

Student Support & Advice

Budgeting Exercises booklet



EXERCISE ONE

Mabel has a student loan of £8811.00 which is paid to her termly. Mabel works every weekend and receives a salary every week of £39.50 Mabel's mum has agreed to give her £80.00 a month.

How much will Mabel have each week?

A simple question you might say. Not so says I.

Why? Well should we do this over a full calendar year or should we do a new calculation every term?

Let's start simple and do the first calculation over a calendar year.

Have a go yourself in the space below.

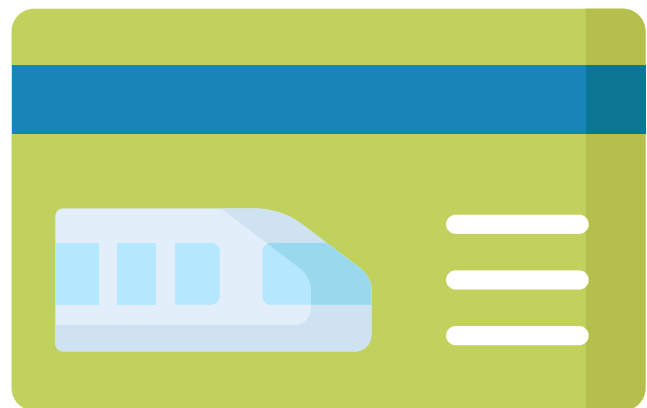
Have a go first But the answers are on the back pages of this booklet

.....



EXERCISE TWO

- Mabel has decided she wants to live in student halls for her first year.
- Her annual rent is £6500 which is split into three payments of £2170, £2170 & £2160 each due at the beginning of term.
- All Mabel's Gas Electricity Water TV Licence and Broadband bills are included in her rent.
- Mabel isn't liable for Council tax as she is a full-time student.
- Mabel has a mobile phone and her phone contract is £30 a month.
- Mabel has insured her belongings which costs her £5 a month and she has a separate phone insurance of £3 a month.
- Mabel doesn't drive but has regular visits home. A return journey costs her £25 with her railcard that she got when she opened her student bank account.



Student Support & Advice

- Mabel has lovely long hair that she has trimmed every four weeks, this costs her £28.
- Mabel also has her hair coloured (but she tells everyone its natural) a colour costs £60 twice a year.
- Mabel shops for her food at the budget supermarkets but still finds she spends £35 a week, she also spends about £5 a week on toiletries.
- Mabel wears glasses and likes to keep up to date with the latest glasses trend so usually buys a new pair every year. Her sight test and glasses cost £250 a year.
- Mabel is studying textile design and has found out she will be spending around £15 a month on supplies.
- Mabel suffers with several health conditions and although they don't stop her doing what she wants, she has several prescriptions to buy every month. Mabel has found it's cheaper to get her medication with a prepayment prescription that costs her £12 a month.



- Mabel belongs to a gym which costs her £20 a month but isn't big on going out so really only spends £5 a week on drinking, although once a month she meets up with her gym buddies and they have a nice meal out, she usually spends about £30 that night on her meal and drinks and a little clubbing after.
- Mabel is also hoping to join her fellow students on a trip to Scotland to see where Harris Tweed is made, this and two other trips will cost her £400 this year. Because of this she doesn't intend to go on any other holidays.
- Mabel is hoping that she will be able to buy a bike so getting to work is quicker and it will help with her exercise routine. She has shopped around and found one for £300.
- Mabel has also decided that she will make everyone presents for both Christmas and birthday but she will still need to buy supplies to do this, this should cost her around £50 this year.

On the next page, have a go at filling in a blank budgeting sheet for Mabel's expenditure.

Once you have calculated her expenditure deduct it from the income you worked out earlier.



BUDGETING SHEET



INCOME Source	£ Frequency	£ Weekly
Student Loan		
Student		
Bursary/Scholarship		
Salary		
Parental support		
Savings/Other		
TOTAL		£

EXPENDITURE	£ Frequency	£ Weekly
Accommodation costs		
Gas/electricity/water		
Council tax		
TV licence		
Contents insurance		
Broadband, mobile phone		
Course supplies		
Food shopping		
Rail/bus/taxi/coach		
Car costs Parking/MOT/Car tax		
Car Insurance		
Clothes		
Haircuts/Beauty treatments		
Drinking and eating out		
Hobbies and entertainment		
Books and magazines		
Subscriptions/gym		
Large one-off purchases		
Christmas/birthday gifts		
Holidays/Trips		

TOTAL		£
INCOME £	- EXPENDITURE	= £



EXERCISE THREE

Have a think about all the ways you could reduce Mabel's expenditure. We've already thought about the shopping budget so that's number one.

