



Household/Business Budgeting

Dealing with an expected future deficit

Increase receipts
Overtime

Reduce payments
Use higher purchase to avoid a large cash outlay
Reduce expenses by changing electricity/insurance provider

Household Budgeting

Income
Wages/unemployment benefit, Interest on savings, child benefit

Expenses
Groceries, fixed assets, bills

Fixed Expenditure - Fixed amount at a fixed date, e.g. Mortgage

Irregular Expenditure - Amount varies from month to month, e.g. Electricity

Why prepare a budget?
Highlights expected deficits - corrective action
Highlights expected cash surpluses - invest
Highlights specific areas of overspending
Impresses when applying for a loan