

## Budgeting

### Income

This is money that you get from pocket money, gifts, earnings or interest on savings.

### Expenditure

This is money you spend, for things you **need** (like food and housing) or for things you **want** (luxury items - like cinema tickets or meals at restaurants).

### What is a budget?

A document that compares what money you have coming in and going out - income related to expenditure. Budgets can range from personal budgets by individuals to family budgets, company budgets and even governmental budgets.

### There are two types of budget record:

- 1) A plan showing the likely income and expenditure for the coming week, month or year – a **forecast**
- 2) An ongoing **record** of actual income and expenditure

People often use both. They make an estimate, or forecast of what they are likely to earn and spend and then record how much they actually earned and spent. It's useful to compare, so you can see what you need to change in the future to balance your budget.

### Balancing the budget

This means making sure that you aren't spending more than you earn and getting into debt. Budgeting can also help you see money problems that may arise in the future.

### In order to have more money and avoid debt you can either:

**Increase your income** – find ways of earning more, e.g. by taking on an extra job, negotiating more pocket money or putting savings into a high interest account

or

**Reduce your expenditure** – look at the things that you need to survive (e.g. food, housing) and things that you want but can live without (e.g. television, the latest fashions).

An important money management skill is to be able to put things in order of importance so you can see what things you really need and what you can do without. (See Fact Sheet FB10 - Money Saving Tips.)

Income	
Monthly net wages	
Money from garage sale	
<b>Total income:</b>	£
Expenses	
Rent (shared)	£285.00
Transport (monthly train pass and cab fares)	£75.32
Food, toiletries and household items (shared)	£130.49
Clothes	£81.03
Mobile phone bill	£36.16
Gas and electricity bill (shared)	£38.75
Council tax and water rates (shared)	£60.00
Entertainment (cinema, concerts and clubbing)	£65.00
Eating out	£
TV Licence (shared)	
Miscellaneous	
<b>Total expenses:</b>	