COMMON TASK ASSESSMENT (CTA)
GRADE 9 – 2009
ECONOMIC AND MANAGEMENT SCIENCES

LEARNER'S BOOK
SECTION A

Theme: General Elections – 2009

Name of Learner: ______________________

Suggested Time: 4 hours
160 marks
No of pages: 36
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**Glossary** 32
In a market economic system, money flows (moves) between the government, businesses, households and the other countries in the world (foreign sector). The diagram below shows the circular flow of money in the South African economy (the economic cycle). In your group carefully study the diagram and jot down your group’s responses. Go back to your seat and complete the activity on your own.

See ANNEXTURE F for Economic Cycle

1.1.1 In your own words explain the role of government, businesses, the foreign sector and households in the economic cycle. (12)
1.1.2 What are the resources that households provide? (4)
### Activity 1.2  LO1: AS 2
The role of the foreign sector in the economic cycle of South Africa

#### Form of Assessment:
Written Presentation  
#### Assessment Tool:
Memorandum

In this activity you are going to be assessed on your understanding of the importance of foreign trade and your ability to interpret graphs.

### Foreign Trade

South Africa has trading partners and trade agreements all over the world with countries in Europe, North and South America, Asia, the Middle East, Australia and Africa. South Africa is also part of the Southern African Development Community (SADC).

Refer to Annexure B for more information on SADC.

1.2.1 Briefly explain foreign trade.  
1.2.2 What are the main goals of SADC?  
1.2.3 Study the bar graph below which show some of South Africa’s most important trading partners.

#### South Africa’s Imports and Exports in the SADC Region in Billions

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zimbabwe</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Angola</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Kenya</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Mozambique</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Nigeria</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Zambia</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

1.2.3.1 Which countries are the biggest export markets for South Africa?  
1.2.3.2 Why do you think these countries are South Africa’s biggest export markets?  
1.2.3.3 Explain how South Africa benefits from its foreign trade?
Activity 1.3  LO1: AS 3
The influence of supply and demand on prices

Individual Activity                                      Time: 15min                                Marks: 12
Form of Assessment: Written Presentation                Assessment Tool: Memo
This activity will assess your ability to draw and interpret the demand and supply graphs.

The Supply and Demand Graphs

1.3.1 Use the information given in the table below to draw (plot) the demand and supply curves. Draw both curves (graphs) on the same graph to show the effects of supply and demand on prices. Indicate the equilibrium price (E) on your graph. (7)

<table>
<thead>
<tr>
<th>Price of peaches per box</th>
<th>Quantity Consumers demand per week</th>
<th>Quantity Business prefer to supply per week</th>
</tr>
</thead>
<tbody>
<tr>
<td>R15</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>R14</td>
<td>12</td>
<td>20</td>
</tr>
<tr>
<td>R12</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>R10</td>
<td>20</td>
<td>12</td>
</tr>
<tr>
<td>R8</td>
<td>25</td>
<td>10</td>
</tr>
</tbody>
</table>

Your teacher will supply you with graph paper to draw your graph.

1.3.2 Interpret the graph in your own words and explain the law of demand and the law of supply. (5)
Task 2  LO1: AS5;  LO2: AS1,2,3 & 4  Time: 60  Total Marks 30

Activity 2.1  LO1: AS5;  LO2: AS1,2,3 & 4
Sustainable growth, reconstruction and development

Group / Individual Activity   Time: 60min   Marks: 30
Class discussion and preparation time:  60min.

Form of Assessment: Written Presentation  Assessment Tool: Rubric

This activity will assess your ability to:
1. interpret and explain how government spends its resources to facilitate sustainable growth and development;
2. critically analyse and comment on the success and shortcomings of the RDP and
3. explain the role of investments in economic growth and prosperity.

Sustainable Growth and Development

Please read Annexure B to get a brief background on Sustainable Growth and Development before doing this task.

We have just had our fourth general elections. In this task we will look at governments’ priorities in terms of the Reconstruction and Development Programme (RDP) developed by the first government of national unity to address the inequalities of the past.

The Vision of Government in terms of the RDP identified the following four key areas:

1. Meeting basic needs
2. Developing our human resources
3. Building the economy
4. Democratising the state and society

BUDGET 2007/8

- Education: 20%
- Welfare: 18%
- Health: 12%
- Protection: 17%
- Housing: 8%
- Administration and Local Government: 5%
- Transport and communication: 8%
- Economic Services: 6%
- Water and Agriculture: 6%

BUDGET 2008/9

- Education: 17%
- Debt: 8%
- Welfare: 15%
- Housing: 11%
- Health: 7%
- Protection: 13%
- Other: 15%
- Water and Agriculture: 4%
- Transport and communication: 10%
Instructions

Your group must write an article for your community newspaper on how the government plans to spend the tax payer's money. Your article must not be more than 350 words.

Your article must include:

2. A list of four areas where the government has achieved its goals. (Refer to Annexure B).
3. An assessment of whether the budget caters for the four key programme areas of the RDP?
4. An explanation of the importance of Education for economic growth and development.
5. An evaluation of whether the budget promotes economic growth in terms of job creation and promoting investments?
6. A list of factors that can discourage economic growth in South Africa and how the government can overcome this.
7. What ordinary people can do in their daily lives to promote economic growth and prosperity in South Africa?
### RUBRIC TO ASSESS TASK 2: The National Budget and Government Spending

<table>
<thead>
<tr>
<th>7</th>
<th>6</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding achievement</td>
<td>Meritorious achievement</td>
<td>Substantial achievement</td>
<td>Adequate achievement</td>
<td>Moderate achievement</td>
<td>Elementary achievement</td>
<td>Not achieved</td>
</tr>
<tr>
<td>80-100%</td>
<td>70-79%</td>
<td>60-69%</td>
<td>50-59%</td>
<td>40-49%</td>
<td>30-39%</td>
<td>0-29%</td>
</tr>
<tr>
<td>24-30 marks</td>
<td>21-23 marks</td>
<td>18-20 marks</td>
<td>15-17 marks</td>
<td>12-14 marks</td>
<td>8-11 marks</td>
<td>0-8 marks</td>
</tr>
</tbody>
</table>

- **Well written and of correct length.**
- **Demonstrated excellent understanding of government spending and priorities.**
- **Accurately identified factors that discourage economic growth.**
- **Clearly stated contributions citizens can make towards economic growth and development.**

