



### ***Activity: Exploring Your Budget Responsibilities***

Have a class discussion on the following:

1. What is a fixed cost? What is a variable cost?

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2. What is a direct cost? What is an indirect cost?

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3. Which budgets are you involved in?

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4. Which budgets should you be involved in?

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## Facilitator's Notes:

If you are pressed for time, have the students do this exercise at home.

1. *What is a fixed cost? What is a variable cost?*

**Fixed:**

- rental
- supervisors
- taxes

**Variable:**

- raw materials
- energy source
- direct labour

2. *What is a direct cost? What is an indirect cost?*

**Direct:**

- operator

**Indirect:**

- maintenance
- tow motor drives

3. *Which budgets are you involved in?*

- most will say operational - The truth is, they are involved with operational but only after it has been set by someone else. ***They should be involved with the setting of the budget as well!***

4. *Which budgets should you be involved in?*

- capital
- operational