Exercise walk-through

2.1
Budgeting and Saving

GAC Business

You must be able to

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

1 The method

Method — 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.

Method — A useful savings goal

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

2 Practice

Practice 2.1 ▪ 1 mark

Income is 2,500 yuan and expenditure is 2,100 yuan. Calculate the surplus.

Solution 2.1

Method: Calculate first — p.4

Worked steps

$$2500 - 2100 = \mathbf{400}\text{ yuan}$$ B1

Practice 2.2 ▪ 1 mark

State whether a monthly phone subscription is usually a fixed or variable cost.

Solution 2.2

Worked steps

- **Fixed cost** B1

Practice 2.3 ▪ 2 marks

Explain why recording actual spending can improve a budget.

Solution 2.3

Worked steps

- Actual spending can be compared with the planned category. **B1**
- It shows where the budget was unrealistic or where a change is needed. **A1**

3 Exam-style

Exam-style 3.1 ▪ 3 marks

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.

Solution 3.1

Method: Calculate first — p.4

Worked steps

- Planned costs: $1200 + 300 + 500 + 400 = 2400$ yuan. M1
- $3000 - 2400 = \mathbf{600}$ yuan remaining. A1 A1

Exam-style 3.2 ▪ 4 marks

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

Solution 3.2

Method: Calculate first — p.4

Worked steps

- Any justified action, e.g. reduce a flexible cost, increase income, or use planned savings temporarily. **B1**
- It lowers expenditure or raises income so the deficit is reduced. **A1**
- A recommendation should identify a specific category or realistic action. (E1, A1)