

Strand: **Personal Finance**

Preparing and evaluating a household budget

Learning outcomes in focus

Students should be able to:

Personal Finance 1.12 Prepare and analyze a budget, determine the financial position, recommend appropriate action and present the analysis in tabular and graphic formats.

Learning intentions*

We are learning to:

- To classify different types of income and expenditure
- To prepare a budget in an appropriate format
- To calculate figures accurately
- To recommend appropriate action based on an analysis of the financial position of the Murphy family
- Use ICT to present information effectively

Teaching and learning context

This task was given to first year students after approximately eight class periods on household budgeting. They understood different types of expenditure and income and they had experience of formatting and completing budgets. Students were given one week to complete the task. This included some class time to prepare for the task with most of the work being completed outside of class-time. The students had access to their own iPad during class. The activity here is a simulation but it models real life situations of the financial choices and decisions people must take in planning their finances based on their circumstances.

Task

The Murphy family have come to you looking for advice on preparing a budget for the first four months of 2016. You will need to display the information in an appropriate manner for the family and advise them on how to manage their finances going forward.

Success Criteria**

- SC1:** Explain different types of expenditure clearly
- SC2:** Prepare a balanced budget fully and accurately based on the information provided
- SC3:** Use appropriate formats to display and explain the data clearly for the Murphy family
- SC4:** Drawing on the prepared budget, provide an analysis of the financial position
- SC5:** Advise the Murphy family on their financial position by providing recommendations based on the budget prepared
- SC6:** Use ICT as a means of presenting your work

* What the student should know, understand and be able to do at the end of the lesson or series of lessons

** Summary of the key steps the student needs to fulfil in order to achieve in the task

Junior Cert Student Sample of Work



The Murphy family (pictured above) live in Kilcoole, Co. Wicklow. Jim Murphy works as a manager in a local sports centre and Amy Murphy looks after her two daughters Sharon (aged 6) and Molly (aged 3). In her spare time she does some babysitting for her friends. They are having difficulty managing their money in the current economic climate and have come to you for advice. They are worried that Christmas will be very expensive on them and are concerned about their financial situation in 2016. They have given you the information below and have asked for your advice on preparing a budget for the first four months of 2016. They will have €100 in the bank at the start of January.

- John earns €4000 net per month. He will take 3 weeks holidays in March which will mean his income will be €750 for that month.
- Amy earns €300 approx per month for babysitting.
- The Murphy's receive Child Benefit of €135 per month per child.
- Mortgage repayments will be €1000 per month for their home.
- Insurance will amount to €120 per month.
- Household costs will amount to €800 per month.
- Light and Heat will be €70 per month on average.
- Car running costs €90 per month
- Telephone costs are approx. 60 every two months from February
- Molly's birthday is in March and a party will cost €100
- Entertainment for the family costs €50 per month
- The family have booked a holiday to Disneyland in March which will cost €2500

Task; Display the above information in an easy to follow format so the Murphy family can understand it. Classify the different types of expenditure and determine the Murphy's financial position. Use a graph or chart where appropriate. Recommend suitable action for the Murphy family considering your findings and give them advice moving forward.

