

Budgeting for an event.

A budget is a plan for how much money you have and how you're going to spend it.

Millie has £200 to plan the end-of-year school party.

First is the location. There is a local community centre that costs £70 to hire, or Millie could choose the school hall, which costs £40. Millie decides to go for the community centre.

What about entertainment? Millie has a classmate who could DJ and hire some lights for £30, or she could book a professional DJ with their own equipment for £70. The professional DJ sounds like the better option here.

Next up, food and refreshments. Millie sets aside £50 for this.

Millie needs to decorate the community centre. She allocates £20 to do this.

And finally, it's smart to keep some money aside for unexpected costs. Millie puts £20 into an emergency fund.

Uh oh! Millie's over budget by £30.

Hang on. Changing the venue to the school hall at £40 instead of the community centre at £70 would save £30. This means Millie's event is within her budget.

Nice one, Millie.

Managing a budget is about deciding what the most important parts of your plan are, and trying to save money on less important things if you have to cut costs.