by private individuals and businesses:

- A Mixed economy
- B Market economy
- C Planned economy
- D Globalisation

(2)

1.2 South Africa’s economic system is an example of ...

- A a mixed economy.
- B a market economy.
- C a planned economy.
- D globalisation

(2)

1.3 The calculation for the Cost of sales is as follows:

- A Selling price x 100/mark-up
- B Selling price x percentage mark-up
- C Selling price x 100/(100 + mark-up)
- D Cost price x percentage mark-up

(2)

1.4 The ... function looks after the advertising and sales promotion for the business and develops strategies to persuade consumers to buy their products or services.

- A administration
- B general management
- C financial
- D marketing

(2)

1.5 This function records and controls all the financial activities and financial records of the business:

- A Administration function
- B General management function
- C Financial function
- D Marketing function

(2)

1.6 When demand is greater than the supply ...

- A price increases.
- B price decreases.
- C demand increases.
- D supply decreases.

(2)

1.7 Assets increase with an entry on the ... side and decrease with an entry on the ... side.

- A debit and debit
- B debit and credit
- C credit and debit
- D credit and credit

(2)

1.8 These costs do not change as the number of products manufactured changes.

- A Fixed costs
- B Variable costs
- C Mark-up
- D Break-even point

(2)

1.9 It pays the households for their labour and the other factors of production.

- A Government
- B Financial institutions
- C Households
- D Businesses

(2)

1.10 A/An ... is a check to see that every transaction has been recorded in two separate General Ledger accounts.

- A Income Statement
- B Balance sheet
- C Trial balance
- D General ledger

(2)

**[20]**

**QUESTION 2**

Complete the sentences by filling in the blank spaces from the list of words provided. Only write the answer next to the question number (2.1–2.5) you have selected.

credit note; duplicate invoice; fixed cost; variable costs; mixed market; planned; production plan; debit note; business plan; break-even

- 2.1 The ... is the document that describes the product, how it will be made, who will make it and how much will it cost.
- 2.2 The ... is the source document used for goods returned by debtors.
- 2.3 The ... calculation determines how many products must be made and sold to cover costs.
- 2.4 The ... is the source document used for goods purchased by debtors.
- 2.5 One of the disadvantages of a ... economy is that people do not have choices, because the government controls everything.

**ANSWERS:**

- 2.1 \_\_\_\_\_ (2)
  - 2.2 \_\_\_\_\_ (2)
  - 2.3 \_\_\_\_\_ (2)
  - 2.4 \_\_\_\_\_ (2)
  - 2.5 \_\_\_\_\_ (2)
- [10]**

**QUESTION 3**

Choose a description from COLUMN B that matches the words in COLUMN A. Write ONLY the LETTER (A–J) of your answer next to the question number (3.1–3.10) for example 3.11 K.

COLUMN A		COLUMN B	
3.1	Banks	A	Money used to start a business
3.2	Assets	B	Where you record all the transactions that do not have special columns
3.3	Capitalism	C	These are examples of financial institutions
3.4	Financial plan	D	It is also known as a market economy
3.5	Recession	E	Analysis of how the business will be structured and the resources that will be needed
3.6	Capital	F	Identifying your target market by analysing exactly who your market is and where it is located
3.7	Transaction	G	... are business possessions
3.8	Management plan	H	Period of low economic activity
3.9	Marketing plan	I	Includes estimates of start-up costs and future income and expenses
3.10	Sundry Accounts	J	An exchange of a financial nature between a buyer and a seller

**ANSWERS**

- 3.1 \_\_\_\_\_ (2)
- 3.2 \_\_\_\_\_ (2)
- 3.3 \_\_\_\_\_ (2)
- 3.4 \_\_\_\_\_ (2)
- 3.5 \_\_\_\_\_ (2)
- 3.6 \_\_\_\_\_ (2)
- 3.7 \_\_\_\_\_ (2)
- 3.8 \_\_\_\_\_ (2)
- 3.9 \_\_\_\_\_ (2)
- 3.10 \_\_\_\_\_ (2)

**[20]**

**QUESTION 4**

State whether the following statements are TRUE or FALSE:

4.1 Gross domestic product (GDP) is the value of final goods and services produced within the borders of a country. (2)

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

4.2 A cheque counterfoil is used to record transactions representing cheque payments. (2)

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

4.3 Karl Marx was the “father of capitalism”. (2)

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

4.4 At the end of the month all the journals are closed off and posted to the General Ledger. (2)

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

4.5 Variable costs stay the same from month to month.

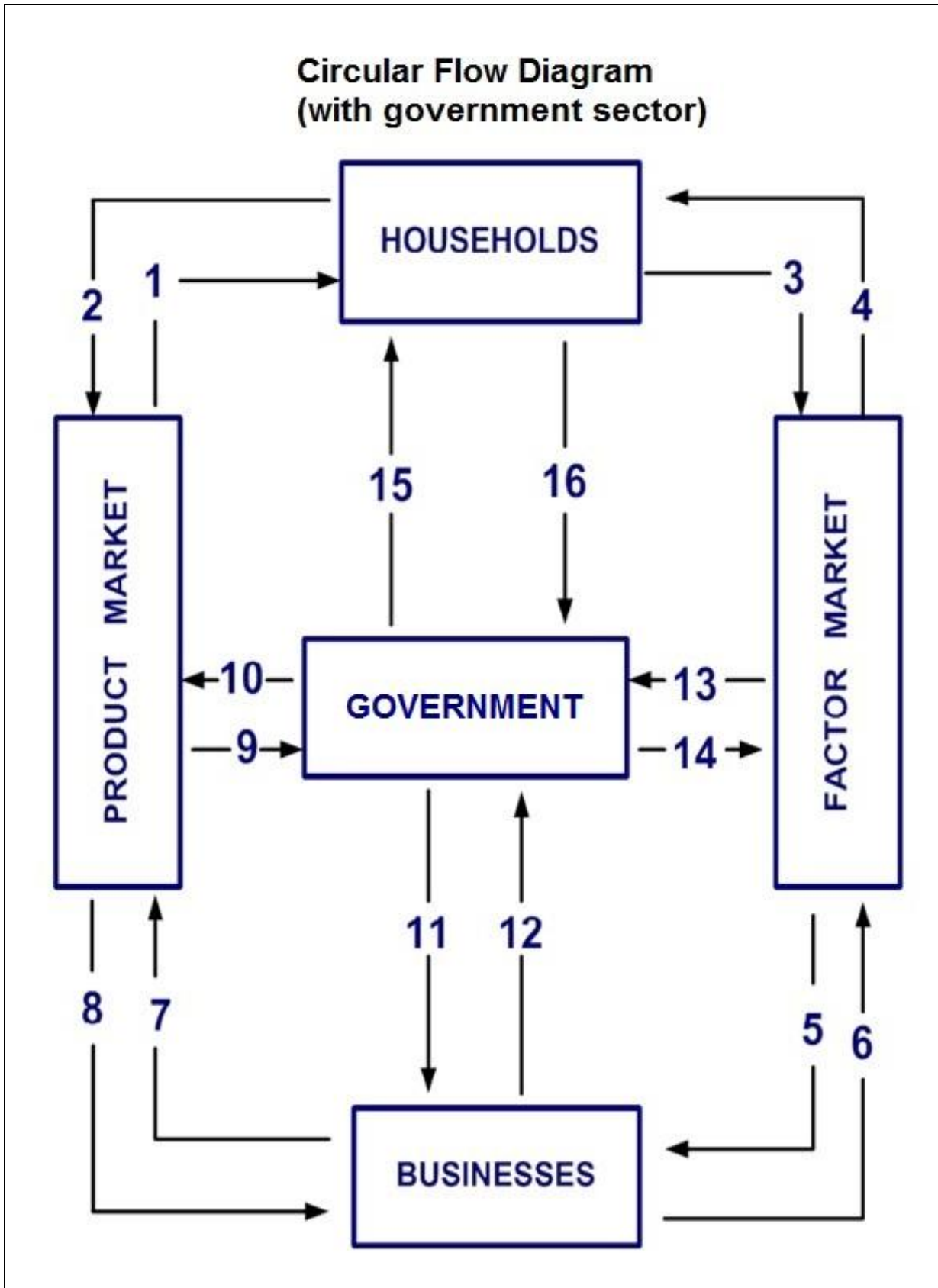
**Answer:** \_\_\_\_\_ (2)

**[10]**

**TOTAL SECTION A: 60**

SECTION B: THE ECONOMY

QUESTION 5





Use the diagram to answer the following questions by writing down the number in the diagram, which matches the description given for example, **e.g. 5.17**