<table>
<thead>
<tr>
<th>7</th>
<th>6</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairly well written article of correct length.</td>
<td>Demonstrated good understanding of government spending and priorities.</td>
<td>Clear article of correct length.</td>
<td>Article not always clear, but has some structure.</td>
<td>Article is far too long or too short.</td>
<td>Poorly written article.</td>
<td>Poorly written and incomplete.</td>
</tr>
<tr>
<td>24-30 marks</td>
<td>21-23 marks</td>
<td>18-20 marks</td>
<td>15-17 marks</td>
<td>12-14 marks</td>
<td>8-11 marks</td>
<td>0-8 marks</td>
</tr>
<tr>
<td>Demonstrated excellent understanding of government spending and priorities.</td>
<td>Demonstrated a fair amount of understanding of government spending and priorities.</td>
<td>Demonstrated a fair amount of understanding of government spending and priorities.</td>
<td>Some identification of factors that discourage economic growth.</td>
<td>Poor identification of factors that discourage economic growth.</td>
<td>No identification of factors that discourage economic growth.</td>
<td>Did not include any contributions citizens can make towards economic growth and development</td>
</tr>
<tr>
<td>Good identification of factors that discourage economic growth.</td>
<td>Identified factors that discourage economic growth.</td>
<td>Fair identification of factors that discourage economic growth.</td>
<td>Included some contributions citizens can make towards economic growth and development</td>
<td>Included the isolated contribution citizens can make towards economic growth and development</td>
<td>Did not include any contributions citizens can make towards economic growth and development</td>
<td>Did not include any contributions citizens can make towards economic growth and development</td>
</tr>
<tr>
<td>Included good contributions citizens can make towards economic growth and development</td>
<td>Included fair number of contributions citizens can make towards economic growth and development</td>
<td>Included fair number of contributions citizens can make towards economic growth and development</td>
<td>Included fair number of contributions citizens can make towards economic growth and development</td>
<td>Included fair number of contributions citizens can make towards economic growth and development</td>
<td>Included the isolated contribution citizens can make towards economic growth and development</td>
<td>Did not include any contributions citizens can make towards economic growth and development</td>
</tr>
</tbody>
</table>
**Activity 3.1**  
**LO3: AS1,2,3 & 4**  
Managerial, Consumer and Financial Knowledge and Skills  

**Paired Activity**  
**Time:** 15min  
**Marks:** 12  

**Form of Assessment:** Written - Crossword Puzzle  
**Assessment Tool:** Memorandum  
This activity will assess your ability to define and understand basic accounting and financial terminology.

**Money Matters**  
Please read Annexure C to get a brief background on Managerial, Consumer and Financial Knowledge and Skills before doing this task.

Work in pairs. With your partner next to you complete the crossword puzzle by filling the spaces with your answers to the following clues:

**Across:**
1. Accounting entries showing positive figures on the Income Statement.
2. Money contributed to an organization to enable it to function.
3. The costs of an organization.
4. Items owned by a business that are expected to be used for a considerable time.
5. Invoices are shown as ______________ in books of accounts and indicate sums of money owed to the business.
6. Legal tender; bank notes and coins.
7. Funds of the business that have been provided by the owner/s.

**Down:**
1. Stock is an example of a ______________ asset.
2. The debts of a business.
3. The difference between income and expenses, when income exceeds expenses.
4. The difference between income and expenses, when expenses exceed income.
5. Money owed by the business.
Tear out this page and complete the puzzle.
# TASK 3  LO3: AS1,3 & 6  
**TIME:**  70min  
**TOTAL MARKS 60**

## Activity 3.2  LO3: AS1  
Managerial, Consumer and Financial Knowledge and Skills  

**Paired Activity**  
**Time:**  15min  
**Marks:** 18  

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**Form of Assessment:**  Written Presentation  
**Assessment Tool:**  Memorandum

This activity will assess your ability to identify various aspects of the Income Statement.

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**Income Statement**

Study the Income statement of Thabo's Knitting Company for the year ended 28 February 2009 on page 11 and answer the following questions.

3.2.1 The income statement is divided into two sections: income and expenses.  
   a. Which items make up the income section?  
   b. Which items reduce the income?  

3.2.2 If Thabo's Knitting Company (TKC) has an item called 'rent income' in the income statement, does this mean the TKC pays rent to someone or receives rent from someone?  

3.2.3 Which items make up the expenses section? Why do you think that each of these expense items are necessary expenses for a business?  

3.2.4 Use the information on the income statement to help you describe how the following terms differ from one another: gross profit, gross income and net profit for the year.  

3.2.5 In your own words explain why interest expense is not part of operating expenses.
Thabo’s Knitting Company
Income Statement for the year ended 28 February 2009

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>30 000</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(10 000)</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>20 000</td>
</tr>
<tr>
<td>Other operating income</td>
<td>3 400</td>
</tr>
<tr>
<td>Rent income</td>
<td>3 400</td>
</tr>
<tr>
<td><strong>Gross Operating Income</strong></td>
<td>23 400</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(8 400 )</td>
</tr>
<tr>
<td>Wages and Salaries</td>
<td>6 000</td>
</tr>
<tr>
<td>Telephone</td>
<td>300</td>
</tr>
<tr>
<td>Stationery</td>
<td>400</td>
</tr>
<tr>
<td>Postage</td>
<td>100</td>
</tr>
<tr>
<td>Advertisements</td>
<td>1 600</td>
</tr>
<tr>
<td><strong>Operating profit for the year</strong></td>
<td>15 000</td>
</tr>
<tr>
<td>Interest Income</td>
<td>3 000</td>
</tr>
<tr>
<td><strong>Net profit after interest</strong></td>
<td>18 000</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>(2 000 )</td>
</tr>
<tr>
<td><strong>Net Profit for the year</strong></td>
<td>16 000</td>
</tr>
</tbody>
</table>
### TASK 3  LO3: AS1,3 & 6  TIME: 70min  TOTAL MARKS 60

| Activity 3.3  LO3: AS1 & 3  
Managerial, Consumer and Financial Knowledge and Skills |
|-------------------------------------------------------|
| Individual Activity  
Time: 30min  
Marks: 24 |

**Form of Assessment:** Written Presentation  
**Assessment Tool:** Memorandum

This activity will assess your ability to prepare a Balance Sheet and Notes to the Balance Sheet.

**Balance Sheet**

Allan’s Food Market is a retail business.

