

**GRADE 8 ECONOMIC MANAGEMENT SCIENCES  
YEAR-END EXAMINATION**

**21 NOVEMBER 2011**

**MARKS: 140**

**TIME: 2 hours**

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

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

**INSTRUCTIONS:**

1. This paper consists of 11 pages.
2. Please check that your question paper is complete.
3. Read the questions carefully.
4. Answer the questions in the space provided on this question paper.
5. It is in your interest to write legibly and present your work neatly.
6. You may **NOT** use green or red ink. **You may use a pencil, but please use a soft, dark pencil.**
7. Try to keep to the time allocation suggested below.

|     | TOPIC                   | MARKS      | APPROX<br>TIME | MARKS<br>ACHIEVED |
|-----|-------------------------|------------|----------------|-------------------|
| 1.  | Multiple Choice         | 20         | 10 min         |                   |
| 2.  | True or False           | 10         | 10 min         |                   |
| 3.  | Human Resources         | 8          | 10 min         |                   |
| 4.  | Forms of Ownership      | 10         | 10 min         |                   |
| 5.  | Source Documents        | 10         | 10 min         |                   |
| 6.  | Inflation               | 25         | 15 min         |                   |
| 7.  | Trade Unions            | 25         | 15 min         |                   |
| 8.  | Savings and Investments | 10         | 10 min         |                   |
| 9.  | Accounting – Ledger     | 10         | 15 min         |                   |
| 10. | Accounting - Journals   | 12         | 15 min         |                   |
|     | <b>TOTAL</b>            | <b>140</b> | <b>120 min</b> |                   |

**QUESTION 1 – Multiple Choice**

1.1. The Tax year in SA runs from \_\_\_\_\_ to \_\_\_\_\_

- A 1 March - 28 February
- B 1 January – 31 December
- C 1 April – 31 March
- D None of the above

1.2. The Euro is the currency used in which of the following countries?

- A United States of America
- B Great Britian / United Kingdom
- C Canada
- D Germany

1.3. The current exchange rate for the R / \$ is approximately?

- A R 7,98
- B R 0,0633
- C R 15,81
- D R 12,49

1.4. Which of the following form part of the concept of Owners Equity?

- (i) Capital
- (ii) Inventory
- (iii) Income
- (iv) Drawings
- (v) Expenses

**Choose the correct combination**

- A. All of the above
- B. i, ii, iii and iv
- C. ii, iii, and iv
- D. i, iii, iv and v

1.5. The double entry principle refers to the fact that:

- a. Financial statements should be as simple as possible, but items which are important to the reader of the statements should be highlighted and disclosed separately
- b. Every financial transaction has a double sided effect
- c. The income must be matched with the expenses that were incurred in generating that income
- d. None of the above

1.6. The \_\_\_\_\_ is that part of the cheque left in the cheque book used to complete the Cash Payments Journal.

- A cheque counterfoil
- B receipt
- C invoice
- D None of the above

1.7. A disadvantage of a Current Account would be:

- A The convenience of withdrawing money from an ATM as and when required

- B The ability to write out cheques to pay for regular monthly expenses
- C The low interest rate earned
- D None of the above

1.8. This form of ownership has a minimum of 2 owners \_\_\_\_\_

- A sole proprietorship.
- B close corporation.
- C partnership.
- D private company.

1.9. Which of the following businesses would be considered a service business?

- A. Sunset Beauty – toiletry shop
- B. Stationery Bizarre
- C. Lesego's Hair Salon
- D. Step Ahead Shoe Store - Fourways

1.10. If Ms. Bramley paid ONE months' rent of R 4 500 plus a deposit equivalent to ONE months' rent. What is the value of the cheque she must write? \_\_\_\_\_

- A. R 4 500
- B. R 9 000
- C. R 9 500
- D. None of the above are correct

(10 x 2 = 20)

## QUESTION 2 – True OR False

State whether the following statements are true or false:

- 2.1. When private companies want to raise capital or get more capital they advertise shares in a **prospectus**. \_\_\_\_\_
- 2.2. An owner of a Close Corporation is called a **shareholder**. \_\_\_\_\_
- 2.3. The **CPI** is often referred to as "Customer inflation at the factory gate". \_\_\_\_\_
- 2.4. An increase in household disposable income is one of the causes of **Supply Pull** inflation. \_\_\_\_\_
- 2.5. "Take-home pay" is another term for **Net Salary**. \_\_\_\_\_
- 2.6. **NUM** was one of South Africa's first (and biggest) Trade Union Alliances. \_\_\_\_\_
- 2.7. The Basic Conditions of Employment Act, 1997 stipulates that it is a criminal offence to employ a child of less than **15 years of age**. \_\_\_\_\_
- 2.8. The current company tax rate in South Africa is **29 %** of profits. \_\_\_\_\_
- 2.9. A cash receipt is one of the source documents of the **Creditors Journal**. \_\_\_\_\_

