

EMS

Economic & Management Sciences

CLASS TEXT & STUDY GUIDE

Jason Collins, Nazlie Mohamed & Habel Adams

GRADE

8

CAPS

3-in-1



THE
ANSWER
SERIES *Your Key to Exam Success*

Grade 8 **EMS** 3-in-1 CAPS

CLASS TEXT & STUDY GUIDE

This Grade 8 EMS 3-in-1 Class Text & Study Guide provides a user-friendly introduction to a subject that often poses a challenge to Grade 8 learners.

All three subject areas are presented in an accessible way with clear explanations complemented by examples and illustrations to build confidence in the learner and educator.

Key Features:

- Curriculum-aligned, comprehensive notes
- Learner-friendly diagrams
- Concept-focussed activities with detailed answers
- Examination papers with memos
- Photocopiable template book

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THIS CLASS TEXT & STUDY GUIDE INCLUDES

- 1 Comprehensive Notes
- 2 Topic-based Questions
- 3 Full Solutions

Plus a *bonus* Exam Paper and Memo

Includes a separate
TEMPLATE BOOK
for MODULE 1
FINANCIAL LITERACY

eBook available 



THE
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Posting Journal Entries into T-accounts

- **Column totals** and **sundry column** entries from the journals are posted or transferred to General Ledger accounts which are collectively known as the General Ledger.
- This action brings together information that is kept separate in the various journals, e.g. the increase and decrease in the Bank account.
- Each account represents a particular item, for example:
 - 'Bank' will only contain information about money received/paid
 - 'Wages' will only show amounts paid for wages during a financial year, etc.
- Each ledger account or **T-account** has a **debit** side (left) and **credit** side (right). These left and right sides facilitate the **double entry principle**.

LEDGER ACCOUNT

DEBIT SIDE	CREDIT SIDE
---------------	----------------



Ledger accounts are known as **T-accounts** due to their shape with debit and credit on either side.



See more detail of the format of a **T-account** on p. 26.

- **Double entry principle:**

For each debit entry (a '**debit**') in one account there is a credit entry (a '**credit**') in a different account.

- This ensures that the sum of debits will be equal to the sum of credits. This helps to identify errors and/or fraudulent entries.

REMEMBER

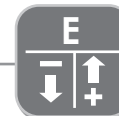
The rules of the **double entry system**.

$$\text{Assets} = \text{E} + \text{Liabilities}$$

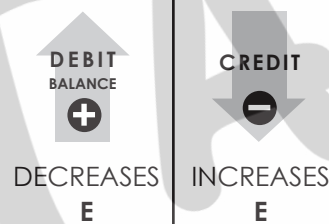
DEBIT BALANCE +	-	-	+	-	CREDIT BALANCE +
--------------------	---	---	---	---	---------------------



OWNER'S EQUITY



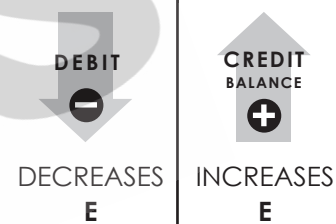
EXPENSE ACCOUNT



EXPENSE accounts are **debited** because expenses **decrease E**.

An increase in EXPENSES increases the DEBIT side of the EXPENSES account and **DECREASES E**.

INCOME ACCOUNT



INCOME accounts are **credited** because income **increases E**.

An increase in INCOME increases the CREDIT side of the INCOME account and **INCREASES E**.

ACTIVITY 6

CONTINUED



QUESTIONS

1. How much money did Hawk Services deposit to start the business?
2. How much money did Hawk Services receive on the 6th of October 2022?
3. How much Rent Income was received on the 6th of October 2022?
4. Why do Current Income, Material costs and Wages have their own columns in the Cash Journals?
5. What was bought by Hawk Services on 16th October 2022?
6. How much money did the owner take for herself during October?
7. How much money does Hawk Services have in their Bank account at the end of October 2022?

