2.1 Budgeting and saving

Name: _____ Class: _____ Date: _____ **Total: 15 marks**

KEY WORDS budget • income • expenditure • savings goal • fixed cost

Objective

Use a personal **budget** to plan income, spending, saving, and a response to surplus or deficit.

You must be able to:

- calculate a surplus or deficit
- distinguish fixed and variable costs
- write a measurable savings goal

1 Key knowledge and worked examples

■ Calculate first

Income is 3,000 yuan. Planned expenditure is 2,000 yuan.

$$\text{surplus} = 3000 - 2000 = 1000 \text{ yuan}$$

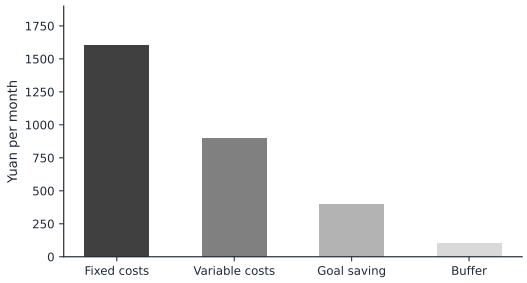
The 1,000 yuan can be allocated to saving, flexible spending, or repayment.

■ A useful savings goal

"Save more" is vague. "Save 400 yuan for an emergency fund by July" gives an amount, purpose, and date.

■ Worked application: Make the budget feasible before setting a savings date

A fictional student receives 3,000 yuan monthly. Fixed costs total 1,600 yuan and planned variable spending is 900 yuan. Available surplus is $3000 - 1600 - 900 = 500$ yuan. A goal of saving 1,200 yuan in three months needs $1200/3 = 400$ yuan per month, leaving a 100-yuan monthly buffer. A planned surplus is not cash already saved: track actual spending and adjust the plan if income changes. Borrowing 400 yuan each month would not meet a goal of building savings from this income without also creating debt.



2 Practice

2.1 Income is 2,500 yuan and expenditure is 2,100 yuan. Calculate the surplus. [1]

2.2 State whether a monthly phone subscription is usually a fixed or variable cost. [1]

2.3 Explain why recording actual spending can improve a budget. [2]

3 Exam-style questions

3.1 A student receives 3,000 yuan. Food and transport cost 1,200 yuan, subscriptions cost 300 yuan, study materials cost 500 yuan, and emergency saving is 400 yuan. Calculate the money remaining for flexible spending. [3]

3.2 Recommend one action for a student whose expenditure is greater than income. Justify your recommendation. [4]

3.3 A fictional monthly budget has income 2,800 yuan, fixed costs 1,500 yuan and variable costs 900 yuan. (a) Calculate the surplus and the months needed to save 1,200 yuan if the full surplus is saved. [2]

(b) Actual variable spending is 150 yuan above plan in the first month. Find actual first-month saving and state one feasible adjustment for later months. [2]

Solutions

2.1

$$2500 - 2100 = \mathbf{400} \text{ yuan}$$

2.2

- **Fixed cost**

2.3

- Actual spending can be compared with the planned category.
- It shows where the budget was unrealistic or where a change is needed.

3.1

- Planned costs: $1200 + 300 + 500 + 400 = 2400$ yuan.
- $3000 - 2400 = \mathbf{600}$ yuan remaining.

3.2

- Any justified action, e.g. reduce a flexible cost, increase income, or use planned savings temporarily.
- It lowers expenditure or raises income so the deficit is reduced.
- A recommendation should identify a specific category or realistic action. (E1, A1)

3.3

(a) Surplus $= 2800 - 1500 - 900 = 400$ yuan; $1200/400 = 3$ months.

(b) Saving $= 400 - 150 = 250$ yuan; reduce a specified flexible expense, extend the saving period, or increase feasible income with an explained plan.