

ECONOMIC AND MANAGEMENT SCIENCES

JUNE EXAMINATION

Term 2

Grade 7 ____

Name and Surname: _____

Total: 100 Marks

Date: _____

Time: 2 Hours

SECTION A: MULTIPLE CHOICE

QUESTION 1:

Choose and circle the letter of the correct answer:

- 1.1. The most important need of a country to sustain a healthy economy is ...
- | | |
|----------------|----------------------|
| A. Electricity | B. Water |
| C. Farms | D. Natural Resources |
- 1.2 An abundance of raw materials, labour and land is not available in a country ...
- | | |
|-----------------|----------------------|
| A. Wants | B. Limited Resources |
| C. Unemployment | D. Resources |
- 1.3 Using tin cans to make lamp shades is an example of ...
- | | |
|----------------|---------------------|
| A. Reuse | B. Recycle |
| C. Reprocessed | D. All of the above |
- 1.4 A scarce resource in South Africa ...
- | | |
|-----------------|----------|
| A. Farming Land | B. Coal |
| C. Gold | D. Water |
- 1.5 A necessary item to make use of electronic banking is ...
- | | |
|---------------|----------------------------|
| A. Debit Card | B. Internet access at home |
| C. Computer | D. Credit Card |
- 1.6 Bartering is based on the principle that price is determined through ...
- | | |
|-------------|-------------------|
| A. Promises | B. Monetary Value |
| C. Demand | D. Negotiation |

- 1.7 When criminals try to obtain your personal and bank information without permission.
- A. Trojan Horse B. SPAM
C. Phishing D. Virus
- 1.8 A country that played a big role in the development of currencies is ...
- A. China B. South Africa
C. France D. Zimbabwe
- 1.9 Which of the following is NOT an expense?
- A. Salaries B. Stationery
B. Vehicles D. Water and Electricity
- 1.10 Money paid to workers on a weekly basis for work done is ...
- A. Income Tax B. Levies
C. Salaries D. Wages

(10)

QUESTION 2:

Match the description in Column B to the correct word(s) in Column A:

	Column A		Column B
2.1	Shelter	A	Secondary need of individuals
2.2	Schools	B	Basic need of families
2.3	Electricity	C	Basic need of a country
2.4	Adidas shoes	D	Unlimited Want
2.5	Natural Resources	E	Basic need of communities
		F	Basic need of individuals

2.1 ____ 2.2 ____ 2.3 ____ 2.4 ____ 2.5 ____ (5)

QUESTION 3:

3.1 State whether the following statements are TRUE or FALSE.

- a) A household and business budget must be complied with at all costs.
b) A predominant retail business can earn an income from other sources as well.
c) A capital budget of an existing business refers to the capital the business needed to get started.
d) The bank balance of a business at the end of the month is equal to the opening balance plus the deficit.
e) A budget is a tool to make sure you don't spend more than you earn.

3.1 ____ 3.2 ____ 3.3 ____ 3.4 ____ 3.5 ____ (5)

3.2 Change one or two words in the following FALSE statements to make them TRUE.

- a) The largest source of income for a service business is called sales.
_____ (1)
- b) The financial situation of an individual at a specific time is summed up in a Balance Sheet.
_____ (1)
- c) Long-term liabilities must be repaid in 12 months.
_____ (1)
- d) Current assets are items like vehicles and equipment that can be moved.
_____ (1)
- e) Bartering always involves an action by an individual and money.
_____ (1)

TOTAL SECTION A: 25 MARKS

SECTION B – THE ECONOMY

QUESTION 4:

4.1 Study the picture and in a short paragraph, analyse and discuss the main advantage and disadvantage of electronic banking vs cash.

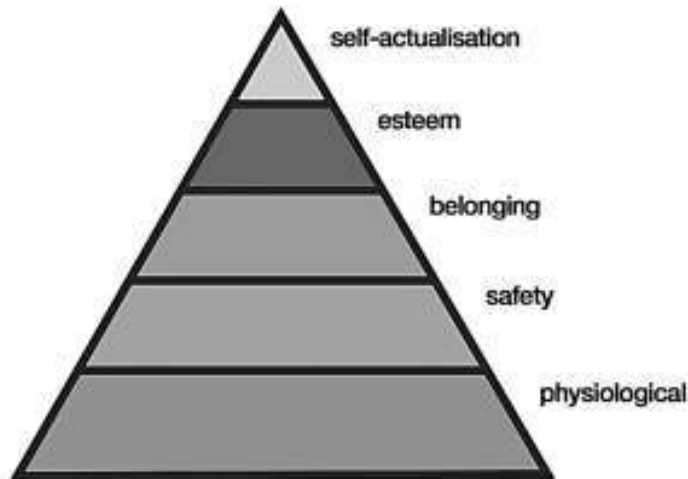


OR



(5)

4.2 Study the picture of Maslow's hierarchy of needs pyramid and answer the questions on the following page:



(Adapted from: <https://steemit.com/bitcoin/@crypto-maven/bitcoin-and-maslow-s-hierarchy-of-needs>)

- a) Which side of the pyramid is most important for human survival – top or bottom? Motivate your answer.