ANSWERS p. 122



BALANCING AND TOTALLING ACCOUNTS

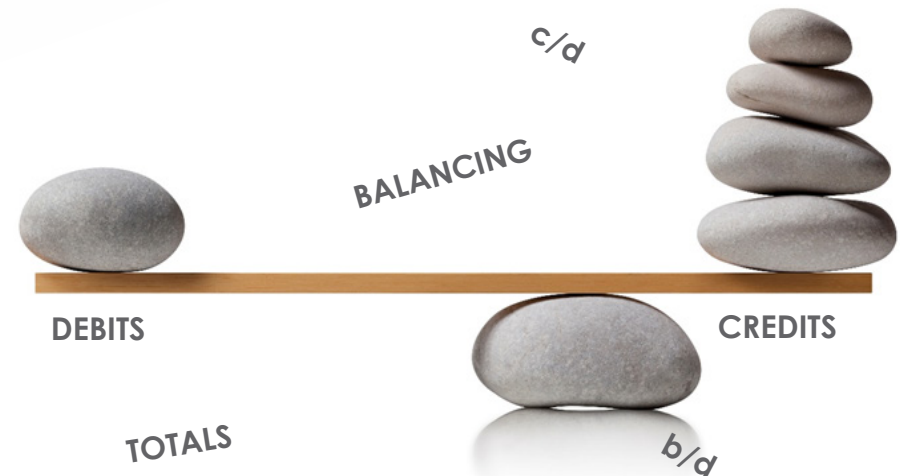
Up to this point we have been recording daily transactions in the **Cash Journals** and posting individual journals to the **General Ledger** at the end of each month. It is important to remember, however, that Accounting is a continuous process.

The Accounting System allows for continuity from one month to the next.

- The Accounting Cycle is **annual**. It takes place over a financial year but there is continuity from one year to the next.
- Monthly amounts are added together to derive a final (total) annual figure.
- Accounts like the **Bank account** which increase and decrease every month need to be balanced.

Note the following features of balancing the Bank account:

- the **format** of the balancing, i.e. the steps involved in balancing the account
- how the balancing allows for **continuity** from one month to the next



NEGATIVE CONSEQUENCES OF UNEMPLOYMENT

Unemployment has the following negative consequences:

Loss of income which causes poverty

When individuals are unemployed, they have no income to satisfy their needs and wants. This causes poverty and decreases the standard of living of the individual and society as a whole.

Less taxes are earned

Unemployed individuals have less money to spend on goods and services and this results in the government earning less tax revenue. The government will have less money to spend on public goods and services to provide for its citizens.

Less production of goods and services

When individuals have less money to spend, businesses will close as their goods and services will not be sold. This in turn can cause further unemployment and is often described as a vicious cycle effect.

Leads to social problems

Unemployed individuals often lose their confidence and dignity because they feel rejected by the constant lack of success in applying for jobs. They may turn to drugs or alcohol to develop confidence or acceptance. This leads to a further downward spiral as unemployed individuals have limited income and may turn to criminal activities to pay for drugs/alcohol.



When unemployment rates are high, it is reflected in high levels of social problems such as alcohol and drug abuse, crime, gang violence and rape.

STRATEGIES TO REDUCE UNEMPLOYMENT

The government has introduced many strategies to reduce unemployment in South Africa. These include:

Improving education and training

Every year, education receives the biggest portion of the budget. The government is committed to increasing education levels in the country so that more individuals can acquire a skill and increase their employment prospects.

The government also funds training courses for the unemployed to improve their employment prospects.

Supporting entrepreneurship and small businesses

Many individuals who cannot find jobs may start their own small businesses as a means of earning an income. The government is supportive of this initiative as it decreases poverty and often creates more job opportunities.

The government provides financial assistance and advice to support new entrepreneurs.

Building and maintaining infrastructure

The government can improve the infrastructure in the country by building or improving existing roads, harbours, etc. This requires extensive unskilled labour which is in excess in South Africa.

By improving the infrastructure in the country, all role players (businesses, citizens and government) benefit because the standard of living increases.

Increasing foreign investment

When international businesses set up their businesses in a foreign country, they use local factors of production. This decreases unemployment in the country. The South African government has encouraged international companies to set up business in South Africa. Since 1994, foreign investment has increased dramatically.

ACTIVITY 3

CONTINUED



- 2.1 Which African country has the lowest rate of unemployment?
- 2.2 Which African country has the highest rate of unemployment?
- 2.3 Define the term *unemployment rate*.
- 2.4 Briefly explain whether you believe that the South African government has done enough to address the high rate of unemployment.
- 2.5 Explain how public goods and services are impacted when the unemployment rate is high.

