

THE SELF EMPLOYMENT SERIES

7. how to budget

step 1:

go through 3 months of bank statements and see where most of your money goes.

highlight transactions in each of these categories and colour code them accordingly: necessities (rent, bills, food), travel, luxuries and unnecessary spends.

additional sections could include pets costs, child costs etc

step 2:

decide where you need to cut down.

can you cancel any direct debits?

could you spend less on your monthly food shop?

are your bills higher than they need to be?

could you take packed lunches to work?

could you do without a car and use public transport?

step 3:

set yourself a budget for each category:

- fixed outgoings (rent and bills)
- food shop (include house and cleaning items in this)
- savings (how much you want to save each month)
- travel
- luxuries

anything else you might need ie pet and children costs

step 4:

decide what your luxuries are so you can ensure your money is going in the right places. this is totally down to your own preference: holidays? gigs? eating out? drinking? clothes shopping?

step 5:

when you get paid, IMMEDIATELY transfer the savings chunk into your savings account and forget it exists.

step 6:

track everything you spend.

either keep all your receipts and add them to a spreadsheet or go through your online banking and add them from that.

organise each payment into their respective categories with a running total for each one, so as you progress through the month, you see how much you have left to spend.

2						
3	fixed outgoings	food/house	savings	travel	luxuries	
4						
5	£800	£13	£500		£35	
6		£6.50			£50	
7		£2.55				
8		£56.70				
9						
10						
11						
12						
13						
14						
15		£79			£85	
16						
17						
18						
19						
20						
21						