

Income and Expenditure Revision Notes

Income

Income is money that we receive. E.g. Wages or salaries.

Expenditure

Expenditure is money that we spend. E.g. groceries, clothes, etc.

Savings

The money left over at the end of the week/month/year is called Savings.

There are 4 types of Income

Regular Income

This is income that we receive on a regular basis and for which we can count on e.g. Salaries and wages, pension, social welfare.

Irregular Income

This is the income that we may receive from time to time and can include things such as Bonuses and commission, dividend payments, lottery wins and interest on savings.

Benefits-in-kind

This is non-monetary income. These are the things that enrich us but not in terms of actual money payments. Examples of this type of income could include a company car, free meals, hotel stays, etc.

There are 3 types of expenditure:

Fixed Expenditure:

Some bills have to be paid regularly, each week or each month. If the amount is known in advance, for example mortgage repayment, it is known as a **FIXED EXPENDITURE**.

Irregular Expenditure:

Other bills, although they may have to be paid regularly, for example ESB, may change from one bill to the next. These bills that go either up or down are called **IRREGULAR EXPENDITURE**.

Discretionary Expenditure:

After all the bills have been paid, there may be money left over to buy nice things for example cd's or make-up. These are known as items of **DISCRETIONARY EXPENDITURE**.