

THINK CRITICALLY

Handwrite your responses in the space below; 2 sentences each.

1. What is the purpose of a budget?
2. What three types of amounts are included in a “pay-yourself-first” budget?
3. How are variable expenses different from fixed expenses?
4. Why is it important that a budget be balanced? If your budget does not balance, what can you do to bring it into balance?
5. What is an unfavorable variance?
6. Describe ways to keep financial records manually.
7. Name three software programs that can be used to keep financial records.
8. List steps you can take to help resolve a conflict in a positive manner.

**EXCEL PROBLEMS**

Use Excel to solve the problems below and email the spreadsheet as an attachment.
MAKE SURE TO USE FORMULAS IN YOUR WORK!
(don't just type the answers)

Personal Budget

In this activity, you will create a personal budget. Earlier in the chapter, you created a personal income and expense statement. Refer to that document to see income and expense items you have already identified.

1. Review the personal budget shown earlier in this chapter.
2. Create a similar budget for yourself for the coming month. Use spreadsheet software to prepare the document. Enter your expected income from all sources during the month. Enter an amount you want to save for the month. List all your estimated expenses for the month. Total the sections of the budget to see if the budget is in balance. If it is not, change the savings or expense amounts to make the budget balance.
3. Assume that your actual income is \$100 greater than anticipated and that your actual expenses are \$50 greater than anticipated. You will need this in order to calculate variances in #4 below.
4. Review the personal budget variance examples shown in Budget earlier in the chapter. Create a similar monthly budget variance report for yourself. Use the budget you created for the month and the actual amounts of your income, savings, and expenses.