

# Budgeting Money

It is important that we understand the difference between needs and wants (essentials and luxuries) because we can't have everything that we want: we don't always have enough money to buy everything we want.

We often have to make choices about what we can and can't have. In order that we don't run out of money before we have bought the things we really need, we need to work out what we can afford.

Managing our money in this way is called BUDGETING.

Think about what you might need to think about before you go shopping.

You are going to be working out a simple budget for a specific person. You will need to look at how much money there is to spend and what the person has decided they need and want. You then need to work out how or if they can achieve it.

Using the internet, find out how much things cost to come up with prices of the different items each person could buy.

Use the budgeting sheet to record your ideas. The money we receive is called INCOME and the money we spend is called EXPENDITURE.

**Sammy has a pocket money allowance of £2 per week.**

**This month Sammy**

**Needs:** some pencils for school, a birthday card for his sister

**Wants:** some sweets each Friday, a trip to the swimming pool with his friends and two comics

*I need...*



*I want...*



**Amy has a pocket money allowance of £1.50 per week.**

**This month Amy**

**Needs:** a small birthday present for her friend

**Wants:** a new set of felt pens and a note book; a trip to the park and an ice-cream

*I need...*



*I want...*



Tom has a pocket money allowance of £2.50 per week.

**This month Tom**

Needs: some food for his goldfish, a battery for his watch

Wants: £5 top up for his mobile phone, some Match Attack cards



Ellen has a pocket money allowance of £1 per week.

**This month Ellen**

Needs: a pencil and rubber to replace ones she lost at school

Wants: a hair-slide she has seen in the local shop



**Name of character**

.....

Income		Expenditure		
Pocket Money				
Total income		Total expenditure		
(Balance = Income - expenditure)				Total Balance

Name of character

.....

Income	Expenditure	
Pocket Money		
Total income	Total expenditure	
(Balance = Income - expenditure)		Total Balance

Name of character

.....

Income	Expenditure	
Pocket Money		
Total income	Total expenditure	
(Balance = Income - expenditure)		Total Balance

## Name of character

.....

Income		Expenditure		
Pocket Money				
<b>Total income</b>		<b>Total expenditure</b>		
<b>(Balance = Income - expenditure)</b>			<b>Total Balance</b>	

Now consider and answer these questions:

1. Is each character able to buy everything they want that month?
2. If not, how much more money would they have needed?
3. Did each character have any money left over? If so how much?
4. What do you think they should do with the money they have left over?
5. What suggestions would you make as to how each character could manage their money?
6. How do you manage your money? Do you spend some and save some or just spend it all or save it all? Say why you do what you do.
7. What advice would you give to a friend who is always short of money to buy the things they need?