1. Explain what the following investment terms mean:
    a) Interest rate – The rate at which amount of money that is invested increases in value, expressed as a percentage and compounded monthly, quarterly or yearly.
    b) Investment term (life) – The amount of time that a person commits to an investment. E.g.: 2 years.
    c) Monthly payment – The amount of money that a person must pay every month into their investment.
    d) Principal – The amount that a person invests initially.

2. Explain what the following loan terms mean:
    a) Borrower – The person who is taking out a loan.
    b) Deposit - a sum payable as a first instalment on the purchase of something or as a pledge for a contract, the balance being payable later.
    c) Loan term (life) – The amount of time it will take a person to pay off a loan.
    d) Lender – The person/institution that is giving somebody a loan.
    e) Real (total) cost of a loan – The principal loan amount plus all the interest payable on the loan.
    f) Interest rate – The rate at which a person is charged for loaning money, expressed as a percentage.
    g) Residual – Also called a balloon payment. This is a part of a loan that is owed after the loan term, collected as a lump sum.

3. a) $R\,12\,999 \times 14\% = R\,1\,819.86\ deposit$
    b) $R\,13\,191.39 \div 24\ months = R\,549.64\ per\ month$
    c) $R\,1\,819.86 + R\,13\,191.39 = R\,15\,011.25$
    d) $R\,15\,011.25 - R\,12\,999 = R\,2\,012.25$
    e) $R\,12\,999 - R\,1\,819.86 = R\,11\,179.14$

    $R\,11\,179.14 + \left(R\,11\,179.14 \times \frac{x}{100} \times 2\ years \right) = R\,13\,191.39$

    $R\,11\,179.14x \times 2 = R13\,191.39 - R\,11\,179.14$

    $x = \frac{R2\,012.25}{R\,11\,179.14} \div 2$

    $x = 18 \div 2 = 9\%$
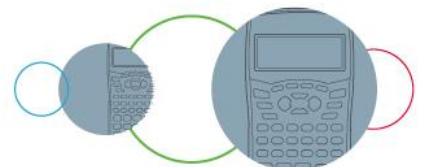
f) $R\,11\,179.14 \times 9\% = R\,1\,006.12$

$R\,15\,011.25 + 1006.12 = R\,16\,017.37$

g) $R\,16\,017.37 - R\,1819.86 = R\,14\,197.51$

$R\,14\,197.51 \div 36 = R\,394.38\ per\ month\ over\ 36\ months$

4. a) $Taxable\ income = Salary + Travel\ allowance$

$Taxable\ income = R\,12\,000 + R\,2\,000 = R\,14\,000$

$R\,14\,000 \times 12\ months = R\,168\,000$

$R\,168\,000 - R\,165\,600 = R\,2\,400$

$R\,2\,400 \times 25\% = R\,600$

$PAYE = R\,29\,808 + R\,600 = R\,R\,30\,408$

$R\,30\,408 - R\,12\,080 = R\,18\,328$

$R\,18\,328 \div 12 = R\,1\,527.33\ PAYE\ per\ month$

b) $Taxable\ income - (Income\ tax + Bond + Retirement\ fund + UIF + Life\ insurance)$

$= R\,14\,000 - (1527.33 + 1200 + 612 + 120 + 600)$

$= R\,14\,000 - R\,4059.33$

$= R\,9940.67$

c) $R\,1200 \times 6 \times 12 = R\,86\,400$

$R\,1200 + 12\% = R\,1344$ $\qquad R\,1344 \times 9 \times 12 = R\,145\,152$

$R\,86\,400 + R\,145\,152 = R\,231\,552$

d) $\frac{R\,231\,552}{1 + \frac{8}{100} \times 15} = Price\ of\ the\ flat$

$Price\ of\ the\ flat = \frac{R\,231\,552}{2.2}$

$R\,105\,250.91$

5. a) CPI – Consumer Price Index measures changes in the price level of a market basket of consumer goods and services purchased by households.

b) $R\,7.24 - R\,5.45$

$= R\,1.79\ \ Bread\ costs\ R\,1.79\ more\ in\ Jan\ 2014\ than\ it\ did\ in\ May\ 2013.$

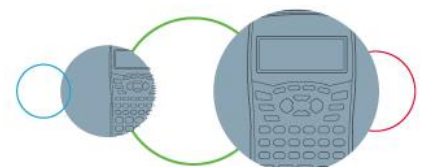c) $\frac{R\,14.34}{R\,10.79} \times 100 = 132.9$

$\therefore The\ price\ of\ milk\ increased\ 32.9\%\ from\ May\ 2013\ to\ Jan\ 2014$

d) $\%\ Inflation = \frac{125..95 - 96.02}{96.02} \times 100$

$\%\ Inflation = 31.2\%$

e) No. Inflation is at 31.2% and the employees only received an increase of 12%. This is below the level of inflation.

f) $R\,2\,450 + 4\% = R\,2\,548$

6.   a) $\left(R\,18\,500 + (R\,18\,500 - 10\%)\right) - 10\%$

$= (R\,18\,500 + R\,16\,650) - 10\%$

$= R\,35\,150 - 3\,515$

$= R\,31\,635$

b) $(R\,18500 \times 2) - R\,31\,635 = R\,5\,365$

c) $Costs\ for\ daughter\ in\ grade\ 8 : R\,2000 + R\,1800 = R\,3800$

$Costs\ for\ daughter\ in\ grade\ 10 : R\,2000 + R\,1000 + R\,1800 = R\,4800$

$Total\ cost\ of\ sundries : R\,3800 + R\,4800 = R\,8\,600$

d) $Total\ fees\ =\ R\,18\,500\ + R\,2000\ +\ R\,1000 + R\,1800 = R\,23\,300$

e) $\dfrac{R\,23\,300}{10\ months} = R\,2330\ per\ month$

f) $R\,18\,500 + 8.5\% = R\,20\,072.50\ for\ school\ fees$

$(R\,2000 + R\,1000 + R\,1800) + 6\% = R\,5\,088\ for\ sundry\ expenses$

$Total = R\,20\,072.50 + R\,5088 = R\,25\,160.50$

7.   a) $R\,10.00 + 14\% = R\,11.40\ in\ Dec\ 2011$

b)   In 2009, it increased by 6%

c)   The price of chips decreased in 2010.

d)   21% increase.

e) $R\,10 + 21\% = R\,12.10$ $3 \times R\,12.10 = R\,36.30$