**Answer: 18.**

5.1 Thami buys holiday gifts and sweets for the entire family.

**Answer:** \_\_\_\_\_ (1)

5.2 Jane offers to paint houses as a summer job.

**Answer:** \_\_\_\_\_ (1)

5.3 George receives income from rental properties.

**Answer:** \_\_\_\_\_ (1)

5.4 Mary pays for tickets to a rock concert.

**Answer:** \_\_\_\_\_ (1)

5.5 General Motors SA manufactures trucks to sell to consumers.

**Answer:** \_\_\_\_\_ (1)

5.6 The Pirates Football Club receives money from season ticket sales.

**Answer:** \_\_\_\_\_ (1)

5.7 Le Parit Beauty Salon hires another hairdresser.

**Answer:** \_\_\_\_\_ (1)

5.8 Dynamic Body Fitness Centre pays its personal trainers each Friday.

**Answer:** \_\_\_\_\_ (1)

5.9 Pick n Pay (Pty) Ltd pays annual rates to the local government.

**Answer:** \_\_\_\_\_ (1)

5.10 The Dzudzu family pays income taxes to the government.

**Answer:** \_\_\_\_\_ (1)

5.11 Miss Zizi, a translator at the Kimberly Magistrate's Court, receives a monthly salary.

**Answer:** \_\_\_\_\_ (1)

5.12 A recent police academy graduate is hired by the police department.

**Answer:** \_\_\_\_\_ (1)

5.13 The local municipality provides kerbside garbage pickup.

**Answer:** \_\_\_\_\_ (1)

5.14 A small company provides uniforms and medical equipment to the country's armed forces.

**Answer:** \_\_\_\_\_ (1)

5.15 The government provides electricity to all local business in the Sarah Baartman (Cacadu) District.

**Answer:** \_\_\_\_\_ (1)

**[15]**

**QUESTION 6**

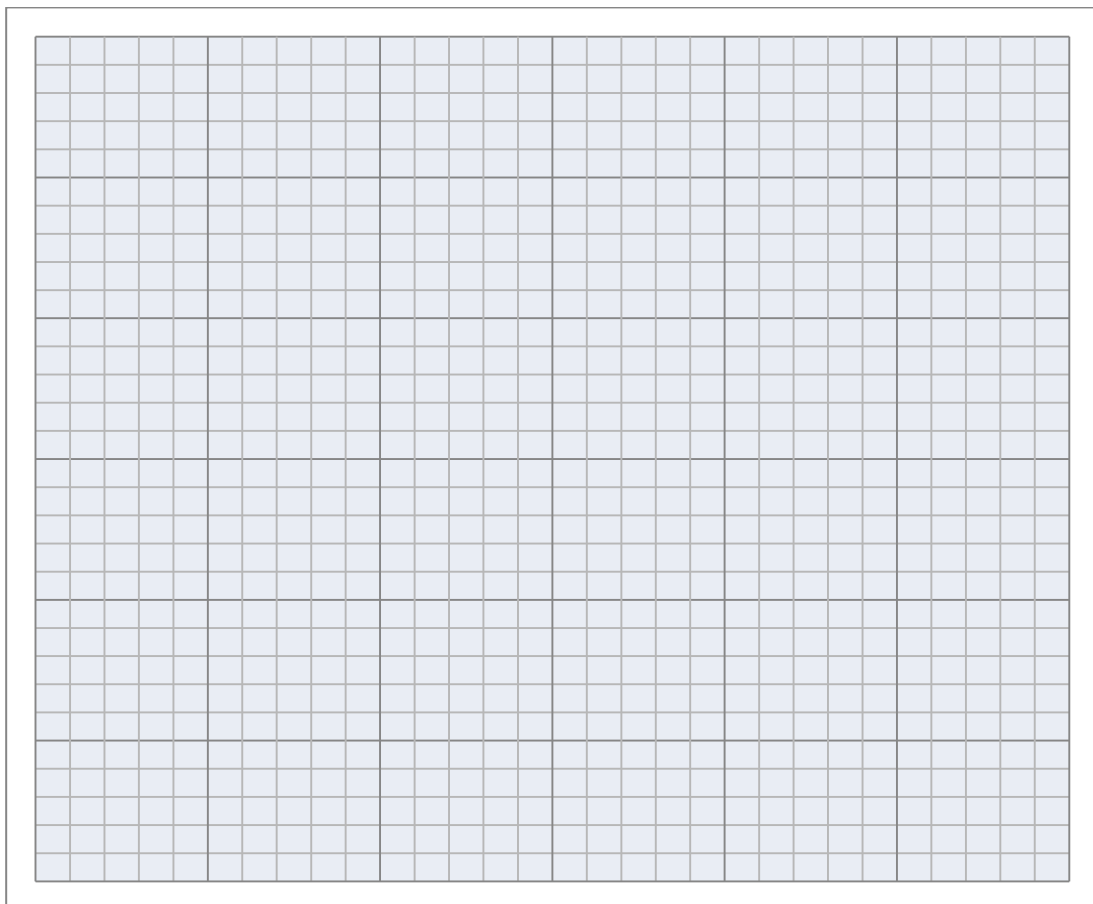
The table below indicates the combined market demand and supply schedules for rulers:

PRICE IN RAND	QUANTITY DEMANDED	QUANTITY SUPPLIED
1	80	20
2	70	30
3	60	40
4	50	50
5	40	60
6	30	70
7	20	80

**REQUIRED:**

- 6.1 Plot the DEMAND and the SUPPLY curves onto the graph. (10)
- 6.2 Use the graph to explain how the Law of Demand shows that there is an INVERSE relationship between the price of rulers and the quantity demanded. (3)
- 6.3 Use the graph to explain how the Law of Supply shows that there is a POSITIVE relationship between the price of rulers and the quantity supplied. (3)

**TITLE:**



6.2 **Answer:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (3)

6.3 **Answer:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (3)  
**[16]**

**QUESTION 7**

A strike is a challenge which many businesses in South Africa must face today. Strikes, wildcat strikes and go-slows are often very costly for businesses and/or the workers.



7.1 7.1.1 Write an explanation on how strike action can be dangerous to the business.

**Answer:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (4)

7.1.2 The workers will also be in trouble. Why?

**Answer:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (4)

7.2 What does the acronym COSATU stand for?

**Answer:** \_\_\_\_\_ (1)  
**[9]**

**TOTAL SECTION B: 40**

**SECTION C: FINANCIAL LITERACY****QUESTION 8**

- 8.1 The following information appears in the accounting records of Gajjar Traders on 31 October 2014. The business maintains a mark-up of 25% on cost.

**Cash Receipts Journal for Gajjar Traders for October 2014**

Bank	Sales	Cost of sales	Debtors control	Sundry accounts
? (8.1.1)	?(8.1.2)	R43 200	R53 000	R40 300

(Included in the Sundry Accounts is R5 200 for Rent income.)

**Cash Payments Journal for Gajjar Traders for October 2014**

Bank	Trading stock	Creditors control	Sundry accounts
?(8.1.3)	R109 050	R25 000	R6 100

(Included in the Sundry Accounts is R1 200 for new equipment purchased from Geraldo Supplies.)

**Creditors Journal for Gajjar Traders for October 2014**

Creditors control	Trading stock	Equipment	Sundry accounts
? (8.1.4)	R40 500	R8 650	R5 000

**Creditors Allowances Journal for Gajjar Traders for October 2014**

Creditors control	Trading stock	Equipment	Sundry accounts
?(8.1.5)	R2 560	R0	R250

**Debtors Journal for Gajjar Traders for October 2014**

Sales	Cost of Sales
R118 800	? (8.1.6)

**Debtors Allowances Journal for Gajjar Traders for October 2014**

?(8.1.7)	Cost of sales
R2 030	R1 525

8.1 REQUIRED: (a) Fill in the missing information in the sections marked 8.1.1 – 8.1.7.

**ANSWERS:**

- 8.1.1 \_\_\_\_\_ (1)
- 8.1.2 \_\_\_\_\_ (1)
- 8.1.3 \_\_\_\_\_ (1)
- 8.1.4 \_\_\_\_\_ (1)
- 8.1.5 \_\_\_\_\_ (1)
- 8.1.6 \_\_\_\_\_ (1)
- 8.1.7 \_\_\_\_\_ (1)

8.2 Post all relevant entries to the Trading Stock and Debtors Control Accounts in the General Ledger.

Dr	TRADING STOCK										Cr

(15)

DEBTORS CONTROL										

(10)