**Instructions**

1. This activity must be completed individually.
2. Study the Trial Balance on page 13 and prepare the Balance Sheet for Allan’s Food Market as at 31 March 2009.
3. Include the notes to the Balance Sheet as at 31 March 2009.
4. According to the Income Statement the **Net Profit** as at 31 March 2009 is **R80 300.00**
5. Tear out **Annexure G**, which is the Balance Sheet template in your book.
# Trial Balance of Allan's Food Market on 31 March 2009

<table>
<thead>
<tr>
<th>Balance Sheet Section</th>
<th>Fol</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>B1</td>
<td>250 000</td>
<td>00</td>
</tr>
<tr>
<td>Drawings</td>
<td>B2</td>
<td>3 000</td>
<td>00</td>
</tr>
<tr>
<td>Long term Loan: ABC Bank</td>
<td>B3</td>
<td>50 000</td>
<td>00</td>
</tr>
<tr>
<td>Land and buildings</td>
<td>B4</td>
<td>114 300</td>
<td>00</td>
</tr>
<tr>
<td>Equipment</td>
<td>B5</td>
<td>15 000</td>
<td>00</td>
</tr>
<tr>
<td>Trading Stock</td>
<td>B6</td>
<td>110 000</td>
<td>00</td>
</tr>
<tr>
<td>Bank</td>
<td>B7</td>
<td>130 000</td>
<td>00</td>
</tr>
<tr>
<td>Petty Cash</td>
<td>B8</td>
<td>500</td>
<td>00</td>
</tr>
<tr>
<td>Debtors</td>
<td>B9</td>
<td>11 500</td>
<td>00</td>
</tr>
<tr>
<td>Creditors</td>
<td>B10</td>
<td>4 000</td>
<td>00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nominal Accounts Section</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>N1</td>
<td>130 000</td>
<td>00</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>N2</td>
<td>39 000</td>
<td>00</td>
</tr>
<tr>
<td>Rent Income</td>
<td>N3</td>
<td>1 400</td>
<td>00</td>
</tr>
<tr>
<td>Interest Income</td>
<td>N4</td>
<td>3 500</td>
<td>00</td>
</tr>
<tr>
<td>Salaries</td>
<td>N5</td>
<td>11 500</td>
<td>00</td>
</tr>
<tr>
<td>Advertising</td>
<td>N6</td>
<td>1 500</td>
<td>00</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>N7</td>
<td>2 300</td>
<td>00</td>
</tr>
<tr>
<td>Packing material</td>
<td>N8</td>
<td>300</td>
<td>00</td>
</tr>
</tbody>
</table>

| Total                       |     | 438 900  | 00        |
|                             |     | 438 900  | 00        |
**TASK 3 LO3: AS1,3 & 6**
**TIME: 70min**
**TOTAL MARKS 60**

**Activity 3.4 LO3: AS6**
Managerial, Consumer and Financial Knowledge and Skills

<table>
<thead>
<tr>
<th>Individual Activity</th>
<th>Time: 10min</th>
<th>Marks: 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form of Assessment:</td>
<td>Written Presentation</td>
<td>Assessment Tool: Memorandum</td>
</tr>
</tbody>
</table>

This activity will assess your understanding of different methods of payment in the economy.

**Methods of payments**

Explain the following terms in your own words:

- 3.4.1 Debit cards and smart cards (2)
- 3.4.2 Cheques (2)
- 3.4.3 Postal Orders (2)
Activity 4.1  LO4: AS1,3 & 5
Entrepreneurial Knowledge, Skills and Attitude.

<table>
<thead>
<tr>
<th>Group and Individual Activity</th>
<th>Time: 65min</th>
<th>Marks: 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class discussion and preparation time: 60min</td>
<td></td>
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</tbody>
</table>

Form of Assessment: Case Study  Assessment Tool: Rubric

This activity will assess your ability to identify financial institutions and organizations promoting entrepreneurship; differentiate between forms of ownerships and to engage in business activities that involve marketing and planning.

Case Study: Kick-starting small businesses and a business called ‘Events and Catering CC’

Abdul Steleki is from Buffalo City in East London. He started a small events business in his garage 5 years ago. He was struggling financially to make ends meet and almost gave up. Fortunately he came across an article in the Sunday Times on Kick-starting small businesses. Read the article on page 17.

He immediately called the Department of Trade and Industry (DTI) Call Centre and found out more information about the ‘one-stop shop’ in the Eastern Cape and went to see them. He has not looked back since then.

His business has grown from a small one man operation into a Close Corporation with 8 active members. The business is trading as Events and Catering CC.

Events and Catering CC has recently secured a major tender from the government. The newly elected government has promised to create more than 3 million jobs over the next five years. The DTI has been given the mandate by government to drive the process forward. The Marketing Division of the DTI awarded their tender to Events and Catering CC to coordinate all their seminars, conferences and workshops in this regard.

The first seminar will be held over two days at the Durban Convention Centre on 13 and 14 July 2009.
Instructions

You are the events coordinating manager for **Events and Catering CC**. You and your team (staff) must prepare a business plan for the seminar. A seminar of this nature requires months of planning and preparations. Please note that for this task you are not required to prepare the entire business plan. **Your group must only focus on:**

1. the marketing plan;
2. the poster and
3. the programme for the two days and a short report.

The Theme for the Seminar is **Towards Sustainable Economic Growth and Development**.

1. Work in your groups and brainstorm ways of marketing the seminar.
2. Use a mind map to record your ideas.
3. Identify the target market
4. Focus on the four Ps of marketing: promotion, product, price and place
5. Design the poster on an A4 sheet (each group member must submit a copy)
6. Prepare the Programme for the Seminar on an A4 Sheet.
7. Each member must write her/his own report (approximately 250 words) to say why she/he thinks the seminar will be a success.
8. Use the rubric on page 18 to guide you in the completion of this task.

PLEASE NOTE:

Each group member must submit the following:

1. Copy of the mind map (Group work)
2. Copy of the poster (Group work)
3. Copy of the Programme for the Seminar (Group work)
4. Original handwritten report (Individual work)
Kick-starting small businesses

Sipho Mseleku, Chief Executive Officer of both the Chamber of Commerce and Industry of South Africa and the National African Federated Chamber of Commerce and Industry, had the following to say about giving help to entrepreneurs:

‘Many entrepreneurs have excellent ideas, but lack the skills and information to be successful. They lack exposure and do not know how to access all the services available to them. Combining all the services into a one-stop shop would make it much easier to educate entrepreneurs and kick-start small businesses.’

In a recent interview with a Sunday Times Business reporter, Mseleku was critical of the way that government has structured its small business development initiatives. He referred to the Umsobomvu Youth Fund, which provides finance for young entrepreneurs; Khula Enterprise Finance, which provides banks with guarantees for loans; and Ntsika Enterprises, which offers information and mentoring services. While these organizations have all had some measure of success, disbursing many millions of rands of funding and creating more than a million jobs in the process, he says that an individual entrepreneur has to work with each organization separately, as well as the Department of Trade and Industry (DTI). This makes starting up a business difficult and complex, leaving entrepreneurs confused.

