

Grade 7 Economic and Management Sciences

Term 2 Examination

Name: _____

Time: 1H30

Date: _____

Total: / 60

Instructions for learner:

- Read through the entire paper carefully before answering.
- Answer all questions.
- Use the mark allocation as an indication of the details required.
- Write neatly and legibly.

Question 1: (10)

Explain the following concepts.

1.1 Accounting

1.2 Capital

1.3 Assets



1.4 Liabilities

1.5 Expenses

Question 2: Match the explanations in Column X with the best options in Column Y. (10)

1 = ____; 2 = ____; 3 = ____; 4 = ____; 5 = ____; 6 = ____; 7 = ____; 8 = ____;
9 = ____; 10 = ____

Column X
1. Documents prepared by the bank showing money that they have received into and paid out of the account.
2. The calculation of all possessions less all debts.
3. The amount of money left over after all the expenses have been paid.
4. Money that is put aside for the future or unplanned expenses.
5. Money which is earned and paid to the employees of the business.
6. Money which is borrowed and paid back with interest.
7. When people use their savings to make more money.
8. An account opened by the business to deposit and withdraw money.
9. A plan for spending and saving money over a certain period.
10. The expenses of running the business are more than the income earned by the business.

Column Y
A. Loss
B. Budget
C. Salaries or wages
D. Bank account
E. Investment
F. Net worth
G. Loan
H. Profit
I. Savings
J. Bank statement

Question 3:

3.1 Explain the difference between savings and investments and give an example of each. (6)

3.2 Give 3 reasons why it is important to budget. (3)

3.3 Would a savings account or a fixed deposit account be a better investment? Define each and give the advantages and disadvantages of each. (6)

Question 4: Read the case study and then answer the question that follows.

Mr Abrahams has been working on vehicles in his backyard for many years but there are too many people who want him to repair their cars so he has decided to start a small business. Since he does not have much money of his own, he needs to take a loan to start up his business. The bank manager asked Mr Abrahams what his net worth is but he is unsure. Help him draw up a Statement of Net Worth.

He owns his house, which is valued at R800 000, but he still owes the bank R560 000. He also has a bakkie which he bought about five years ago and is worth R110 000. He has been able to put aside R40 000 in a fixed-term deposit account. He possesses tools to the value of R12 000. His furniture and other possessions amount to R20 000 and he also has R2 300 in cash. His accounts total R15 000 and he also has credit cards on which he owes R8 200. Furthermore, he rents out his back room for R1 000.

4.1 Use the information and complete the template below to draw up a Statement of Net Worth for Mr Abrahams. (12)

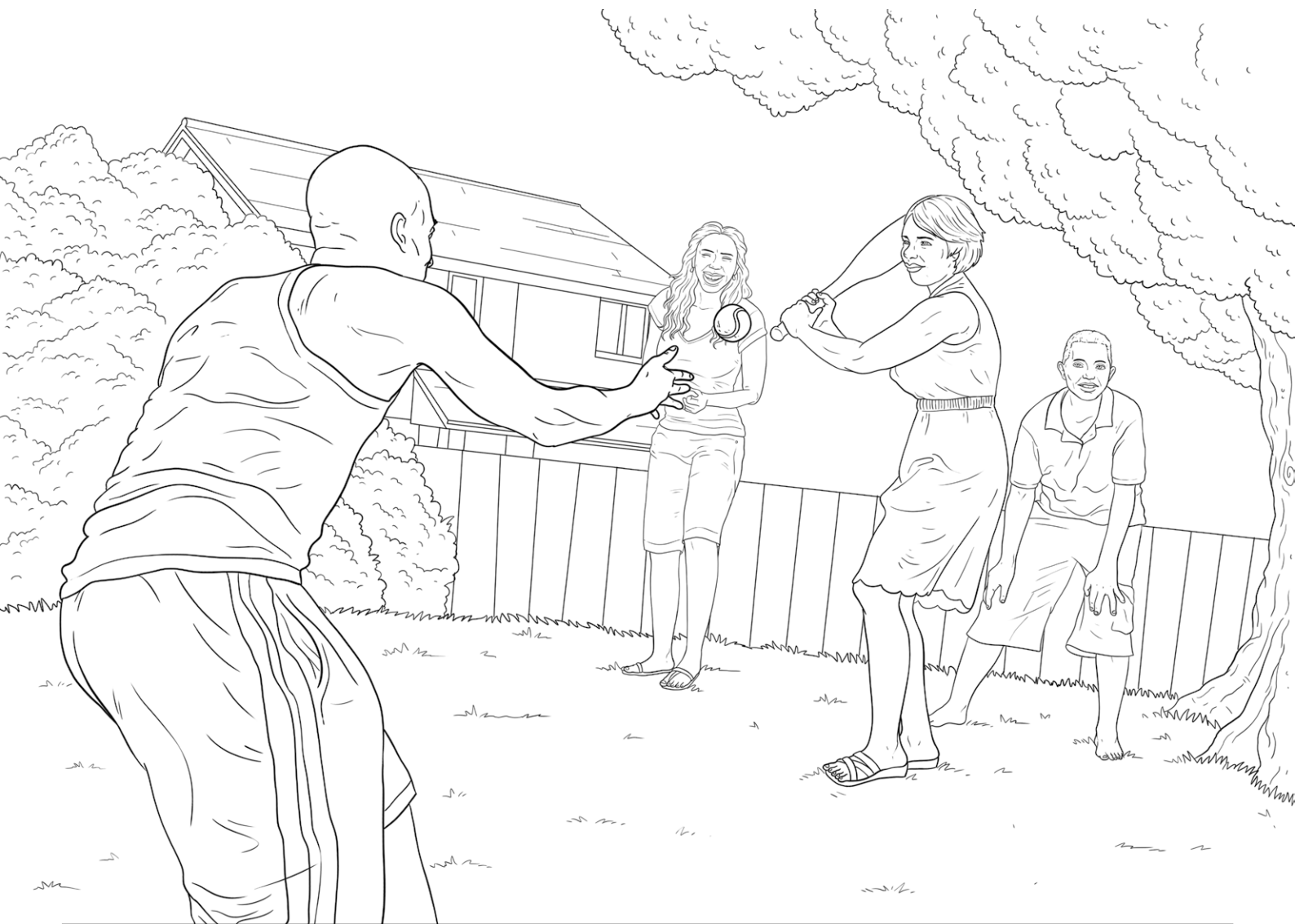
Mr Abrahams's Statement of Net Worth for June 2024	
POSSESSIONS	
TOTAL POSSESSIONS	
DEBTS	
TOTAL DEBTS	
NET WORTH	



