

### Exercise 1

1.1 During an accounting year,

A retail trader sold bicycles for	20,000
Purchase price of the bicycles sold was	12,000
Spent on electricity and other expenses	2,000

**Calculate the trader's:**

- a. **Gross Output = 20,000 – 12,000 = \$8,000**
- b. **Intermediate cost = \$2,000**
- c. **Gross Value Added = \$8,000 - \$2,000 = \$6,000**

1.2 For a firm producing television sets, the following are obtained from its annual accounts:

Sales of Television	340,000
Purchase of raw materials	42,000
Payment of temporary workers	50,000
Electricity & other costs	10,000
Inventories of finished products at the beginning	20,000
Inventories of finished products at the end	30,000
Inventories of raw materials at the beginning	1,000
Inventories of raw materials at the end	3,000

**Calculate the producer's:**

- a. **Gross Output = 340,000 + (30,000 – 20,000) = \$350,000**
- b. **Intermediate cost = 42,000 + (1000 – 3000) + 10,000 = \$50,000**
- c. **Gross Value Added = \$350,000 – \$50,000 = \$300,000**

1.3 The following are simplified data for a unit of general government:

Wages and salaries of civil servants	450,000
Employees social contribution	50,000
Purchase of Materials	60,000
Tax revenue	385,000
Consumption of fixed capital (CFC)	40,000

**Calculate the general governments:**

- a. Gross Value of output =  $450,000 + 50,000 + 60,000 + 40,000 = \$600,000$**
- b. Gross Value Added =  $450,000 + 50,000 + 40,000 = \$540,000$**
- c. Net Value Added =  $540,000 - 40,000 = \$500,000$**

## Exercise 2

	<b>Sector</b>	<b>Industry</b>
A state owned company supplying electricity to households	Industries	Electricity
A company listed on the stock exchange manufacturing paper	Industries	Manufacturing
A company supplying irrigation water to farmers	Industries	Water Supply and Sewerage
An owner-driver transporting logs from the forest to a sawmill	Services	Transport & Storage
A family growing vegetables for sale	Primary	Agriculture
A school run by a religious organisation for poor children	Services	Education
A bank lending money for renewable energy generation	Services	Financial & Insurance