Additional end-of-year examination

SECTION A

Question 1: Match the columns

Match the letter in column B to the number in column A. Write the letter in the space provided in the answer book.

	Column A		Column B
1.1.	COSATU	A.	Source document for returning goods to creditors
1.2.	Unemployment	B.	Graph with a negative gradient
1.3.	Strength	C.	Pay external party to perform a job
1.4.	Demand	D.	Any person without a full-time job
1.5.	A = OE + L	E.	Where demand = supply
1.6.	Debit note	F.	Decides on working hours for employees
1.7.	Threat	G.	Internal factors affecting the business
1.8.	Outsource	H.	Accounting equation
1.9.	Credit note	I.	Person actively seeking employment but unable to get it
1.10.	Break-even point	J.	Source document for goods returned by debtors
		K.	External factor affecting the business
		L.	Where incomes = costs
		M.	Negotiates on behalf of workers for better benefits
		N.	Trail Balance
		O.	Graph with a positive gradient

(20)

Question 2: Multiple choice

Choose the most correct answer form the options provided. Write only the number and correct letter in your answer book.

2.1 Journal used for returns made to creditors:
- A. Creditors Journal
- B. Cash Payments Journal
- C. Creditors Allowances Journal
- D. Debtors Allowances Journal

2.2 Increase in the number of services provided:
- A. Economic recession
- B. Economic development
- C. Economic growth
- D. Economic exchange

2.3 Which of the following do not form part of the business functions?
- A. Purchasing
- B. Planning
- C. Marketing
- D. Finance

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2.4 Trade unions may not
- A. Enter a business premises to recruit member
- B. Hold meeting on the business premises
- C. Collect all the wages of workers
- D. Conduct elections amongst members

2.5 An economy controlled by government is known as a
- A. Mixed economy
- B. Closed economy
- C. Planned economy
- D. Open economy (10)

Question 3: Underline the correct word

Underline the word that makes the statement complete and correct.

3.1 Drawings increase / decrease owners equity.
3.2 Trade unions were started in 1980 / 1990 .
3.3 Payments by debtors are recorded in the Cash Receipts Journal / Cash Receipts Journal
3.4 Unorganised industrial action is undertaken by employees / employers.
3.5 Administration / financial function is responsible for the storing of financial data. (10)

Question 4: True or false

4.1 Debtors list is a list of all the current balances of creditors.
4.2 Economic development is an increase in the production of a country over a year.
4.3 Transaction are not part of the accounting cycle.
4.4 A trade discount is a reduction in the cost price of goods.
4.5 Secondary sector is made up of retail businesses.
4.6 Creditors are a form of current liability.
4.7 Trade unions set labour laws in South Africa.
4.8 Purchasing function negotiates to find the best price form the best supplier.
4.9 Short-term goals are the goals that should be achieved in the next 3 years.
4.10 Fixed costs remain constant no matter how much is produced in the business. (20)
[60]

SECTION B: The economy

Question 5

5.1 Discuss THREE roles of trade unions in South Africa. (6)
5.2 Do you think the trade union in this case study is doing a good job? Give TWO reasons for your answer. (5)
5.3 Mention TWO rights of workers. (4)
5.4 Name THREE trade unions which exist in South Africa. Write their names out in full. (6)

Question 6

The table below shows the market information for t-shirts sold by Taz Tees.

R 30	1500	0
R 60	1250	250
R 90	1000	500
R 120	750	750
R 150	500	1000
R 180	250	1250

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6.1 Draw the demand curve. (4)
Taz Tees are able to increase supply by 250 units at each price.
6.2 Calculate the new supply at each price level (fill it in on the table). (2)
6.3 Draw the new market supply curve on the same graph. (4)
6.4 What is the new market equilibrium price and quantity for t-shirts? (3)
6.5 Give ONE reason why the supply of t-shirts would increase. (2)
6.6 Calculate the income Taz Tees will make at the new equilibrium point. (2)
6.7 Name ONE thing Taz Tees can do to increase demand of their t-shirts. (2)
[40]

SECTION C: Financial literacy

Question 7

Show the effect each of the following transactions will have on the accounting equation of Smitty Shirts during May 2009.