15th December 2015

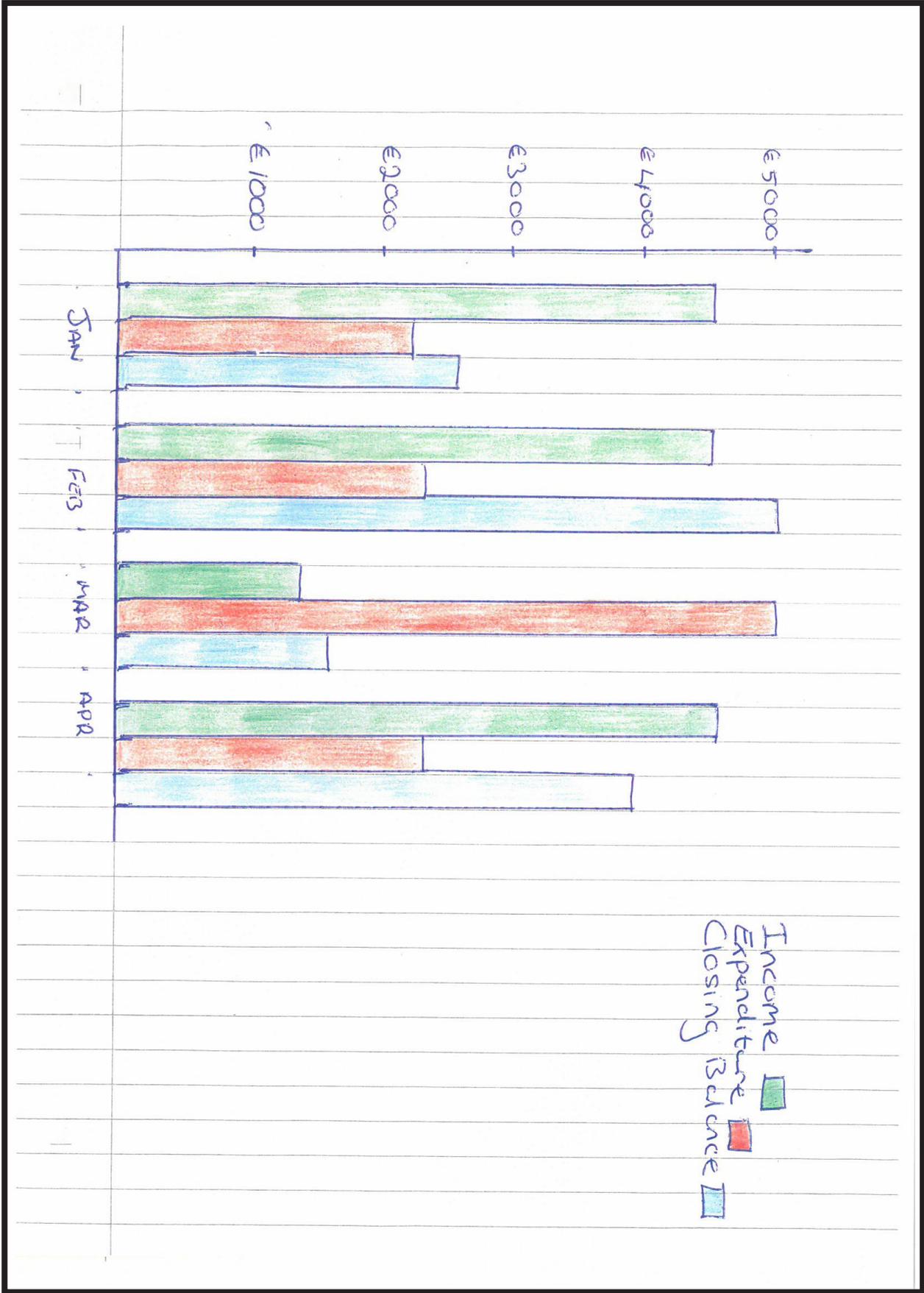
BUSINESS TASK

MURPHY FAMILY BUDGET.

| Murphy Family Planned Income | JAN € | FEB € | MARCH € | APRIL € | Total € |
|------------------------------|----------|----------|------------|------------|------------|
| Jim | 4000 | 4000 | 750 | 4000 | 12,750 |
| Amy | 300 | 300 | 300 | 300 | 1200 |
| Child Benefit | 270 | 270 | 270 | 270 | 1080 |
| Total Income | 4570 | 4570 | 1320 | 4570 | 15,030 |
| Planned Expenditure | | | | | |
| Fixed | | | | | |
| House Mortgage | 1000 | 1000 | 1000 | 1000 | 4000 |
| House Insurance | 120 | 120 | 120 | 120 | 480 |
| Subtotal | 1120 | 1120 | 1120 | 1120 | 4480 |
| Irregular | | | | | |
| Household Costs | 800 | 800 | 800 | 800 | 3200 |
| Transport | 90 | 90 | 90 | 90 | 3600 |
| Light and heat | 70 | 70 | 70 | 70 | 2800 |
| Telephone | | 60 | | 60 | 120 |
| Subtotal | 960 | 1020 | 960 | 1020 | 3960 |
| Discretionary | | | | | |
| Birthday | | | 100 | | 100 |
| Entertainment | 50 | 50 | 50 | 50 | 200 |
| Holiday | | | 2500 | | |
| Subtotal | 50 | 50 | 2650 | 50 | 2800 |
| Total Expenditure | 2150 | 2190 | 4730 | 2190 | 11,260 |
| Net Cash | 2440 | 2380 | -3410 | 2380 | 3790 |
| OPENING CASH | 100 | 2540 | 4920 | 1510 | 100 |
| CLOSING CASH | 2540 | 4920 | 1510 | 3840 | 3840 |

Types of Expenditure

- 1 **Planned Expenditures:** Are fixed expenditures that do not change. They are the same every month.
- 2 **Irregular Expenditure:** Are expenditures that can vary every month and are difficult to plan for.
- 3 **Discretionary Expenditure:** Are expenditures that you have the choice to make or not make.



Analysis

In my opinion the Murphys are in a good financial position because at the end of the financial period they have more money in the Bank than at the start.

Recommendations

I would say that they keep doing what they are doing and keep ~~there~~ their expenditure under control.

I would recommend that Jim takes only 2 weeks holidays in March, this will boost his income and reduce his holiday expense.

Teacher annotations using the success criteria

The annotations capture observations by the teacher, using the success criteria, with a view to establishing the level of achievement this work reflects. The annotations and judgments were confirmed by a Quality Assurance group, consisting of practising teachers and representatives of the Inspectorate, the State Exams Commission and the Junior Cycle for Teachers support service.

The student fulfilled all success criteria as they:

SC1: The student explained different types of expenditure adequately although the student did not give any examples.

SC2: The student prepared a balanced budget fully but the presentation could have been improved using ICT as required

SC3: The student used a clear graph to display the income and expenditure but didn't explain the graph.

SC4: The student provided a basic analysis of the financial position and could have provided more financial details

SC5: The student made a limited number recommendations to the family on their financial position although the recommendations are sound.

SC6: The student didn't use ICT as a means of presenting the work

Overall judgement:  In line with expectations