Name:

1 Concepts and management of resources

1.1 Informal accounting

If you walk in the street of a city or in a township you will see a lot of people selling goods or rendering a service. You will see people who sell vegetables, sweets, chips, cutting hair, have a Telkom line were people can phone, selling second-hand clothes, etc.

The capital used by these people is limited. They normally start with money that they put in the business for the first day and use the money that they receive for that day to buy stock for the next day. Their only labour costs will be that they sell enough goods to survive. Their aim is not to make a big profit but to survive every day and to have enough money to buy stock for the next day. All their stock is bought cash and they normally sell for cash. They keep a low inventory, for example, a person who sells vegetables buys just enough stock to sell for one day, they don't have a place to store their stock and will therefore buy vegetables again the next day. An advantage of this is that their stock is always fresh and the buyers don't have to buy a lot of goods but can buy in small amounts.

This type of business normally has little assets. They will maybe have a table that they can sell their goods from and do not have many expenses. The selling price can change often because it depends on the purchase price of the goods and the owner's decisions.

LIVEWORKSHEETS

LIVEWORKSHEETS

Term 1 Topic 1

Informal or Indigenous Bookkeeping

Activity 1
Think of any informal business you would like to start. Use the table below to plan and manage your business.

Capital needed	
Income per day	
Expenses per day	
Determine the cost of sales	
Determine the selling price	
Labour cost	
Fixed assets needed	
Stock kept	

LIVEWORKSHEETS

Bookkeeping	

LIVEWORKSHEETS