

Understand how to budget

Unit 10 – Learn how to manage money

Instructions and answers for teachers

These instructions should accompany the OCR Lesson Element ‘Understand how to budget’, which supports OCR Awards and Certificates in Employability Skills Unit 10 – Learn how to manage money.



Employability
Lesson Element

Understand how to budget

Unit 10 – Learn how to manage money

Task 1 – What is income and expenditure?

The following definitions explain the terms ‘income’ and ‘expenditure’.

- Income = money received on a regular basis.
- Expenditure = anything paid for on a regular basis.

These are examples:

- Income = eg wages
- Expenditure = eg food.

Complete this monthly budget planner, which details money you receive and money you pay out on a regular basis.

Monthly Budget Planner

Expenditure		Income	
Rent/Mortgage	£	Wages	£
Council tax	£	Pocket money	£
Gas & Electricity	£	Benefits	£
Water	£	Other	£
Phone	£	Total income	£
Credit card	£		
Loans	£		
Insurance	£		
Savings	£		
Travel	£		
Food	£		
Childcare	£		
Going out	£		
Toiletries	£		
Sport	£		
Petrol	£		
Clothes	£		
Other	£		
Total spending	£		



Associated materials

Lesson Element – Understand how to budget

Expected duration

Task 1 – 40 minutes

Task 2 – 30 minutes

Task 3 – 45 minutes

Task 1 – What is income and expenditure?

Explain what is meant by the terms 'income' and 'expenditure'.

Income = money received on a regular basis.

Expenditure = anything paid for on a regular basis.

Write the following two examples on the whiteboard:

- Income = eg wages
- Expenditure = eg food.

Ask the learners to complete a monthly budget planner (a template is provided in their activity booklet), which details money they receive and money they pay out on a regular basis.

Ask the learners to subtract the total amount of money they pay out from the total amount of money they receive to identify if they have a surplus (money left over) each month or not.

Task 2 – Managing surplus

Write the term 'surplus' on the whiteboard and discuss what this means.

Surplus = money available to spend or save each month.

Explain that money left over each month could be saved in a savings account. Amounts saved could be put towards a high value item, such as a car.

Ask each of the learners to say whether they identified (from Task 1) that they have a surplus each month or not.

Ask the learners to work in small groups to discuss what options are available to spend/save any surplus amount each month.

The learners could then feed back to the whole class.

Task 3 – Different payment methods

Tell the learners that there are advantages and disadvantages for using different payment methods.

Write the following example on the whiteboard:

Cash

An advantage of using cash is that it is handy for making for small payment amounts.

A disadvantage of using cash is that it can be easily used by others if it is stolen from you.

Ask the learners to work in small groups to identify the advantages and disadvantages of using different payment methods.

Give each group a different payment method to research from the following list:

- Hire purchase
- Bank loan
- Credit card
- Debit card
- PayPal
- Cash.

Ask the learners to also identify one product (e.g. mobile phone) and research two different payment methods available.

Ask each group to record their findings and present the information to the class.



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