

## **Personal Tips: Managing Your Money**



You can reduce your own personal expenditure and keep the same lifestyle and develop personal money management skills that are directly transferable to your business environment.

Be bold and realistic and look at your own spending before you start embarking on your business's spending. Developing your personal budgeting skills will help you with managing the finance for your business.

- Start filling in your daily expenditure in a cash book.
- Set yourself a weekly or monthly budget and then stick to it. Monitor your purchases and your cash flow. Don't just run up haphazard bills on a credit or debit card or direct debits.
- Check invoices, receipts, bank statements when they come in and file so you can easily locate items. Write out bank stubs and write on debit card receipts at the time! You won't remember the details afterwards.
- Check all your direct debits and standing orders. Cancel anything that you aren't using, like that expensive gym membership, or those magazines that you don't get around to reading.
- Shop around for insurance, utilities etc. Martin Lewis' website: <http://www.moneysavingexpert.com> is a good place to start, with tips on anything from mobile phones, utilities, bank charges, insurance to free offers.
- There are a number of comparison sites for mortgages, utilities, shopping etc. Use them!! Work on getting the same standard of living for less money.
- Don't shop impulsively; make lists. Look at your impulse and 'bargain' sales purchases! How many did you actually need or have even used?
- Get your shopping experience but don't actually buy; make a list when you get home or off the computer and revisit it in a few days and see if you really need all those 'must have' items!
- Don't bury your head in the sand!

If you can track your own expenditure and stick to a budget, then you have a good basis to work on for your business! Create a routine and create a mindset where you watch all your purchases.

### **How much do I need to live on?**

This is an important question if you want to earn an income from your business! If you have financial commitments, for example, rent or mortgage to pay, you need to work out how much money you need to meet these costs, say for the first year of business. This is your personal or survival budget and is the first financial element you will need to include in the Business Plan for your business.



Look at your cashbook for your daily expenditure. Look at your monthly bills. Check your bank statements! Don't try and hide anything! Work out the essentials for your personal or survival budget. As well as working out the sums you will also be developing your personal budget skills, which are the same as you need for business.

### Personal Budget Example:

<b>ESTIMATED EXPENDITURE for the year</b>	<b>£</b>
Mortgage/rent	5492.44
Council tax/water rates	1279.00
Gas, electricity and oil	928.49
All personal and property insurance	1483.65
Food, general housekeeping expenses	3095.00
Clothing	450.00
Telephone	1205.00
Hire charges e.g. TV /DVD/SKY	604.00
Entertainment (meals, drinks, etc.)	1500.00
Impulse and unnecessary purchases	200.00
Subscriptions to associations, journal, etc.	0.00
*Car tax and insurance	591.00
*Car running expenses	355.00
*Car service and maintenance	510.00
Expenditure for presents	750.00
Savings/pension plans	0.00
HP repayments	0.00
Household maintenance	1100.00
Holiday	800.00
Other (please state): health club, hairdresser, books, CDs	500.00
Class 2 NICs and set aside for tax currently 22%	2500.00
<b>EXPENDITURE in the year Sub-total (A)</b>	<b>23,343.58</b>
<b>ESTIMATED INCOME for the year (OTHER THAN FROM THE BUSINESS)</b>	
Benefits e.g. child benefit or disability benefit	1866.60
Pensions	0.00
Other income	0.00
<b>ESTIMATED INCOME in the year Sub-total (B)</b>	<b>27,000.00</b>
INCOME NEEDED (estimated expenditure less estimated income = A-B)	
* include only private mileage if the same vehicle is also used in the business	