

VAUXHALL HIGH SCHOOL

FAMILY AND CONSUMER SCIENCE

Grade 8

Topic: Money management

Subtopic: Budgeting

Objectives:

- a. Define the terms relating to budgeting
- b. The importance of making a budget
- c. Components of a budget
- d. Factors to consider when making a budget.

TERMS

Barter – the exchange of goods or services without the use of money

Budget – a plan to help you spend your money wisely in order to achieve your goal.

Expenditure – money spent on goods and services

Income – money earned or received for service provided or work done.

Money – anything generally accepted for payment of goods, services and debts.

Gross Income – total amount of money you earn before any reductions are made.

Net Income – total amount of money you receive after reductions are made.

Wages – money paid weekly from employment.

Salary – monthly paid money from employment.

WHY DO WE MAKE A BUDGET?

You make a budget so you can:

1. Live within our means
2. Control your finances
3. Control impulsive buying

4. Achieve your short or long term goals.
5. It helps you to ask questions about your money.

FACTORS TO CONSIDER WHEN MAKING A BUDGET

1. Income
2. Expenditure
3. Need
4. Savings

COMPONENTS OF A BUDGET

1. Fixed expenses
2. Flexible / Variable expenses

Fixed Expenses

These expenses do not move over a period of time; they remain stable.

Examples: mortgage, rent, insurance, internet and cable

Flexible Expenses

These vary from time to time. It allows you to save money. The more you use the money you pay and the less you use the less money you pay.

Examples: food, utilities, transportation, dental, medical and savings.

ACTIVITY

Use the table to work through Nicole's budget

Categories	Rent	Utilities	Food	Transportation	Clothing	Medical	Savings	Others
Amount budgeted for in \$	1000	800	2000	250	500	1000	300	240
Months								
January	1000	600	1420	160	300	800	300	120
February	1000	650	1410	180	320	0	210	240
March	1000	610	1490	168	496	110	102	172
April	1000	590	2000	200	130	498	274	230
May	1000	658	1480	210	210	900	300	210
June	1000	700	2000	230	200	980	120	170
July	1000	550	1500	58	480	130	202	213

1. In which month was clothing bill the highest? _____
2. Transportation bill was the highest in the month of? _____
3. In which month was the utility bill the lowest? _____
4. How much money did Nicole saved in July on the utility? _____
5. Which category has a fixed monthly expense? _____
6. In which month was the saving the least? _____
7. Which of the expense is fixed? _____
8. What is the total amount of money spent in May on flexible expenses? _____
9. Which months did Nicole pay the same amount for food? _____
10. How much is the total expense for July? _____