Question 5: Read the case study for the Cele family and then draw up a monthly budget with the information provided.

Mr Cele is a floor manager at Checkers and earns R12 000 monthly. Mrs Cele is a teacher and she earns R10 800. She also bakes for her neighbours and for this earns R400 per month. They do not have any savings but would like to start saving. They do not know how much they would be able to save.

They rent their house for R6 900 per month and they use R1000 electricity. Mr Cele pays R4 000 per month for his car plus R1 500 for petrol. Transport costs for the rest of the family come to R560 per month. School fees are R800 per month, food costs R5 640, household goods R340 and clothing R250. They set aside R600 for entertainment and R600 for incidental expenses or services like hairdressers or doctors. Fortunately, Mr Cele can buy bread and milk and any other daily needs from his work and then pay for these at the end of each month. This amounts to R800. They have two children who each receive R100 pocket money each month.



5.1 Draw up a monthly budget for the Cele family. (10)

[illegible]

5.2 Is this a healthy budget for the Cele family? Give a reason for your answer. (2)

5.3 Where would you advise the Cele family to alter their budget and why? (1)

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Term 2 Examination **Answers**

	Answers	Mark Allocated	Mark Attained
1.1	Accounting provides information about how a business has used the money that it has earned. This helps the owner understand how the business is doing financially and make decisions about the future of the business.	2	
1.2	Capital is the money, funds and assets which the owner puts into a business to start up and keep operating. It can be the owner's own or may be loaded.	2	
1.3	Assets are anything which belongs to the business which holds value. It can be property, equipment like tools or vehicles and even cash which belongs to the business.	2	
1.4	Liabilities are anything which the business owes to anyone. It can include loans, money owed to suppliers, etc.	2	
1.5	Expenses are the costs of running the business. They will differ according to the type of business but are costs like electricity, new tools, wages, rent, etc.	2	
2.	1=J	1	
	2=F	1	
	3=H	1	
	4=I	1	
	5=C	1	
	6=G	1	
	7=E	1	
	8=D	1	
	9=B	1	
	10=A	1	

3.1	When people or businesses make money which they do not need to spend immediately, they can save it for emergencies which might arise in the future. An example is saving to buy a vehicle. Investing is when people use their savings to make more money. An example of this is when savings earn interest in a bank account but another example is buying shares or starting a company. Investments are usually more risky than saving but they also bring higher returns.	6	
3.2	Answers will vary. Possibilities are: • It helps to keep control of your money and to make sure that it is being in the best possible way • Forces you to plan ahead • It can help you to avoid wastage • It can be used to help you control your expenses when you compare what you actually spent to what you planned to spend.	3	
3.3	A savings account is a bank account where extra money can be kept for future use or emergencies. The bank pays very small amounts of interest, if any on savings accounts. The advantage is that the money is available whenever it is needed. A fixed deposit is also a bank account where a fixed amount of money is deposited into a bank for a fixed length of time. The money needs to remain in the bank for the term of the investment and this usually earns better interest than a savings account. Although this type of account earns more interest, it is not available immediately if there is an emergency.	6	

4	Mr Abrahams's Statement of Net Worth for June 2024		12	
	POSSESSIONS			
	House	800 000		
	Vehicle/bakkie	110 000		
	Tools	12 000		
	Furniture	20 000		
	Cash	2300		
	Rent	1000		
	TOTAL POSSESSIONS	945 300		
	DEBTS			
	Loan to Bank for house	560 000		
	Accounts	15 000		
	Credit Card	8200		
	TOTAL DEBTS	583 200		
	NET WORTH	362 100		

5.1	Budget for Cele Family for June		$\frac{1}{2} \times 20 = 10$	
	Income:			
	Salary Mr Cele	12 000		
	Salary Mrs Cele	10 800		
	Money earned from baking	400		
	Total income	23 200		
	Expenses:			
	Rent	6 900		
	Electricity	1 000		
	Car	4 000		
	Petrol	1 500		
	Transport	560		
	School Fees	800		
	Food	5 640		
	Household Goods	340		
	Clothing	250		
	Entertainment	600		
	Incidental expenses/services	600		
	Checkers daily needs	800		
	Pocket money	200		
	Total expenses	23 190		
	Surplus for the month	R10		
5.2	No, it's not a healthy budget. The Cele family are spending everything which they earn and not saving anything in case of emergencies.		2	
5.3	Answers will vary. Cut down on non-essential expenses like entertainment or pocket money, etc.		1	

Total: 60