FINANCE

Unit 6

MONEY, MONEY, MONEY...MONEY!!

MONEY IS A FORM OF EXCHANGE USED AS PAYMENT FOR GOODS, SERVICES, AND OTHER OBLIGATIONS.

In ancient times, a <u>Barter System</u> was used for trade, which didn't involve the exchange of money, but consisted of exchanging goods for other goods. However, there are 2 problems with this system:

- 1. IT WAS DIFFICULT TO AGREE ON VALUE
- 2. TRANSPORT
 THE INVENTION OF MONEY MADE IT MUCH
 EASIER TO TRADE!



EXPENSES



AN <u>EXPENSE</u> IS MONEY THAT PEOPLE MUST PAY FOR AN ITEM OR SERVICE THEY NEED. THERE ARE 3 DIFFERENT TYPES:

- 1. FIXED EXPENSES DON'T CHANGE MUCH & THEY OCCUR EVERY MONTH (RENT, ELECTRICITY, WATER, GAS, INTERNET, ETC...)
- 2. VARIABLE EXPENSES ARE DIFFERENT EACH MONTH (LEISURE, ENTERTAINMENT, ETC...)
- 3. Unexpected expenses when you've got to pay for things you weren't expecting (illness, accidents, breakdowns, etc...)

METHODS OF PAYMENT

WE PAY FOR THINGS IN MANY DIFFERENT WAYS:

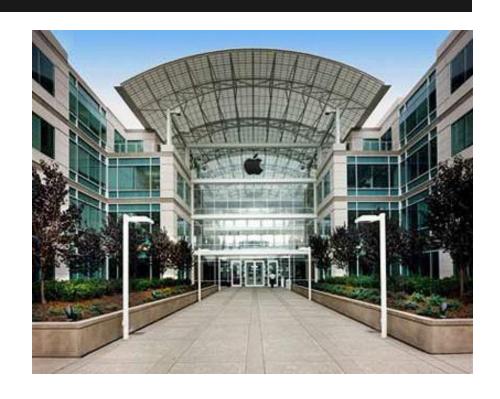
- → CASH NOTES & COINS
 - ★ WE USE BANKS & CASH MACHINES TO MAKE
 PAYMENTS AND DEPOSIT OR WITHDRAW CASH FROM
 AN ACCOUNT.
- → <u>CREDIT CARDS</u> <u>PURCHASING THINGS ON CREDIT &</u>
 PAYING THE MONEY BACK LATER.
 - ★ WE USE CREDIT CARDS TO MAKE PURCHASES

 ONLINE USING A COMPUTER, TABLET OR MOBILE PHONE.

COMPANIES

A <u>company</u> is an association of people (or 1 person), created to produce <u>Goods and/or servicesto</u> be sold to make a profit.

- **★** ECONOMIC ACTIVITY
- ★ WHERE THEIR CAPITAL (MONEY)
 COMES FROM
- **★** TYPE OF ACTIVITY
- ★ SIZE



CLASSIFIED BY ECONOMIC ACTIVITY

PRIMARY SECTOR: COMPANIES THAT TAKE RESOURCES FROM NATURE.

SECONDARY SECTOR: COMPANIES THAT CREATE A FINISHED PRODUCT.

TERTIARY SECTOR: COMPANIES THAT PROVIDE SERVICES OR DO BUSINESS.







CLASSIFIED BY WHERE THEIR CAPITAL IS DERIVED

PRIVATE COMPANIES: THE CAPITAL
BELONGS TO INDIVIDUALS AND IN
COOPERATIVES, IT BELONGS TO THE
WORKERS (SELF-MANAGED COMPANIES).

PUBLIC COMPANIES: STATE-RUN COMPANIES.

Mixed companies: The capital is shared between private individuals and the state.



FOR EXAMPLE: LEVI'S IS A PRIVATELY HELD COMPANY

CLASSIFIED BY TYPE OF ACTIVITY



FOR EXAMPLE: RENFE IS A COMPANY THAT PROVIDES TRANSPORTATION SERVICES.

INDUSTRIAL: THE EXTRACTION & TRANSFORMATION OF MATERIALS, FARMING, LIVESTOCK FARMING, MANUFACTURING OF GOODS FOR PRODUCTION AND CONSUMPTION.