2.10. **Full time** employees work flexi-time and are paid by the hour. \_\_\_\_\_

**(10 x 1 =10)**

### **QUESTION 3 – Human Resources**

3.1. Salaried staff at Dainfern College receive a number of benefits in addition to their basic salary. List any **FOUR** of the **benefits** received by staff. **(4)**

|   |   |
|---|---|
| • | • |
| • | • |

3.2. Choose **TWO** of the above benefits and give a brief description of each

|   |
|---|
| • |
|   |
|   |
| • |
|   |
|   |

**(4)**

### **QUESTION 4 – Forms of Ownership**

Complete this table by contrasting a Partnership and a Public Company:

|  | <b>Partnership</b> | <b>Public Company</b> |
|--|--------------------|-----------------------|
| <b>Number of owners:</b>                     |                    |                       |
| <b>Official ending of the business name:</b> |                    |                       |
| <b>Continuity of the business:</b>           |                    |                       |
| <b>Liability for debts of the business:</b>  |                    |                       |
| <b>Legal formation requirements:</b>         |                    |                       |

**(10)**

### **QUESTION 5 – Source Documents**

5.1. Complete the following Source Document on the question paper using the information provided:

D. Morkel deposited R150 000 into her business **Music 4 Africa** as her capital contribution on 1 May 2011. The business issued her receipt 012 which was signed by you, her bookkeeper. (5)

| <b>MUSIC 4 AFRICA</b> |  | RECEIPT |
|-----------------------|--|---------|
| No: .....             | Date: .....  |         |
| Received from: .....  |  |         |
| The amount of: .....  | <div style="border: 1px solid black; width: 150px; height: 40px; margin: 0 auto;"></div> |         |
| For: .....            |  |         |
| With Thanks: .....    |  |         |

5.2. Answer the following questions based on the source documents below:

| <b>STANDARD BANK OF SOUTH AFRICA</b> |  |
|--------------------------------------|--|
| DATE: .....                          | MOOIRIVER <span style="float: right;">DATE: .....</span>                                 |
| TO: .....                            | YYYY – MM - DD<br>Or Bearer  |
| FOR: .....                           | PAY: .....   |
| AMOUNT: .....                        | THE SUM OF: .....  |
| BALANCE: .....                       | <div style="border: 1px solid black; width: 150px; height: 40px; margin: 0 auto;"></div> |
| 87                                   | TANDI'S DAIRY LTD  |
|                                      | 87 006315 19630414 01  |

- a) Name the Drawer of this cheque? \_\_\_\_\_ (1)
- b) Name the Drawee? \_\_\_\_\_ (1)
- c) Identify one thing which is recorded on the cheque counterfoil and not on the cheque? \_\_\_\_\_ (1)
- d) State the cheque number for this cheque \_\_\_\_\_ (1)
- e) Give ONE reason why the Bank would refuse to process a cheque. (1)

**QUESTION 6 - Inflation**

Read the following article and answer the questions that follow:

## Why fast foods are bucking economic trends

According to Statistics South Africa (Stats SA), the income generated on food and drink overall is down 2,7% from last year. Restaurants and coffee shops have been the hardest hit – their sales are down by 6,5%. But fast food and take-away outlets have seen an increase in sales of a surprising 11,2%. Bars have also seen income increase by 6,7%.

Market analysts believe that it is usual to see fast foods and take-aways show healthy growth when consumers come under financial pressure. This is because consumers trade down from their usual restaurant-eating habits to favour take-aways, which are cheaper. Restaurants and coffee shop can expect better consumer support once the market turns.

The good news is that the economic tide seems to be turning and the entire industry can look forward to better consumer support in the coming year. This upward trend will be supported by the FIFA World Cup in the middle of the year. Overseas visitors are bound to make use of favourable exchange rates to support both restaurants and fast food outlets alike.

Stats SA also revealed that in October last year inflation had fallen below the targeted 6% mark for the first time in more than two years. This is good news for consumers, but just how long this trend will last once factors such as the electricity price hikes come into play, remains to be seen.

