

GRADE 11	TERM 1	MATHS LITERACY - FINANCE - INCOME AND EXPENDITURE STATEMENTS AND BUDGETS (PERSONAL) MEMORANDUM	
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Answers

Activity 1

- Water, electricity and rates – R3 218.45
Credit card repayment – R1 800
Petrol – R3 000
Groceries – R2 800
Savings – R800
Entertainment – R2 000 (*any 4*)
- Rent – R9 834.20
Medical insurance – R3 120
DSTV – R899 (*although this amount increased in April, this is a subscription and so it is fixed. The increase is annual and will remain the same each month for another year*)
School fees – R6 950
Cell phones – R850
Internet – R499
Car insurance – R1 200
Swimming lessons – R1 300
Bank fees – R299 (*any 3*)
- Car repairs – R3 200
- Net salaries are fixed, they are the same amounts paid monthly (although in the example Mr Kuria had a lower income in April, he earns a salary which is considered fixed)
Freelance income is variable as it is paid based on hours of work completed/items made which varies.
- To calculate surplus or deficit, one must subtract expenses from income. A positive answer is a surplus, a negative answer is a deficit.
- Surplus means having a positive balance/leftover money.
- Profit.
- Deficit means having a negative balance / not having enough money.
- Loss.
- They used their expenses for March and predicted that they would be the same (even the variable expenses).
- To be safe, it is a good idea to budget slightly higher than previous expenses. This is to protect yourself in case of price increases and unexpected expenses.
- $38\,751.20 - 42\,401.70 = - R3\,650.50$
- Their income was lower than they had planned
They had an unexpected expense (the car repairs) and spent more on certain things than predicted (groceries, petrol, credit card and water and electricity).
- $4\,848.80 - 2\,601.70 = R2\,247.10$ difference.
- Their income was a bit lower and they had a large unexpected expense.

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16. Looking at the table we see that they had car repairs, which means that a car was broken. Perhaps Mr Kuria's car broke down and he was unable to go to work, so he was paid less due to the day or days he missed.
He may have been ill and needed to take unpaid sick leave.
He may have missed work for personal reasons and taken unpaid leave (holiday, loss of a friend or family member, needed to run errands)
17. Water electricity, rates: $\frac{3\,684,50 - 3\,218,45}{3\,218,45} \times 100 = 14,5\%$

$$\text{DSTV: } \frac{945 - 899}{899} \times 100 = 5,1\%$$

$$\text{Credit card: } \frac{1\,950 - 1\,800}{1\,800} \times 100 = 8,3\%$$

$$\text{Petrol: } \frac{3\,280 - 3\,000}{3\,000} \times 100 = 9,3\%$$

$$\text{Groceries: } \frac{2\,890 - 2\,800}{2\,800} \times 100 = 3,2\%$$

(any 1)

18. At the end of April, they had a deficit (loss) in their income and expenditure. This could mean that they are in a bad position. However, the statement did not take into account the R6 430.35 surplus (profit) that they had at the end of March. With this amount sitting in their bank account, the April deficit (loss) would be covered and still leave them with R3 828.65 after the April deficit is taken into account. However, since we don't know what happened to the R6 430.35 that they had at the end of March and we also don't know how much money they have in savings from previous months, we cannot say for sure what their financial position is at the end of April.
19. They could budget less for entertainment in order to recover some of their losses.
They could budget more for savings in case of unexpected expenses.
They should budget slightly higher for their variable expenses as they may increase. If they decrease, it only means they will have more money available.
They should not include freelance income unless they are certain they will have it, as this creates an unrealistic expectation of income.
(any 3 good suggestions)

Activity 2

1. A: $1\,500 + 683 + 850 + 350 = \text{R}3\,383$ total expenses for July
B: $1\,500 + 694 + 700 + 420 = \text{R}3\,314$ total expenses for August
Profit / loss = income – expenses
C: $3\,400 - 3\,383 = \text{R}17$ profit for July
D: $3\,400 - 3\,314 = \text{R}86$ profit for August

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2.

- a. July: $3\ 400 - (1\ 500 + 683 + 850 + 469) = -R102$ (loss)
 August: $3\ 400 - (1\ 500 + 694 + 700 + 469) = R37$ (profit)
- b. She probably shouldn't get the contract. Although she had enough money in August, she did not have enough in July. She changes the amount of money she spends on prepaid airtime/data each month but she cannot do this with a contract – it is a fixed expense. She would be stuck paying it for two (2) years and there may be months where she can't afford it. She could lose her job; her rent could increase; the price of petrol could increase. It is a high risk unless she can increase her income quite a bit or reduce her entertainment each month by at least half.