Mseleku suggests that these institutions could have a bigger impact if all their offerings were made available at one-stop, ‘business opportunity centres’. He also mentioned that it is crucial for these centres to be located nationwide so that development is not limited to major centres. As it is, entrepreneurs are being forced into the big cities, leaving areas where small and medium enterprises (SMEs) could be making a big impact and not depriving them of investment and development.

Adapted from: “It’s time to get our SME act together”, by Nicholas Neveling.  
(Sunday Times – Business Times)
RUBRIC TO ASSESS TASK 4: Case Study – *Events and Catering CC*

Total marks 30

<table>
<thead>
<tr>
<th>7</th>
<th>6</th>
<th>5</th>
<th>4</th>
<th>3</th>
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<td>Not achieved</td>
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<tr>
<td>80-100%</td>
<td>70-79%</td>
<td>60-69%</td>
<td>50-59%</td>
<td>40-49%</td>
<td>30-39%</td>
<td>0-29%</td>
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</table>

**Group Work**

<table>
<thead>
<tr>
<th>16-20 marks</th>
<th>14-15 marks</th>
<th>12-13 marks</th>
<th>10-11 marks</th>
<th>8-10 marks</th>
<th>6-7 marks</th>
<th>0-5 marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent mind map. Includes the four Ps of marketing. Shows planning and consultative process. Poster: very creative, attractive, to the point, and well directed to the target market. Programme well designed and includes all the elements of time, topic, name of presenters, lunch and tea breaks.</td>
<td>A Very good mind map. Includes the four Ps of marketing. Shows planning and consultative process. Poster: attractive to the point, and well directed to the target market. Programme well designed and includes most of the elements of time, topic, name of presenters, lunch and tea breaks.</td>
<td>Well drafted mind map. Includes the four Ps of marketing. Shows planning and consultative process. Poster: attractive and to the point. No clear focus on the target market. Programme well designed and includes some elements of time, topic, name of presenters, lunch and tea breaks.</td>
<td>Well drafted mind map. Includes the four Ps of marketing. Shows some planning and consultative process. Poster: Fairly well designed and to the point, but no clear focus on the target market. Programme design can be improved and includes some elements of time, topic, name of presenters, lunch and tea breaks.</td>
<td>Poor mind map. Includes the four Ps of marketing. Lacks planning and consultative process. Poster: Not well designed. Only some focus given to the target market. Programme lacks clarity and focus.</td>
<td>Poor mind map. Does not Include all the Ps of marketing. Lacks planning and consultative process evident. Poster: Poorly designed and is not appropriate to the target market. Programme designed very poorly and not structured in a logical manner</td>
<td>Poorly written report. Very little effort shown. Programme is not structured and many of the key elements are missing</td>
</tr>
</tbody>
</table>

**Individual Report**

<table>
<thead>
<tr>
<th>8-10 marks</th>
<th>7 marks</th>
<th>6 marks</th>
<th>5 marks</th>
<th>4 marks</th>
<th>3 marks</th>
<th>0-2 marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very well structured report with very clear motivations.</td>
<td>Very well structured report with good motivations.</td>
<td>A good report which demonstrates a positive attitude.</td>
<td>A fair report. Requires more input.</td>
<td>Needs to focus more on structure and content.</td>
<td>Poorly written report. Very little effort shown.</td>
<td>Poorly written and incomplete. No effort shown.</td>
</tr>
</tbody>
</table>
ANNEXURE A

THE ECONOMIC CYCLE

Summing up

Economic systems like capitalism and communism have been developed to cater for the needs and wants of society. These systems determine how the economic activities in a country are carried out because they control the factors of production (national resources, labour, capital and entrepreneurship) and the provision of goods and services. Most economies are market-driven because governments allow the markets to determine what is produced. South Africa has a mixed economy which combines some of the benefits of communism and capitalism.

Money and goods flow in an economic cycle in the economy, from households (consumers) to producers (businesses) and then from producers to households. The government and the foreign sector are also part of an economic cycle.

The foreign sector is important in the South African economy because it provides a market for South African exports and it produces products and services that South Africa needs to import. Investment also comes from the foreign sector. The government sets up trade agreements with trading partners all over the world to encourage this type of trade, and controls imports to a certain extent by imposing import tariffs.

Supply and demand affect prices and they are closely linked. Demand usually increases when prices fall and fall when prices increase. Competition and availability may also affect demand. Producers want to supply at the highest prices that consumers are willing to pay as they need to earn profits, so they work out an equilibrium price for their goods. To earn a profit, producers need to know the break-even price of the goods that they wish to sell. Demand may be elastic or non-elastic.

Trade unions have played an important role in transforming the economy of South Africa. They have become stronger over the years and now have the legal right to strike and negotiate better wages and working conditions for their members. They also have a political role. Many trade unions are affiliated with bigger organisations like COSATU, Fedusa and Nactu.

The national budget has an important effect on the economy because the government levies taxes and has a programme of expenditure. The government collects revenue from individuals and businesses.
ANNEXURE B

SUSTAINABLE GROWTH AND DEVELOPMENT

Summing up

The government spends the tax money it collects from people and businesses according to a financial plan, called the national budget. The Minister of Finance plans the budget according to goals set by the state and tables his plan in Parliament in March every year. Since 1994 the main focus of government has been on promoting sustainable economic growth and development in the country to redress the inequalities in society.

As these efforts began to produce positive results, it becomes increasingly important that good trading relationships are developed with international markets. South Africa is also in a favourable position to partner with neighbouring countries to develop strong, vibrant economies and societies.

The Reconstruction and Development Programme (RDP) developed by the first government of national unity to address the inequalities created in South Africa’s past has produced many inspiring success stories, but also receives a great deal of criticism.

A healthy growing economy gives people opportunities to build their personal wealth by saving and investing part of their incomes for future prosperity. At the same time, the accumulation of savings and investment in financial institutions – banks, insurance companies and property trusts – means that large pools of capital are available for investment in large projects.

Commercial and industrial properties, mining ventures, businesses of all sizes, are funded from these sources. Many job opportunities result from these developments, thus spreading the wealth-creating potential throughout many families and their communities. In this way, personal wealth-creating measures – savings accounts, investments in property, annuities and equities – all contribute to general economic prosperity and growth.

