

Goods, services and money

Assessment Task

Relationship between goods, services and money (Individual activity) (LO1 AS1)

Answer the questions in your workbook.

- a) Explain what goods and services are and give one example of each. [4 marks]
- b) Why do consumers buy goods and services? [2 marks]
- c) How does the money of consumers ensure that goods and services are produced? [2 marks]
- d) Fill in the four missing words in the following explanation of the circular flow of money:
Money flows from ... to households, when business enterprises pay for the labour rendered by people in households.
Money flows from ... to business enterprises, when households use their income to buy goods and services from business enterprises.
Money flows from business enterprises and households to ... , when business enterprises and households pay taxes to Government.
Money flows from ... to business enterprises and households when Government pays for essential services, such as safety and security, education, healthcare and transport infrastructure. [4 marks]

