

**GRADE 9 ECONOMIC MANAGEMENT SCIENCES
YEAR-END EXAMINATION 2011**

TIME: 2 hours

QUESTION PAPER AND ANSWER BOOKLET

Name: _____

Class: _____

INSTRUCTIONS:

1. This paper consists of 13 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.**

	TOPIC	MARKS	APPROX TIME	MARKS ACHIEVED
1.	Multiple Choice	10	6 min	
2.	Concepts	18	10 min	
3.	True or false	5	3 min	
4.	Economic cycle	42	26 min	
5.	Journals & Source documents	20	13 min	
6.	Financial statements/ratio's	49	33 min	
7.	Accounting equation	35	22 min	
8.	General ledger	11	7 min	
	TOTAL	190	120 min	

Question 1

MULTIPLE CHOICE

(10 marks; 6 minutes)

Select the most correct answer by placing an X over the corresponding letter.

1.1 A person earns a _____, which is your salary after tax and all other deductions.

- A. net salary
- B. gross salary
- C. part-time salary
- D. wage

1.2 A programme instituted by the ANC government aimed at redressing past social and economic imbalance and developing economic growth.

- A. RDP
- B. GDP
- C. GNP
- D. PAYE

1.3 An open economy has the following participants

- (i) Consumers
- (ii) Private sector
- (iii) Public sector
- (iv) Foreign sector

Choose the correct combination:

- A. All of the above
- B. i, ii and iii
- C. ii, iii and iv
- D. None of the above

1.4 Which one of the following would **NOT** be considered a reason for international trade?

- A. Specialisation
- B. Comparative advantage of products
- C. Lack of technology in developing countries
- D. International economic sanctions

1.5 The rand value in terms of other currencies is **NOT** influenced by the following factor

- A. Monetary policy of the government
- B. Inflation
- C. SARS
- D. Gold price

5x2 (10)

Question 2

CONCEPTS

(18 marks; 10 minutes)

Supply the concepts that are being described below:

	Concept
2.1 International goods bought by South African businesses and brought into the country	
2.2 The relationship between outputs and inputs	
2.3 This occurs when large quantities of low quality goods are exported to a country at a low price.	
2.4 A place where buyers and sellers make contact with the aim of exchanging information about the buying and selling of goods and services	
2.5 A short, memorable phase used in advertising	
2.6 Businesses cannot control this type of marketing communication as it is largely under the control of the media.	
2.7 When a hand cream, body lotion and body scrub are packaged together, we refer to this as.....packaging	
2.8 When a market is government controlled but at the same time depends on supply and demand, we call it aeconomy	
2.9 Countries can specialise in goods and services that they are able to produce well and exports good quality products. This is known asadvantage	

9x2 (18)

Question 3 **TRUE OR FALSE** **(5 marks; 3 minutes)**

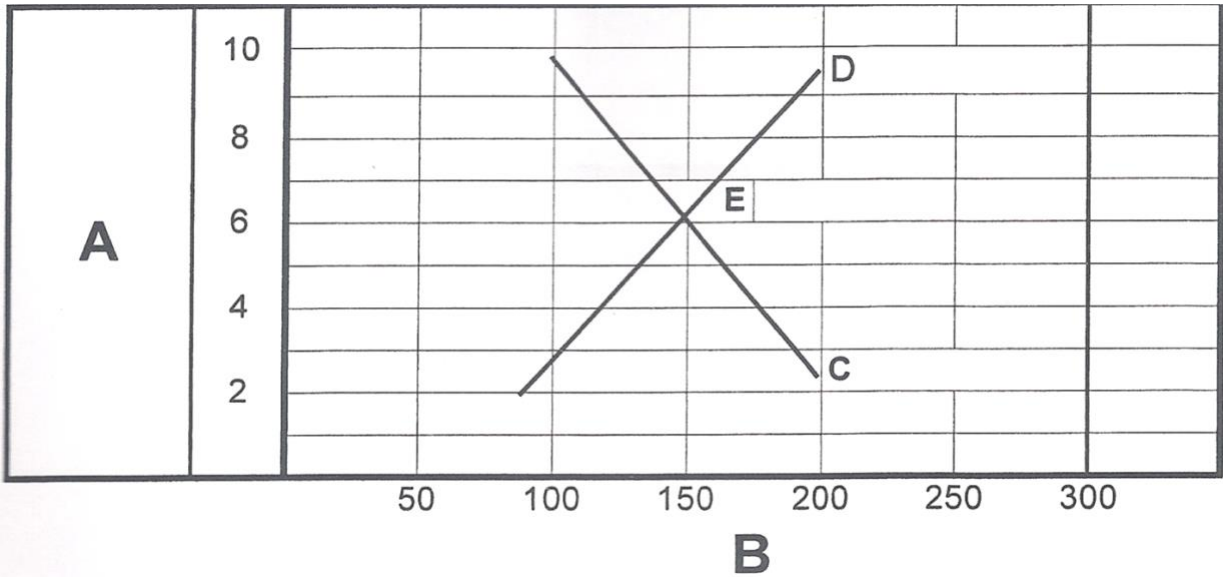
State whether the following statements are true or false.

