Budgeting

1. Why is it necessary to prepare a budget?



1. For the month, Mark earned $864 and tracked expenses for the month to help create a monthly budget. Fill out the table below using the expenses Mark tracked. Then total fixed and variable expenses. Also calculate total expenses. Was income greater than or less than expenses for the month?

**Expenses:** Food shopping $104, Donations $22, Going to the movies $34, Rent for an apartment $259, New shoes $58, Video games $50, Income tax $322, Utilities $86

|  |  |  |
| --- | --- | --- |
| **Category** | **Fixed** | **Variable** |
| **Expenses** |  |  |
| Taxes |  |  |
| Rent/Mortgage |  |  |
| Utilities |  |  |
| Groceries/Food |  |  |
| Clothing |  |  |
| Shopping |  |  |
| Entertainment |  |  |
| Miscellaneous/Other |  |  |
| **Expenses Subtotal** |  |  |
| **Total Expenses** |  | |

1. Use the following information to draw up a budget:
   1. Evan earns $100 a week working at Coles part-time. He also receives $30 weekly mowing the neighbor’s lawn. He has to pay his mother $20 board and gives her another $10 a week to help her pay bills. He spends $5 a day on food and another $4 a day on entertainment. He is saving up to buy a motorbike. Draw up his **weekly** budget.



* 1. Do you consider Evan a good budgeter? Can his budget be improved? Explain you answer.
  2. Outline some of the consequences of poor budgeting.