

KATHY'S BUDGET

Use the information following to prepare monthly budget for Kathy for each month provided. At the end of each month, show how much money Kathy should have in her bank account.

JANUARY... Kathy begins work as a personal assistant. She already has \$600 in the bank. Her new monthly salary is \$2000 and her monthly expenses are: Train Fares (\$192); Lunch (\$132); Staff Association (\$12); Union Fees (\$32); Board (\$480). Kathy spends \$940 on clothes. She spends \$400 on entertainment and \$120 on a birthday present for a friend. Incidental expenses total \$72.

FEBRUARY... Train fares increase by \$24 per month. Her other regular payments (board, union fees, staff association and lunch) remain the same. Kathy is asked to be bridesmaid at her best friend's wedding. The dress and gift will cost \$1400, half to be paid this month and half next month. A weekend away costs \$300. Kathy spends \$180 on other entertainment and spends \$240 on clothes. Incidental expenses total \$21.

MARCH... Kathy and her sister host a party for her mother's birthday - costing \$260. Her sister is still at school so Kathy contributes \$200. A dentist bill arrives for \$800 and a trip to the hairdresser costs \$110. Kathy decides to join a health fund - \$30 per month. Kathy spends on clothes \$120. The footy tipping competition at work costs \$10 per month. Entertainment expenses this month total \$170, while incidental costs total \$44.

APRIL... Kathy buys a car which will enable her to drive to work, enjoy a better social life and seek a second job (part-time). The car costs \$9000 - Kathy borrows \$4000 from her parents and gets a loan from the car yard for the rest. She will repay her parents \$100 a month. On top of the \$5000 Kathy owes to the car yard, she has to cover interest, registration, insurance and a number of smaller costs. This means that Kathy actually will owe the car yard \$7800 and will make monthly repayments of \$350 for the next three years. Kathy no longer has to pay train fares, but spends \$250 on petrol, \$20 on oil and \$20 on a windscreen wiper. Her other regular expenses stay the same. Kathy spends \$30 on Easter eggs. Kathy spends \$480 on a new winter outfit. Entertainment costs of \$220 and incidentals costs are \$50.

MAY... Kathy arrives at work to find her normal parking no longer available. She now has to pay \$220 per month for parking. More new clothes cost \$360. Entertainment costs \$230, vehicle expenses (inc. petrol) cost \$150 and incidentals cost \$42. She spends \$120 on a new car tyre. A friend's present costs \$60. Bank charges amount to \$15. Her regular expenses remain the same. Kathy receives a pay rise of \$200 per month. A celebration with friends costs \$40.

JUNE... Kathy finally gets a second job, paying \$160 per month. Her vehicle expenses (inc. petrol) increase to \$248. A uniform for her new job costs \$90, shoes cost \$50 and other clothing costs \$80. Kathy decides to hire a DVD player - it costs \$40 per month. She hires 10 DVDs at \$5 each. Other entertainment costs total \$100. Incidentals increase to \$80. Her regular expenses stay the same.

Identify which of Kathy's spending each month is fixed and which is variable. Advise Kathy how to reduce her spending habits.

(Source: Economy & Society in SOSE; J Loftus-Hills, J Aldous, K King; MacMillan Education Australia Pty Ltd; 2001)