

Year 9

Commercial Studies

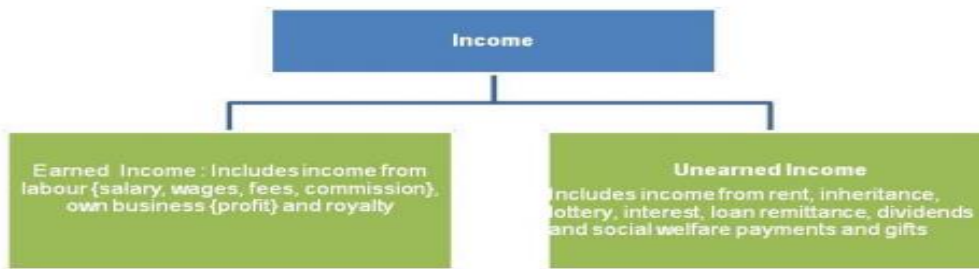
Worksheet 3

Week 2: (31st May to 4th June)

Monday – Friday

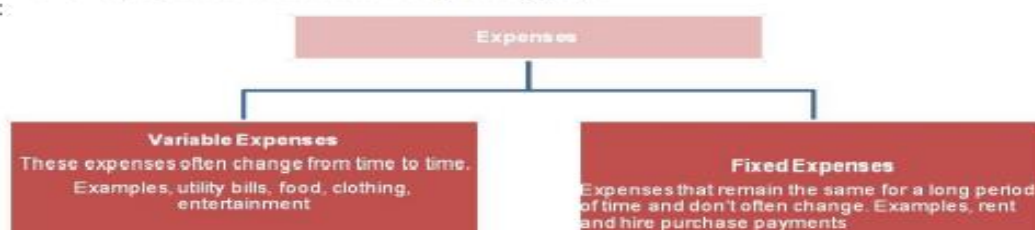
Summary Notes 1

Income: money received, especially on a regular basis, for work or through investments. Example, salaries and commission.



Expenses: items on which income is spent. Example, food, water bills, clothing, rent, electricity, fares, entertainment, medical, insurance.

Like income, expenses are also of two categories or groups



- **Discretionary expense-** are small amounts expenses incurred daily. Expenses that are not important and can be sacrificed. There are more of what than need. Example: entertainment
- **Gross income** – income that is earned before any deductions are made. Items deducted that will decrease the gross pay. Example, PAYE, FNPF, union fees, insurance, etc.
- **Disposable income** – it is the income after compulsory deductions (PAYE/FNPF). This amount is received by the employee. Disposable Income is also known as Net Pay.

Activity 1

1. Give at least 3 examples of people/professions who earn:
For example:
 - a. Wages- cashier, bus drivers, clerks, truck drivers, carpenters
 - b. Salary –
 - c. Rent –
 - d. Fees –
 - e. Commission-
 - f. Bonus-

2. Classify each of the following terms into fixed expenses or variable expenses

For example:

- a. **Entertainment- Variable expense (expenses that change)**
- b. Car payment-
- c. Stationery-
- d. Insurance -
- e. Monthly rent -
- f. Recharge card-
- g. Fuel-
- h. Medical -
- i. Travelling -

Summary Notes 2

Budget: is a plan of how people spend their income on expenses at a certain time frame for example week, month, fortnight (every 2 weeks), yearly.

Types of Budgets

Personal budget: is how an individual plans to spend his/her income on expenses.

Family budget: is how a family plans to spend its income on expenses.

Three components of a budget:

- **Income**
- **Expenses**
- **Savings:** part of the income which is not consumed or spent. Savings equal Total Income less Total Expenses.

Conversion Table

Given below is a conversion table that will help anyone prepare a weekly, fortnightly, monthly or annual budget:

Amount	Weekly	Fortnightly	Monthly	Annual/yearly
Weekly	X 1	X 52/26	X 52/12	X 52
Fortnightly	X 26/52	X 1	X 26/12	X 26
Monthly	X 12/52	X 12/26	X 1	X 12
Annual/yearly	X 52	X 26	÷ 12	X 1

Activity 2

Mrs. Deo works as an admin clerk and her net wages per week is \$200. Her husband, Deepak works in poultry farm and earns \$110 a week.

Their family expenses are as follows:

- Electricity \$15.00 a month
- Food \$55.00 a month
- Hire Purchase on furniture \$30.00 a week
- Clothing \$25.00 a fortnight
- Travelling \$300.00 a year
- Medical Expenses \$25.00 a week

Required: Prepare a monthly budget for the family.

Activity 3

Mr. William Miller earns \$1,200 per month from his taxi business. He rents out part of his house for \$200 per month. Each of his two sons gives \$150FJD per month from abroad towards the family's living expenses.

The family monthly expenditure is as follows:

HOUSE PAYMENTS	\$500
FOOD	\$130
CLOTHING	\$50
TRANSPORT	\$245
INSURANCE	\$140
MEDICAL	\$56
OTHER EXPENSES	\$25

Required: Prepare William Miller's Family budget for a year.

Summary Notes 3

Internal Factors that affect individual's decisions are:

- Income levels
- Personal values
- Beliefs

External factors are:

- Government regulations
- Price of goods and services
- Interest rate

Some personal finance issues

- Access to banking facilities
- Increase in VAT

Activity 4

1. Suppose, you decide to buy a car. List some factors that would affect your decision.
2. Give a solution to the personal finance issue of access to banking facilities. (Hint: what could be done to access the banking facilities in urban or rural area)