2 Mr Smit, the owner, bought a building worth R300 000, with the businesses money, in which the business will operate.
6 Paid water and electricity with a cheque, R700.
14 Cash register roll showed sales amounting to R12 500. (Cost of Sales R8 900)
16 Sold 480 T-shirts on credit to Sassy Savers. Shirts were sold at R25 each, and cost of sales is R15, 50 each.
20 Pay wages for the week to 4 employees at a daily rate of R35 per employee.
24 Bought the following for office use on credit from Oliver's Office:
8 Pens at R3,50 each
2 Chairs at R150 each
27 Paid Oliver's Office half of what is owed. (17)

Question 8

Use the information below to complete the following ledger accounts for June 2014:

8.1 Trading Stock
8.2 Debtors Control
8.3 Creditors Control

The following balances appeared in the books of Captain Stores on 1 June 2014.

Trading Stock	R5 000
Debtors Control	3 800
Creditors Control	6 600

Totals of Subsidiary Journals on 30 June 2012:

Cash Receipts Journal (CRJ1)	
Bank	R3 880
Sales	2 800
Cost of Sales	1 350
Debtors Control	780
Sundry Accounts	300

Debtors Journal (DJ1)	
Sales	R1 800
Cost of Sales	850

Creditors Journal (CJ1)	
Creditors Control	R1 750
Trading Stock	950
Packing Material	450
Sundry Accounts	350

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Cash Payments Journal (CPJ1)

Bank R4 840	
Trading Stock	?
Wages	850
Creditors Control	280
Sundry Accounts	810

Creditors Allowances Journal (CAJ1)

Creditors Control	R250
Trading Stock	0
Packing Material	70
Sundry accounts	180

Debtors Allowances Journal

Debtors Allowances	R280
Cost of Sales	60

(18)

Question 9

Akona Ndlebe started a business 2 years ago. He sells racing bicycles, racing tyres, cycling gear etc., as well as repairing to broken racing bikes.

He took out a loan for R125 000, from SAVE BANK to start the business. He will repay this over five years and owes 6% interest per annum on it. Akona buys his racing bikes on credit from Incredible Cyclists in. Incredible Cyclists request payment within 30 days from the date of sale. He buys the Sprinter bikes for R1 000 and sells them for R1 650. He bought 33 new Sprinter bikes in March. He only allows his customers to buy on credit and they have 60 days to repay him.

During March he made a profit of R12 340 from selling the cycling equipment. He did not repair any bicycles.

He incurs the following costs during March.

Water and electricity	R600
Rent expense	R4 500
Insurance	R200
Material costs	R5 600
Fuel R500	
Wages	R6 000

9.1 Select an example of a current liability from the story. (2)
9.2 Select an example of a non-current liability from the story. (2)
9.3 How much interest does Akona owe to SAVE BANK for the month of March? Show your calculations. (4)
9.4 What is the total interst Akona will pay up until the day he repays the loan? (5)
9.5 Explain your understanding of the account 'cost of sales'. (2)
9.6 Explain TWO advantages of Akona allowing his customers to buy on credit? (4)
9.7 Explain TWO disadvantages of Akona allowing his customers to buy on credit. (4)
9.8 What could Akona do to cut down on his monthly wage expense? (2)

[60]

SECTION D: Entrepreneurship

Question 10

You have just opened your own restaurant, Pizza Palace. You sell the best pizza's in Gauteng and have chain stores all over the province. You advertise on radio, tv, and in newspapers and are very popular with all your customers.

You make gourmet, one of a kind pizza's using the best quality organic ingredients, at an affordable price. Your business also does pizza delivery and has five cars out every day and night making deliveries.