While many businesses turn to technology to improve on productivity, this can be a poor choice of strategy in a country like South Africa with its exceptionally high levels of unemployed citizens. Sophisticated technology often results in loss of jobs that are desperately needed. A better option is to find ways to improve labour efficiency through education, skills training and motivation; and also to look at ways to use existing equipment and machinery more effectively. Globalisation also offers opportunities to find new and bigger markets so that production costs can be reduced through practising economies of scale. The competition that an exporter faces in a global market means
that productivity levels must constantly be observed and improved so that the prices and quality of goods remain competitive, to the benefit of consumers.

SADC

The Southern African Development Community (SADC) has been in existence since 1980, when it was formed as a loose alliance of nine majority-ruled States in Southern Africa known as the Southern African Development Coordination Conference (SADCC), with the aim of co-ordinating development projects in order to lessen economic dependence on the then apartheid South Africa.

The founding Member States were: Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.

SADCC was formed in Lusaka, Zambia on April 1, 1980, following the Lusaka Declaration – Southern Africa: Towards Economic Liberation. The transformation of the organisation from a Coordination Conference into a Development Community (SADC) took place on August 17, 1992 in Windhoek, Namibia, when the Declaration was signed at the Summit of Heads of State and Government, thereby giving the organisation a legal charter.

The Member States are: Angola, Botswana, the Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.

SADC headquarters are in Gaborone, Botswana.

The SADC Vision

The SADC vision is that of a common future, a future within a regional community that will ensure economic well-being, improvement in the standards of living and quality of life, freedom and social justice and peace and security for the peoples of Southern Africa. This shared vision is anchored on the common values and principles and the historical and cultural affinities that exist between the peoples of Southern Africa.

Restructuring of SADC Institutions

At an Extra-Ordinary Summit on March 9, 2001, in Windhoek, Namibia, approval was given to a Report on the Restructuring of SADC Institutions. This Report articulates a more explicit Common Agenda which takes into account a number of principles such as development orientation, subsidiarity, market integration and development, facilitation and promotion of trade and investment, and variable geometry.

Based on the above principles, SADC’s Common Agenda includes:
• the promotion of sustainable and equitable economic growth and socio-economic development that will ensure poverty alleviation with the ultimate objective of its eradication;
• the promotion of common political values, systems and other shared values which are transmitted through institutions that are democratic, legitimate and effective; and
• The consolidation and maintenance of democracy, peace and security.

In contrast to the country-based coordination of sectoral activities and programmes, SADC has now adopted a more centralised approach through which the 21 Coordinating Units have been grouped into four clusters, namely:

- Trade, Industry, Finance and Investment;
- Food, Agriculture and Natural resources;
- Infrastructure and Services; and
- Social and human Development and Special Programmes.

GOALS OF THE RECONSTRUCTION AND DEVELOPMENT PROGRAMME

MEETING BASIC NEEDS

• Providing free basic services like water and electricity
• Providing housing and land subsidies for people living below a certain income level
• Subsidising farmers from historically disadvantaged backgrounds
• Improving public transport by providing subsidies for bus and rail transport through the taxi recapitalisation programme
• Improving infrastructure like roads, railways, hospitals and schools
• Ensuring a clean, safe environment
• Providing healthcare to people who cannot afford private healthcare
• Upgrading hospitals and equipment and training healthcare workers
• Providing social grants like pensions, child support and disability grants

DEVELOPING HUMAN RESOURCES

• Introducing programmes to improve education and training from preschool to tertiary level
• Starting arts, culture, sports and recreation programmes in poor communities
• Youth development programmes such as the Umsubomvu Youth Fund, learnerships and internships
• Improving skills by giving training using money from the Skills Development Levy
BUILDING THE ECONOMY

- Helping small businesses grow by giving them advice and financial support
- Helping industries grow so that they become internationally competitive and employ more people
- Increasing employment and skills development by contracting the unemployed to work on state-funded projects like the Expanded Public Works Programme
- Improving infrastructure such as power stations, dams, roads, railways, harbours, airports, housing, hospitals and schools

DEMOCRATISING THE STATE AND SOCIETY

- Ensuring democracy through regular elections
- Improving our access to rights and information through the Government Communication and Information Service (GCIS)
- Establishing Multi-Purpose Community Centres (Thusong Service Centres) so that people can get different government services in one place
- Employing thousands of community development workers (CDWs) to help people get access to services and opportunities
- Deepening democracy through izImbizos, ward committees, community police forums and school governing bodies

Since 1994 government has provided:

- More than 2 million houses for poor people
- Free schooling for about 5 million learners each year
- Monthly pensions or other social grants paid to over 12 million people
- Free basic water and electricity to most urban residents
- On average R500 a month worth of healthcare each to families without medical aids
- Free antiretroviral treatment for more than 250 000 people living with Aids
ANNEXURE C

MANAGERIAL, CONSUMER AND FINANCIAL KNOWLEDGE AND SKILLS

Summing up

Read the following summary. Do you understand all the words in bold print? If you are not sure, go back and read about them again.

In this module you have learned about more detailed bookkeeping and accounting practices that involve summarising data from source documents in one or another journal. The journal chosen is either the cash receipts journal, cash payments journal, debtors ledger, creditors journal, or creditors ledger – depending the type of source document used. The totals from each journal are recorded in another book of accounts called a general ledger which, in turn, summarises all the incoming and outgoing transactions of the business. In other words, the general ledger holds the records of all the assets and liabilities of the business. Bookkeepers check the accuracy of their records in the general ledger by drawing up a trial balance before preparing financial statements for the business.

At the end of a regular period, usually the financial year of the business, the accountant of the business takes the trial balance figures prepared by the bookkeeper and draws up an income statement and a balance sheet for the period concerned. The information contained in these two financial statements are valuable to the owner and managers of the business because they accurately provide information about the financial standing of the business and help the owners and managers to make decisions about the future of the business. Comparisons are made using ratios to assess the profitability, solvency and liquidity of a business based on this information.

The module went on to explore the features, advantages and disadvantages of different means of payment in the economy. It examined various forms of credit purchases and considered the advantages of buying goods and services for cash.

Unit 4 looked at the impact of business on society and the environment. It also looked at the part played by public relations in a business concerned with social responsibility and environmental responsibility. The actions of businesses in working with communities can improve the lives of people in impoverished areas. You were given the opportunity to research the strategies of some South African organisations in the field of social and environmental responsibility.

