

Economic Management Science

Grade 7 – Term 3 Assessment

Name: _____

Marks: _____ / 50

Date: _____

Grade 7: _____

Time: 1H30

Instructions for the learners

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

Question 1: Multiple Choice

10

Choose the correct answer from the options below. ONLY circle the correct answer.

1.1. A calculated risk is:

- A. Making decisions which you are aware have risks involved.
- B. Deciding which risks are safe to make.
- C. Those risks that are guaranteed to be positive.

1.2. Financial records are:

- A. A list of all the sales that are made every month.
- B. A list of all the income and expenses of a business.
- C. A list of the starting capital of a business.

1.3. Variable costs

- A. Keep on going up.
- B. Decrease per unit produced.
- C. Increases or decreases depending on how many units are made.

1.4. Socio-economic imbalance is

- A. The rich have more profitable businesses.
- B. Everybody gets a share of what is available.
- C. People do not have equal access to resources.

1.5. Infrastructure includes:

- A. The number of businesses in a specific area.
- B. The basic physical systems that support economic and social activities.
- C. Everything that allows people to make a living.

1.6. A company that is listed:

- A. Appears in advertisements that promote that business and its goods.
- B. Appears in the list of most successful businesses in each city.
- C. A company that sells shares on the Stock Exchange.

1.7. A SWOT analysis is conducted:

- A. By most businesses annually.
- B. By banks to assess whether people who are wanting a loan can afford it.
- C. To assess whether a business idea is viable.

1.8. An Income and Expenditure Statement is:

- A. Issued by the bank for businesses.
- B. A financial report which calculates profit or loss.
- C. Similar to a budget where planning for expenditure is done.

1.9. Promotions are:

- A. Events or campaigns to encourage people to buy something.
- B. Special prices on a specific article to clear stock when there is an excess.
- C. Information which is used to find out details about customers.

1.10. A needs analysis is:

- A. Research to ascertain the needs of a community.
- B. Research to find out what will be needed to start a business.
- C. Research to ascertain the price that people are prepared to pay for an item.

Question 2**6**

Read the following statements and decide whether they are TRUE or FALSE.

- 2.1. Manufacturing involves taking raw materials and turning them into something useful that can be sold to consumers. _____
- 2.2. This equipment that a business needs to operate is also known as capital items. _____
- 2.3. Not all businesses need to advertise to get customers. _____
- 2.4. Entrepreneurs help the economy to grow and reduce unemployment and poverty. _____
- 2.5. A good education guarantees that you will get a good job. _____
- 2.6. The reason why entrepreneurs start businesses is to make a profit. _____

Question 3**10**

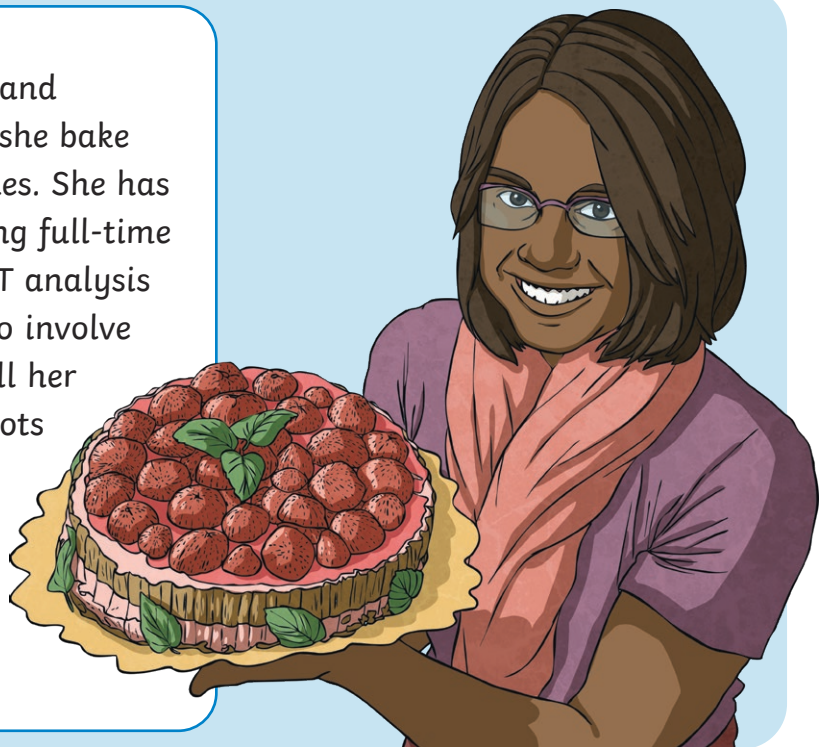
- 3.1. What is an entrepreneur? (2)

