



COMPLETING THE PERSONAL EXPENDITURE AUDIT

The Personal Expenditure Audit [PEA] is an Excel spreadsheet containing a number of calculations and embedded data. There are a lot of protected cells to avoid the calculations being disrupted, and it also makes it easier to complete. It will definitely help you get a clear picture of where your money ends up.

It's made up of a Summary page which shows total from each of the other pages; with space for entering data on the following pages:

- Food & Household
- Medical, Grooming & Personal
- Education, Charity & Work Expenses
- Property & Investment Property
- Vehicle Expenses
- Loan Expenses, Insurance & Super

BEFORE YOU START

Before starting it's relevant to consider why is even worth completing. This is a task most people avoid like the plague. This form is designed to make it as simple and painless as possible.

It's about getting a very clear picture of the current status of cashflow, so there is no doubt about the starting point. It's important that this information reflects how things are right now, warts and all, rather than how you'd like to see them.

There is no judgment attached to it, simply establishing facts, so don't read anything into the collection of numbers. It is impossible to improve things if you don't know the start point, have a very clear end point, and able to measure the difference/progress.

You may also surprise yourself as you go through this exercise, already starting to make decisions about some of your expenditure.

But don't feel that you are required to 'get it right' or that you might 'get marked down' if it doesn't add up right. You won't. What's important is to face the information head on then take action with it.

The good news is that once this has been done, it probably won't need to be done again, just adjusted for any changes you make. It's a necessary and very worthwhile investment of effort

GETTING STARTED

The simplest and easiest way to complete it is to do it in small chunks.

Start by spending about 5 minutes to look through the whole thing from start to finish, just familiarise yourself with what's on each page. Then spend the next 15 minutes going back and filling out some things that you would already know. Then save it and leave it alone.

A couple of days later take another 20 minutes to fill in some more gaps. Then walk away from it.

The third time, do the same. This time you may well find that some data entered the first couple of run-throughs isn't quite right and you can correct it as you go. Again spend no more than 20 -25 minutes on it, then save and close it.

Fourth time through it's about filling in the gaps. Now you will find that a lot of information comes to you naturally. You will remember paying bills and when. You'll be surprised.

This time through make notes of the information you want to find to help complete it. Write it all down in as much detail as you can. Again, ignore the inevitable feeling of "I can't have spent that much on...". This is just an exercise in data collection, no guilt or recrimination—it's not helpful. Imagine you are doing this for someone else, instead of yourself. De-personalise it at this stage.

Then take your information required list and work out how you can get the information. Do you have it somewhere, is it easier to email the relevant person/company to get a copy of something. Who requires phone calls? Generally there won't be too much on the list, but decide before leaving it what action is required to get what you need—and then do something so that a start has been made.

When you have the information necessary, sit down and finish it off. It's best to complete being as accurate as you can – and it should be the expenditure as you know it to be now, rather than trying to establish what you would like the to look like - that'll come soon enough.

If you are completing this as part of the 30 Day Financial Challenge, send it to us to be reviewed.

If you are doing this yourself, now is the time to sit down and make some decisions about what to do with the information. If you are completely stuck, [email it to us](#) and request some assistance.

You will see that the first page of the spreadsheet is a summary page and also has several tabs along the bottom. *'Food & Household', 'Medical, Grooming & Personal', etc.* for different sections of expenditure. This represents different sections of expenditure.

HOW TO ENTER THE DATA

If you are a single individual then just decide which column you want use C1 or C2. If you are a couple, then you can arbitrarily decide who should be Client 1 [C1] and who should be Client 2 [C2].

It doesn't specifically make any difference who's who, but at certain points you will want to enter different amounts for each person, then you can apply that amount in the appropriate column.

INCOME

Having decided how you are going to start, simply enter the relevant incomes at the top where shown. There is an inbuilt calculation for Australian tax [2011-2012 rates] including Medicare allowance. Don't use it to calculate your tax return—but it uses ATO provided rates and is very accurate.

Enter the correct amount rounded to the nearest hundred. You can use your base salary amount, payslips, tax returns, etc.. No formatting necessary.

Make this your current total gross [before tax] income. Include amounts you are confident you will [or already do] receive, such as bonuses, commissions, rent, dividends, etc. Use the gross amount as there is provision to account for any investment costs further on. With rent for instance, add it to your income as a gross rental income amount, there is space to put all of the property related costs, including agent's commission.

