**MODULE 1: FINANCE PART ONE**

**INTRODUCTION**

In this module you will look at the concept of finance with specific focus on Financial Documents, Taxation, Tariff Systems, Income/Expenditure, Cost Price/Selling Price and Break Even Analysis.

**OVERVIEW**

**In this topic, you will work with complex projects in familiar and unfamiliar contexts**

**SPECIFIC OBJECTIVES**

At the end of this module you will be able to:

* Work with Financial documents relating to personal/household/work place/business
* Work with tariff systems
* Identify and perform calculations involving income, expenditure, profit and loss values
* Determine and work with break-even analysis

**GLOSSARY OF TERMS**

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| **Account** | A record of income and expenditure. |
| **Balance** | This is the difference between debits and credits. |
| **Bank statement** | The details of all the transactions made from one bank account in a given time period. |
| **Break-even point** | Break-even point is where the business is at an activity level (doing business) at which **total cost = total sales,** i.e. you have made enough income to cover the costs. At the break-even point, you are making neither a profit nor a loss; from that point on you will be making a profit with each sale (until new costs are incurred). |
| **Consumption rate** | The rate at which a commodity, such as water, electricity or fuel, is consumed. |
| **Cost-effective** | Best value for money. |
| **Cost price** | This is the amount that it **costs per unit** to either manufacture or purchase an item or to prepare for a service that will be delivered. This amount is pure cost, no mark-up or profit has been added yet. |
| **Cost rate** | The price of a product per mass, volume, length or time unit. |
| **Credit** | This is an entry in an account that shows a payment made into the account. |
| **Credit balance** | The amount in the account is your own. |
| **Credit card** | A credit card is a service bank product that allows you to buy goods and pay for them at the end of the month. |
| **Credit limit** | The maximum amount you can spend on your credit card. |
| **Debit** | When someone or an organisation takes money out of your account. An entry in an account showing a payment made from an account. |
| **Debit balance** | The amount owed to a lender or seller. |
| **Debit order** | It is an arrangement whereby you give permission to a third party to withdraw money from bank account on a regular basis. |
| **Deposit** | A payment made into a bank account. |
| **Disposable income** | Income that is left over after all payments have been made. |
| **Expenditure** | An amount of money that is spent on something. |
| **Fixed deposit** | A single deposit invested for a fixed period at a fixed interest rate. |
| **Fixed expenses** | These are amounts that must be paid every month and which stay the same, like rent, school fees and transport costs. |
| **Fund** | A source of money. |
| **Gross income** | The **total** amount of **all** an individual’s income before deductions. |
| **Invoice** | A comprehensive document that details all the work done or items sold, and what costs are due. |
| **Loan** | A loan is an agreed sum of money that is lent by a bank or moneylender (e.g. personal loan or home loan). |
| **Luxury item or service** | An item or service that is not essential for daily life, but which makes life easier or more convenient. |
| **Net pay** | The amount an employee “takes home” after income tax has been deducted. |
| **Overdraft** | An overdraft is an arrangement you make with the bank that allows you to draw more money than there is in your account. |
| **PAYE** | (abbr.) Pay as you earn: tax taken off your earnings by your employer and sent to the South African Revenue Service before you are paid (the balance). |
| **Remittance slip** | A piece of paper that accompanies a payment and contains the most important details of the transaction. |
| **Salary** | An amount of money paid for the work you do. (This is normally paid monthly.) |
| **Selling price** | This is the price at which something is offered for sale. |
| **Statement** | A summary of transactions (debits and credits, or payments and receipts) made on an account. |
| **Tariff** | The rate charged for a service rendered, e.g. import duties, water consumption cost, etc. |
| **Tax** | A compulsory levy imposed on citizen’s earnings or purchases to fund the activities of government. |
| **Taxable** | A service, purchase or item or earning that has tax applied to it. |
| **Tax invoice** | Printed record of what was bought, what it cost, what was taxable, the tax amount, method of payment, amount tendered, and change due, if any. |
| **Trillion** | One-million-million (one followed by twelve zeros). |
| **UIF** | (abbr.) Unemployment Insurance Fund: A government-run insurance fund which employers and employees contribute to, so that when employees are retrenched they can collect some earnings (a portion). |
| **Variable expenses** | Expenses that change over time or from one week/month to the next. These are things that you usually pay or buy each month, but the amount changes e.g. telephone and electricity costs. |
| **VAT** | **Value Added Tax (VAT)** is a tax that is levied at 14% (currently in South Africa) on most goods and services, as well as on the importation of goods and services into South Africa. |
| **VAT exclusive price** | The price before **VAT** is added. |
| **VAT inclusive price** | The price after **VAT** is added. |
| **Wages** | A wage is an amount of money paid to an employee normally based on a fixed number of hours worked per week. |
| **Withdrawal** | Money taken out of a bank account. |
| **Zero rated VAT items** | These are goods that are exempt from VAT. Groceries that are basic foodstuffs are zero-rated in South Africa, e.g. brown bread, milk, mielie meal, samp, rice, etc.. |