- 3.1 Exhaustion of natural resources is a disadvantage of international trade. _____
- 3.2 An exchange rate of R7,30 to the dollar has depreciated if the exchange rate was R7,50 the previous day. _____
- 3.3 Dependence on other countries is an advantage of international trade. _____
- 3.4 Communist countries have privately owned businesses. _____
- 3.5 Rent is an example of a variable cost _____

Question 4 **ECONOMIC CYCLE** **(42 marks; 26 minutes)**



Analyse the graph below and answer the questions that follow. The graph is based on RT jeans that is a clothing line at Mr Price.



4.1 Provide labels for A – E (5)

A
B
C
D
E

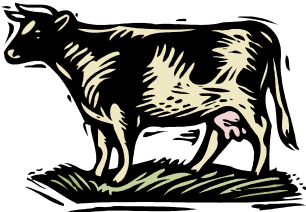




4.2 State the equilibrium price and quantity (2)

The equilibrium price is
The equilibrium quantity is

4.3 Discuss in your own words why the supply for any product may change. (2)

4.4 Discuss in your own words why the demand for any product may change. (2)

4.5 Identify the four factors of production as well as the reward for each factor:

 <p>Factor: _____</p> <p>Reward: _____</p>	  <p>Factor: _____</p> <p>Reward: _____</p>
 <p>Factor: _____</p> <p>Reward: _____</p>	 <p>Factor: _____</p> <p>Reward: _____</p>

(8)

4.6 Explain THREE advantages of higher productivity for a country.

(6)

4.7 Define the term 'exchange rate'

(2)

4.8 If you were importing jeans from the USA at a cost of \$39 each, what would the cost in Rands be when the exchange rate is R7,73 to the dollar?

(2)

4.9 Why would consumers in the USA prefer to buy South African jeans when the rand is weaker in comparison to the dollar? (2)

4.10 Why would South African exporters of jeans be influenced negatively when the rand gets stronger in relation to the dollar? (2)

4.11 A business associate of yours has arrived from Australia for a 5-year contract. He wants to buy a car for his use while in SA. Help him to calculate his monthly repayments on a R170 000 Toyota Verso. The deposit required is 5% and finance charge is 11% p.a for 3 years. (7)

4.12 What would the cost of hotel accommodation of R2 990 be in dollars when the exchange rate is R7,35 to the dollar? (2)

Question 5 JOURNALS & SOURCE DOCUMENTS (20 marks; 13 minutes)

State which journal & source document will be used for each of the following transactions. **It is important to state whether it is an original or a duplicate document where necessary.**

TRANSACTION	JOURNALS	SOURCE DOCUMENTS
1. Cash sales of R3 500.		
2. Credit purchases of equipment, R9 000		
3. Issued a cheque to City of Tswane for water and electricity, R1 300.		
4. Paid rent of R4 500		
5. Restore the imprest amount		
6. Sold goods on account to WCA Stores, R4 000		
7. Owner increased his capital contribution by R25 000.		
8. Received R1 500 from a debtor, in part-payment of their account.		
9. Used money from the money box to pay for postage stamps, R12.		
10. Services rendered to customers for cash, R10 000.		

20x1 (20)

Read the information extracted from the books of **Hatfield Bakery**, one of the main suppliers to the hospitality industry, at the end of their financial year (30 October 2011)

INSTRUCTIONS:

- 6.1 Complete the Trial Balance that was drawn up by an inexperienced bookkeeper.
- 6.2 Use the Trial Balance to complete the Income Statement and Balance Sheet of Hatfield Bakery and answer the questions that follow.
- 6.3 Use the Balance sheet of Hatfield Bakery to calculate:
- the solvency ratio
 - quick acid test ratio and
 - the profitability of the business.