And finally, the module closed with a brief overview of the laws in South Africa that provided the framework within which business employs its labour. The focus of this unit was on the basic conditions of employment, employment equity and non-discrimination, and skills training.
ENTREPRENEURIAL KNOWLEDGE AND SKILLS

Summing up

All entrepreneurs think of good ideas for enterprises. But then they have to analyse their ideas to make sure they will work. To do this, they conduct feasibility studies in which they consider the factors of production like capital, competition, materials, transport, labour and possible locations for the business. Then they do a SWOT exercise to analyse the strengths, weaknesses, opportunities and threats to their idea (or their business if it is already up and running). After that some market research, perhaps in the form of a questionnaire, will help them understand what the market wants and needs.

Then a business plan is needed. This will help entrepreneurs to consolidate all aspects of the business and is needed by financial institutions when loans are negotiated. This plan consists of a description of the product and the business, a budget, a marketing plan and an operational plan. An entrepreneur should consider which form of ownership suits the business best – being a sole proprietor, working in a partnership or perhaps forming a Closed Corporation. When getting ready to market products, they should consider ways of creating a demand by making consumers aware of the products, by careful pricing, by differentiating the products from others on the market and by looking for new markets. Different media, like newspapers, pamphlets, notice-boards and the radio can be used to promote products.

The government is also encouraging the formation of small, medium and micro enterprises (SMMEs). Several agencies have been set up to provide assistance in the form of business skills training and help with financial matters. SMMEs help to create wealth in the country because by creating income they enable consumers to support themselves and become part of the economic cycle. They also create jobs and help to bring down unemployment.
## Annexure E

### Rubric to Assess Task 2: The National Budget and Government Spending

<table>
<thead>
<tr>
<th></th>
<th>7</th>
<th>6</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding achievement</td>
<td>80-100%</td>
<td>70-79%</td>
<td>60-69%</td>
<td>50-59%</td>
<td>40-49%</td>
<td>30-39%</td>
<td>0-29%</td>
</tr>
<tr>
<td>Meritorious achievement</td>
<td>24-30 marks</td>
<td>21-23 marks</td>
<td>18-20 marks</td>
<td>15-17 marks</td>
<td>12-14 marks</td>
<td>8-11 marks</td>
<td>0-8 marks</td>
</tr>
<tr>
<td>Substantial achievement</td>
<td>Well written and of correct length.</td>
<td>Fairly well written article of correct length.</td>
<td>Clear article of correct length.</td>
<td>Article not always clear, but has some structure.</td>
<td>Article is far too long or too short.</td>
<td>Poorly written article.</td>
<td>Poorly written and incomplete.</td>
</tr>
<tr>
<td>Adequate achievement</td>
<td>Demonstrated excellent understanding of government spending and priorities.</td>
<td>Demonstrated good understanding of government spending and priorities.</td>
<td>Demonstrated a fair amount of understanding of government spending and priorities.</td>
<td>Demonstrated some understanding of government spending and priorities.</td>
<td>Demonstrated little understanding of government spending and priorities.</td>
<td>Demonstrated no understanding of government spending and priorities.</td>
<td>Demonstrated no understanding of government spending and priorities.</td>
</tr>
<tr>
<td></td>
<td>Cleary stated contributions citizens can make towards economic growth and development.</td>
<td>Included good contributions citizens can make towards economic growth and development.</td>
<td>Included contributions citizens can make towards economic growth and development.</td>
<td>Included fair number of contributions citizens can make towards economic growth and development.</td>
<td>Included some contributions citizens can make towards economic growth and development.</td>
<td>Included the isolated contribution citizens can make towards economic growth and development.</td>
<td>Did not include any contributions citizens can make towards economic growth and development.</td>
</tr>
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</table>
ANNEXURE F

THE ECONOMIC CYCLE
## Annexure G

### ALLAN’S FOOD MARKET

Balance Sheet as at 31 March 2009

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td><strong>NON CURRENT ASSETS</strong></td>
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</tr>
<tr>
<td>Tangible Assets</td>
<td>1</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Inventories <em>(Trading Stock)</em></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables <em>(Debtors)</em></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td><strong>OWNER’S EQUITY</strong></td>
<td>3</td>
</tr>
<tr>
<td>**NON-CURRENT LIABILITIES <em>(L/T Loan)</em></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>**1 Tangible Assets <em>(Fixed Assets)</em></td>
<td></td>
</tr>
<tr>
<td>Land &amp; Building</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
<tr>
<td>Cost price</td>
<td></td>
</tr>
<tr>
<td><strong>2 Cash and Cash Equivalents</strong></td>
<td></td>
</tr>
<tr>
<td>Bank</td>
<td></td>
</tr>
<tr>
<td>Petty Cash</td>
<td></td>
</tr>
<tr>
<td><strong>3 Owner’s Equity</strong></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning <em>(1 March)</em></td>
<td></td>
</tr>
<tr>
<td>Net Profit</td>
<td></td>
</tr>
<tr>
<td>Drawings</td>
<td></td>
</tr>
<tr>
<td><strong>4 Trade and other payables</strong></td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
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</table>
# ANNEXURE H

## RUBRIC TO ASSESS TASK 4: Case Study – *Events and Catering CC*

<table>
<thead>
<tr>
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<th>6</th>
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<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outstanding achievement</strong></td>
<td>Meritorious achievement</td>
<td>Substantial achievement</td>
<td>Adequate achievement</td>
<td>Moderate achievement</td>
<td>Elementary achievement</td>
<td>Not achieved</td>
<td></td>
</tr>
<tr>
<td>80-100%</td>
<td>70-79%</td>
<td>60-69%</td>
<td>50-59%</td>
<td>40-49%</td>
<td>30-39%</td>
<td>0-29%</td>
<td></td>
</tr>
</tbody>
</table>

### Group Work

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<th>14-15 marks</th>
<th>12-13 marks</th>
<th>10-11 marks</th>
<th>8-10 marks</th>
<th>6-7 marks</th>
<th>0-5 marks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Excellent</strong></td>
<td>A Very good mind map. Includes the four Ps of marketing. Shows planning and consultative process.</td>
<td>Well drafted mind map. Includes the four Ps of marketing. Shows planning and consultative process.</td>
<td>Well drafted mind map. Includes the four Ps of marketing. Shows some planning and consultative process.</td>
<td>Poster fairly well designed and to the point. No clear focus on target market.</td>
<td>Programme design can be improved and includes some elements of time, topic, name of presenters, lunch and tea breaks.</td>
<td>Programme lacks clarity and focus.</td>
<td>Poster: Does not meet the requirements.</td>
</tr>
<tr>
<td><strong>Group Work</strong></td>
<td>Poster: Attractive, to the point and well directed to target market.</td>
<td>Poster: attractive and to the point. No clear focus on target market.</td>
<td>Poster not well designed. Only some focus given to the target market.</td>
<td>Programme designed very poorly and not structured in a logical manner</td>
<td>Programme is not structured and many of the key elements are missing</td>
<td>Programme is not structured and many of the key elements are missing</td>
<td></td>
</tr>
</tbody>
</table>