**CONTENT**

You will study this module through the following units

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| Unit 1 | FINANCIAL DOCUMENT, TAXATION AND TARIFF SYSTEMS |
| Unit 2 | INCOME, EXPENDITURE, PROFIT, LOSS AND BREAK EVEN ANALYSIS |

**UNIT 1:** FINANCIAL DOCUMENT, TAXATION AND TARIFF SYSTEMS

**INTRODUCTION**

In this unit you will focus on:

* Financial documents relating to personal/household/work place/business
* Income Tax, Value Added Tax, UIF and Personal Income Tax
* Tariff systems

**LEARNING OUTCOME**

At the end of this Unit, you should be able to:

* Work with VAT in the context of purchases, slips and bills
* Work with UIF in the context of payslips
* Work with payslips, income tax brackets and income tax formulae, tax deductions



**LESSON NOTES**

* + 1. **Financial documents**
* Financial documents include shopping documents and business documents
* Any time that you go shopping, you should receive a till slip which shows what you have bought
* It is also proof that you have paid for the goods listed.
* For some items these should be kept for guarantee purposes.
* Many shops also allow you return goods as long as you have the till slip.
* There are many different household bills or accounts. For example:
  + municipal bills
  + telephone bills
  + clothing accounts
  + TV license, M-Net or DSTV
  + hire purchase agreements
  + car payments
  + bond statements
  + A till slips etc.

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| https://encrypted-tbn3.gstatic.com/images?q=tbn:ANd9GcTmvb5W3o3iVwoibBV6dgGW1cSvmySKmDtq6S6HPelleSIjW6OVN1fL4lQActivity 1.1.1  (Adapted from NSC Nov P1 2019)  ***Instructions***   * You should form groups of 4 – 5 * Duration: 15 minutes * Refer to the questions provided * Task 1: Answer all the questions   Task 2: Allocate marks for each question  Task 3: Identify the taxonomy levels for each questions   * These questions are intended to prompt you to consolidate the unit and possible ways in which this section can be taught * Report Back and Discussion   Resources: Training manual, Note pad, Pen and Calculator |
| Extract below shows Mr Daniels’ monthly municipality statement including the residential water and sewer tariff tables. Use the extract and answer the questions that follow: |
|  |
| 1. Write down the market value in words 2. Calculate the VAT amount for the sewer monthly charge on a stand larger than 2000m2 3. Determine the value of A 4. Use the stepped residential water tariff table to calculate the value of B, the total amount for water usage. |

**1.1.2. Value Added Tax (VAT)**

* an indirect tax on the consumption of goods and services in the economy
* Revenue is raised for government by requiring certain businesses to register and to charge VAT on the supply of goods and services.
* VAT is presently levied at the standard rate of 15% on the supply of most goods and services and on the importation of goods.
* There is a limited range of goods and services which are subject to VAT at the zero rate
* For example: Mr Smit bought goods for his shop and he paid a total of R12 345,67.   
  If all the goods included VAT, how much was the cost excluding VAT

Answer: R12 345,67 ÷ 115% = R10735,37

**1.1.3. Income Tax**

* Income tax is the money paid to government from wages to pay for schools, hospitals, infrastructure etc.
* The amount of tax depends on:
* how much you earns
* your age
* whether you are a member of retirement annuity
* For example: The employee and employer each contribute 1% to UIF based on the total remuneration of the employee. Calculate the monthly amount paid to the fund if the gross salary of the employee is R12 3 456,78 per annum.