10.1 Explain the difference between the marketing function and the public relations function. (4)
10.2 Name the 4 P's of marketing you will need to keep in mind when promoting your business. (4)

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10.3 Name TWO ways in which Pizza Palace can decrease their impact on air pollution with regards to their pizza delivery. (4)

10.4 Identify where each of the following would occur in a SWOT analysis. Just write the word.

10.4.1. Prime Pizza, a new business, have just opened next door to Pizza Palace.

10.4.2. Your employees have all been sent on a training course on how to serve customers.

10.4.3. If you buy new equipment, it may allow an increase the number of pizza's you can make.

10.4.4. You do not have an accountant and your financial statements are incomplete. (8)

Question 11

SURF'S UP is a surf shop set on Beach Road in Durban. They specialise in selling all the latest surf equipment – from surfboards, wetsuits, bikini's an even sunglasses, to name a few of their products. They have recently been analysing their costs and income to assess their financial worth.

A summary of their findings for surf boards is as follows:

Fixed costs	R12 000
Variable costs	R 8 950
Selling Price	R 1 280
Units sold in a month	80

11.1 What sector would the business form part of? (2)

11.2 Explain the difference between fixed and variable costs and give an example of each. (8)

11.3 Calculate how many surfboards must be sold for the business to break even. (8)

11.4 What skills and training do workers in the secondary sector need? (2)

[40]

Total: 200 marks

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Additional end-of-year examination memorandum

SECTION A

Question 1: Match the columns

1.1 M
1.2 I
1.3 G
1.4 B
1.5 H
1.6 A
1.7 K
1.8 C
1.9 J
1.10 L (10 × 2 = 20)

Question 2: Multiple choice

2.1 C
2.2 C
2.3 B
2.4 C
1.5 C (5 × 2 = 10)

Question 3: Underline the correct word

3.1 Decrease
3.2 1980
3.3 Cash Receipts Journal
3.4 Employees
3.5 Administration (5 × 2 = 10)

Question 4: True or false

4.1 False
4.2 False
4.3 False
4.4 False
4.5 False
4.6 True
4.7 False
4.8 True
4.9 False
4.10 True (10 × 2 = 20)

[60]

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SECTION B: The economy

Question 5

5.1

- Strive to promote and protect social, economic and political interests and rights of workers
- Ensure that workers are treated fairly and their rights are protected
- Offer workers advice, legal services, and assist them in setting up pension funds and medical schemes
- Strive to give employees a voice in decision making in the workplace
- Organize workers into a unified body
- Represent their members in settling disputes or negotiations relating to work
- Prevent job losses and ensure maximum employment
- Run education and training programs
- Set up and manage mutual benefit funds
- Organize protected strikes
- Represent the interests of workers to their employers and government
- Unions for the communication channel between employers and employees

(any 3 × 2 = 6)

5.2

- No ✓
- Employees are working under poor conditions ✓✓
- Employees don't receive fair wages or get paid for overtime worked ✓✓ (5)

5.3

- The right to work
- The right to choose your work
- The right to safe, hygienic and comfortable working conditions
- The right to work that is freely chosen or accepted
- The right to be paid fairly
- The right to work for a limited amount of time each day and receive paid holidays
- The right to be treated equally and fairly by the employer

(any 2 × 2 = 4)

5.4

- National Union of Mineworkers
- South African Democratic Teachers' union
- Food and Allied Workers Union
- South African Municipal Workers Union
- South African Transport and Allied Workers Union
- Confederation of South African Workers' Unions

(any 3 × 2 = 6)

Question 6

6.1

✓✓ labelled correctly (D1)
✓ points correctly placed
✓ points joined with a line (4)

Price	Quantity demanded	Quantity supplied 1	Quantity supplied 2
R 30	1250	0	250
R 60	950	250	500
R 90	750	500	750
R 120	600	750	1000
R 150	500	1000	1250
R 180	250	1250	1500

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6.2 ✓✓ for whole line correct (2)
6.3 On graph above. Mark as follows:
✓✓ labelled correctly (S1)
✓ points correctly placed (4)
✓ points joined with a line (4)
6.4 R90 ✓✓ and 750 t-shirts ✓✓ (3)
6.5 Change in product price
Decrease in cost of production
Change in the method of production
Number of producers increased (any 1 × 2 = 2)
6.6 90 × 750 = R 67 500 ✓✓ (2)
6.7 Decrease prices
Increase advertising
Adapt shirts to suit all seasons – short sleeved and long sleeved t-shirts
Have better prices and quality than competitors
Stay up to date with fashion trends (any 1 × 2 = 2)
[40]

