



Key vocabulary:

Budget – A detailed plan about where money coming in will be spent.
Surplus – Amount of money left over
Deficit – Amount of money spent over that which was earned



What is a budget?

The word 'budget' comes from an old French word *bougette*, which means 'purse'.

A budget is an organised plan of all of the money that you are expecting to receive and all of the money that you expect to have to pay out over a period of time. A budget can cover a week, a month or a year, or even longer. Budgeting properly enables you to plan ahead, giving you an accurate picture of how much money you have left to spend on luxuries and treats, after all of your essential expenses are paid.

Sometimes, budgeting involves making an estimate of your living expenses by looking at previous bills. It also involves making other calculations so that you can accurately predict how much money you have to set aside for things such as bus fares, train fares, lunch money, etc, over a whole week or month.

If your income is not so regular, or it is a different amount each week or month, budgeting is even more important because you may have to take into account bills and other expenses that may fall due before you next receive any money.



Current Account Statement

Account number: 71290439
Statement number: 8
Statement for 16 April to 15 May 201X
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Date	Details	Payments	Receipts	Balance
201X				
15 Apr	Balance from statement 7			200.00
18 Apr	Cash machine <u>w</u> dl	30.00		170.00
21 Apr	Direct debit – Umbrella Insure Co	12.50		157.50



Cash machine	This details any money withdrawn from the account through a cash machine. Entries can also be described as 'ATM'.
Cheque	This will detail any money taken out of the account because the account holder has written a cheque to pay a person or an organisation. Statements show the number of the cheque, as well as the amount paid out.
Credit	This refers to money paid into the account.
Direct debit	Where a direct debit has been taken, it shows the <u>name</u> of the organisation that has collected the money and the amount taken.
Overdrawn	Where the account holder has spent more than they have in their account, the balance will be shown as a minus figure – eg '-£23.47' – or it might say '£23.47DR', meaning that the account is £23.47 into its overdraft.
Page number	The account holder may have made so many transactions on the account that the statement list runs to more than one page. Each page will be numbered.
Payments	This refers to money taken out of the account. This column can also be called 'Withdrawn' or 'Debits'.
Receipts	This refers to money put into the account. This column can also be called 'Paid in' or 'Credits'.
Standing order	This is a regular, automated payment from the account that is the same amount of money each time. This will show to whom the money was paid and how much.
Statement date	This is the date on which the statement was printed. Transactions made on the account after that date will appear on the next statement.
Statement number	The statements for an account are numbered from 1 upwards.

Keeping track of your finances

In order to keep track of your finances, you need to know how much is in your bank account or your savings account at any one time. Without knowing what you have in your account, you cannot budget for the next week or month.

Of course, you could go into your bank and ask how much you have in your account, but this is not always convenient and you might want this information at a time when the bank is closed.

There are a number of ways in which you can check your balance without actually going into the bank itself, including:

- bank statements;
- getting a balance from the automated teller machine (ATM);
- online banking; and
- over the telephone.