Answer: 2% × R12 3 456,78 = R2469,14 pa

Per month = R2469,14 ÷ 12 = R205,76

**1.1.4. Calculating Personal Income Tax**

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| |  |  |  | | --- | --- | --- | | Tax rates (year of assessment ending 28 February 2020) | | | | **Taxable Income** |  | **Rates of tax** | | 0 - 195 850 |  | 18 % of taxable income | | 195 851 - 305 850 | 35 253 | + 26% of taxable income above 195 850 | | 305 851 - 423 300 | 63 853 | + 31% of taxable income above 305 850 | | 423 301 - 555 600 | 100 263 | + 36% of taxable income above 423 300 | | 555 601 - 708 310 | 147 891 | + 39% of taxable income above 555 600 | | 708 311 - 1 500 000 | 207 448 | + 41% of taxable income above 708 310 | | 1 500 001 and above | 532 041 | + 45% of taxable income above 1 500 000 |   **Rebates**   |  |  | | --- | --- | | Rebates | | | Primary Rebate | R14 220 | | Secondary (Persons 65 and older) | R7 794 | | Tertiary (Persons 75 and older) | R2 601 |   **Tax Thresholds**   |  |  | | --- | --- | | The tax thresholds at which liability for normal tax commences | | | Persons under 65 | R79 000 | | Persons of 65 - 74 years | R122 300 | | Age 75 and older | R136 750 |   **Medical Aid Tax Credits**   |  |  | | --- | --- | | Main member | R310 | | First dependant | R310 | | Each additional dependant | R209 | |

