

How to work out your Monthly Figures

The new style Financial Statement (called a CFS - Common Financial Statement) uses figures worked out on a monthly basis. If you are paid weekly, you should multiply the weekly amount by 52 and then divide the answer by 12. This will give you the monthly equivalent.

It is very important to complete the top right section about the numbers of people and vehicles in your family. This helps others to assess whether you are spending the right amount for the size of family that you have.

Income

- ⤴ This is your take home pay - so after tax and NI has been deducted.
- ⤴ If you are self-employed, take an average of the wages you have received over the last three or four months.
- ⤴ Don't forget to include other types of income, such as benefits and pensions.

Expenses

The Financial Statement includes lots of things that you are probably regularly spending money on, so fill in as many of these as you can (your budget sheet will help you with this). If you pay some of these once a year, you should divide the amount you pay by 12 to work out how much per month you should set aside for these bills.

Remaining Income

This is how much you have left after you have allowed for all of your expenses.

Priority Debts

Some examples of these are listed on the Financial Statement, so fill in these if any are applicable.

You have to make payments to your priority debts, otherwise there can be very serious consequences. Usually you will agree an amount with them based on how much money you have left in your Remaining Income.

Disposable Income

Your disposable income is what you have left after necessary expenditure (what you need each month to live on) and you have set aside money to repay your priority debts on a monthly basis. It will tell you how much money you have left over to offer the non-priority creditors and you should share it between them based on how much you owe each one.

If you find you do not have any disposable income, check back through your monthly outgoings to see if there is anything you can cut back on. You should try to offer your creditors a monthly repayment, even if it is only £1.

If that is just not possible, you will need to contact your creditors, show them the Financial Statement, and tell them why you cannot make a payment.

Non-Priority Debts

These are the companies you owe money to who you have not already listed above. They include credit cards, unsecured loans, your overdraft, catalogues, store cards, water bills, telephone and any hire purchase agreements which are in arrears.

Offer to Non-Priority Creditors

The offer you make to each creditor is dependent on how much you owe to them. So, if you owe £5000 to a credit card company and £200 to a store card company, you will pay more per month to the credit card company.

The way to work this out is as follows (and it is easier than it looks!):

Take your **Disposable Income** figure (see above) £_____ **A**

Add up the total amount owed to the non-priority creditors £_____ **B**

Take the amount you owe to the first creditor £ _____ **C**

And now for the maths part! *Divide C by B. Then multiply your answer by A.* This is the amount you should offer to your first creditor.

Then repeat the process for your other creditors. The way to check you have done this correctly is to add up all your offers at the end. The total offers should be the same as the amount of disposable income you have.

If you need help working out how much to offer each creditor, please contact us and we will be happy to go through the figures with you.