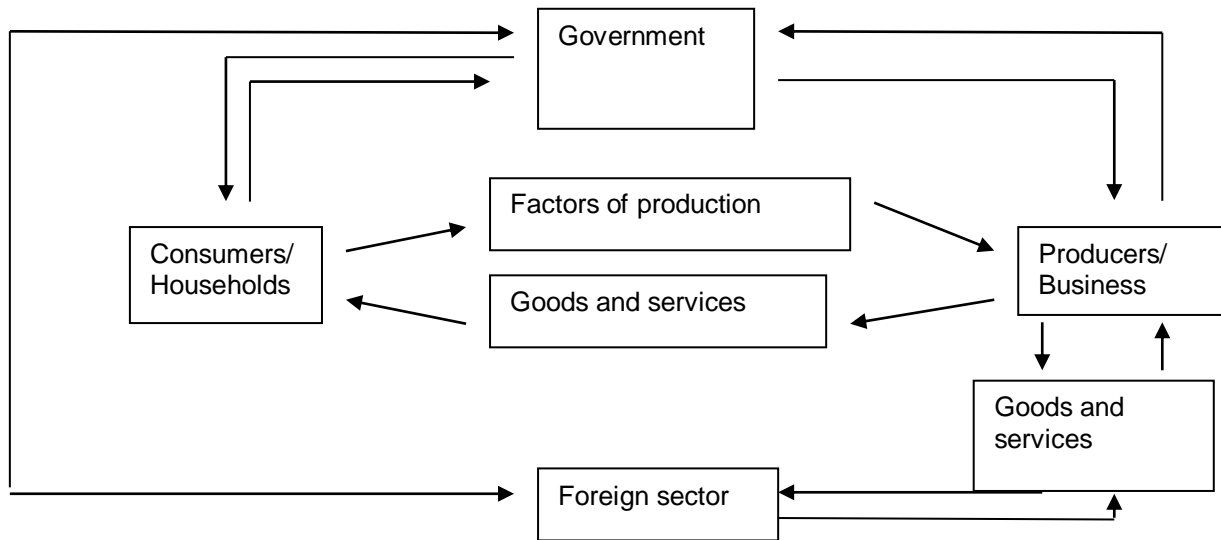


Assessment Task

Diagram of the economic cycle (Group activity) (LO1 AS2)

Study the diagram below and answer the questions that follow.



- a) Explain how money flows from households to producers and from producers to households. [4 marks]
- b) Why does money leave the economy when goods are imported? [1 mark]
- c) Where do households get the money from that they spend on goods and services? [2 marks]
- d) Who owns the factors of production? [1 mark]
- e) How does the foreign sector contribute to money entering the economy? [2 marks]