- 3.2. List four characteristics or skills that are important for entrepreneurs to possess and explain why you feel that these are necessary. (8)

Question 4**12**

Read the following case study and then answer the questions that follow:

Katy has been baking for many years and frequently people have requested that she bake birthday cakes or cater for small parties. She has decided to open a small business baking full-time and has approached you to do a SWOT analysis of her business idea. She is planning to involve her sister to assist her and plans to sell her baked goods at a local market where lots of people go every Saturday. She also plans to join a home industry at her local shopping centre where many people go regularly to buy treats.



4.1. Conduct a SWOT analysis, making a list of potential strengths, weaknesses, opportunities, and threats connected with Katy's idea.

(8)

Strengths	Weaknesses
Opportunities	Threats

4.2. How could Katy mitigate the threats and weaknesses that you identified?

(2)

4.3. How could Katy use the strengths and opportunities that you identified? (2)

Question 5

3

Look at the income and expenditure statement for Abby and Silindile's Entrepreneurs Day below and answer the questions that follow:

Income and expenditure for Abby and Silindile Entrepreneurs Day

Total income	?
Money received from sales	300
Donations	28
Total expenses	?
Cost of buying stock	163
Rental of table	40
Packaging	19
Profit from stall	?

5.1. There are three question marks in the table. Fill these in. Show all your working out. (3)

Question 6**9**

- 6.1. Not everybody earns the same income. Write a paragraph of about 15 lines discussing at least four reasons for this. (8)

- 6.2. Explain how education can help people to escape the poverty trap. (1)

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	Answers	Mark Allocated	Mark attained
1.1	A	1	
1.2	B	1	
1.3	C	1	
1.4	C	1	
1.5	B	1	
1.6	C	1	
1.7	C	1	
1.8	B	1	
1.9	A	1	
1.10	A	1	

2.1	True	1	
2.2	True	1	
2.3	False	1	
2.4	True	1	
2.5	False	1	
2.6	True	1	

3.1	An entrepreneur is a person who owns and runs their own business. They assume all the risk and reap all the rewards for the business.	2	
3.2	Answers will vary: discretion must be used. Any four characteristics or skills from: • They should enjoy what they do. • Should be enthusiastic, hard-working, committed, and determined. • They should spot possibilities and opportunities and be optimistic.	8	

	• They should be self-confident, innovative, and believe in themselves. • They should have good people handling and leadership skills and not be scared of taking risks. • They should be good at organisation and problem-solving. • Know how to manage money. Answers as to why these characteristics and skills are necessary will vary.		
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4.1	Answers will vary: Some suggestions are: Strengths: • Experienced at baking and catering. • Will have help from her sister. • Knows where to sell her goods. Weaknesses: • The equipment that she currently has may be insufficient. • She has not yet ascertained whether her sister will assist her. • She will have little time for herself because she will need to spend a lot of time on her work. Opportunities: • There is a market where she can sell goods. • It is possible to join a home industry shop which will give her a market for her goods. • She can work from home. Threats: • She may not have sufficient funds for large-scale ingredients. • The market may not be what she visualised so she may not sell as many cakes as she hoped.	8	
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4.2	Answers will vary.	2	
4.3	Answers will vary.	2	

5.1	Total income: 300+28= 328 Total expenditure: 163+40+19=222 Profit from the stall: R208	3	
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6.1	Answers will vary. Learners can mention any of these: Education and training – the higher the level of education & training the higher the income. Nepotism – sometimes people get jobs because of the people they know. Innate ability – Some people have special talents and abilities that they were born with. This enables them to earn more money than others. Racism – Some people are discriminated against or given preference because of their ethnicity or skin colour. Sexism – There are some jobs where one or the other sex, male or female is not able to do a certain job or unable to get a promotion merely because of their sex. Personal preferences – Some people choose to do work that is poorly paid because they enjoy the work.	8	
6.2	When people are educated, they are more equipped to participate in the economy. They can find jobs or create their own employment.	1	
TOTAL		50	