

Activity 1

The Kuria family has created the following budget for their household expenses. Study the budget and answer the questions that follow. (All amounts given are in rand)

	Actual (March)	Budgeted (April)	Actual (April)
Income			
Mr Kuria's net salary	21 000	21 000	19 000
Mrs Kuria's net salary	20 800	20 800	20 800
Freelance income	3 200	1 800	0
Total	45 000	43 600	39 800
Expenses			
Rent	9 834,20	9 834,20	9 834,20
Water, electricity, rates	3 218,45	3 200	3 684,50
Medical insurance	3 120	3 120	3 120
DSTV	899	899	945
School fees	6 950	6 950	6 950
Cell phones	850	850	850
Internet	499	499	499
Car insurance	1 200	1 200	1 200
Swimming lessons	1 300	1 300	1 300
Bank fees	299	299	299
Credit card repayment	1 800	1 800	1 950
Petrol	3 000	3 000	3 280
Groceries	2 800	2 800	2 890
Savings	800	1 000	450
Entertainment	2 000	2 000	1 950
Car repairs			3 200
Total	38 569,65	38 751,20	42 401,70
Surplus / deficit	+6 430,35	+4 848,80	-2 601,70

- List four variable expenses in the month of March, including the amounts.
- List three fixed expenses for the month of March, including the amounts.
- What occasional expense did they have in this period?
- Is each of the incomes fixed or variable? Explain your answer.
- Without doing the calculations, explain how the surplus/deficit was calculated in each column.
- What does 'surplus' mean in the context of finance?
- What is another word for 'surplus' in the context of finance?
- What does 'deficit' mean in the context of finance?
- What is another word for 'deficit' in the context of finance?
- Explain how the family came up with the predicted values for April.
- What might be a better way to predict expenses?
- By how much was their actual expense amount different to their predicted expense amount?
- Suggest a reason for this difference.
- What is the difference between their predicted surplus and their actual deficit?
- Explain why this difference is so significant.
- Suggest a reason for the change in Mr Kuria's salary in April.
- Name one expense that increased from March to April and calculate this as a percentage increase from March to April.

18. Do you think that the family is in a good financial position at the end of April? Explain your answer (taking into consideration their position at the end of March).
19. Make three suggestions for the Kuria's May budget, with reasons.

Activity 2

Ariella is a student who is living with her parents and studying. She has a part-time job as a tutor and driver for a school child, three afternoons a week. The table below shows her income and expenses over two months.

	July	August
Income		
Salary	R3 400	R3 400
Total income:	R3 400	R3 400
Expenses		
Rent	R1 500	R1 500
Petrol	R683	R694
Entertainment	R850	R700
Cell phone (prepaid)	R350	R420
Total expenses:	A	B
Profit / loss:	C	D

- Calculate the missing values A, B, C and D.
- Ariella wants a new cell phone but doesn't have the money to buy one. She thinks that she should take out a contract and pay off the phone over 2 years. She likes the following option:

Contract



Apple iPhone 6
16GB

My MTNChoice 100
Type | Contract

Subscription fee
R469⁰⁰ PM
x24

Includes 100 AnyTime
minutes, 200SMSs, 500MB

[http://s2.postimg.org/9sv0ea3kp/MTN i_Phone_6_16_GB.jpg](http://s2.postimg.org/9sv0ea3kp/MTN_i_Phone_6_16_GB.jpg)

- Calculate her new profit/loss for July and August if she had had this contract instead of her prepaid cell phone.
- Do you think that she should take out this contract? Suggest three reasons for your answer.