Question mark

**SELF-TEST QUESTIONS**

1. Explain what a budget is

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
2. Prepare a budget

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
3. Interpret budget – op balance, closing balance, analyse under different headings and balance an account

**KEY WORDS**

**Debit** - This is money that is received. It goes on the left-hand

side. It includes money received (Income) and Receipts.

**Credit** - This is money spent. It goes on the right-hand side. It

included money spent (Expenditure) and payments.

**Balance -** is the difference between the amounts of money on the

debit and credit of an account

**WHY KEEP INCOME AND EXPENDITURE BUDGETS**

People and business keep records as it

1. Keeps track of actual income
2. Helps with financial planning and budgeting
3. It helps to monitor business activity
4. It calculates the profit of a business
5. It is a legal requirement of business to keep financial records

**SUCCESS CRITERIA**

Step 1 Enter the figure as per the question if the cash book will increase put in on the dr (debit) side, if the cash book will decrease put it on the cr (Credit) side. Remember to put the figure under the bank heading and the relevant analysed heading

Step 2 When all the figures are put into the Cash book total all the columns (Leave bank until the last) remember to put the figure on the same line on the dr side and credit side (See Sample below)

Step 3 Next add up the bank on the dr side and cr side put each figure record the both figure somewhere

Step 3 To balance the account – see which side is the biggest – put this figure into the account see sample below 4880). The take the figure you calculate for the other side (1see sample below 1757) and take it away from this figure (4880). The figure you get is the balance figure and goes on the side that is the smallest (see sample below 3123)

Step 4 Add up the all the figure above the balance figure – the total should now equal the balance on the other side

Step 5 Bring the balance down to the other side to start the next month

**THE RULES**

The analysed cash book is divided into Debit (Left hand side) and Credit (Right hand Side).

**Debit** - This is money that is received. It goes on the left-hand

side. It includes money received (Income) and Receipts.

**Credit** - This is money spent. It goes on the right-hand side. It

included money spent (Expenditure) and payments.

**THE ANALYSED CASH BOOK**

This book records all the money that is received and spent. It differs form a budget as a budget shows the estimated income and expenditure. It is called an analysed cash book because the income and expenditure are shown under categories (Headings). This helps to identify patterns of spending and identifying areas of overspending

