

Keeping a Spending Diary



UNIVERSITY OF SUSSEX
STUDENTS' UNION

Advice & Representation

Keeping a spending diary is the simplest way to work out your expenditure on items that are not fixed or regular, something that is crucial when drawing up a budget. Whilst it is fairly easy to include in your budget the amount that you spend on regular commitments such as your rent, it is extremely difficult to work out how much you spend on things like newspapers and snacks unless you have recorded your actual expenditure on these items over a representative period of time and used this as a basis for the figure you include. Once you have kept a spending diary, you will usually be shocked by the difference between what you would have estimated you spent and what you actually spent so it's also a good way of identifying areas where you need to cut back.

To keep a spending diary, buy a note pad (or use scrap paper) and use 1 page for each day, making sure you put the date at the top of the page. Under each day's entry, list EVERYTHING that you spend money on and how much it cost. It is vital that you list everything that you spend money on during the period that you keep your spending diary, no matter how little, since otherwise there will be a discrepancy between what you enter as expenditure on your budget and what you actually spend day-to-day. Remember to include anything that you have bought by cheque or debit/credit cards as well as cash purchases.

So, for example-

Mon 5 th Oct 2009	Tues 6 th Oct 2009	Weds 7 th Oct 2009	Thurs 8 th Oct 2009
Food: £25 Bus: £3.60 Book: £6.99 Snacks: £1.72	Lunch: £2.20 Phone top-up: £10 Chewing gum: £0.35 Cigarettes: £5.15 Laundry: £4 Electricity Meter: £8 Food: £7.50	Newspaper: £0.45 Drink: £0.80 Card: £1.99 Present: £5 Cat food: £0.35	New shoes: £40 Snacks: £1.35 Household: £6 Takeaway: £12.50 Pub: £15 Club entry: £4 Taxi: £7 Cigarettes £5.15

Keep your spending diary for AT LEAST a month. The longer you keep your spending diary for, the more likely it is that it will reflect your actual expenditure over a representative period of time.

Once you have finished your spending diary, you can start working out your actual expenditure as follows:

1. On a separate sheet of paper, list all the categories that you have spent money on whilst keeping your spending diary. So, for example-

Food	Snacks/Eating Out	Travel	Course-related
Phone	Cigarettes	Laundry	Gas/Electricity
Gifts	Pets	Clothing	Household
Entertainment/Other miscellaneous			

2. Next, list the amount for each entry in your spending diary under the relevant category and add up the total amount spent under each of these categories. So, for example-

Food: £25 <u>£7.50</u> £32.50	Course-related: <u>£6.99</u> £6.99	Laundry: <u>£4</u> £4	Clothing: <u>£40</u> £40
Snacks/Eating out: £1.72 £0.80 £2.20 £1.35 £0.35 <u>£12.50</u> £0.80 £21.07 £1.35	Phone: <u>£10</u> £10	Gas/Electricity <u>£8</u> £8	Household: <u>£6</u> £6
Travel: £3.60 <u>£7</u> £10.60	Cigarettes: £5.15 <u>£5.15</u> £10.30	Gifts: £1.99 <u>£5</u> £6.99	Entertainment/Other miscellaneous £0.45 £15 <u>£4</u> £19.45
		Pets: <u>£0.35</u> £0.35	

3. Then, for each category:
- divide the total amount by the total number of days that you kept your diary to get a daily amount; then
 - multiply this figure by 365 to get a yearly amount; then
 - divide this figure by either 52 (for a weekly amount) or by 12 (for a monthly amount)

So, for example-

Food: $\frac{(\pounds 32.50 \div 4) \times 365}{52} = \pounds 57.03 \text{ per week}$
Snacks/Eating out: $\frac{(\pounds 21.07 \div 4) \times 365}{52} = \pounds 36.97 \text{ per week}$
Travel: $\frac{(\pounds 10.60 \div 4) \times 365}{52} = \pounds 18.60 \text{ per week}$

Course-related: $\frac{(\pounds 6.99 \div 4) \times 365}{52}$	=	£12.27 per week
Phone: $\frac{(\pounds 10 \div 4) \times 365}{52}$	=	£17.55 per week
Cigarettes: $\frac{(\pounds 10.30 \div 4) \times 365}{52}$	=	£18.07 per week
Laundry: $\frac{(\pounds 4 \div 4) \times 365}{52}$	=	£7.02 per week
Gas/Electricity: $\frac{(\pounds 8 \div 4) \times 365}{52}$	=	£14.04 per week
Gifts: $\frac{(\pounds 6.99 \div 4) \times 365}{52}$	=	£12.27 per week
Pets: $\frac{(\pounds 0.35 \div 4) \times 365}{52}$	=	£0.61 per week
Clothing: $\frac{(\pounds 40 \div 4) \times 365}{52}$	=	£70.19 per week
Household: $\frac{(\pounds 6 \div 4) \times 365}{52}$	=	£10.53 per week
Entertainment/Other miscellaneous: $\frac{(\pounds 19.45 \div 4) \times 365}{52}$	=	£34.13 per week

You will note how, due to the spending diary in the above example only covering a period of 4 days, a lot of the weekly figures arrived at are probably not typical of day-to-day expenditure in a normal month. It is unlikely, for example, that anyone would regularly spend over £70 per week on clothing whilst only spending £0.61 on pet food! However, if you keep your spending diary for a period of AT LEAST a month, the figures arrived at will be far more representative. This is because there will be items that appear on your spending diary only occasionally, (for eg. Birthday gifts or clothing), but it will seem as if you buy these more regularly if the period covered by your spending diary is only short.

Once you have calculated your expenditure based on your spending diary, you may be able to identify more easily any areas where you could or should reduce your expenditure. This is particularly useful when you find that you are spending more money than you have coming in as income and need to find ways to balance your budget. If we use the example above, you can immediately see that you could reduce your expenditure on snacks/eating out, clothing and entertainment/miscellaneous and that there may also be scope for reducing expenditure in other categories such as phone and cigarettes.

Keeping a spending diary is also a good way to monitor how easy (or not!) you are finding it to stick to a budget that you have drawn up. If your actual expenditure reveals that you are spending more on an item than you have allocated for it in your budget, you will need to either reduce your expenditure on that item or alter your budget to allow for this by reducing the amount allocated to another item of expenditure.



Advice & Representation

Advice & Representation Centre

University of Sussex, Falmer House, Brighton, BN1 9QF

Web: www.sussexstudent.com/advice

E-mail: advice@ussu.sussex.ac.uk

Telephone: 01273 877038