EXPENDITURE

- Expenditure relates to spending, to paying out money and to charges incurred.
- There are 3 types of expenditure
    1. Fixed
    2. Irregular &
    3. Discretionary

1) Fixed Expenditure involves spending a definite amount at a specific time
eg.: an insurance premium, mortgage, rent, car tax.

2) Irregular Expenditure has to paid out but the amounts and/or payment dates vary.
eg.: E.S.B., telephone bills, groceries, fuel, education

3) Discretionary Expenditure is expenditure which can be reduced or done without.
It should only occur after fixed and irregular expenditure.
eg.: holidays, presents, entertainment, etc.

- Opportunity Cost is the value of the sacrifice we make when choosing to consume one good instead of another.

example

You have €300.
You can only afford either a holiday or a bicycle.
If you buy the bicycle, you can say that the opportunity cost of buying the bicycle is having to do without the holiday.

- Financial Cost is the actual cost of the item you buy.

eg.: the financial cost of the bicycle was €300

- Impulse Buying is spending money without planning in advance

- False Economies occur when people buy goods they do not need because the goods are cheaper than usual.

eg.: a box of corn Flakes for €3.00
2 boxes for €5.80

- Capital Expenditure is spending on items that will last for a number of years

eg.: a car, a house, furniture

◆ Current Expenditure is spending on day to day items used in the process of living
eg.: petrol, light and heat, groceries

◆ Cash Purchases means we pay for the goods as soon as we get them

◆ Credit Purchases means that we get the goods now and pay for them later

◆ Accruals are services that we have the use of now but pay for later
eg.: telephone, E.S.B.

◆ An Invoice gives details of amounts owed when goods are bought on credit
◆ Before paying the amount of an invoice it is important to check to ensure that it is correct.

1. Ensure that the goods were delivered (check the delivery note)
2. Compare the invoice to the delivery note
3. Check the calculations of the amount owed are correct

◆ A Delivery Note will accompany goods when they are being delivered.
◆ A buyer signs the delivery note if they are satisfied that the delivery note matches the goods delivered and ordered.
◆ Both he and the seller receive a copy
◆ The delivery note acts as **proof** that the goods have been delivered.

◆ C.O.D. **C**ash **O**n **D**elivery means you pay the amount owed if the goods delivered and the delivery note match the goods that you've ordered