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| **1.1.5. Tax deductions:**   * **UIF:** Unemployment Insurance Fund: A government-run insurance fund which employers and employees contribute, so that when employees are retrenched they can collect some earnings (a portion) .The employee contributes 1% and the employer contributes 1% of basic salary. * **Pension fund:** It is a fund established by an employer to facilitate and organize the investment of employees' retirement funds contributed by the employer and employees. * Other deductions like medical aid contribution, insurance policies, maintenance, house payment, car payment, etc. * **PAYE:** abbr.) Pay as you earn: tax taken off your earnings by your employer and sent to the South African Revenue Service before you are paid (the balance). * **Net salary:** The amount an employee “takes home” after income tax has been deducted. * **For example:** Determine the tax that a teacher , age 41, a member of GEMS, will pay per annum if his taxable income is R312 000 per annum for tax year 2020. * **Answer:** He will pay R63 853 + 31% of taxable income above 305 850   Amount over R305 850 = R312 000 – R305 850 = R6150  R6150 × 31% = R1906,50  Total tax before rebates = R63 853 + R1906,50 = R65 759,50  Since he is under 65, he gets only the primary rebate  Rebate = R14 220  Total Tax Payable = R65 759,50 – R14 220 = R51 539, 50 pa | |
| |  |  | | --- | --- | | **Steps for calculating income tax** | | | Step 1 | Calculate taxable income   * Determine the annual income * Multiply the **monthly salary by 12 to make it the annual salary and add extra benefits** * If taxable income is given, then there is no need for step 1, 2 and 3. | | Step 2 | Calculate non-taxable income   * UIF: Calculate 1% of the basic salary. * Pension fund: It is calculated by multiplying 7.5% by the basic salary, unless the structure of provident fund is stated. Two types of pension fund: GEPF for government employees and provident fund for non-governmental institutions. * Donations: Is a gift given by legal persons, typically for charitable purposes and/or to benefit a cause and is considered when calculating non-taxable income. The gift has to be given to an organisation that is registered under section 18A.   (A donation will be exempted if the total value of donations for a year of assessment does not exceed:   * Casual gifts by companies and trusts: R10 000 * Donations by individuals: R100 000).   Child support payments received, as the tax is deducted from payer’s income. | | Step 3 | * Calculating the taxable income by subtracting non-taxable income from the total income, * **Tax** * Taxable income: Income remaining after the non-taxable income has been subtracted and is used to calculate the payable income tax. Or income that has tax applied to it.   Income tax: It is the amount of money one must pay to the South African Revenue Services (SARS) for earning an income. | | Step 4 | * **Tax threshold:** The income level at which a person begins paying income **taxes:** * Check if the person qualifies to pay tax by using the tax threshold. * The people earning lower than the tax threshold do not pay tax | | Step 5 | * Identify the correct tax bracket, write down the correct rate and calculate payable tax before the rebates and medical credits could be subtracted, USING BODMAS * **BODMAS** is an acronym for Brackets, Orders, Division, Multiplication, Addition and Subtractions and determines the order of operations. * Rewrite the correct tax bracket * Substitute the annual taxable in the formula on the amount above….. * Write the simplified value before adding it to the value given in the formula * Write the final answer before the subtraction of rebates and medical credits. | | Step 6 | **Subtract the rebates and medical credits from the value calculated in step 5.**  **Rebate**:   * Is the tax relief according to age categories ; it is deducted after annual tax has been calculated * **The older the citizen, the higher the rebate** * People younger than 65 get the primary rebate only ( compulsory rebate to every citizen) * People above 65 qualify for both primary and secondary rebate * People above 75 qualify for qualify for primary, secondary and tertiary rebate(the highest rebate) * Identify the correct rebate | | | |
| **1.1.6. Medical tax credit**   * **Medical credit:** Is the fixed monthly medical rebate aimed at relieving personal tax; irrespective of the income * The more the number of dependents the higher the medical tax credit; the person’s tax bracket is not considered. * The medical credit depends on the number of dependents. * Identify the number of members in the medical aid * The medical credit allocated to the **first dependent** equals to that of the main member; there after the medical credits of the remaining dependent is the same for every additional member. First means being before all others with respect to time or order. i.e. anyone can be the 1st dependent, including wife/husband, depending on the order in which the dependents are captured. * Calculate the annual medical credits as they are given as monthly values on the tax table. This will depend on the number of months the tax payer had contributed to the medical aid.  |  | | --- | | https://encrypted-tbn3.gstatic.com/images?q=tbn:ANd9GcTmvb5W3o3iVwoibBV6dgGW1cSvmySKmDtq6S6HPelleSIjW6OVN1fL4lQActivity 1.1.1  (Adapted from NSC Nov P2 2019)  ***Instructions***   * You should form groups of 4 – 5 * Duration: 15 minutes * Refer to the questions provided * Task 1: Answer all the questions   Task 2: Allocate marks for each question  Task 3: Identify the taxonomy levels for each questions   * These questions are intended to prompt you to consolidate the unit and possible ways in which this section can be taught * Report Back and Discussion * Resources: Training manual, Note pad, Pen and Calculator | | |  | | --- | | The tax table below shows the tax rates for individuals for the 2018/2029 tax year. John (68 years old) received a taxable income of R2 045 364 for the 2018/2019 tax year. He paid a monthly contribution towards a medical scheme for himself and his wife. |   Use the information above and tax table provided below to answer the questions kthat follow:   1. Calculate John’s total medical scheme tax rebate for the year. 2. Hence, calculate the amount of income tax he had to pay for the 2018/2019 tax year.   TAX RATES FOR INDIVIDUALS  2018/2019 TAX YEAR (1 MARCH 2018 – 28 FEBRUARY 2019)   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | The tax table 1 for the tax year March 2019 to February 2020  |  |  | | --- | --- | | **Taxable Income** | **Rates of tax** | | 0 - 195 850 | 18 % of taxable income | | 195 851 - 305 850 | 35 253 + 26% of taxable income above 195 850 | | 305 851 - 423 300 | 63 853 + 31% of taxable income above 305 850 | | 423 301 - 555 600 | 100 263 + 36% of taxable income above 423 300 | | 555 601 - 708 310 | 147 891 + 39% of taxable income above 555 600 | | 708 311 - 1 500 000 | 207 448 + 41% of taxable income above 708 310 | | 1 500 001 and above | 532 041 + 45% of taxable income above 1 500 000 |  Rebates  |  |  | | --- | --- | | Primary Rebate | R14 067 | | Secondary (Persons 65 and older) | R7 713 | | Tertiary (Persons 75 and older) | R2 574 |  Medical Aid Tax Credits  |  |  | | --- | --- | | Main member | R310 | | First dependant | R310 | | Each additional dependant | R209 | | | | | |
| **1.1.7. Type of tariffs:** |
| * Telephone tariffs (e.g. cell phone and fixed line) * Municipal tariffs (e.g. electricity; water; sewage) * Transport tariffs (e.g. bus, taxi and train tariffs) * Bank fees. |
| * **Telephone tariffs** differ from one network to another one. The rates are charged either per minute or per second. Promotional tariffs are different, this includes various packages which promotes calling the same network. The rates are different during peak hours and off-peak hours. |
| * **Electricity tariffs** are charged per unit used. It also depends on the peak and off peak hours. The rates of metered electricity and prepaid are different. Free units are given. |
| * **Water tariffs** are charged per kilolitre used, there are free kilolitres given and there after different rates are charged. The more water you use, the higher the cost. |
| * **Transport tariffs** depend on the rates charged by service provider. Distance is used to charge the tariffs. Regular users are discounted. Distance chart may be used to determine the cost if the rates are charged per kilometre.  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | https://encrypted-tbn3.gstatic.com/images?q=tbn:ANd9GcTmvb5W3o3iVwoibBV6dgGW1cSvmySKmDtq6S6HPelleSIjW6OVN1fL4lQActivity 1.1.2  ***Instructions***   * You should form groups of 4 – 5 * Duration: 15 minutes * Refer to the questions provided * Task 1: Answer all the questions   Task 2: Allocate marks for each question  Task 3: Identify the taxonomy levels for each questions   * These questions are intended to prompt you to consolidate the unit and possible ways in which this section can be taught * Report Back and Discussion * Resources: Training manual, Note pad, Pen and Calculator   The cost of electricity is calculated on a sliding scale. This means that the more electricity you use the more you will pay per kilowatts. The tariffs for a municipality for 2 years is given below:   |  |  |  | | --- | --- | --- | | Energy charge [c/kWh] excl. VAT | 2018/2019 | 2019/2020 | | 1 – 100 | 96,94 | 101,79 | | 101 – 400 | 102,94 | 113,85 | | 401 – 650 | 108,44 | 120,37 | | > 650 | 115,54 | 128,25 |   Calculate the cost for January 2020 if the usage was 450 kWh including VAT. |  |  | | --- | | https://encrypted-tbn3.gstatic.com/images?q=tbn:ANd9GcTmvb5W3o3iVwoibBV6dgGW1cSvmySKmDtq6S6HPelleSIjW6OVN1fL4lQActivity 1.1.3  (Adapted from NSC May/June P1 2018)  ***Instructions***   * You should form groups of 4 – 5 * Duration: 15 minutes * Refer to the questions provided * Task 1: Answer all the questions   Task 2: Allocate marks for each question  Task 3: Identify the taxonomy levels for each questions   * These questions are intended to prompt you to consolidate the unit and possible ways in which this section can be taught * Report Back and Discussion * Resources: Training manual, Note pad, Pen and Calculator | |  | | 1. Identify the step that indicates the largest increase (in rand) in Cape Town’s water tariff from 2016/17 to 2017/18. 2. Determine in which ONE of the two cities water is more expensive. 3. Calculate the Cost of 3,5*kl* of water in Johannesburg during 2017/18. | |