ANSWERS p. 128



THE PRODUCTIVE USE OF RESOURCES TO PROMOTE A HEALTHY ENVIRONMENT

THE IMPORTANCE OF A HEALTHY ENVIRONMENT

It is important to respect and care for the natural environment so that natural resources can be available for future generations.

All role players in a country are impacted if the natural environment is not protected and conserved:

- **Households** are compromised as their health can be negatively affected due to pollution.
- **Businesses** will have fewer productive inputs and this will impact on their profitability.
- **Governments** will have to spend more of their revenue on protecting the natural environment.



NATURAL RESOURCES (LAND)

Natural resources are most often described as the gifts of nature and are commonly known as **land**.



NATURAL RESOURCES



REMUNERATION
rent

- These gifts of nature include all aspects of nature originating from below the earth, on top of the earth, including the sea and the sky.
- Natural resources include: mineral deposits in the ground, water, wildlife, vegetation and marine resources.
- Natural resources are scarce, i.e. there is a limited quantity available.
- A price is attached for the use of natural resources because they are not freely available.
- Natural resources differ from region to region and from country to country because climatic conditions differ around the world.
- The climatic conditions around the world also influence the availability, quality and quantity of natural resources.
- Natural resources are an essential element required in production and people use them in various ways.
- Natural resources often cannot be used in their natural form and require some form of processing to serve as a product or to be meaningful for **consumers**.

Consumers are people who purchase goods and services from the business.



- Natural resources therefore, need to be transformed to satisfy the needs and wants of consumers.
- The remuneration for natural resources is **rent**.

NON-RENEWABLE RESOURCES AND RENEWABLE RESOURCES

Non-renewable resources

Non-renewable resources cannot be replaced once they have been extracted.

Example

Once Brent crude oil is extracted from the earth, it can never be replaced again.



Renewable resources

Renewable resources can be replaced once they have been extracted.

Example

Cattle and crops can be replaced by nature once they have been used.

The reckless use of renewable resources may result in the exhaustion thereof – therefore they must be used in a responsible way so that they are available for future generations.



3 FOUR MANAGEMENT TASKS

Although each manager has a specific set of duties and responsibilities, all managers are required to do the following four tasks:

PLANNING, ORGANISING, LEADING AND CONTROLLING.

The tasks are cyclical in that the one leads to the other. Once complete, the cycle begins again.

The four management tasks may be remembered using the acronym **POLC**.

