EXPENDITURE

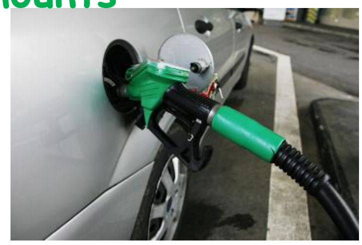
◆ Expenditure relates to spending, to paying out money and to charges incurred.

◆ There are 3 types of expenditure

1) **Fixed Expenditure** involves spending a **definite amount at a specific time**

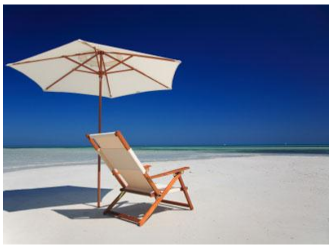
eg.: an insurance premium, mortgage, rent, car tax.

2) **Irregular Expenditure** has to be paid 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. (Luxury Items!)**
It should only occur after fixed and irregular expenditure.
eg.: holidays, presents, entertainment, etc.



As consumers we have to make choices about the things we buy – we can't have everything!

◆ **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 but the **second box goes off before you get the chance to eat them!**