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| https://encrypted-tbn3.gstatic.com/images?q=tbn:ANd9GcTmvb5W3o3iVwoibBV6dgGW1cSvmySKmDtq6S6HPelleSIjW6OVN1fL4lQActivity 1.1.4  (Adapted from NSC Nov P2 2018)  ***Instructions***   * You should form groups of 4 – 5 * Duration: 15 minutes * Refer to the questions provided * Task 1: Answer all the questions   Task 2: Allocate marks for each question  Task 3: Identify the taxonomy levels for each questions   * These questions are intended to prompt you to consolidate the unit and possible ways in which this section can be taught * Report Back and Discussion   Resources: Training manual, Note pad, Pen and Calculator |
| |  | | --- | | Mike plans to purchase a bakkie. He received the following quotation from a car dealer on the 28 February 2019 |   Use the information above to answer the questions that follow:   1. Calculate (rounded off to ONE decimal place) the percentage discount given on the bakkie’s selling price, excluding VAT. 2. Show how the amount of R166 561,76 was calculated. 3. Give ONE reason why customers would prefer to install the accessories (extras), as shown in the quotation. 4. VAT in South Africa increased to 15% with effect from 1 April 2018.   The following shows how the dealer calculated the new increased VAT incorrectly:   |  | | --- | |  |   Identify the mistake the dealer has made in calculating the new selling price. Hence, calculate the new selling price, including 15% VAT (excluding accessories and other charges) |

