

Good day girls,

I hope you were able to complete last week's work successfully and are feeling confident about this Accounting stuff!

This week, I am setting you a challenge! In the exercise below, you are asked to complete a budget for 4 weeks. The challenge lies in making sure you work accurately from week 1, as any error/s made along the way will result in the final answer being incorrect. Good luck and enjoy!

BUDGET CHALLENGE

QUESTION 1



Your parents would like you to learn how to manage your own money. They have agreed to give you R200 pocket money each week.

Your parents expect you to present them with a budget, to show how you plan to spend the money for the first 4 weeks. You will have to pay for and make your own school lunch every day.

HINT: As you have learnt over the past few weeks, you MUST complete the budget for week 1 first, calculate the surplus or deficit, then only go on to week 2. Remember that week 2 MUST start with the surplus or deficit from week 1. Please complete vertically, as shown on the next page.

Week 1	
Income	
Expenses	

Week 2	
Income	
Expenses	

ETC. until you have done a budget for 4 weeks. At the end of the exercise, you will have 4 budgets.

Also be careful of items that are only included in one week, and not all the weeks-read carefully!

1. Your planned income and expenses are as follows:
 - Each Sunday you will go to the supermarket and spend the following on ingredients to make your school lunch:
 - R6 for bread rolls
 - R25 for ham
 - R7 for lettuce
 - R4 for tomatoes
 - R8 for margarine

2. Each Friday you will indulge with a coke and chocolate from the school tuck shop. The coke will cost R8 and the chocolate R7.
3. Each Saturday you will go to the local shopping mall with a friend a watch a movie. You expect to spend R50 while you are there.
4. You and some friends have decided to contribute R10 each a week to a “stokvel”.
5. The first week you get your pocket money you would like to buy a book which will cost R70.
6. You have seen a watch that costs R275 and you would like to buy it in the second week.
7. In the second week it is your birthday and you expect to be given R500 birthday money.
8. In the third week it is your brother’s birthday and you need to buy him a present which will cost R100.

I DARE YOU TO GET 100% FOR THIS QUESTION!!

QUESTION 2

Budget calculations

Look at the Statement of Income and Expenditure provided below and answer the questions that follow. Do **NOT** draw up a budget, simply do the calculations

XYZ TRADERS
STATEMENT OF INCOME AND EXPENDITURE
MAY 2020

INCOME		EXPENSES	
Services rendered	R12 000	Water and electricity	R2 460
Rent received	3 500	Salaries	20 500
Sale of goods	6 750	Wages	2 500
		Payment of loan	1 000
		Interest on loan	500
Loss	4 710		
	26 960		26 960

When drawing up a budget for June 2020, the accountant predicted the following changes in the accounts of the business.

2.1 Services rendered will increase with 8% in June; calculate the expected services rendered amount for June.

2.2 The rent will increase with 10% in June, and with a further 3% on the June amount in July; calculate the expected rent amounts for June AND July.

2.3 Some employees will have to be asked to leave and the amount for salaries will decrease with 15% in June; calculate the figure for salaries in June.

2.4 An additional R250 will have to be paid off the loan in June-how much will the payment of the loan be in June?

2.5 The Water and Electricity amount will increase in June by $7\frac{1}{2}\%$; calculate the expected amount for June.

2.6 If you were the accountant for XYZ Traders, what advice would you give them to ensure that the business makes a profit in the coming months? Give three points.

That concludes our budget section. Next week I will send a worksheet that revises everything that you have learnt this term so far. It will be in the form of an "assessment", but it is only for you to test yourself and see how well you are doing so far.