



Budgeting

Key Terms

1. Budget-
2. Revenue Budgets
3. Expenditure Budgets
4. Budgetary control.

What does a budget look like?

	Budgeted(£)	Actual (£)	
REVENUE			Sales Budget
Sales Revenue	£10,000	£14,000	
Total Revenue	£10,000	£14,000	
COSTS			Production Budget
Labour	£2,000	£3,000	
Raw Materials	£2,000	£3,000	
Marketing	£1,000	£1,000	
Heat & Light	£750	£500	
Other costs	£250	£500	
Total Costs	£6,000	£8,000	
PROFIT	£4,000	£6,000	Profit can then be calculated

8 Mark Question



Use Pages 30-31 to help you answer the following....

Steve is setting up a business selling handmade dinner plates. Explain to Steve how knowing his break-even point will help him be successful.

Opening in this always give a definition (in this case what is break-even), then give your opinion.

Second paragraph talk about the advantages, in this case why is it important Steve knows his break even, how will this help his business.

Third paragraph, talk about the disadvantages, in this case what will happen if Steve does not know his break even point.

Conclusion, bring your answer together, make sure you refer to the main question.

This starter will look back at what we have learnt already.

Complete the formulas

Variable costs =

Total Costs =

Revenue =

Profit =

Match the key term to its meaning

Break Even

Directly related to the making of a product

Expenditure

The money coming into a business

Revenue

Items a business will pay for to when first starting

Capital Expenditure

The money that leaves a business

Start up costs

Money paid to keep the business running.

Direct costs

Money spent on things the business will keep for a long time.

Running costs

The point where a business makes no profit or loss