



FINANCE

17 OCTOBER 2013

Lesson Description

In this lesson we revise:

- Personal and business finance calculations

Questions

Question 1

(Adapted from 2012 DBE Exemplar Paper 1, Question 1.1)

A 3 kg pocket of onions costs R19,99.

Calculate:

- a.) the costs of onions per kg. (2)
- b.) the amount of VAT collected on the pocket of onions (3)

Question 2

(Adapted from 2012 DBE Exemplar Paper 1, Question 1.2)

Spark's Butchery is a popular butchery in Karkloof. The butchery supplies meat to other butcheries in Howick and Pietermaritzburg.

Spark's Butchery asks the following prices for some of their products:

Product	Cost price per kg	Selling price per kg
Lamb chops	R54,00	R85,00
Fillet steak	R76,00	A
Spare ribs	R43,00	R53,75

NOTE: Prices include 14% VAT.

- a.) Calculate the percentage mark-up that Spark's Butchery will have on spare ribs.
Use the formula:
Percentage mark-up = (Selling Price – Cost price) ÷ Cost price x 100% (3)
- b.) Calculate how many kilograms of lamb chops Spark's Butchery could buy for R2 000. (2)
- c.) Determine the value of A, the selling price of the fillet steak, if it has a mark-up of 30%. (3)
- d.) A customer buys 1,2 kg of spare ribs and 0,5 kg of lamb chops. Calculate the total amount paid by the customer. (4)
- e.) Calculate the profit on the sale of 50 kg of spare ribs. (4)



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Question 3

(Adapted from 2012 DBE Exemplar Paper 1, Question 2)

Yolanda wants to buy the home theatre system seen in the advertisement below.

<p>Home Theatre System</p> <p>Cash Price: R6 599,99</p> <p style="text-align: center;">OR</p> <p>Hire Purchase: 10% deposit and pay the balance over 24 months.</p> <p>(Total amount to be paid excluding the deposit is R7 306,19)</p>	
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She chooses to buy it on hire purchase.

- a.) Calculate the deposit paid in rand. (2)
- b.) Show, through calculation, that the total amount to be paid, excluding the deposit, is R7 306,19 if the store charges simple interest at a rate of 11,5% per annum on the balance after the deposit has been received. (4)
- c.) Calculate the amount Yolanda must pay each month (the monthly instalment). (2)

Yolanda budgets an amount of R300 per month for the purchase of CDs and DVDs to play on the system.

- d.) Calculate how much Yolanda will spend on the purchase of CDs and DVDs per year. (2)
- e.) She buys CDs at an average of R120 per month and DVDs at an average of R150 per month and uses the rest of her budget to buy other accessories.
Calculate how much she will have left per month to buy other accessories. (3)

Question 3

(Adapted from 2012 DBE Exemplar Paper 2, Question 1)

Lerato wants to earn extra money to use towards her studies. After seeing how many people buy Chip Twisters, she investigated the possibility of selling Chip Twisters herself. She will need the following to start her business:

Fixed assets

- A cutter to slice the potatoes into rings
- A deep-fryer to fry the potatoes

Consumable goods

- Potatoes
- Bamboo sticks
- Oil for frying
- Seasoning

Chip Twister



Cutter



Deep-fryer





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She finds out that she can buy the cutter and the deep-fryer for R1 730. She asks her uncle to lend her the money to buy the cutter and the deep-fryer. He agrees that she can repay him at the end of 2 years, but at a compound interest rate of 7½% per year, compounded annually.

a.) Calculate how much she must repay her uncle after 2 years. (5)

1.2

Lerato incurs the following costs:

ITEM	COST
A 10 kg bag of medium-sized potatoes (average of 48 potatoes per bag)	R49,00
100 bamboo sticks	R19,99
200 g bottle of seasoning	R8,75
750 ml bottle of cooking oil	R12,50
9 kg gas bottle	R259,00