## 8.3 THE ACCOUNTING EQUATION

**INSTRUCTION:**

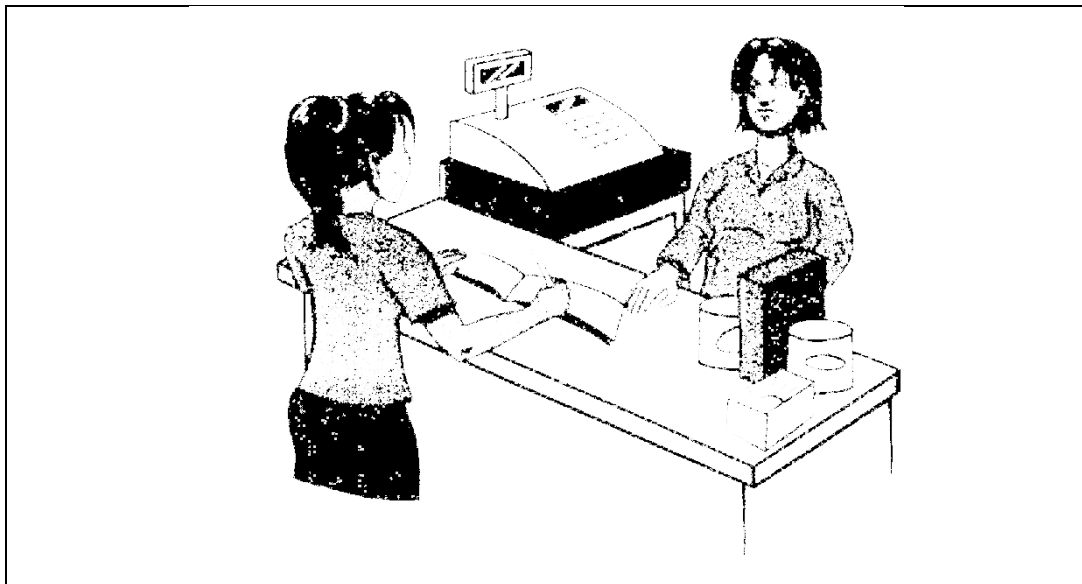
Show the EFFECT of the transaction below on the ACCOUNTING EQUATION. Use the table provided.

SHOW THE AMOUNT AND INDICATE THE EFFECT, i.e. show an increase with a (+) and a decrease with a (-)

**Transaction:****MAY 2014**

2. Cash sales as per CRT no. 201 R5 600 (Cost of sales R2 300)

TRANSACTION	ASSETS	OWNER'S EQUITY	LIABILITIES
2. Cash sales as per CRT no. 201 R5 600 (Cost of sales R2 250)			



(4)  
[36]

**QUESTION 9**

Read the case study below and answer the questions that follow.

Zola Mbambi started a business 2 years ago. He sells racing bicycles, racing tyres, cycling gear etc., as well as repairing broken racing bikes.

He took out a loan for R125 000, from ZEN BANK to start the business. He will repay this over five years and owes 6% interest per annum on it. Zola buys his racing bikes on credit from Incredible Cyclists. Incredible Cyclists request payment within 30 days from the date of sale. He buys the Sprinter bikes for R1 000 and sells them for

R1 650. He bought 33 new Sprinter bikes in March. He only allows his customers to buy on credit and they have 60 days to repay him.

During March he made a profit of R12 340 from selling bicycles and cycling equipment. He did not repair any bicycles.

He incurs the following costs during March:

• Water and electricity	R600
• Rent expense	R4 500
• Insurance	R200
• Material costs	R5 600
• Fuel	R500
• Wages	R6 000

