## 7468 Formative Assessment Workbook

### Formative Assessment 1

Budgeting

* In the estimate column, write down your expenses.
* Write down your income.
* Total your expenses. Subtract this from your income

|  |
| --- |
| **BUDGET** |
| **EXPENDITURE** | **ESTIMATE** | **ACTUAL** | **DATE PAID** |
| **Fixed Expenditure** |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **Sub Total** |  |  |  |
| **Variable Expenditure** |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **Sub Total** |  |  |  |
| **Discretionary Expenditure** |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **Sub Total** |  |  |  |
|  |  |  |  |
| **Unforeseen Costs** |  |  |  |
|  |  |  |  |
| **TOTAL EXPENDITURE** |  |  |  |

### Formative Assessment 2

|  |
| --- |
| Sipho and Paulina earn a joint income of 12 000 per month. If the bank is giving loans at 12% over 20 years, what size of bond will they qualify for?  |
|  |
|  |
| Thomas has seen a beautiful house worth R220 000. If the bank will grant him a loan at 15% over 20 years, what will his repayments be?  |
|  |
|  |
| How much more per month will Thomas have to pay in order to pay off the house in 10 years time?  |
|  |
|  |

### Formative Assessment 3

|  |
| --- |
| Money required: R 10 000 |
| Interest rate: 22,5% |
| Pay back period: One Year |
| What is the interest in rand per month? |
| R 10 000 X 22,5 divide by 12 |
| \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_ |
|  1 100 |
|  |
| What is the total interest payable over the one year period? |
|  |
| What is the total monthly payment? |
|  |
| What is the interest per month if the interest rate increases by another 1,5%? |
| R 10 000 x 24  |
| \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_ |
|  1 100  |
|  |
| What is the total interest payable over the one year period if the increase came into effect at the beginning of the seventh month? |
| R 10 000 x 22,5 divide by 12 X 6 |
| \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_ |
|  1 100 |
|  |
|  |

### Formative Assessment 4

|  |
| --- |
| There are 95500 people living in Mankwe. The annual growth rate is 6.% every year. What will the population of Mankwe be after 10 years?  |
|  |
|  |
| You invest R678 for 12 year at a rate of 15.6%. What would your returns be at the end of year 12?  |
|  |
|  |

### Formative Assessment 5

|  |
| --- |
| Which of the following investments would be the most lucrative? R500 invested for 10 year at 14% per year, compounded each semester. OR R500 invested for 10 year at 13,8% per year, compounded each quarter?  |
|  |
| An investor invests R500 for 5 year at 11, 5% per year, compounded yearly. At the end of year 5 he invests an extra R5000 running for 5 more years at 12% per yeaR, compounded quarterly. Calculate: the amount available after 5 years  |
|  |
|  |
| the amount to be re-invested at the beginning of year 6  |
|  |
|  |
|  |
|  |
| the final amount at the end of year 10.  |
|  |
|  |
|  |
| A father wants to have R16 000 available for his sons education on his 18th birthday. Calculate the amount he must invest on his son’s 10th birthday at 14% compounded interest? 1164.19 |
|  |
|  |
| The Maluti Company bought equipment to the value of R43 200. The yearly depreciation is 12 %. After 12 year it is sold. Calculate the value of the equipment after 12 yearS. 9316.99 |
|  |
|  |
| What is the amount that must have been invested 12 years ago at 12 % , to buy new equipment , valued R54 300. (Money generated from the sale of old equipment, calculated in a, is also used for the new equipment) 9701.54 |
|  |
|  |

### Formative Assessment 6

|  |
| --- |
| John and Rebecca Moalisi have decided to start their own business. They are going to make and sell hot dogs in front of a busy shopping centre. Their monthly costs (expenses) will be approximately R700 to buy bread rolls and viennas. They aim to sell 600 hot dogs per month. One hot dog will cost them 50c to prepare and they’ll sell them for R2.50. Is their business going to be profitable or not? Use the following formula for your calculation: |
| Profit = Margin x Volume – Expenses |
|  |
|  |
|  |
|  |

