

Good day Grade 7's,

I hope you are all well and missing school! I am certainly missing you and look forward to going back and teaching all of you! I am sending you some work to go through. Please just try your best and don't worry if things seem a bit strange and difficult to understand. We will get through this difficult time and we will return to school and catch up with everything. Look after yourselves and your family.

Ms Hill

In Term 2 we start with accounting-can be quite scary at times, but really fun too. So go and find those calculators you got in your stationery packs and lets get going. DO NOT worry if you can't print these things out-work directly from the computer or phone and just do the activities in your exercise book to the best of your ability.

The first important thing to remember when we are doing Accounting, is that you have to pretend **you are the business**. For example, when there is a transaction (something happening between the business and customers), you have to ask yourself: what is happening to the business, is it receiving money or is it paying money out? In other words, is money coming into the business or is money flowing out of the business?

First of all, some definitions:

1. Accounting: A system of bookkeeping to monitor and control the income and expenses of a business and is used for strategic planning and to determine the financial position of a business at any time.
2. Income: Money that is received by the business and usually deposited in a bank account.
3. Expenses: Money paid out by the business to keep the business operating from month to month.
4. Salary: An income for an individual who is employed and is usually paid on a monthly basis.
5. Wages: An income for an individual who is employed and is usually paid on a weekly/daily basis.
6. Commission: Money paid to an employee based on how much he/she has sold during the period. It is usually calculated as a percentage.
7. Interest received: Money received from the bank calculated as a percentage of the balance in the bank account. Example-interest received on a savings account. (This is "good" interest and falls under the income of a business)
8. Interest paid: Money that has to be paid to the bank for money loaned or borrowed, or even for the use of a credit card. (This is "bad interest" and falls under the expenses of a business").
9. Assets: Possessions or belongings, things you (**OWN**) place a value on, that you would keep for a long time. Example: Vehicles, Property, Equipment. Your parents' assets could be their car, house, appliances etc.
10. Liabilities: Money that is **OWED** by a person or business that has to be paid back. Also know as debt.
11. Net worth=Assets-Liabilities (We will come back to this a bit later)

12. Profit=Income-Expenses (Income minus Expenses). A simple example : If I buy a ruler for R10 and I sell it to Tshego for R15, the calculation is as follows: Income R15 minus Expense R10=Profit of R5.

Remember its all about YOU and what you are paying/receiving. I received R15 (income), but I paid out R10, so I-E=R5!

If the expenditure is more than the income, use the same formula, but your answer will be a negative amount and it is therefore a **LOSS**. For example, I paid R10 for the ruler and sold it for R8: Income R8 minus Expense R10 = - R2, therefore a loss of R2.

Try the following calculations using my example above:

12.1 Paballo owns a bakery and has to bake 20 cakes for a customer. Her ingredients for the 20 cakes costs her R550 (expense). She sells each cake for R40 (income for one cake-calculate for 20 cakes). Calculate her profit or loss for **one cake**.

12.2 Sunshine buys 10 roses for R40 and sells each rose for R4. Calculate her profit or loss for **one rose**.

12.3 Motheo buys 5 kilograms of oranges from the market for R6 a kilogram. She sells them to the school for R9,50 a kilogram. Calculate Motheo's **TOTAL** profit or loss for all the oranges.