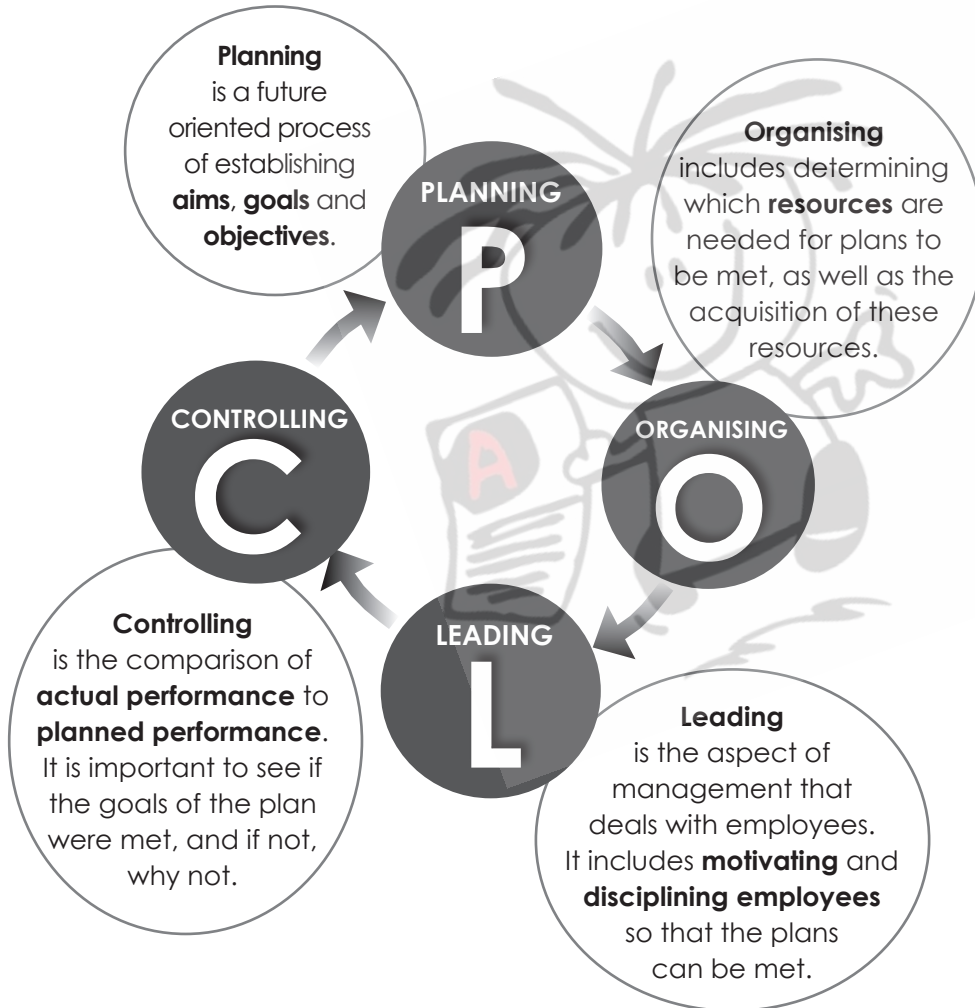
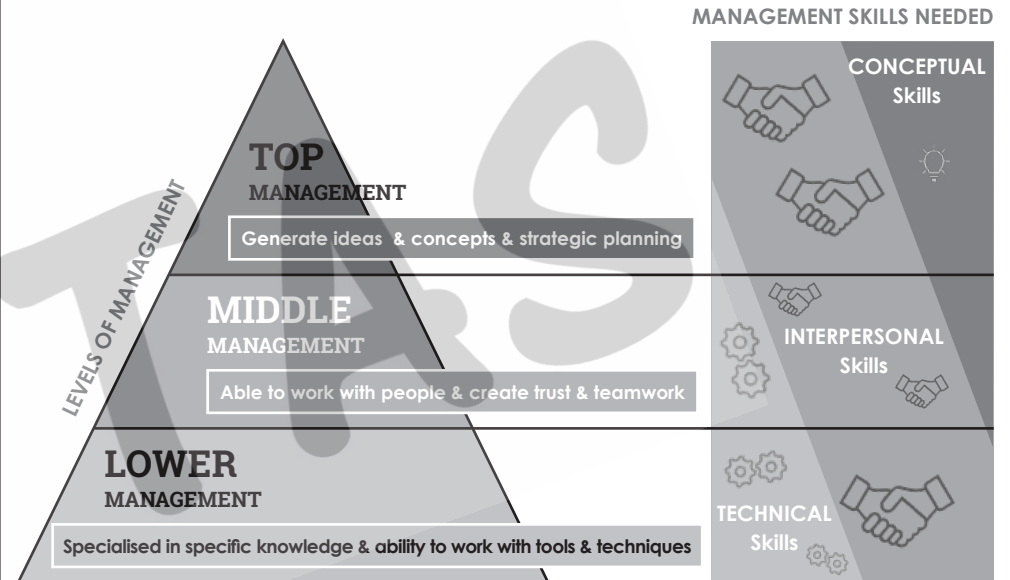