(Succeed – April 2010)

### Questions:

- 6.1. According to Statistics SA, by what % did the income generated from the food and drink industry decrease, from 2009 to 2010? (1)
- 6.2. Which part of the food and drink industry was the hardest hit? (1)
- 6.3. Which parts of the industry saw an increase in sales and by how much? (4)
- 6.4. What was the reason for this increase? (2)
- 6.5. Do you think that the South African economy benefitted from the 2010 World Cup Soccer? Motivate your answer. (5)
- 6.6. Stats SA also revealed that in October of 2009, 'inflation had fallen below the target ...'  
a) Define inflation. (2)
- b) Briefly explain **demand-pull inflation**. (4)

|  |
|--|
|  |
|  |
|  |

c) Name and describe **3 consequences** of inflation **(6)**

|   |
|---|
| • |
|   |
| • |
|   |
| • |
|   |

## **QUESTION 7 – TRADE UNIONS**

Read the following article and answer the questions that follow:

### **THIGH-HIGH IN RUBBISH AS MUNICIPAL STRIKE TALKS FALTER**

Johannesburg commuters, school-children and motorists have had to navigate gutters overflowing with rotting refuse and piles of thigh-high rubbish on the seventh day of the municipal workers' strike.

Talks between the SA Municipal Workers' Union and employer grouping the SA Local Government Association were deadlocked. The union said it had been fighting low wages and the use of expensive lawyers in internal disciplinary hearings for seven years. The association yesterday bowed to pressure to raise pay and dispense with lawyers, but the parties disagree on how many years back-pay should be given. Union spokesman Tahir Sema said the union was prepared to settle for two years of back-pay.

There have been more reports that striking workers are intimidating their non-striking colleagues. Jack Bloom the DA's Gauteng health spokesman, visited a clinic in Bezuidenhout Valley yesterday morning only to find it closed.

In Durban and Cape Town, the effects of the strike were said to be minimal. Durban municipal manager Michael Sutcliffe said only 8% of council workers were on strike.

“Though some services have been partially affected by the strike, the contingency plans the municipality has prepared ensure that critical services continue. But people should expect some disruption to services due to intimidation of non-striking workers,” he said.

There has been no picketing or marches in KwaZulu-Natal since Friday. Durban mayor Obed Mlaba condemned last week's trashing and vandalism in the city centre during a mass march.

*Taken from [www.timeslive.co.za](http://www.timeslive.co.za)*

7.1. Which strike is being referred to in the article? **(1)**

|  |
|--|
|  |
|--|

7.2. Which union is representing these workers? **(1)**

|  |
|--|
|  |
|--|

7.3. Who is the union's spokesman? **(1)**

|  |
|--|
|  |
|--|

7.4. Outline 3 functions of a Trade Union. (6)

|   |
|---|
| • |
|   |
| • |
|   |
| • |
|   |

7.5. Why were these workers striking? (1)

|  |
|--|
|  |
|--|

7.6. What is the difference between a strike and a “go slow”? (4)

|   |
|---|
| • |
|   |
| • |
|   |

7.7. The article states “there has been no **picketing** since Friday. What do they mean by picketing? (2)

|   |
|---|
| • |
|   |

7.8. Give 2 effects that strikes have on the economy? (4)

|   |
|---|
| • |
|   |
| • |
|   |

7.9. Why was the **Employment Equity Act** passed? (2)

|   |
|---|
| • |
|   |

7.10. What do the following abbreviations stand for? (1)

a) UIF

|  |
|--|
|  |
|--|

b) BEE (1)

|  |
|--|
|  |
|--|

7.11. Which Act states all the working conditions of employment? (1)

|  |
|--|
|  |
|--|

## QUESTION 8 – SAVINGS AND INVESTMENTS

8.1. Calculate the Simple and Compound Interest for the following two scenarios, and comment on which is the better interest to receive on your savings? (10)

You save R 8 000 at 12% p.a. interest for 1 year.

**Simple Interest**

**Compound Interest i.e.  $A=P(1+r/100)^n$**



|  |   |
|--|---|
|  |   |
| You save R 125 000 for 3 years at an interest rate of 15 % |   |
| <b>Simple Interest</b>                                     | <b>Compound Interest i.e. <math>A=P(1+r/100)^n</math></b> |
|  |   |

Comment: \_\_\_\_\_

---

### QUESTION 9 – Accounting (Ledgers)

Ms. Dube opened her interior decorating business called *Yebo Creations*.

