

Activity

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1. Explain the difference between an income-and-expenditure statement and a budget.
2. You wrote down your income and expenses for one month:

Income:	Pocket money	R200
	Working on Saturdays at a florist	R320
Expenses:	Movies	R30,00
	Sweets and fast food	R76,75
	Cold drinks	R40,10
	Clothes	R110,95
	Magazines	R54,05
	Transport	R18,50
	Sport	R20,00
	Gifts (one)	R50,00

- a) Use this information to draw up a budget for the next month. Take into account that the inflation rate is 8% per year. You will also have to buy two gifts instead of one.
 - b) If your income remains the same, determine how much you will be able to save at the end of the next month.
3. Norman is a student concrete worker. Norman's budget for January is given in the table:

Income:	R6 843,35
Gross salary per month	
Expenses:	
Income tax (8,2%)	R561,15
Accommodation	R1 200,00
Groceries	R950,00
Water and electricity	R127,00
Taxi	R430,00
Medical aid fund	R 350,00
Pension fund	R280,25
Student loan	R170,50
Funeral policy	R185,00
Clothes accounts	R560,00
Recreation	R160,00

- a) Determine Norman's expected total expenses for the month.
- b) What is the estimated amount of money that Norman can save this month?
- c) If Norman gets a salary increase of 6%, determine:
 - i) the new salary per month from February
 - ii) income tax of 8,2% on the new salary
 - iii) the estimated amount of money Norman can save per month if all other expenses remain the same.

4. Norman's actual income and expenses for January is given in the income-and-expenditure statement:

Income:	R6 843,35
Gross salary per month	
Expenses:	
Income tax (8,2%)	R561,15
Accommodation	R1 200,00
Groceries	R832,50
Water and electricity	R125,00
Taxi	R430,00
Medical aid fund	R 350,00
Pension fund	R280,25
Student loan	R170,50
Funeral policy	R185,00
Clothes accounts	R560,00
Recreation	R50,00



Compare this table with Norman's budget given in question 3.

- a) Did Norman stay within his budget?
 - b) Which expenses were less than Norman budgeted for?
 - c) What was Norman's total expenses for January?
 - d) How much was Norman able to save at the end of January?
5. Mandisa is a single parent with four children. One child is working and the other three children attend the same school. The school fees are as given in the table:

SCHOOL FEES	
<i>R790 to be paid immediately for January.</i>	
<i>1st child: R580 p.m. for 10 months</i>	
<i>2nd child: R580 p.m. for 10 months</i>	
<i>3rd child: R290 p.m. for 10 months</i>	
<i>4th child: Free</i>	
<i>5% discount if paid in full before 31 March.</i>	

- a) What amount of school fees must Mandisa pay immediately for January?
- b) Mandisa can't afford to pay in full before 31 March. What amount does he have to pay for the next ten months?
- c) What is the total amount of school fees that Mandisa will pay for the year according to a) and b)?
- d) Mandisa inherited R50 000 and can now afford to pay the school fees in full before 31 March. Determine:
 - i) the discount Mandisa will get
 - ii) the total amount of school fees that Mandisa will pay for the year
 - iii) how much Mandisa is saving by paying in full before 31 March.