In order to produce one Chip Twister, Lerato uses:

- 1 potato; 1 bamboo stick; 1,5 g of seasoning

b.) Calculate the cost of producing ONE Chip Twister using these ingredients. (7)

In order to fry the Chip Twister:

- The deep fryer uses 2l cooking oil to fry one 10 kg bag of medium-sized potatoes.
- The 9 kg bottle of gas can fry up to 500 chip twisters.

c.) Calculate the total cost of producing ONE Chip Twister. (7)

Lerato sells her Chip Twisters at a local flea-market. Her rent and transport costs per week amount to R450,00.

d.) Write down the formula that Lerato can use to calculate her weekly costs to produce and sell Chip Twisters if the total cost to produce one Chip Twister is R2,50.

Write the formula in the form:

Weekly costs (in rand) = 450 + ... (2)

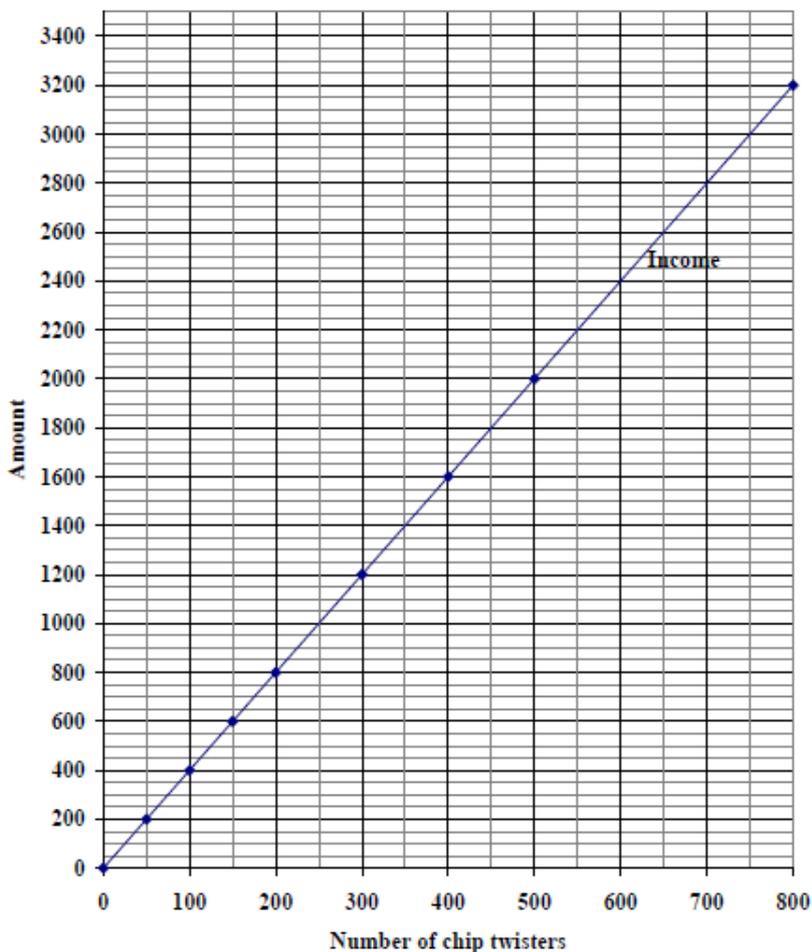
e.) Hence, or otherwise, calculate how many Chip Twisters she will make if her weekly costs are R1 700. (3)



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The graph showing Lerato's weekly income from the sale of Chip Twisters is drawn on the graph below:

INCOME AND COSTS FOR CHIP TWISTERS



f.) On the same grid, draw the graph showing Lerato's costs to produce and sell Chip Twisters. (4)

Use the graphs from f.) to answer the following questions.

g.) Determine the selling price of a Chip Twister. (3)

h.) How many chip twisters must Lerato sell in order to break even? (2)



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