Required: Using the information below extracted from the CPJ and CRJ for the first month of operation, record the information in the General Ledger. Use the Capital, Bank and Wages accounts **only**. **Balance the Bank account.**

**CRJ** – Total of the Bank Column = R 145 000

Total of the Current Income Column = R 45 000

Sundry Account = R 100 000 for Capital

**CPJ** – Total of the Bank column = R 37 000

Total of the Wages column = R 14 500

Total of the Consumable Stores column = 10 500

Total of the Sundry accounts column = R12 000

(10)

### General Ledger of Yebo Creations Balance Sheet Section

| DR |  | B1. Capital |  |  |  | CR |  |
|----|--|-------------|--|--|--|----|--|
|    |  |             |  |  |  |    |  |
|    |  |             |  |  |  |    |  |

| DR |  | B2. Bank |  |  |  |  |  | CR |  |
|----|--|----------|--|--|--|--|--|----|--|
|    |  |          |  |  |  |  |  |    |  |
|    |  |          |  |  |  |  |  |    |  |
|    |  |          |  |  |  |  |  |    |  |
|    |  |          |  |  |  |  |  |    |  |

| DR |  | Nominal Section<br>N4. Wages |  |  |  |  |  | CR |  |
|----|--|------------------------------|--|--|--|--|--|----|--|
|    |  |                              |  |  |  |  |  |    |  |
|    |  |                              |  |  |  |  |  |    |  |

**QUESTION 10 – Accounting (Journals)**

Take a careful look at the two Journals on the next page and fill in the missing information represented by the letters A to I in the space below – Dainfern Dealers uses a profit mark-up of 40%. **(12)**

|   |  |
|---|--|
| A |  |
| B |  |
| C |  |
| D |  |
| E |  |
| F |  |
| G |  |
| H |  |
| I |  |
| J |  |
| K |  |
| L |  |

**QUESTION 10 – Accounting Journals**

**(12)**

**Cash Receipts Journal of \_\_\_\_\_ A \_\_\_\_\_ – August 2011**

| Doc | D  | Details            | Analysis of Receipts | Bank          | Sales    | Cost of Sales | Sundry A/c Details | Amount        |
|-----|----|--------------------|----------------------|---------------|----------|---------------|--------------------|---------------|
| 100 | 1  | Mr. S. West        | 25 000               |               |          |               | Capital            | 25 000        |
| CRR |    | Sales              | 5 600                | <b>B</b>      | 5 600    | <b>C</b>      |                    |               |
| CRR | 12 | Prefect Properties | 6 300                | 6 300         |          |               | Rent Income        | 6 300         |
| CRR | 18 | Sales              | <b>E</b>             | <b>F</b>      | <b>G</b> | 3 600         |                    |               |
| CRR | 29 | Sales              | 2 940                | 2 940         | 2 940    | 2 100         |                    |               |
|     |    |                    |                      | <b>44 880</b> | <b>H</b> | <b>9 700</b>  |                    | <b>31 300</b> |

**Cash Payments Journal of Dainfern Dealers – August 2011**

| Doc | D  | Name of Payee       | Bank     | K          | Material Costs | Sundry A/c Details  | Fol | Amount       |
|-----|----|---------------------|----------|------------|----------------|---------------------|-----|--------------|
| 001 | 5  | Makro               | 900      |            | 900            |                     |     |              |
| 002 | 8  | Local City Council  | 250      |            |                | Trading licence     |     | 250          |
| 003 | 10 | Hoover              | 550      |            |                | Equipment           |     | 550          |
| 004 | 12 | Minit Print         | 150      | 150        |                |                     |     |              |
| 005 | 13 | Waltons             | 275      | 275        |                |                     |     |              |
| 006 | 16 | <b>I</b>            | 365      |            |                | Telephone           |     | 365          |
| 007 | 18 | Makro               | 790      |            | 790            |                     |     |              |
| 008 | 20 | SA Post Office Ltd  | 148      |            |                | Drawings            | B2  | 148          |
| 009 | 23 | Local Metro Council | 550      |            |                | Water & electricity |     | 230          |
|     |    |                     |          |            |                | Rates & Taxes       |     | <b>L</b>     |
|     |    |                     | <b>J</b> | <b>425</b> | <b>1 690</b>   |                     |     | <b>1 863</b> |