

Activity 2 - Review a sample budget

Below is a sample monthly budget, in your groups, talk through each item in the budget and think about what it means.

- Decide whether it's a fixed predictable expense or whether it's a variable expense
- Classify expenses into 'necessity' and 'non-necessity'

Income (money coming in)	
Salary / Wages (after tax)	£2,800
Expenses (money going out)	
Rent	£750
Travel	£200
Council Tax	£100
Electricity	£83
Gas	£66
Home Insurance	£161
TV Licence	£13
Sky TV / Netflix	£37
Water Bills	£34
Household food	£320
Restaurants (eating out)	£400
Mobile Phone	£50
Gadget Insurance	£15
Car Insurance	£85
Road Tax	£15
Car Fuel	£160
Car Breakdown Cover	£20
Entertainment - Movies / Social	£200
Holiday Fund	£100
Travel Insurance	£10
Balance (<i>Disposable Income</i>)	£71

Activity 3 - Create a new budget

Paul is 23 years old. He has a full time job which pays him £1600 a month. He has no other income. Paul rents a flat for £550 a month and that includes all bills. He does have to pay for a TV License which costs £13 a month.

Paul estimates he spends around £200 on food and household items and about £100 a month on clothes. He doesn't have his own car yet and he spends £80 a month on bus and train fares. He spends around £50 a month on his mobile phone and around £60 a month on sky tv. He spends about £100 a month on various things like CDs, socialising etc.

What is his disposable income? What else can he spend his money on from the budget above?

Income
Salary
Expenses
Rent
TV Licence
Food and Household
Clothes
Travel
Mobile Phone
Sky TV
Entertainment and Social

Activity 4 - Adjust a budget

Paul is thinking about moving to another flat where his rent will £500 but does not include all the bills. He would have to allow for more expenses such as bills and Council Tax. He is also thinking about buying a car which would take the money he presently spends on travel fares. Using the data from Task 3 and 2, prepare a budget for Paul to see if he can afford to move and have a car (presume Paul has savings for the purchase of the car). You can make adjustments to non necessary expenses.

Income
Expenses

Activity 5 - Disaster Preparedness

check what effect the following event will have on Paul's budget.

1. Event - Phone/gadget has been accidentally damaged
2. Event - Phone/gadget stolen
3. Event - Car needs new tyres - Cost of repair £550
4. Event - Car due for MOT £120

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