Having done that click the first tab *'Food & Household'* and get started.

NAVIGATING - GETTING AROUND

A couple of tips to get around the form more easily and manage data validation. Put the caps lock on, because it is easier to use upper case and maintain data integrity in the imbedded calculations.

Using the TAB key will have you move from place to place and skip over locked cells. You can of course use the mouse to click to the next cell, if that is easier for you.

START ENTERING COSTS

Firstly and importantly, there is no need to calculate expenditure to a standard amount. The form will calculate an annual amount from whatever time period you use. If you know that something is paid fortnightly, that's all you need. Quarterly, that's fine too. Monthly amounts—just put the amount in directly. Then you have the ability to nominate the time period, it'll work the rest out. So having entered the relevant income amounts, now to start entering expenditure amounts.

Start on the '*Food & Household*' tab, in the section headed Food Costs, on the first row - Supermarket.

Enter the amount you would spend on groceries and if that covers both of you then simply enter one amount under either person. Use the TAB key to go to the next cell. If that places you under C2 and there is separate Grocery expenses related to that person, then enter the amount. When completed or if there is nothing to add, simply TAB again to the frequency column.

ENTERING THE TIME PERIOD

In this cell you enter the relevant time period. You can click the down arrow and select the correct time period as follows:

D = daily

W = weekly

F = fortnightly

M = monthly

Q = quarterly

Y = annually

You can also enter D, W, M, etc [in uppercase] from the keyboard.

So if you spend around \$300 per week on groceries and you have entered \$300 under Client 1, then simply select 'W' to indicate the frequency of expenditure.

If you pay gym fees of \$200 per month, then you enter \$200 in the client column and select 'M' from the frequency column.

When you've entered your selected frequency then TAB again.

PERSONAL, INVESTMENT OR BUSINESS

This will take you to the cell where you can select the allocation for the expense.

Enter the notation as follows:

P = for personal expenses

I = for any investment related expenses or those that are tax deductible, or

B = for any expenses related to running a business.

The majority of your expenses will probably be 'P' for personal. If in doubt select that as the most appropriate.

The assumption is that Business expenses are either covered as part of business income, or they are reimbursed. In other words these expenses will not be included in the final calculation.

If you gave business expenses that you have to cover, then you should select 'P' if you don't get reimbursed and they are not able to be paid pre-tax, or 'I' if you can claim them as legitimate deductions from your income for tax purposes.

Business

If you use the B [Business] notation the amount will not be calculated in your income, tax and expense calculation on the summary page.

This is primarily for self employed people where expenses can get 'mixed' in with personal outgoings.

It is also very helpful to establish exactly how much is attributable to the business.

It can also be relevant where you incur a lot of expenses and you are reimbursed for them. You may want to record them to keep track of how much you spend on them.

This is especially relevant if the reimbursement is slow in coming. You may be holding substantial costs on your credit card, for instance, and paying interest while waiting for the expenses to be cleared.

It is assumed therefore that the income figure you started with, does not include any 'BUSINESS' expenses, that they have been accounted for prior to you receiving your pre-tax income.

If there are business expenses that you pay for out of your income, then nominate them as 'I' [Investment] expenses. They will be deducted from Gross income prior to the calculation of tax.

Investment

If you enter 'I' for investment, it will apply the amount to the person for whom the amount has been entered. This will then be deducted from the gross income of that individual prior to calculating tax. i.e. the assumption is they are tax deductible.

Enter them under the correct person and they will be deducted that persons pre-tax income alone. This can be affected by their relevant tax rates, so apportion as relevant.

When complete TAB again and it will take you back to the start of the next row. Simply repeat for the rest of the sheet and then move to the next one.

ADDING THOSE EXTRA THINGS

Where there is no pre-formatted place for something you can use one of the spaces where it says '[insert description]'. These are designed for the bits that don't fit anywhere else. Just follow the same process as before.

Now you're done!! Congratulations, you've taken a much bigger step than most people ever do, in their entire life! So be proud of what you've done.

You will see what your surplus or deficit looks like on the Summary page. Now you can decide where you'd like to make some adjustments.

If you are completely stuck, [email it to us](#) and request some assistance.