(3)

- b) Choose and name a block on the pyramid that indicates a secondary need/want and explain why this 'need' is also important in a person's life.

(2)

4.3 Study the pictures of a recyclable materials gatherer and a fireman, talking on cell phones, and answer the questions:

PICTURE A



PICTURE B



- a) Which of the two pictures above depict a cell phone as a need? Motivate your answer.

(2)

- b) Which of the two pictures above depict a cell phone as a want? Motivate your answer.

(2)

- c) Give one advantage to the earth of recycling the tins and glass shown in the bag in Picture A.

(2)

QUESTION 5:

Classify each of the following entities as a consumer or a producer in the given situation. Where applicable the relevant entity and/or action is underlined.

- 5.1 Mike buys tomatoes from a subsistence farmer.
- 5.2 The Laingsburg Local Municipality purchases electricity from ESKOM to distribute to households.
- 5.3 Waltons Stationers supply the Government with stationery.
- 5.4 The Government's National Budget includes an allocation for Education.
- 5.5 The Mokoena family purchases a new car from Toyota.

- 5.1 _____
- 5.2 _____
- 5.3 _____
- 5.4 _____
- 5.5 _____

(5)

TOTAL SECTION B: 20 MARKS

SECTION C – FINANCIAL LITERACY

QUESTION 6:

6.1 **Explain what the following source documents are used for:**

a) Receipts

(1)

b) A cash invoice or cash register slip

(1)

c) A cheque

(1)

6.2 What is the purpose of financial statements?

(4)

6.3 Describe the difference between fixed and variable income.

(2)

6.4 Name TWO investments you think a person should make and why.

(2)

6.5 Explain the term “personal income”.

(2)

6.6 List two types of personal income.

(2)

6.7 Give a reason why budgets are important.

(1)

QUESTION 7:

7.1 Profit = income – expenses; Tax = profit ÷ 100 x 30

Show the profit the company made and how much tax they paid:

Income	Expenses	Profit	Company tax
R 1 000 000	R 45 000		
R 26 000	R 7 800		
R 823 000	R 73 000		
R 500 250	R 60 000		
R 725 000	R 25 000		

(10)

7.2 **Complete the following table:**

NO.	Assets	Liabilities	Equity (Net worth)
1.	144 000	60 300	
2.		14 880	39 100
3.	97 200		23 250
4.	72 000		33 300
5.	27 800	5 200	
6.		2 750	16 850
7.	73 200	21 000	
8.	98 400		62 800
9.		41 280	97 200
10.	147 200		83 000

(10)

QUESTION 8:

Give the complete accounting term for each of the following descriptions:

- 8.1 FNB, Sanlam, Post Office, ABSA, Old Mutual etc.
- 8.2 The wealth of a person calculated by deducting expenses and liabilities from assets and income.
- 8.3 The money a hairdresser spends on shampoo, conditioner etc. to run a salon.
- 8.4 Khaya owes money on a mortgage and vehicle finance.
- 8.5 Denise adds a mark-up to this amount to determine her selling price.

8.1 _____

8.2 _____

8.3 _____

8.4 _____

8.5 _____

(5)

TOTAL SECTION C: 35 MARKS

SECTION D – ENTREPRENEURSHIP

QUESTION 9

Study the pictures and answer the questions.

PHOTO 1



PHOTO 2



PHOTO 3



PHOTO 4



PHOTO 5



PHOTO 6



- 9.1 For each of the pictures indicate whether the photo indicates a formal or informal business and classify each as either a manufacturing, trading or service business. Complete your answers in the table in the Annexure. The first one (Photo 1) has been done for you. (10)

- 9.2 Is the main business activity of the business in Photo 6 that of a producer, a consumer or neither? Explain your answer.

(2)

9.3 Give an example of a product that all the above businesses need which makes them consumers.

_____ (1)

9.4 Give a reason why informal businesses are beneficial to:

a) individuals

_____ (1)

b) the government

_____ (1)

9.5 What is the biggest advantage of formal businesses for the government? Explain your answer.

_____ (2)

9.6 Which Photo depicts a business that will severely be influenced negatively by a severe drought where strict water restrictions are in place?

_____ (2)

9.7 Name one consequence of health epidemics like HIV/AIDS for:

a) businesses

_____ (1)

b) individuals

_____ (1)

TOTAL SECTION D: 20 MARKS
GRAND TOTAL: 100 MARKS

ANNEXURE

Name: _____ **Gr.7** _____

QUESTION 9

PHOTO	FORMAL	INFORMAL	MANUFACTURING	TRADING	SERVICE
1		✓	✓		
2					
3					
4					
5					
6					

(10)

ECONOMIC AND MANAGEMENT SCIENCES

JUNE EXAMINATION

MEMO

Term 2

Grade 7 ____

SECTION A: MULTIPLE CHOICE

QUESTION 1:

- 1. D
- 2. B
- 3. A
- 4. D
- 5. C
- 6. D
- 7. C
- 8. A
- 9. B
- 1.10 D

(10)

QUESTION 2:

- 2.1 F
- 2.2 B
- 2.3 E
- 2.4 A
- 2.5 C

(5)