### Individual Report

<table>
<thead>
<tr>
<th>Marks</th>
<th>8-10 marks</th>
<th>7 marks</th>
<th>6 marks</th>
<th>5 marks</th>
<th>4 marks</th>
<th>3 marks</th>
<th>0-2 marks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Very well structured report with clear motivations.</strong></td>
<td>Very well structured report with clear motivations.</td>
<td>A good report which demonstrates a positive attitude.</td>
<td>A fair report. Requires more input.</td>
<td>Needs to focus more on structure and content.</td>
<td>Poorly written report. Very little effort shown.</td>
<td>Poorly written and incomplete. No effort shown.</td>
<td></td>
</tr>
</tbody>
</table>

### TOTAL MARKS 30

Name of Learner: ____________________________________________________________________
GLOSSARY

annuity – a fixed amount of money paid to somebody each year once it matures, usually for the rest of their life; a type of insurance that pays a fixed amount of money to somebody each year, a private pensions scheme
assets – items of value over which a business entity has control
balance sheet – statement that shows the financial position of the business by listing the assets and liabilities as at a specific date
black market – a system in which goods or currencies are sold and bought illegally, particularly in violation of rationing or state controls
break-even price – the price at which a business covers the cost of production of goods but does not make a profit
budget – a summary of probable income and expenses for a particular period; the total amount of money allocated to a particular project or department for a specified period
business plan – a complete plan of a proposed business
capital – an amount of money (or property) invested to start up a business and make more money
capital growth – an increase in the amount of money (capital) that is available for investment purposes
capitalism – an economic system in which trade and industry are controlled by private businesses which make profits
capitalist – a person who is in favour of capitalism, who uses money to make more money
cash flow – the movement of money into and out of a business
cash payments journal – a book of accounts in which all payments made by the organisation is recorded
cash receipts journal – a book of accounts in which all money received by the organisation is recorded
close corporation – a legal business association of between one and ten members
commercial bank – a bank that makes a profit from providing banking services
communism – an economic system in which property and businesses are owned by the community and not by individuals
competitors – people who sell the same products or services
consumers – people who buy and use goods and services to satisfy needs
corporate tax – tax on profits, paid by businesses to the government
creditor – a business or person from whom you have bought something on credit
creditors journal – a book of accounts in which expenses of the organisation are recorded on pages allocated to the person or organisation to which money is owed
current assets – assets used within the present business year or cycle
debtors journal – a book of accounts in which monies owed to the organisation are recorded on pages allocated to the person or organisation owing the debt
debtors ledger – records the details of a credit sale – when trading stock or services are sold and payment is delayed to a future date
demand – the amount of a good that consumers are willing and able to buy at a specified price
differentiating a product – making it different from similar products of competitors
direct costs – the costs that can be directly attributed to the production of a good, such as raw materials and labour
distribution – moving goods from factories to wholesaler businesses and to retailers
double-entry – system of entry in which each payment appears twice, in different accounts, once as a credit and once as a debit. Each debit item must have a corresponding credit and the totals of all credit and debit entries must agree (be equal)
economic growth – an increase in the economic activity of a country which results in a rise in the standard of living
economic integration – removal of restrictions to the free flow of goods, services and production between partnering countries
economic systems – the way in which business and the economy of a country is organised, for example, capitalism and communism
economies of scale – reducing the cost of each item by producing larger quantities. More goods share the costs of capital investment and overheads, thus reducing the unit cost.
economy – an area in which production consumptions and exchange takes place
efficiency – doing something well with no waste of resources, such as time, materials or money
employees – supply labour in return for wages
employers – offer work opportunities
employment opportunities – job prospects; chances of finding paid work
entrepreneur – a person who identifies a need that can be satisfied with a business product
equilibrium price – the price at which a good would cover all costs involved in producing it, without making a profit for the business
exchange rate – the price of a currency expressed in terms of another currency
oxcise duty – tax paid to the government on things like alcohol and cigarettes
expenditure – money the government spends on health, education, safety, etc
expenses – money spent on buying things needed in a business
exports – goods or services that are produced in one country and sold for use in another country
factors of production – the physical, financial and human resources used in production
factors of establishment – the environmental factors that affect a new business
feasible – possible and likely to be achieved
feasibility study – an analysis of whether or not a business will make a profit
financial institution – a bank or organisation that lends and invests money
financial yardstick – financial standard used for comparison, usually on a monthly, quarterly or annual basis, or between similar businesses
fixed assets – things like buildings, vehicles and equipment that belong to a business and that last a long time
fixed capital – the money needed to start up a business (for example, to buy equipment) and keep it running
fixed costs – costs involved in production of income, which do not change regardless of how much or how little business is done, such as rent and insurances. Also called ‘overheads’
fixed deposit – bank account where you invest money for a fixed period, for example, six months and early withdrawal will cost the investor money in penalty payments
flow of money – the way that money moves in an economic system between businesses, consumers, the government and other countries
foreign exchange – the money from other countries, which is used to pay for goods and services traded between different countries
foreign sector – other countries
franchise – the right to run a business using the name and ideas of an established business
franchisor – the person who buys into a concept and its systems and support mechanisms being sold by the franchisor
franchisee – the person or company selling a business concept and its support mechanisms
free market – country or group of countries that allow businesses to operate without state control or interference, and to trade without custom duties on goods
free trade – system of international trade in which there are no restrictions or taxes on imports and exports
general ledger – a book of accounts in which transaction summaries are recorded
global economy – the world economy
globalisation – the trend towards free trade between all countries in the world
goals – objectives, things to achieve
goods – products
gross domestic profit (GDP) – the total value of all the goods and services a country produces in one year
gross national product (GNP) – the total value of all the goods and services a country produces in one year, including the total income from foreign countries
gross profit – the difference between the income and expenses of a business, before tax
gross profit percentage – the gross profit calculated as a percentage of the expenses (investment)
imports – goods or services brought into one country that have been bought from another country
impoverished – made poor, usually by circumstances beyond the individual’s control
income – also referred to as ‘revenue’, this is money earned by a business from sales of goods or from services rendered
income statement – a summary of business transactions over a period of time; shows total sales, gross profit, total expenses and net profit
income tax – tax that you pay on your income – the money you earn
indirect costs – expenses that cannot be directly attributed to the production of a
good or service; fixed costs; overheads