**Additional information:**

The business sells all trading stock at a profit mark-up of 60%

- 6.1 Complete the Trial Balance by solving the question marks and filling in the folio's.

Hatfield Bakery			
Trial Balance on 31 October 2011			
	FOL	DEBIT	CREDIT
BALANCE SHEET SECTION			
Capital			?
Drawings		6 000	
Land and buildings		600 000	
Vehicles		200 000	
Equipment		20 000	
Trading stock		50 000	
Debtors control		80 000	
Bank		25 000	
Creditors control			115 000
NOMINAL ACCOUNT SECTION			
Sales			250 000
Cost of sales		?	
Rent income			15 000
Water and electricity		2 500	
Salaries		35 000	
Wages		20 000	
Telephone		1 500	
Stationery		1 250	
Consumables stores		1 000	
Advertisements		7 500	
Packing material		10 000	
		?	?



6.2 Refer to the Trial Balance of Hatfield Bakery and complete the Financial Statements

Hatfield Bakery Income Statement for the year ended 31 October 2011		
Gross Profit		
Other operating income		
Gross operating income		
Operating expenses		



Hatfield Bakery Balance sheet on 31 October 2011		
ASSETS		
Non-current assets		820 000
Current assets		155 000
TOTAL ASSETS		975 000
EQUITY AND LIABILITIES		
Owner's equity		
Current liabilities		115 000
TOTAL EQUITY AND LIABILITIES		

(28)

6.2.1 What is the function/purpose of the Income Statement?

(1)

6.2.2 Explain the term Gross Profit.

(1)

6.2.3 How could the owner of Hatfield Bakery increase his gross profit?

Briefly discuss TWO possibilities.

(2)

ANSWER THE FOLLOWING QUESTIONS RELATED TO THE FINANCIAL STATEMENTS OF HATFIELD BAKERY

6.3 (a) Calculate the **solvency ratio** of the Bakery business and justify whether the business is in a solvent position.

(4)

Solvency ratio:
Comment on your results :

6.3 (b) Calculate the **Quick acid test ratio** of the Bakery business and comment on your results.

(4)

Quick acid test ratio:
Comment on your results :

6.3 (c) Calculate the **PROFITABILITY** of the Bakery business.

(3)

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Question 7

ACCOUNTING EQUATION

(35 marks; 22 minutes)



Show the effect on the accounting equation for the following transactions of the Sun City Hotel.

- 7.1 The owner, C Sun, increased his capital contribution of R15 000 to R20 000, by cheque.
- 7.2 Issued a cheque to Telkom in payment of the hotel's telephone account, R120 and the owners account, R85.
- 7.3 One of the customers purchased 8 gowns at R370.50 each from the hotel shop. Issued him a receipt. The gowns had been marked up by 95% on cost.
- 7.4 Purchased new beds and furniture for the refurbishment of some rooms from Furniture City on account, R159 000 less 5 % trade discount.
- 7.5 Owner took R25 from Petty Cash for his personal use.
- 7.6 Received a cheque for R800 from Albertus Inc. for the rent of the function room.
- 7.7 Received a cheque from one of our clients; K. Giddy in settlement of her account of R550.
- 7.8 Purchased 7 R1,50 stamps and 3 postal orders of R10 each from Postnet, using petty cash.
- 7.9 Paid for cleaning materials for the week, R550.

	Account debit	Account credit	Amount	A	OE	L
7.1						
7.2						
7.3						
7.4						
7.5						
7.6						
7.7						
7.8						
7.9						

(35)

Question 8

GENERAL LEDGER

(11 marks; 7 minutes)

Analyse the Trading stock and Sales account of Bower's Boutique and answer the questions that follow:

Note: Bower's Boutique uses a 25% mark-up on the stock sold for cash and on credit.

TRADING STOCK

Nov	1	Balance	b/d	100 000	Nov	30	A	DJ	480 000
	30	C	CJ	550 000			Cost of sales	CRJ	B
							Balance	D	126 000
E	?	Balance	b/d	126 000					

DEBTORS CONTROL

Nov	1	Balance	b/d	42 000	Nov	30	G	H	60 000
	30	Sales	DJ	F			Balance	?	I
?	?	Balance	b/d	?					

Sales

					Nov	1	Total	b/d	200 000
						30	J	CRJ	555 000
							Debtors Control	DJ	K

8.1 Provide labels for A - K

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