SECTION C: Financial literacy

Question 7

No	Assets		Owners' Equity		Liabilities	
	Effect	Reason	Effect	Reason	Effect	Reason
2	- 300 000	Bank increase✓				
	+300 000	Land & Buildings increase✓				
6	–700	Bank decrease ✓	–700	Water & Electricity – expense ✓		
14	+12 500	Bank increase ✓	+3600	Profit ✓		
	- 8 900	Trading Stock decrease ✓				
16	+12 000	Debtors Control increase ✓	+4 560	Profit ✓		
	- 7 440	Trading Stock decrease ✓				
20	–700	Bank decrease ✓	–700	Wages – expense ✓		
24	+300	Equipment increase ✓	–28	Stationery – expense ✓	+328	Creditors Control increase ✓
27	–164	Bank decrease ✓			–164	Creditors Control derease ✓

(17)

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Question 8

GENERAL LEDGER OF CAPTAIN STORES

Balance Sheet Section

Trading stock											B4
2014 June	1	Balance	b/d	5 000	— ✓	2014 June	30	Cost of Sales	CRJ	1 350	— ✓
	30	Bank	CPJ	2 900	— ✓		30	Cost of Sales✓	DJ	850	— ✓
							30	Balance	c/d	5 700	— ✓
				7 900	— ✓					7 900	—
2014 July	1	Balance	b/d	27 370	—						

Debtors control											B5
2014 June	1	Balance	b/d	3 800	— ✓	2014 June	30	Bank	CRJ	780	— ✓
	30	Sales	DJ	1 800	— ✓		30	Debtors allowances	DJ	280	— ✓
							30	Balance	c/d	4 540	— ✓
				5 600	— ✓					5 600	—
2014 July	1	Balance	b/d	4 540	—						

Creditors control											B6
2014 June	30	Bank	CPJ	280	— ✓	2014 June	1	Balance	b/d	5 000	— ✓
	30	Sundry returns	CAJ	250	— ✓		30	Sundry purchases	CJ	1 750	— ✓
	30	Balance	c/d	6 220	— ✓						
				6 750	—					6 750	— ✓
						2014 July	1	Balance	b/d	6 220	—

(18)

Question 9

9.1 Creditors Control ✓✓ (2)

9.2 Loan ✓✓ (2)

9.3 125 000 × 6% × 1/12 = R625 ✓ ✓ ✓ ✓ (4)

9.4 125 000 × 6% × 60/12 = R37 500 ✓✓✓✓✓ (5)

9.5 Account used to record the cost price of goods sold. ✓✓ (2)

9.6 She can gain more customers ✓✓
Increased profit and loyalty from customers ✓✓ (4)

9.7 She might not get her money – bad debts ✓✓
She might need to pay other expenses but has money outstanding from debtors✓✓ (4)

9.8 Employ fewer people; Negotiate wages better (2)

[60]

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SECTION D: Entrepreneurship

Question 10

10.1 Marketing function must promote the products/services of a business ✓✓
Public relations function must promote the image of the business ✓✓ (4)

10.2 Product, Price, Place, Promotion 1 × ✓ each (4)

10.3 Do fewer trips with bulk orders ✓✓
Use bicycles or motorbikes instead ✓✓ (4)

10.4 10.4.1. Threat ✓✓
10.4.2. Strength ✓✓
10.4.3. Opportunity ✓✓
10.4.4. Weakness ✓✓ (8)

Question 11

11.1 Tertiary sector ✓✓ (2)

11.2 Fixed costs remain constant irrespective of the number of products produced. ✓✓
Example: insurance ✓✓
Variable costs change in proportion to the number of products produced. ✓✓
Example: water and electricity ✓✓ (8)

11.3 12000 ÷ (1 280 – 111.88) = 10.27 ✓✓ ✓✓ ✓✓ ✓✓ (8)

11.4 Managerial and supervisory skills
Use of specialised machinery (any 1 × 2 = 2)

[40]

Total: 200 marks

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