

Living Expenses

Key financial ideas

- ★ Financial records can help you to keep track of your spending.
- ★ Financial information helps people to explore new ideas and plan ahead.

You need

- ★ a calculator or a spreadsheet program
- ★ a photocopy of the bank statement on page 8
- ★ a classmate

Do you think we can afford to go, Dad?

Activity One

Gosh, even the cheapest holidays cost a lot of money!
























Well, we haven't done much thinking yet about how we can save the money. Let's start by looking at the bank statement for our main account for the last fortnight.

With a classmate, use the bank statement on the next page to answer the following questions.

- How much goes into the account as regular income:
 - each fortnight?
 - in a year?
- How much does the statement show has been spent during the last fortnight on:
 -  food and groceries?
 -  household running costs (rent, utilities, insurance)?
 -  transport expenses?
 -  entertainment?
 -  clothing?
 -  hire purchase and loan payments?
 -  family (health, after-school care, fees)?
- How much was withdrawn as cash from an ATM?
 - What might this have been spent on?
 - How can ATM withdrawals affect a budget?
 - How could you record your cash spending?
- How much money goes into the emergency savings account in a year?
 - Complete the running balance for the fortnight on your photocopy of the bank statement.
 - What does the closing balance tell you about the relationship between the family's income and expenditure?

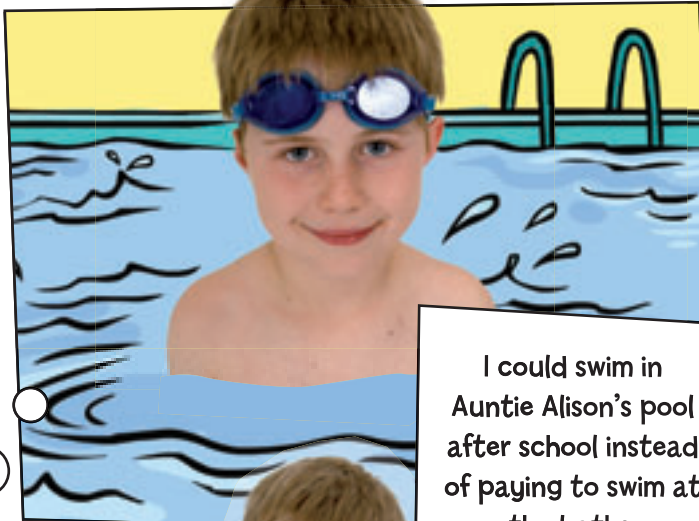
You'll need to subtract the withdrawals from the running balance and add on each of the deposits. You could do this quickly on a spreadsheet.

Here is the Murphys' main account bank statement for the last fortnight:

Summary for account 065745-054321-00				
Date	Transaction	Withdrawals (\$)	Deposits (\$)	Balance (\$)
06 Feb	Balance carried forward			325.45
07 Feb	 LEO SERVICE STATION petrol	55.35		270.10
	 SHOE BARN sports shoes	39.95		230.15
08 Feb	PRESLEY SYSTEMS LTD 2 weeks' salary		1895.55	2 125.70
	 AFTER-SCHOOL CARE (10 days)	360.00		1 765.70
	AUTOMATIC PAYMENT to emergency fund (fortnightly)	50.00		1 715.70
	 LOAN PAYMENT to 065745-054321-10	120.34		1 595.36
09 Feb	 BURGER BONANZA takeaways	34.95		1 560.41
	 FRESHWORLD groceries	245.67		1 314.74
	 FABULOUS FILMS – DVD hire	12.00		1 302.74
10 Feb	 RENT – AUTOMATIC PAYMENT	285.00		1 017.74
10 Feb	 LOCAL ELECTRICAL – Hire Purchase payment (monthly)	25.00		992.74
11 Feb	ATM WITHDRAWAL cash	150.00		842.74
13 Feb	 HOUSEHOLD INSURANCE (monthly)	18.35		824.39
	 CAR INSURANCE (monthly)	8.95		815.44
14 Feb	 MT RUA MEDICAL CENTRE doctor	48.00		767.44
	 MT RUA PHARMACY medicine	16.50		750.94
	 LEO SERVICE STATION petrol	58.63		692.31
15 Feb	 AQUATIC CENTRE swimming class fee	135.00		557.31
	 TILAS clothing	97.50		
	WORKING FOR FAMILIES payment (fortnightly)		407.40	
16 Feb	 PIZZA PALACE takeaways	29.85		
	 VEGE HAVEN fruit and vegetables	38.50		
17 Feb	 RENT – AUTOMATIC PAYMENT	285.00		
	ATM WITHDRAWAL cash	100.00		
18 Feb	 MAINPOWER electricity (monthly)	128.47		
	 TELETALK phone (monthly)	67.32		
19 Feb	FAMINE RELIEF AGENCY donation	25.00		
	 CHEQUE 8214 Bus pass (monthly)	48.50		
	 FRESHWORLD groceries	106.28		
20 Feb	BANK FEES	5.83		
		Closing balance		

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 - a. There are no monthly payments due in the next two weeks. How is this likely to affect the closing balance at the end of the next fortnight?
 - b. Does your answer to question 5b still apply at the end of the month? Explain your answer.
- 7 With your classmate, brainstorm a list of ways the family could save money for their holiday by cutting back on their spending.

Activity Two



I could swim in Auntie Alison's pool after school instead of paying to swim at the baths.



The healthy meals we cook at home cost less than buying takeaways.



Well, that's a good start. I think we can save enough if we all take responsibility for helping to earn and save money for our holiday.

Here's a challenge for you: I'd like each of you to contribute \$45 for each year of your current age. Whatever extra you personally save will be your own spending money. We'll look at how we can cut costs and save extra money to cover the rest of the holiday.



I could bike to school with Alana instead of taking the bus.

- 1 Oscar is 8, Caitlyn is 10, and Alana is 12. How much money will each have to earn to meet Dad's challenge?
- 2 Discuss with a classmate some ways you could earn \$45 times your age.

Reflective question

★ What are the positive and negative consequences of keeping good financial records?