# Budgeting for Beginners

*Take control of your money, clear your debts and build a safety net*

## Introduction

If you have never budgeted before and you feel like you are behind, you are not broken and you are not alone. Most people leave school without ever being taught how to manage money. You are simply missing a skill, not a character trait, and skills can be learned at any age and from any starting point.

This book gives you a plain, practical route from "I don't know where my money goes" to "I am in control of my money." You will build a simple budget, track your spending, trim your costs without giving up everything you enjoy, deal with any debts you are carrying, build a safety net, and set up routines that keep the whole system running with very little effort.

A short note before you start: this book gives general information to help you think about your own money. It is not financial, tax, or legal advice, and it does not replace advice from a qualified professional who knows your full circumstances. Where numbers appear, they are simple round examples chosen to make the maths easy to follow, not a prediction or promise about your own situation.

You do not need a finance background, a specific app, or a particular type of bank account to use this book. You need a way to see your numbers (paper, a spreadsheet, or notes on your phone all work), about twenty minutes a week, and a willingness to look honestly at where your money currently goes. That is the whole toolkit.

Work through the chapters in order the first time. Each one builds on the last: you take a snapshot of where you stand, build a simple budget, track it for real, tighten it up, tackle any debt, build a cushion, and then set up the habits that keep it all going. Every chapter ends with a short "Do this now" list so you always have a next action instead of a vague intention.

Let's begin.

# Chapter 1: Your Money Snapshot

## Why you need one

You cannot plan a route without knowing your starting point. A money snapshot is a single, honest picture of what you own, what you owe, and what moves through your account each month. It takes under an hour and it is the foundation for everything else in this book.

Many people avoid looking closely at their finances because they expect to feel ashamed or frightened by what they find. In practice, almost everyone who does this exercise feels calmer afterwards, because a fuzzy fear is worse than a clear number. Once a problem has a number attached to it, it has a size, and things with a size can be planned around.

## What goes into a snapshot

Gather the following. You do not need to be precise to the penny; round to the nearest pound is fine for a first pass.

What you own (assets):

- Cash in current and savings accounts
- Any cash you keep at home
- Money owed to you by other people, if you are confident it will be repaid
- Anything else you could turn into cash quickly if you needed to

What you owe (liabilities):

- Credit card balances
- Loans, including anything borrowed from family or friends
- Overdraft balances
- Any bill that is currently overdue
- Buy-now-pay-later balances or store credit

What flows through your account each month:

- Your take-home pay or other regular income
- Fixed bills that stay roughly the same each month (rent or mortgage, insurance, subscriptions)
- Bills that vary but happen every month (food, fuel, top-ups)
- Irregular spending you can remember from the last three months (gifts, car repairs, socialising)

## Turning this into two numbers

Once you have your list, calculate two things:

1. Net worth – add up everything you own, then subtract everything you owe. This number can be negative, and that is a completely normal starting point for a lot of people. It is a marker, not a judgement.
2. Monthly cash flow – add up your income for a typical month, then subtract everything that leaves your account in a typical month. This tells you whether you are currently gaining ground, losing ground, or staying flat.

Write both numbers down somewhere you will see them again, such as the front page of a notebook or a note pinned in your budgeting spreadsheet. You will come back to them every few months to check your direction of travel.

## A worked example

Someone doing this for the first time might find: £600 in a current account, £200 in an old savings account, and a car worth roughly £3,000. Against that, a credit card balance of £1,400 and a £2,000 personal loan. Their net worth is £3,800 of assets minus £3,400 of debts, which comes to £400. Their take-home pay is £1,900 a month, and when they add up everything that leaves their account in a normal month they get £1,850. Their monthly cash flow is positive at £50, but only just, which tells them they have very little room for error and no real safety net yet. That single sentence is more useful than a page of worry, because it points straight at what to do next: build breathing room before anything else.

## Do this now

- Write down everything you own and everything you owe, even the amounts you have been avoiding
- Calculate your net worth and write it at the top of a page
- Add up a typical month's income and outgoings and calculate your monthly cash flow
- Note today's date is not required, but note the numbers so you can compare them again in three months