

FINANCE

UNIT 6

MONEY, MONEY, MONEY, MONEY...MONEY!!

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

IN ANCIENT TIMES, A BARTER SYSTEM 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 EXPENSE 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.

→ CREDIT CARDS - PURCHASING THINGS ON CREDIT & PAYING THE MONEY BACK LATER.

★ WE USE CREDIT CARDS TO MAKE PURCHASES ONLINE USING A COMPUTER, TABLET OR MOBILE PHONE.

COMPANIES

A COMPANY IS AN ASSOCIATION OF PEOPLE (OR 1 PERSON), CREATED TO PRODUCE GOODS AND/OR SERVICES TO 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.

SERVICES : 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.

PICTURE
YERSELF
EATING
CHIKIN



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 EXPENSE 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?

A COMPANY 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?

1. 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 MIXED COMPANIES, THE CAPITAL IS SHARED BETWEEN PRIVATE INDIVIDUALS AND THE STATE.

WHAT SIZE IS A COMPANY THAT HAS BETWEEN 50 AND 250 EMPLOYEES?

A MEDIUM SIZED COMPANY

WHAT TYPES ACTIVITIES CAN COMPANIES DO?

1. INDUSTRIAL
2. TRADE & COMMERCE
3. SERVICES