

Prepare a budget

You can draw up a monthly budget in five simple steps. If you have a personal income and an income from your farm, rather draw up a separate budget for each.

Step 1: Income

“Net income” means the amount of money that you take home after you have paid taxes and levies. Work out your net income by adding up all of your and your family’s sources of income.

Step 2: Fixed payments

Fixed payments are payments that you make every month. This may be an instalment on furniture, feed for your cow, school fees, and includes other things such as teat dip for your cow. Money set aside for savings, is also a fixed payment.

Step 3: Day-to-day expenses

Day-to-day expenses are often not planned for and include money spent on veterinary services, phone calls, cold drinks and groceries.

Step 4: Luxury payments

This is also known as non-essential payments. These are the things that you DO NOT have to spend any money on, for example chocolate and sweets. List these things, especially those things that you like to buy but cannot really afford.

Step 5: Personal budget

Use a blank page and put your total income right at the top. List your fixed payments, day-to-day expenses, and luxury items. Add these three totals together to give you a total for expenses. Subtract your total expenses from your total income. The difference is what you have left every month. If the difference is a minus, you will have to look at reducing the amount that you spend or increasing your income. If you have money left, consider saving up a bigger amount for something that you really want to do, such as expanding your dairy.

Borrowing money

- Never borrow money if you do not have to.
- Borrow only for necessities.
- Pay the borrowed money back in instalments and do not miss a payment. 