

### ***Tutorial – Personal Finance***

1. Tanya is 19 years old and has been working as a retail assistant for two years. She earns \$33,800 per year in salary after tax.

Tanya shares a flat with two friends. Her weekly payments on average are: rent \$150; public transport fares \$50; food \$140; utility bills \$50; mobile/internet/phone \$30; clothing \$50; and entertainment \$60.

Tanya has arranged for an automatic debit of \$400 per month from her bank account into a managed fund for the last two years to ensure she is saving. The amount accumulated in the fund comprises the original \$2,000 she used to start it and contributions and earnings of \$8,000, making a total of \$10,000. The managed fund is a balanced fund. Any money left over after expenses and investment is kept in her bank account, currently \$1,000.

Tanya's primary goal is to buy a car in the next six months if she can afford it. She hopes to buy a car for about \$13,000 plus insurance of \$750 p.a. She will use some of the money in her managed fund if she has to but would prefer to save for the car.

Questions:

- a) Clearly state Tanya's short-term objective.
- b) Do you think Tanya can achieve her objective? Are there any changes you would suggest?
- c) Suppose the retail store proposes to reduce Tanya's hours and her annual pay will decrease to \$31,000 per annum. How will this affect her living costs and savings target?
- d) What advice might you give to Tanya if her hours are reduced?

2. Keith Thompson has given you the following information for the year ended December 2018:

Keith's net salary (after tax and super)	\$37,000
Reimbursement for travel expenditures	1,950
Interest on savings account	110
Interest on savings bonds	70
Groceries	4,150
Rent paid	9,600
Utilities paid	960
Car expenses	650
Tuition, books and supplies	3,300
Books, magazines and periodicals	280
Clothing	2,700
Cost of photographic equipment bought on credit	2,200
Amount paid to date on photo equipment	1,600
Travel expenses	1,950
Purchase of a new car (cost)	19,750
Outstanding loan balance on car	7,300
Purchase of bonds	4,900

**Required:** Construct a cash flow statement for Keith.