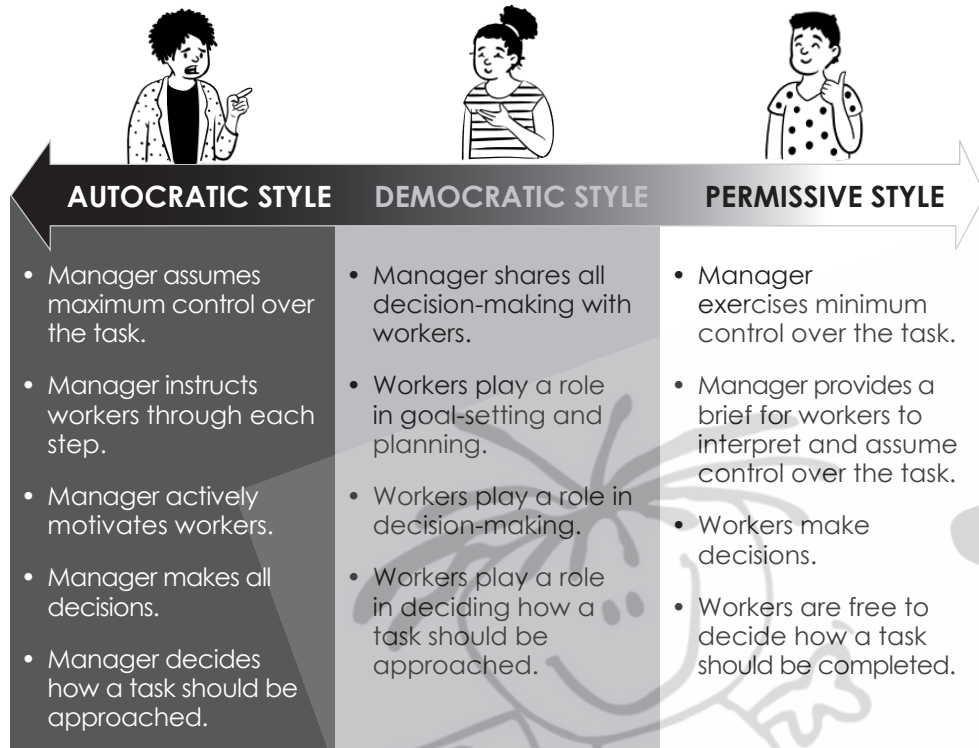
DIAGRAM ILLUSTRATING MANAGEMENT SKILLS DISTRIBUTION

The characteristics and skills of good management

Although there are certain characteristics that are common to most good managers, the following diagram shows how different skills are more important depending on the level of management.



Characteristics of Leadership Styles



Is there a BEST leadership style?

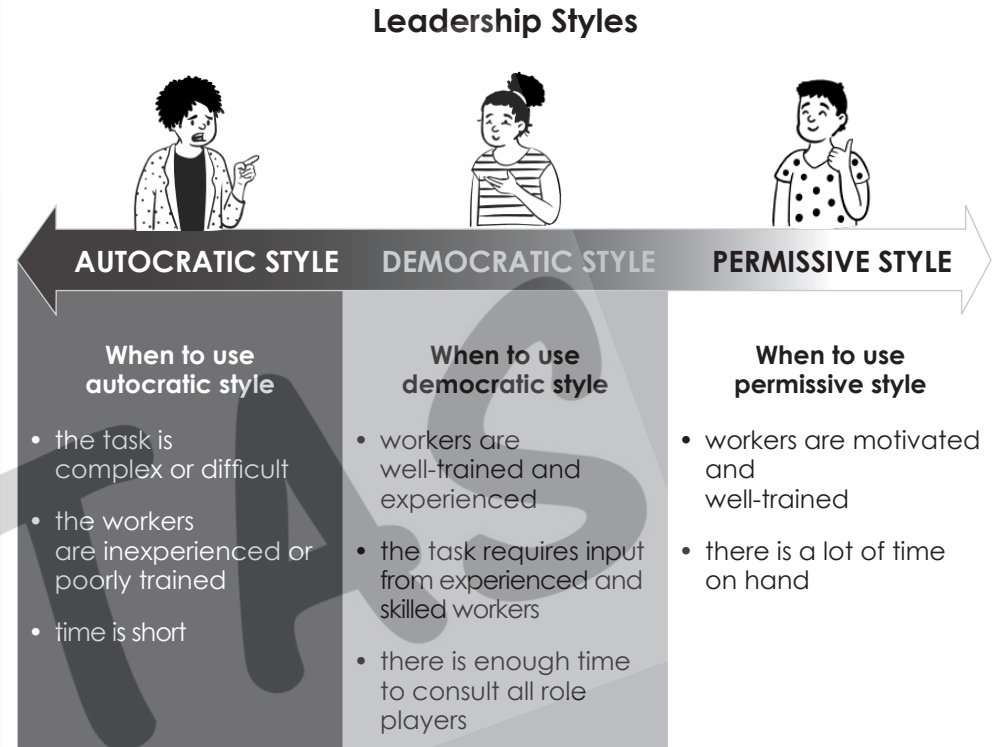
If asked which of the three leadership styles is best, many people would say that the democratic style is best, mostly because we enjoy participating in decisions that affect us. However, the real answer is that there is no best leadership style. This introduces the concept of **situational leadership**.