TRADE AND COMMERCE: COMPANIES THAT BUY AND SELL MANUFACTURED PRODUCTS THAT ARE DISTRIBUTED IN MARKETS.

<u>SERVICES</u>: COMPANIES THAT PROVIDE SERVICES TO MEET OUR NEEDS (CLEANING, TRANSPORT, ETC.)

CLASSIFIED BY SIZE

SMALL: COMPANIES WITH FEWER THAN 50 EMPLOYEES.

MEDIUM: COMPANIES WITH 50 TO 250 EMPLOYEES.

LARGE: COMPANIES WITH OVER 250 EMPLOYEES.







CONSUMPTION

CONSUMPTION IS BUYING OR USING GOODS OR SERVICES.

WE CONSUME MANY THINGS EVERYDAY:

- ★ CLOTHES
- ★ FOOD
- ★ PERSONAL HYGIENE PRODUCTS



- * RECREATIONAL PRODUCTS
- ★ ELECTRICITY
- **★** WATER

ADVERTISING

ADVERTISING

IS AN ACTIVITY THAT USES
THE MEDIA TO MAKE
PRODUCTS OR SERVICES
FAMILIAR SO THAT THE
PUBLIC WANTS TO BUY OR
USE THEM.







EXAMPLE: THESE ARE A FEW ADS FROM A POPULAR FOOD CHAIN, CHICK-FIL-A, IN THE SOUTHERN PART OF THE U.S.



ETHICAL CONSUMPTION

ETHICAL CONSUMPTION

IS CHANGING YOUR BUYING HABITS TO MEET YOUR REAL NEEDS AND MAKING CHOICES THAT FAVOUR THE ENVIRONMENT AND SOCIAL EQUALITY.

TIME FOR A REVIEW!

WHAT IS MONEY?

MONEY IS A FORM OF
EXCHANGE WHICH IS USED AS
PAYMENT FOR GOODS, SERVICES
AND OTHER OBLIGATIONS.

WHAT WERE THE 2 PROBLEMS WITH THE BARTER SYSTEM?

- 1. IT WAS DIFFICULT TO AGREE ON VALUE.
- 2. TRANSPORT

WHAT IS AN EXPENSE?

AN <u>EXPENSE</u> IS MONEY PEOPLE MUST PAY FOR AN ITEM OR A SERVICE THEY NEED.

WHAT ARE THE DIFFERENT TYPES OF EXPENSES? NAME AN EXAMPLE OF EACH.

- 1. FIXED EXPENSES (EX: RENT, ELECTRICITY, WATER, GAS, INTERNET, ETC.)
- 2. VARIABLE EXPENSES (EX: LEISURE, ENTERTAINMENT, ETC.)
- 3. UNEXPECTED EXPENSES (EX: ILLNESS, ACCIDENTS, BREAKDOWNS, ETC.)

REVIEW...CONTINUED!

WHAT IS SAVINGS?

SAVINGS IS THE MONEY THAT PEOPLE KEEP TO USE LATER IN TIME.

WHAT ARE THE DIFFERENT METHODS OF PAYMENT?

- 1. CASH
 - A. YOU CAN WITHDRAW AND DEPOSIT CASH USING CASH MACHINES & BANKS.
- 2. CREDIT CARDS
 - A. YOU CAN MAKE PURCHASES/PAYMENTS
 ONLINE USING A CREDIT CARD

WHAT IS A COMPANY?

À <u>COMPANY</u> IS AN ASSOCIATION OF PEOPLE CREATED TO PRODUCE GOODS AND/OR PROVIDE SERVICES TO BE SOLD TO MAKE A PROFIT.

WHAT ARE THE WAYS THAT COMPANIES CAN BE CLASSIFIED INTO?

- ECONOMIC ACTIVITY
- 2. Where their capital comes from
- 3. THE TYPE OF ACTIVITY
- 4. SIZE

REVIEW...CONTINUED!

IN MIXED COMPANIES, WHO OWNS THE CAPITAL?

IN <u>MIXED COMPANIES</u>, THE CAPITAL IS SHARED BETWEEN PRIVATE INDIVIDUALS AND THE STATE.

WHAT TYPES ACTIVITIES CAN COMPANIES DO?

- 1. INDUSTRIAL
- 2. TRADE & COMMERCE
- 3. SERVICES

What size is a company that has between 50 and 250 employees?

A <u>MEDIUM</u> SIZED COMPANY