**UNIT 2:** INCOME, EXPENDITURE, PROFIT, LOSS AND BREAK EVEN ANALYSIS

**INTRODUCTION**

In this unit you will focus on Selling price, Cost price, Income, Expenditure and Break even analysis

**LEARNING OUTCOME**

At the end of this Unit, you should be able to:

* Identify and perform calculations involving income, expenditure, profit and loss values.
* Determine break-even values



**LESSON NOTES**

**2.1.1. Cost price and Selling price**

* For a business to make money it needs to sell goods or services for more than it cost.
* The cost price is how much the item cost the business.
* The selling price is how much the business gets for the item.
* A business may offer the customer a discount on items.  This means that the customer will pay less than the selling price for the item.
* The profit a company makes is determined by the difference between the selling and cost price. If the selling price is less than the cost price, the company will make a loss.
* For example: A clothing shop paid R123 for a trouser and sold them at R177 each. Calculate the percentage profit that the clothing shop made on the sale of the shirts.

Answer: Profit = R177 – R123 = R54

% profit = = 43,9%

**2.1.2. Income and Expenditure**

* Profit means making more money than you spend.
* Profit is calculated bytaking the difference between its income and expenditure.
* However, the costs involved before you can sell the product is also important.
* The cost may include more than just the purchase or production cost of an item.   
  A retailer may buy products and then ship them to a warehouse where they have to be prepared for sale. All these steps add to the cost of an item.
* The costs may be divided into **variable and fixed expenses**.
* **Fixed expenses:**
* Costs that remain constant over time
* For example: rent, salaries, security, insurance, rates and taxes, etc.
* **Variable expenses:**
* Depend on the production level, as the production volume goes up, so will the costs
* For example: commissions, material costs, water and electricity, petrol etc.
* Income may also be divided into **fixed and variable**
* **Fixed Income**
* Fixed income is money that is definite on a monthly basis.
* For example: salary received monthly
* **Variable income**
* Variable income changes from month to month and is
* It is irregular and often unexpected
* For example: royalties, dividends
* Profit Margin
* Profit margin is the percentage of the final selling price that is profit.
* Profit = Selling price – cost price
* to calculate profit margin we use the formula:

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* The profit margin is a better indication of how well a product or company is doing.
* For example: Consider the following 2 scenarios to establish a better company:
* A company A has an income of R1 400 000 and costs of R600 000.
* A company B has an income of R200 000 and costs of R50 000.

