

IMAGINE that you have moved into a share house with friends. You'll need to prepare a yearly budget because you have decided to go on an overseas trip which may take you 2 years to save for.

To prepare the budget, you'll need to calculate your income and expenses. Imagine you are working in the Information Technology industry and your nett income (after tax) is a fortnightly wage of \$970.00.

1. WORK OUT how much you would be earning weekly, monthly and yearly.

Weekly: $\$970 \div 2 = \underline{\hspace{2cm}}$

Yearly: $\$970 \times 26 = \underline{\hspace{2cm}}$

Monthly: $\$970 \times 26 \div 12 = \underline{\hspace{2cm}}$

2. Your expenses will be less predictable than your income. You'll need to allow for recurring expenses so you don't get caught out by unexpected bills. CHANGE the yearly expenses below to monthly expenses and to weekly expenses. Remember there are 12 months in a year and 52 weeks in a year. You can't divide monthly payments by 4 to get a weekly figure. You must work from the yearly figure.

	Yearly	Monthly	Weekly
Car registration	\$277	\$23.08	\$5.33
Car insurance	\$600	_____	_____
Car repairs and service	\$399	_____	_____
Health insurance	\$250	_____	_____
Gym membership	\$330	_____	_____

3. Quarterly means every 3 months or one-quarter of a year. CHANGE these quarterly costs to a weekly amount:

	Quarterly	Monthly	Weekly
Electricity	\$87	\$29.00	\$6.69
Telephone	\$102	_____	_____
Gas	\$45	_____	_____
Water	\$22	_____	_____

4. CHANGE these weekly payments to monthly payments:

	Weekly	Monthly
Rent	\$80.00	\$346.67
Kitty	\$25.00	_____
Car loan	\$49.00	_____
Petrol	\$28.00	_____
Fares	\$12.00	_____
Eating out/Takeaway	\$15.00	_____
Clothing	\$25.00	_____
Credit card	\$30.00	_____
Internet ISP	\$7.00	_____
Entertainment	\$42.00	_____

5. PREPARE a yearly budget that includes the income and expenses above. Alternatively, you could prepare your own spreadsheet that totals your income and expenses.

6. ANSWER the following questions:

a) Are you living within your budget? How did you know?

b) If yes, how much will you be able to save in one year?

c) You will need to save \$6000.00 for your overseas trip. How long will it take you to save this much?

d) If you decided to move your trip forward so that you were leaving in 10 months, how could you adjust your budget to achieve this?