### Formative Assessment 7

|  |
| --- |
| List two benefits of budgeting |
|  |
|  |
|  |
|  |
| Which financial records does a manager use to control income and expenses?  |
|  |
|  |
|  |
| Refer back to the Management Budget Report for the year 2003 and answer the following questions: What was the total income for the year? |
|  |
| What was the difference between the budgeted income and the actual income?  |
|  |
| How much was spent on purchases for the year? |
|  |
| What was the difference between the budgeted expenses and the actual expenses? |
|  |
| Refer back to the payments and expenses report for March 2003 and list the expenses that are indicated on the report. |
|  |
|  |
|  |
|  |
|  |
|  |
| List at least four other expenses you can think of that a business or government department will have. |
|  |
|  |
|  |
|  |

### Formative Assessment 8

|  |
| --- |
| Explain fixed costs. |
|  |
|  |
|  |
|  |
| Explain variable costs. |
|  |
|  |
|  |
| How do you calculate total costs?: |
|  |
|  |
| What is a budget? |
|  |
|  |
|  |
|  |
| Why is budgeting important?  |
|  |
|  |
|  |
| List two ways of saving costs in a business |
|  |
|  |
|  |
|  |
|  |
|  |
| How does a business generate income?  |
|  |
| What is gross profit?  |
|  |
|  |
|  |
| What is net profit? |
|  |
|  |
| What is marginal cost?  |
|  |
| What is marginal revenue?  |
|  |

### Formative Assessment 9

|  |
| --- |
| The Rule Of 72 |
| Assuming a rate of inflation of 12%, calculate, using the Rule of 72, when the price of goods will double (i.e. the number of years). |
|  |
|  |
| Assuming a rate of 10%, use the Rule of 72. |
|  |
|  |
| Assuming a rate of 8%, use the Rule of 72. |
|  |
|  |
| Angela is set to retire in 27 years’ time. At the moment she earns R5000 per month. If inflation remains at 8% on average, what will Angela have to be earning at the time of her retirement to maintain her standard of living? (Use the Rule of 72). |
|  |
|  |

### Formative Assessment 10

|  |
| --- |
| Where does the Minister of Finance get the money to allocate to the various state departments? |
|  |
|  |
| What does the government do with the money the collect through tax? |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |

### Formative Assessment 11

|  |
| --- |
| Discuss the following questions in a group and then note your answers |
| In your own words describe why energy resources should be distributed equitably amongst the people and businesses in South Africa. |
|  |
|  |
|  |
|  |
| How can government ensure equitable distribution of water resources? |
|  |
|  |
|  |
|  |
| What happens if government does not render a waste disposal service? |
|  |
|  |
|  |
|  |
| How can government ensure equitable distribution of resources to encourage agricultural development? |
|  |
|  |
|  |
|  |
| Why should welfare benefits also be distributed equitably among the needy? |
|  |
|  |
|  |
|  |

### Formative Assessment 12

|  |
| --- |
| How much would we pay per barrel of crude oil if the price goes up to US$ 75 and the US$ exchange rate stays the same?  |
|  |
|  |
| How much would we pay per barrel of crude oil if the price goes up to US$ 75 and the US$ exchange rate drops to 5.865?  |
|  |
|  |
| How much would we pay per barrel of crude oil if the price drops to US$55 per barrel and the exchange rate stays the same?  |
|  |
|  |
| How much would we pay per barrel of crude oil if the price drops to US$ 55 and the exchange rate drops to 5.865?  |
|  |
|  |

### Formative Assessment 13

|  |
| --- |
| What would an exporter get for gold if the gold price drops to US$ 520 but the exchange rate remains at 7.565?  |
|  |
|  |
| What would an exporter get if the gold price rises to US$ 620 and the exchange rate rises to US$ 8.6570?  |
|  |
|  |
| What would an exporter get if the gold price rises to US$620 and the exchange rate drops to 5.985?  |
|  |
|  |

### Formative Assessment 14

|  |
| --- |
| You have R50 000 to take with you on your trip overseas. |
| How many US$ will you get if the exchange rate stays at 7.565?  |
|  |
|  |
| How many US$ will you get if the rate goes up to 8.6570?  |
|  |
|  |
| How many US$ will you get if the rate goes down to 5.985?  |
|  |
|  |