

Income, Expenditure Statements and Budgets

Question 1

Shaun drew up a household budget

Income		Expenditure	
Salary	R19 456	Fixed Expenses	
Interest from investments	R230	Rent	R6 500
Income from Royalties	R10 000	Car Payment	R2 999
		Fixed Deposit	R3 000
		Variable expenses	
		Electricity	R555
		Food	R5 000
		Landline(Internet)	R300
		Cell phone	R225
		Water and Sewage	R130
		Entertainment	R1 500
		Irregular Expenses	
		Geyser repair	R2 000
Total Income:		Total Expenditure:	
Money Left Over:			

- a) Complete Shaun's budget by filling in the correct amounts of Total Income and Total Expenditure. Did Shaun's budget exceed his income? If not, how much money left over does he have for miscellaneous expenses?
- b) It makes economic sense for your rent to not exceed 30% of your income. Does Shaun stick to this rule of thumb? Explain and show your calculations.
- c) What irregular expense is Shaun budgeting for? What percentage of his income is this irregular expense?
- d) Does Shaun have income left for luxury items? If so, list some items he may consider buying.

EXERCISE 6

1. Kasy drew up a household budget:

Income		Expenditure	
Salary	R19 456	Fixed expenses:	
Interest from Investments	R230	Rent	R6 500
Income from Royalties	R10 000	Car payment	R2 999
		Fixed deposit	R3 000
		Variable Expenses:	
		Electricity	R555
		Food	R5 000
		Landline (internet)	R300
		Cellphone	R225
		Water, sewage	R130
		Entertainment	R1 500
		Irregular Expenses:	
		Geyser repair	R2 000
Total income:		Total expenditure:	
Money left over:			

- Fill in Kasy's total income and total expenditure. Did Kasy's budget exceed her income? If not, how much money has she got left for additional saving or for miscellaneous expenses?
- It makes economic sense for your rent not to exceed 30% of your income. Does Kasy's rent stick to this rule of thumb? Explain, and show your calculations.
- Buying a car on terms locks you into a 3-, 4- or 5-year repayment plan. Kasy bought her car on a 4-year plan. How much will she pay over the 4-year period for the car?
- What irregular expense is Kasy budgeting for? What percentage of her income is this irregular expense?
- Does Kasy have income left for **luxury items**? If so, list some items she may consider buying.
- Kasy earns some money in the form of royalties. What are royalties?