1.Reduce food costs

Have a go yourself in the space provided below.

A large rectangular area defined by a dashed teal border, intended for writing answers.

EXERCISE ONE ANSWERS

Student
Support &
Advice

Have a go first But here are the answers



Student Loan £8811.00 divided by 52 weeks in a year =
£169.44 a week

Salary already weekly = **£ 39.50 a week**

Mums contribution £80 x 12 months divided by 52 =
£18.46 a week

Giving a grand sum of **£ 227.40 a week**

So lets think about that calculation if we do it every term.
Student Loan is £8811 a year and there are three terms so
£2937 a term but how many weeks long is the first term?

We will go from fresher's week this year and it is 12 weeks
long.

£2937 divided by 12 = **£ 244.75 a week**

Salary which we know is weekly = **£ 39.50 a week**

Mums contribution £80 x 3 months divided by 12 weeks =
£20.00 a week

Giving a grand total of **£ 304.25 a week**



EXERCISE ONE ANSWERS

Wait so that's a difference of £76.85 a week
.... yeah a justeat every night!!!

No not so fast remember that's great in term one but at some point that's going to catch up with you and that incomes going to drop!!!! That's likely to be in your third term when your money needs to last you over summer as well and remember there's also going to be a deposit for new accommodation to find before you return the following year.

Think about your situation. Can you work more over summer? Or is mum happy to keep you over summer but will this will mean she doesn't give you the £80 a month in summer, after all she is feeding you.

My suggestion would be to work out your annual budget first, this will give a really good starting point.

You can then do termly budgets (and even one over summer) any shortfalls or increases in comparison to your annual budget will reflect when you should be saving or when you might need to dip into those savings.

So that's the income sorted.



EXERCISE TWO ANSWERS

**Student
Support &
Advice**

MABELS BUDGETING SHEET

INCOME Source	£ Frequency	£ Weekly
---------------	----------------	-------------

Student Loan

Student Bursary/Scholarship

Salary Parental support

Savings

We have already worked out Mabel's weekly income is £227.40

Expenditure

	£ Frequency	£ Weekly
Accommodation costs	6500.00 yearly	125.00
Gas/electricity/water	None	
Council tax	None	
TV licence	None	
Contents insurance & Phone	8.00 monthly	1.85
Broadband, mobile phone	30.00 monthly	6.92
Course supplies	15.00 monthly	3.46
Food shopping & toiletries	40.00 weekly	40.00
Rail/bus/tube/coach	25.00 monthly	5.77
Car costs None Car Insurance	None	
Drinking and eating out	5.00 weekly	5.00
Hobbies and entertainment	30.00 monthly	6.92



EXERCISE TWO ANSWERS

Student Support & Advice

Expenditure	£ Frequency	£ Weekly
Clothes		
Haircuts/Beauty treatments	28.00 4 weekly	7.00
	60.00 twice a year	2.31
Health	250.00 yearly	4.81
	12.00 monthly	2.77
Subscriptions/gym	20.00 monthly	4.62
Large one-off purchases	300.00 one-off	5.77
Christmas/birthday gifts	50.00 yearly	0.96
Holidays/Trips	400.00 yearly	7.69
TOTAL	£230.85	

Mabel has a shortfall of £3.45 a week!

It may not sound a lot but that's £179.40 a year

So as you have hopefully worked out if Mabel does everything she is hoping to do this year she will not have sufficient money. She has a shortfall of £3.45 a week.

This doesn't sound a lot but she may have to think about making some cut backs, especially as she hasn't allocated any budget for clothes either.



EXERCISE THREE ANSWERS

Student Support & Advice

1. Well Mabel's bike purchase may have to wait. Remember if you are thinking of a big purchase perhaps it's better to wait if you can and make the purchase once you have managed to save a little towards the cost.
2. Gym membership. Mabel needs to ask herself how often she goes now she is here at university, is it really worth the cost. Is there another society that she can join that's cheaper so her social life doesn't suffer. After all, she's now walking to work so she gets some exercise and can always go for a run before her tea.
3. Shop around when taking out phone contracts, always make sure you get a good deal, remember the price comparison website, you can use these for phone contracts too.
4. Mabel has phone insurance, she should check what this covers as she also has contents insurance. Is she double covered? Can the phone insurance be cancelled? It's also worth checking if you need contents insurance as sometimes your parents may have a policy that covers your stuff at university.
5. Mabel eats out once a month, Mabel could instigate eating in instead, everyone taking it in turn to host a meal.
6. Mabel hasn't allocated any money for clothing however shopping in charity shops or hosting clothes swop parties can reduce these costs. Mabel is also pretty crafty so she might be able to upcycle clothes or alter them to make people think she has a new outfit.

So that's got you thinking... good.

