

Economics and management science

Term 2: Task 10

June 2020

Total marks:50

Section A

Question 1: Define the following terms

- 1.1 Personal income (2)**
- 1.2 Personal expenses (2)**
- 1.3 Fixed deposit (2)**
- 1.4 Net worth (2)**
- 1.5 Assets (2)**

Question 2: Answer the following questions

2.1 Discuss 3 fixed expenses businesses can incur (6)

2.2 You are the owner of an accounting service company, you have Laptops, Computers, telephones, Desks and Chairs which are used in your business.

2.2.1 Which of these items in 2.2 are assets and/or liabilities. Explain your answer. Remember to include the definitions of assets and liabilities in your answer (4)

2.2.2 The Wi-Fi that is used in the running of your business would be identified as a fixed cost or variable cost

Discuss the above statement, include in your answer the definition of fixed and variable costs. (3)

Question 3: Use the information below to complete the statement of net worth for Ms Marvel

Savings account: R 650

Infinity necklace: R 5210

Watch: R2348

Loan from Iron man: R930

Clothes: R 5674

Space ship: R36900

Shoes: R 10

House: R 876000

Categorise the list into assets and liabilities in the table below (4)

ASSETS	R	LIABILITES	R

b) Calculate the total assets and total liabilities for Ms Marvel (4)

c) Calculate her net worth (4)

Question 4: Answer the following questions

4.1 Discuss the provision for capital and include the different types of capital contribution (4)

4.2 Provide reasons for owners reinvesting in their business and explain why it is important to do so (5)

4.3 Explain why you think budgets play a key role in the financial and strategic planning of a business? (4)

4.4 List and explain all the factors of a budget. (2)