QUESTION 3:

- 3.1
 - a) False
 - b) True
 - c) False
 - d) False
 - e) True
- 3.2
 - a) services rendered / current income
 - b) (personal) statement of net worth
 - c) Current / more than 12 months
 - d) Fixed
 - e) Transactions

(5)

(5)

SECTION B – THE ECONOMY

QUESTION 4:

- 4.1 Learner uses facts to compare payment methods. (5)
- 4.2 a) Bottom Relevant motivation e.g. Without fulfilling basic needs, such as food, air etc. a person cannot survive. (3)
- b) Self-actualisation/ esteem. Needed for a healthy and well-balanced lifestyle. (3)
- 4.3 a) Picture B - Communication at all times is a necessity for rescue workers as it could mean saving someone's life. (2)
- b) Picture A - A cell phone is not a need for someone who has to sell recyclable material to earn money. (2)
- c) Relevant advantage e.g. Reduces the demand of raw materials; Reduces pollution; Reduces greenhouse gas emissions through less processing etc. (2)

QUESTION 5:

- 5.1 producer
- 5.2 consumer
- 5.3 consumer
- 5.4 producer
- 5.5 consumer (5)

SECTION C – FINANCIAL LITERACY

QUESTION 6:

- 6.1 a) Receipts are issued when money is received by the business.
b) A cash invoice or cash register slip is used for services rendered for cash.
c) A cheque is used to pay for various items. The cheque counterfoil records the cash payments made. (3)
- 6.2 The information in the financial statements is meant mainly for the use of people who have an interest in the business but who do not take part in its day-to-day management. The financial statements provide a report of management's handling of the activities of the business for a limited period that has already passed. They are compiled according to certain generally accepted standards. Interested parties will be able to evaluate the operations of the business as they appear from the financial statements. (4)
- 6.3 Fixed income includes amount that are received regularly like a salary or wages.
Variable income will be uncertain windfalls like winning a competition or receiving a gift of money. (2)

- 6.4 Investments will provide you with an additional income or when you are no longer working.**
- **Pension:** A portion of your monthly earnings are invested and once you retire the fund pays you a monthly income.
 - **Rentals:** Property is a good investment as it can be rented out to pay back the bond (money borrowed to buy it) and it will provide an income once paid off.
 - **Fixed deposit savings account:** For savings for a fixed period of three, six 12 or 36 months during which you cannot make withdrawals. The longer you invest your money, the higher your interest will be.
 - **Shares:** This is investing by buying small part of a business. On a yearly basis the business pays out an income to the owners (shareholders) in form of dividends.
 - **Unit trusts:** Unit trusts are similar to shares, but it is an investment in a fund where someone manages the fund and bus a variety of different shares on behalf of the investors. (ANY TWO) (2)

QUESTION 7:

7.1

Income	Expenses	Profit	Company tax
R 1 000 000	R 45 000	R 955 000	R 286 500
R 26 000	R 7 800	R 18 200	R 5 460
R 823 000	R 73 000	R 750 000	R 225 000
R 500 250	R 60 000	R 440 250	R 132 075
R 725 000	R 25 000	R 700 000	R 210 000

(10)

7.2

NO.	Assets	Liabilities	Equity (Net worth)
1.	144 000	60 300	83 700
2.	53 980	14 880	39 100
3.	97 200	73 950	23 250
4.	72 000	38 700	33 300
5.	27 800	5 200	22 600
6.	19 600	2 750	16 850
7.	73 200	21 000	52 200
8.	98 400	35 600	62 800
9.	138 480	41 280	97 200
10.	147 200	64 200	83 000

(10)

QUESTION 8:

- 8.1 Property Investment**
- 8.2 Commission Income**
- 8.3 Cost of Sales Expense**
- 8.4 Operating expenses**
- 8.5 Interest Income** (5)

SECTION D – ENTREPRENEURSHIP**QUESTION 9:****9.1**

PHOTO	FORMAL	INFORMAL	MANUFACTURING	TRADING	SERVICE
1		✓	✓		
2		✓			✓
3	✓			✓	
4	✓		✓		
5		✓		✓	
6	✓				✓

(10)**9.2 Accept either Producer or neither if relevant reason is given e.g.****Producer: Even though the service business (African Bank) does not produce a physical product, they 'produce' a service.****Neither: African Bank is a service business and does not produce any physical products.****(2)****9.3 Relevant answer e.g.****Water****(1)****9.4 a) Provides an opportunity to earn money / other relevant answer.****b) It helps the struggle against unemployment as some people can live on their earnings from informal business activities.****(1)****9.5 Consider all relevant answers with explanations e.g.****Formal businesses pay tax that is the main income of the government. /****Formal businesses employ people that helps with unemployment and/or curbs poverty and/or promotes economic growth etc.****(1)****9.6 Photo 2****(1)****9.7 a) Higher training expenses to train replacement staff; loss of production to many hours loss of worker(s) off sick; increasing medical benefits obligations, etc.****(1)****b) Loss of income; increased poverty; inability to work; high medical expenses etc.****(1)****GRAND TOTAL: 100 MARKS**