industrialism – an economic and social system based on large-scale mechanised industry, rather than on agriculture or trade

inflation – a continuous rise in the general price level

inflation rate – the rate at which prices increase

infrastructure – the basic systems and services that are necessary for a country or organisation, for example, buildings, transport, water and power supplies, and administrative systems

installment sale agreements – also called hire purchase, these contracts specify the size and frequency of payments for goods bought and paid for over an agreed period of time

insurance – an agreement in which you are compensated for possible losses in return for a payment made in advance

interest – money paid to someone who invests money, for example, in a bank, or money charged for borrowing money

interest rates – the money the bank pays you when you put your money in a bank

investments – longer-term savings and money put into businesses

labour-intensive – work that needs a lot of people to do it

labour laws – laws that protect workers from unsafe working conditions and exploitation

legal tender – currency that is recognised and useable in a particular country

levies – taxes imposed by the government, on fuel, for example

liabilities – claims that people (other than the owner/s) have against the assets of a business

liquid – sufficient money or easily convertible assets, to ensure the smooth day-to-day running of a business

loan – money borrowed and usually repaid with interest

long-term goals – goals that may take a few years to achieve

loss – when a business’s expenses are higher than its income, it makes a loss

margin – the difference between the total cost of producing an item and the selling price; also called the ‘profit margin’

market – trade, buying and selling goods, the environment or place in which things are bought and sold

market economy – an economy that responds to what the market (consumers) wants

market research – finding out what the market wants by doing research

marketing strategy – ways of encouraging people to buy a product

marketing – creating a demand for goods

mark-up – the sum added to the total cost of producing an item in order to arrive at a selling price; usually a percentage of the cost

media – newspapers, radio, television, magazines, posters

mentor – a wise or trusted adviser or guide

mineral resources – things that can be mined, such as gold or copper

miscellaneous – of various kinds

mixed economy – an economy that combines elements of communism, socialism and capitalism

monopoly – when one business controls a market by being the only producer of certain goods

mortgage bonds – a special type of loan made by banks and building societies to people who want to buy property, for example, land or a house

national budget – the government's budget

national economy – the financial workings of the country

national resources – mineral wealth, land, water, etc., that belong to a country

net worth – the difference between liabilities and assets of the business

nominal – being something in name only, and not in reality; minimal in comparison with real worth or what is expected

operating expenses – things that a company must pay to do business, such as electricity

operational plan – a plan which shows how a business is going to run (operate)

opportunities – circumstances that make something possible

owner's equity – the claim that the owner has against the assets of a business, after repaying any liabilities

ownership – who owns a business

participation mortgage bonds – a special type of mortgage bond issued up to 66% of the value of a commercial or factory building by a part bond company, with the remaining third of the required loan coming from investors for a period of five years. Each investor pays in a minimum of R1000 in return for a better than average rate of interest

partnership – a contractual relationship between two or more people, usually engaging in a business arrangement with a view to making a profit
pension fund – a fund where you put away money every month and get a pension (regular monthly income) when you retire
pricing – how goods are priced
private company – a business registered in terms of the Companies Act, 1973, consisting of up to fifty persons, each of whom owns a share of the business
privately owned – material goods or property that are owned by an individual
private sector – businesses owned by private people
product awareness – telling consumers about products
productivity – describes how quickly inputs can be turned into outputs for sale
profit – the income or reward received by an entrepreneur as a result of running a business
profitability – business actions that result in a profit
prosperity – the state of being successful, especially financially
protectionism – a country’s trade policy that discourages imports by imposing duties or quotas on those imports, to protect local industries
provident fund – a fund where you put away money every month and get a lump sum when you retire
public company – a large business listed on a stock exchange. Unlimited numbers of individuals can become shareholders by buying stock in the business
public sector – the government or state
quotas – a restriction on imports that limits the quantity of imported goods that can be brought into a country during a specified period of time
real returns – returns that have been adjusted to allow for inflation during the period of investment
retailers – smaller shops that sell goods to the consumer
return on investment – the amount of interest that you can expect to receive for leaving money in bank
revenue – the money collected by the government from taxes
South African Revenue Services (SARS) – the government’s tax collection department
services – products that you cannot see or touch, like banking and education
shares – a part of the equal parts into which the capital of a business is divided, entitling the investor a share of the profits as a dividend on the shares, as well as capital growth if the value of the business increases
short-term goals – goals that can be achieved quickly
skills training – training that provides people with skills
SMME – Small, Medium and Micro Enterprises
social welfare programmes – strategies undertaken by government to look after or improve the well-being of citizens unable to care adequately for themselves
sole proprietor – a person who is the single owner of a business
solvency – the ability to pay long-term debt
source document – the primary record of a business transaction
start-up costs – the total costs involved in starting a business, from conception to the point where the business begins to make a profit
state ownership – material goods or property that are owned by the state (government)
stock – goods that a business has manufactured or purchased
stokvel – an informal saving scheme
strike – when workers stop work in order to protest about something
supply – the provision of goods and services; the quantity of goods or services available to the market
survey – market research, asking people their opinions, finding out things
sustainable – growth and development that can be maintained over time as it does not use up natural resources that cannot be replaced
SWOT analysis – a study of strengths, weaknesses, opportunities and threats
target market – the people (or other businesses) who you hope will buy your product or service
tariff – a tax that is paid on goods coming into or going out of a country
tax rates – the rate or level of tax to be paid on income by individuals and businesses; the amount of tax paid depends on the amount earned
trade agreement – an agreement (usually between countries) that defines the terms of how business will be done
trade union – an association of employees formed to improve their incomes and working conditions by collective bargaining with the employer or employer organisations
trading partners – people with whom you trade, with whom you have a trading agreement
transaction – the action of buying or selling, conducting business
trial balance – a listing of the balances on all the accounts of an organisation with debit balances in one column and credit balances in the other. If the processes of double-entry book-keeping have been accurate, the totals of each column should be the same. If they are not the same, checks must be carried out to find the error
UIF – unemployment insurance fund (UIF) – a fund to which employers and employees contribute and from which employees can claim if they lose their jobs

unit trusts – an investment fund that pools investments from different people and then buys shares in companies listed on the stock exchange
value – the worth of something; an amount considered to be a fair exchange for a particular good or service
value added – the difference between the total input (expenses) and the total output (revenue or income) of a business
value added tax (VAT) – the difference between the total input (expenses) and the total output (revenue or income) of a business
variable costs – the expenses of a business that are directly related to the quantity of goods or services produced. Also called ‘direct costs’
viability – profitability