

## Chapter 2 revision memorandum

### Question 1

- 1.1 F – Each year the interest is added to the remaining balance before it is calculated again.
- 1.2 D – The average change in price of the specific group of products over a year
- 1.3 A – Goods imported from another country without the permission of the manufacturer
- 1.4 C – The supplier promises to refund the purchase price if the consumer is not satisfied with the product
- 1.5 B – The time given to a consumer to decide if they want to cancel a contract.
- 1.6 J – One twelfth of a consumers annual wage or salary is deducted each month
- 1.7 H – Members receive a percentage of the subscription fee of new members.
- 1.8 G – the interest is calculated on the initial investment amount and is the same each month or year.
- 1.9 E – A contract between two people as a result of their actions or behaviour
- 1.10 I – The supplier promises to repair or replace the product will suit the purpose for which it was purchased

### Question 2

- 2.1 There must be an offer and acceptance. ✓ The contract must be legal. ✓ It must specify legal consideration. ✓ Parties to the contract must have legal capacity. ✓ Free consent is essential. ✓ Sale of immovable property must be in writing. ✓ (max 5)
- 2.2 She should join a stokvel as this will help her to save money. ✓ A pyramid scheme is illegal and she could lose all her money. ✓ A stokvel is a community based savings scheme for the benefit of all the members. ✓ All members contribute the same money each month. ✓ Each member has a turn to withdraw money from the stockvel. ✓ The stokvel has specific rules and regulations that are legal. ✓ The stokvel can grant credit to a members. ✓ The stokvel relies on self imposed regulations to protect the interests of the members. ✓ A pyramid scheme depends on the subscription from new members to keep the scheme going. ✓ (max 8)
- 2.3 Use discretion with the learners answers. They must have the following in their diagram:
  - a product being purchased with purchase price + VAT ✓✓
  - indication that value has been added to the product before being sold. ✓✓
  - the selling price + VAT ✓✓
  - the difference between VAT received and VAT paid calculated ✓✓
  - indication that only the difference is paid to SARS. ✓ (max 9)
- 2.4 Store credit: the washing machine will be taken immediately ✓ but the amount will be paid at the end of the month. ✓  
 Instalment: the washing machine is also taken immediately ✓ but the amount is paid over a specific number of months together with interest. ✓ (max 4)
- 2.5 Inflation is when the price of goods increases ✓ but the income received does not increase at the same rate. ✓ Each month Wendy has to pay more for the same number of products ✓ but with the same amount of money so she has to buy less. ✓ If their income does not increase at a higher rate than the inflation rate, they are actually poorer. ✓ (max 5)

- 2.6 Use discretion with learners answers. They must give their opinion and support this with valid, logical reasons that are applicable to the case study. Sample answer:  
 I think it is a bad idea as this will increase their debt. ✓ Wendy does not have enough money for running the household and if she has credit she is increasing the expenses. ✓  
 It is too easy to purchase on credit ✓ and not take cognisance of the debt that is accumulating. ✓ She can find good quality clothing at cheaper prices going to discount stores or factory outlets. ✓ (max 5)

### Question 3

- 3.1 Compound interest is interest calculated on the principle amount plus interest. ✓  
 E.g. Year 1:  $R30\,000 + 12\% = R33\,600$  ✓  
 Year 2: interest is calculated on  $R33\,600 = R37\,632$ . ✓  
 Simple interest is calculated on the principle amount only. ✓  
 E.g.  $R30\,000 \times 12\% = R3\,600$  ✓ Each year  $R3\,600$  is paid in interest. ✓ (6)
- 3.2 PI stands for Consumer Price Index. ✓ It measures the changes in the economy as well as changes in standard of living. ✓ It is the total cost of a specified number of goods. ✓  
 The price of the same goods is obtained at regular intervals. ✓ the average difference in price is the consumer price index. ✓ The inflation rate is based on the CPI. ✓ (6)
- 3.3

	Rental contract	Gym contract
<b>Description</b>	Property is rented from a business ✓ and money paid for the use of the property each month. ✓	The customer pays for the use ✓ of the gym equipment ✓
<b>Benefit to consumer</b>	<ul style="list-style-type: none"> <li>- use of property ✓</li> <li>- do not have to outlay large amount of purchase ✓</li> <li>- maintenance and repairs are the responsibility of the owner ✓</li> </ul>	<ul style="list-style-type: none"> <li>- use of the gym equipment ✓</li> <li>- do not have to purchase any equipment to exercise ✓</li> <li>- physical instruction and guidance on equipment use available at all times ✓</li> </ul>
<b>Benefits to business</b>	<ul style="list-style-type: none"> <li>- passive income ✓ (money received with no effort)</li> <li>- rental money used to pay towards the property e.g. mortgage bond ✓</li> <li>- value of asset increases over time ✓</li> </ul>	<ul style="list-style-type: none"> <li>- employment opportunities ✓</li> <li>- subscriptions more than the cost of the equipment and overheads ✓</li> <li>- many members do not use the gym but still pay ✓</li> </ul>

- 3.4. A warranty is a written guarantee promising to repair or replace an article ✓ if it breaks or does not work within a certain period. ✓ 2 year warranty on a television  
 A guarantee is an assurance that the product will remain in working order for a particular length of time. 1 year guarantee for hair dryer.
- 3.5. Use discretion with learners answers. The diagram must: be a triangle ✓ have a minimum of 4 levels ✓✓✓✓ indicate that each level increases by the same amount ✓✓✓✓ e.g. each person recruits a specific number of people ✓ have headings ✓✓✓✓ Use of amounts for explanation. ✓✓✓✓ (max 16)