



Subject: Grade 7 Economic and Management Sciences

Topic: EMS: Term 2 - Exam 1

Total: 96 Marks

1. C: It calculates total incomes.

4 marks

Explanation:

A Statement of Net Worth does not calculate total income, but rather it totals assets and totals debts in order to calculate **Net Worth**.

2. true

2 marks

Explanation:

A budget is a tool that helps to **keep control** of money as it lists all expected incomes and expenses. It helps identify how much money has been spent and how much is left.

3. false

2 marks

Explanation:

When incomes are more than expenses, it is called a **profit**.

$\text{Income} - \text{expenses} = \text{profit}$

4. expenses | income

4 marks

Explanation:

Expenses is the money that the business spends and **income** is the money the business receives.

5. future | interest

4 marks

Explanation:

Savings is when a business keeps money in order to use it in the **future**. Savings is extra money that can be used when needed. You earn **interest** on savings.

6. need | want

4 marks

Explanation:

A **need** is something that a person must have in order to live (cannot survive without it) while a **want** is something that is not needed but is nice to have.

7. B: Taking out a loan

4 marks

Explanation:

Taking out a loan is not an investment, it is a **liability** for the business. The business receives the loan but must pay it back at a later time. Interest will also be paid on the loan amount.



8. capital | capital.

3 marks

Explanation:

When an owner gives money to the business, it is called **capital**.

Capital does not only consist of money, it can also consist of other assets that the owner gives to the business.

9. business | profit

4 marks

Explanation:

An entrepreneur starts and runs a **business** in order to earn an income from the business (**profit**).

Profit is the money left over after all the expenses have been subtracted from the incomes.

10. true

2 marks

Explanation:

Financial records help the business to understand their financial results and to make decisions and plans for the future.

11. true

2 marks

Explanation:

Formal businesses **pay tax** on their profits to the South African Revenue Service (SARS).

12. false

2 marks

Explanation:

Cost of Sales is only used in a **trading business**. Cost of Sales refers to the cost (expense) that is incurred for making a sale of goods. Trading businesses make sales as their main source of income.

13. 169000 | 169000. | R169000 | R169 000.

3 marks

Explanation:

Net Worth = Total assets – Total liabilities

Net Worth = 182 500 – 13 500

Net Worth = 169 000

14. C: stationery

4 marks

Explanation:

Stationery is not an asset, it is an expense.

15. B: They were typed onto a piece of paper.

4 marks

Explanation:

The promissory note was not typed (typewriters did not exist) but they were rather **written** onto a piece of paper.

16. transaction | source document

4 marks

Explanation:

A **transaction** is an exchange between parties and it is recorded on a **source document**.

Transaction examples include:

- selling goods and services to customers
 - paying expenses of the business
 - receiving rent from a tenant
-

17. receipts | payments

4 marks

Explanation:

A budget consists of incomes (**receipts**) and expenses (**payments**).

18. epidemic | epidemic.

3 marks

Explanation:

An **epidemic** is when many people get sick with the same illness or disease.

19. surplus | surplus. | a surplus | a surplus.

3 marks

Explanation:

A **surplus** is when there is additional money in a budget after the expenses have been subtracted from the incomes.

20. B: Businesses use cheques to make payments.

4 marks

Explanation:

Businesses do not pay with **cheques** as they are no longer an accepted payment method in South Africa. Businesses can pay by EFT (electronic funds transfer), cash, or by debit/credit card.

21. budget | budget. | budgets | budgets. | a budget | a budget.

3 marks

Explanation:

A **budget** is a plan / list of all expected incomes as well as all expected expenses of a business.

22. false 2 marks

Explanation:

Salaries and wages are one of the main sources of income for a **personal budget**, not a business budget. An individual earns a salary or wages as an employee.

Sales and current income are a main source of income for a business budget.

23. false 2 marks

Explanation:

Traditionally, money was not used to buy goods and services, but rather **bartering** was used to exchange items.

24. true 2 marks

Explanation:

Interest is an income earned on a positive bank account or on a savings accounts. It is calculated as a **percentage** per annum (% p.a.).

25. liability | liability. | liabilities | liabilities. 3 marks

Explanation:

Liabilities are the debts of the business. They are things the business owes.

An example of a liability is a loan.

26. assets | liabilities 4 marks

Explanation:

Net Worth = **assets** minus **liabilities**

27. entrepreneur | entrepreneur. | entrepreneurs | entrepreneurs. 3 marks

Explanation:

An **entrepreneur** is someone who starts their own business.

Entrepreneurs are usually hard-working and creative. They persevere and take calculated risks in order to make their business successful.

28. Property | property. | properties | properties. 3 marks

Explanation:

Property is the term used to describe any form of land, buildings and offices.

29. D: rent from a tenant 4 marks

Explanation:

Rent from a tenant is called **rent income**, it is not an expense.

30. C: Know how much is to be received and paid for the month.

4 marks

Explanation:

When preparing a budget for the month, you need to know:

- How much money will be received in the month.
- How much money will be spent in the month.
- How much money was in the bank account at the beginning of the month.

Total: 96 Marks