**2.1.3. Break Even Analysis**

* a financial tool which helps you to determine at what stage a company or product, will be profitable.
* For example

The graphs showing the toy making business income and expenses is given below: A toy making business may below:

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1. **Determine the income if 30 toys are sold**
2. **How many toys must be made and sold to break even?**

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|  |
| Note: All prices exclude 15% VAT   1. Calculate the cost price of Clock A, excluding VAT. 2. Write down the time on clock B, using the 24-hour format if it represrents the time in the evening. 3. Calculate the total profit made if all four clocks are sold. |

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| https://encrypted-tbn3.gstatic.com/images?q=tbn:ANd9GcTmvb5W3o3iVwoibBV6dgGW1cSvmySKmDtq6S6HPelleSIjW6OVN1fL4lQActivity 1.2.2  (Adapted from NSC May/June P1 2019)  ***Instructions***   * You should form groups of 4 – 5 * Duration: 15 minutes * Refer to the questions provided * Task 1: Answer all the questions   Task 2: Allocate marks for each question  Task 3: Identify the taxonomy levels for each questions   * These questions are intended to prompt you to consolidate the unit and possible ways in which this section can be taught * Report Back and Discussion * Resources: Training manual, Note pad, Pen and Calculator |
| |  | | --- | | Susan started her business one month later and because of the price increase of products, it then cost her R9,50 to make ONE cup of Milo. She calculated that the daily fixed cost was R90,00 and she would be able to sell 100 cups of Milo per day. She will sell the Milo at R12,50 per cup. |   Use the information above to answer the questions that follow:   1. Table 1 below shows the income from the side of cups of Milo  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | Number of cups of Milo (n) | 0 | 20 | 30 | 40 | 80 | 100 | | Income in rand (R) | 0 | 250 | 375 | P | 1000 | 1250 |  1. Determine the value of P in TABLE 2 above 2. Write down the equation that can be used to calculate the icome 3. Identify the independent variable in the table above.      1. Susan uses the following formula to determine the cost price of the cups of Milo.   Cost = R90,00 + R9,50 × n where n = number of cups of Milo  Table 2 below shows the cost price for a number of cups of Milo   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | Number of cups of Milo (n) | 0 | 20 | 30 | Q | 80 | 100 | | Cost price in rand in rand (R) | 90 | 280 | 375 | 612,50 | 850 | 1040 |   Calculate the value o Q in the table 2 above.   1. The graph on the answer sheet below shows the total income for making up 100 cups of Milo. Use the information in table 2 to draw another graph representing the cost from the selling of up to 100 cups of Milo. 2. Use the tables or the graph to determine the number of cups of Milo at the break-even point |

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| http://png.clipart.me/graphics/thumbs/214/summer-sports-icon-volleyball-icons_214110949.jpg**ACTIVITY 1.2.3**  **Individual Work (20 Minutes)**  ***Instructions***   * Individual activity * Duration: 10 minutes * This activity is intended to advance ICT skills that can be used in the classroom * **Task :** Download and save a video lesson on Break Even Analysis * Report Back and Discussion * Resources: Training manual, Laptop and Wi-fi |

**RESOURCES FOR MODULE**

* NSC Exam 2018 Diagnostic Report
* www.google.co.za/shopping/product/catalogue

**SUMMARY**

In this module, participants:

* Worked with Financial documents relating to personal/household/work place/business
* Worked with tariff systems
* Identified and performed calculations involving income, expenditure, profit and loss values
* Determined and worked with break-even analysis

**REFLECTION**

* Learners should be afforded opportunities to define terms in their own words, as part of assessment to ensure conceptual understanding.
* Teachers must provide learners with opportunities to extract information from tables as often as possible.
* Teachers should give learners sufficient exercises on how to substitute correct values from tables (correct columns) into a given formula.
* Teachers should encourage candidates to use the LOLT always during the lessons. Scenarios should be discussed and critically analysed during lessons to give learners the opportunity to think critically and develop analytical and problem-solving skills.

**END OF MODULE 1**