Situational leadership is the theory that there is no best style of leadership. All three leadership styles have their value and should be used when the situation dictates.

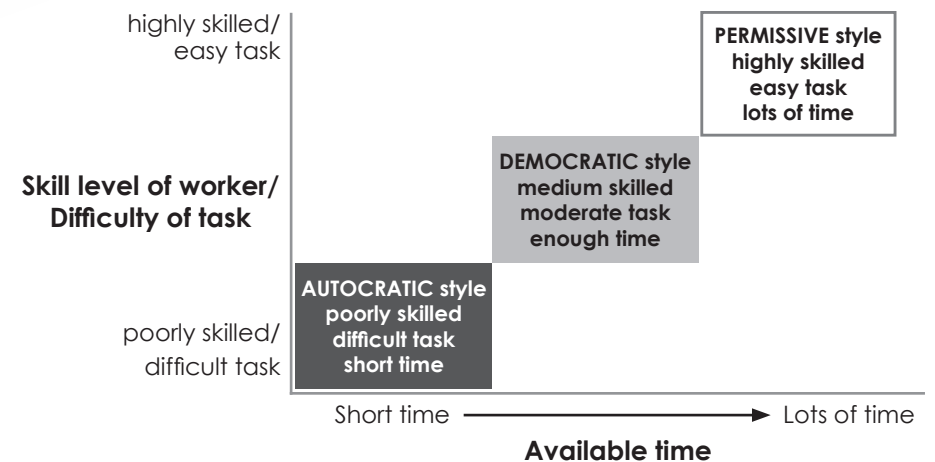
The following three variables determine which leadership style to use:

- The complexity or **difficulty of the task** at hand.
- The ability or **skill level** of the workers being led.
- The **amount of time** available.

Let's examine our Leadership Style diagram again within the context of Situational Leadership:



Leadership styles as determined by different skill levels and available time



ACTIVITY 1

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17

Cash Receipts Journal of Trilby Traders – September 2022

CRJ1

Doc	Day	Details	Analysis of receipts	Bank	Current Income	Sundry Accounts	
						Amount	Details
001	1	J. Trilby		50 000		50 000	Capital
002	3	B. Beret	12 000	12 000	12 000		
003	11	F. Boater	5 500	5 500	5 500		
004	29	F. Fedora	8 000		8 000		
005		C. Cap	9 000	17 000		9 000	Rent Income
				84 500	25 500	59 000	

ACTIVITY 2

page
19

Cash Payments Journal of Trilby Traders – September 2022

CPJ1

Doc	Day	Details	Bank	Wages	Material costs	Sundry Accounts	
						Amount	Details
001	1	PT Ltd	10 300			10 300	Equipment
BS	8	Cash	4 000	4 000			
002	12	Hazmat Suppliers	2 350		2 350		
BS	19	Cash	4 000			4 000	Drawings
			20 650	4 000	2 350	14 300	

ACTIVITY 1

page **103**

DOWN		ACROSS	
1	Prospectus	2	Form of ownership
3	Memorandum of Incorporation	4	Continuity
5	Limited liability for debts	6	Sole trader
7	Founding statement	8	Notice of Incorporation
9	Partnership agreement	10	Private company
11	Closed corporations	12	Freely transferable
13	Perpetual lifespan	14	Public companies
15	Ten	16	Partnership



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2 F O R M O F O W N E R S H I P

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10 P R I V A T E C O M P A N Y

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14 P U B L I C C O M P A N I E S

15 T
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16 P A R T N E R S H I P

TOPIC
1

INTRODUCTION TO ACCOUNTING CONCEPTS,
EQUATION & CYCLE

ACTIVITY 3

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10



No.	Assets		=	Owner's Equity		+	Liabilities	
	effect	reason		effect	reason		effect	reason
1.								
2.								
3.								
4.								
5.								



ACTIVITY 4

page
11



No.	Assets		=	Owner's Equity		+	Liabilities	
	effect	reason		effect	reason		effect	reason
1.								
2.								
3.								
4.								
5.								

ACTIVITY 5

page
11



No.	Assets		=	Owner's Equity		+	Liabilities	
	effect	reason		effect	reason		effect	reason
1.								
2.								
3.								
4.								
5.								