9.1 Select an example of a current liability from the story.

**Answer:** \_\_\_\_\_ (2)

9.2 Select an example of a non-current liability from the story.

**Answer:** \_\_\_\_\_ (2)

9.3 How much interest does Zola owe to ZEN BANK for the month of March?

**Answer:** \_\_\_\_\_ (4)

9.4 Explain your understanding of the account “*cost of sales*”.

**Answer:** \_\_\_\_\_  
 \_\_\_\_\_ (2)

9.5 Justify Zola’s decision to sell goods to his customers on credit.

**Answer:** \_\_\_\_\_  
 \_\_\_\_\_ (2)

9.6 Selling on credit to customers can also be dangerous for Zola. Give TWO reasons why this could be dangerous.

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

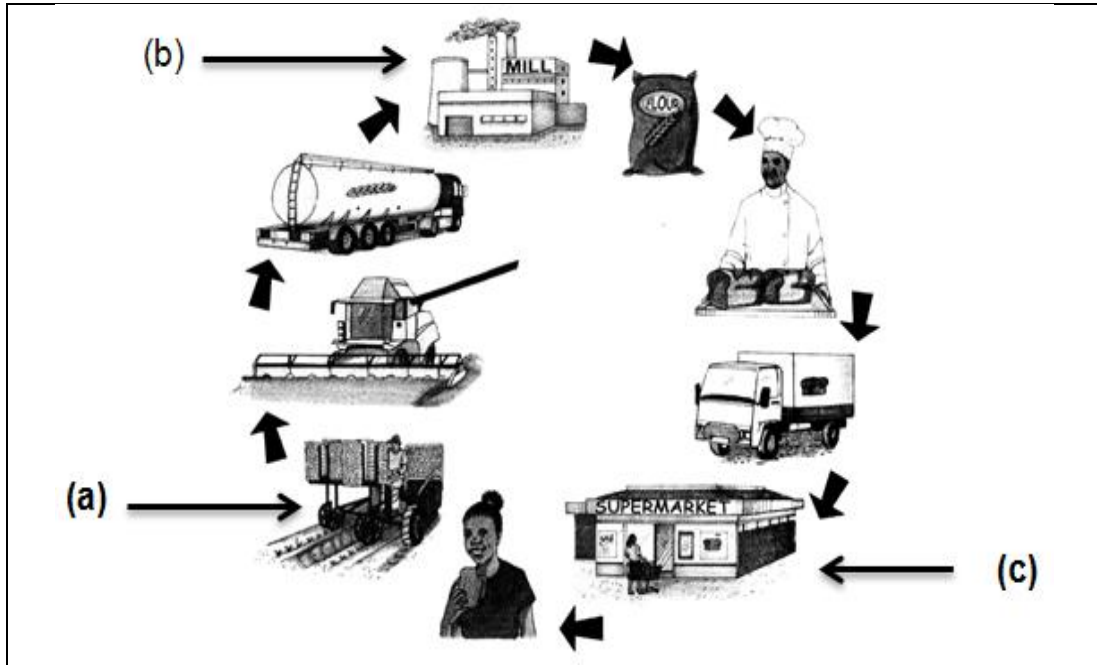
(2)  
[14]



**SECTION D: ENTREPRENEURSHIP**

**QUESTION 11**

**11.1 FLOWCHART FOR THE PRODUCTION OF BREAD**



11.1.1 Label the sectors of the economy represented by (a), (b) and (c) above.

**Answer:**

- (a) \_\_\_\_\_ (1)
- (b) \_\_\_\_\_ (1)
- (c) \_\_\_\_\_ (1)

- 11.1.2 Explain the interrelatedness between these three sectors, with reference to the production of BREAD.

**Answer:**

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(6)

11.2 List FIVE important functions of the human resources function.

**Answer:**

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(5)

11.3 The annual market day of your school will be held on the first Friday of the new term. Your group will be selling hotdogs on that day and the group has agreed on conducting market research during the current term.



11.3.1 State why you have to conduct market research during the current term.

**Answer:**

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(3)

11.3.2 Based on the findings of the market research, they have to decide on the marketing mix.

Examine FOUR decisions they have to take in this regard.

**Answer:**

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(6)



11.4 Comment, briefly on the role of the risk management function of a business.

**Answer:**

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(4)



11.5 Write short notes on the executive summary of a business.

**Answer:**

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(3)

11.6 CASE STUDY:

**DJ'S BOUTIQUE**

Daylo and Jenö are the proud owners of DJ's Boutique, situated in Johannesburg. They sell affordable shoes for ladies and gentlemen. They also trade with imported shoes and designer jeans. Daylo has a degree in Business Management and his partner, Jenö has a diploma in Marketing. The demand for their products has increased so much that they have opened new branches in Durban and Cape Town.

ABC Traders that sold designer jeans in Johannesburg and Durban, has closed both their branches.

The Johannesburg Municipality introduced the e-tolling system on the route that they use for business purposes and increased the rates on all properties. The fuel price increase has increased their transport costs between branches significantly.

They employed Frank, a new cashier with no experience. Customers have since lodged complaints that Frank treats them unprofessionally.

**REQUIRED:**

In order to assist them with a SWOT analysis for their business, you must identify at least TWO of EACH of the SWOT components present.

**STRENGTHS:**

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WEAKNESSES:

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OPPORTUNITIES:

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THREATS:

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(8)

11.7 In your own words, explain what the production function does.

**Answer:**

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(2)

**TOTAL SECTION D: 40**  
**GRAND TOTAL: 200**











