

Money Level 2

Name: _____

Date: _____

How to Guide

Skills Check

Rate how confident you feel about the skills tested in this section:

Skill	Not a clue!	I know a little	I feel okay with this	I feel quite confident	I feel very confident
Correctly work with pounds and pence					
Working out prices/costs per hour/per month/ per year					
Identify the cheapest option from a series of offers					
Convert to different currencies					

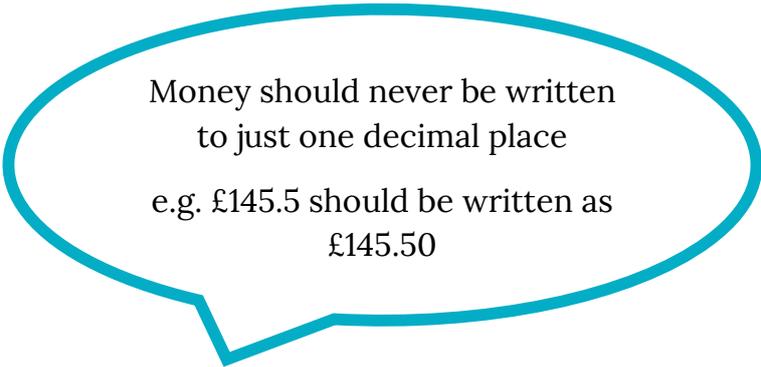
When you have finished the booklet, use a different colour to mark your confidence levels again.

Money

Introduction

It is very important to be confident working with money as you will see it throughout your exam. You must always remember to label your units to ensure you get the full marks available.

You will need to know how to find fraction and percentage parts for some of these questions.



Money should never be written to just one decimal place
e.g. £145.5 should be written as
£145.50

Working with Units

Check what units you need to work in and don't be caught out by mixed units such as a mix of pounds and pence.

Example

Sajid pays £15.99 per month for his mobile phone contract. He has 200 free minutes and has to pay 40p per minute for any extra calls. In August, he makes 220 minutes of calls. How much is his bill that month?

ANSWER

200 free minutes so he will only pay extra for 20 minutes. Each minute is 40p. $40\text{p} = \text{£}0.4$

$$20 \times 0.4 = 8$$

Now add on the monthly charge

$$15.99 + 8 = 23.99$$

£23.99

Try it Out

Question 1

Jay hires a carpet cleaner. He wants it for Friday and Saturday and wants to clean four rooms with it. Which company will be the cheapest?

Key information is often in bold

All the companies charge the same price for carpet detergent: £9.99 for a 1 litre bottle, which is enough to clean up to two rooms.

Company A 22.99 for 24 hours and £28.99 for 48 hours

Company B 1ST DAY £16.95 EXTRA DAY £8.48 WEEKEND £21.19

Company C

	First 24hrs	Next 24hr	Weekend	Week
inc. VAT	£34.44	£17.22	£48.22	£68.88
Offer - price includes two bottles of detergent				

You may lose marks if you don't put your units on the final answer

Terminology

Always look out for whether you have a one-off cost, a price per month or a price per year. You may have a mix of these so be careful when working out the final answer.

Key Terminology

Per annum = annually or every year.

Pro rata = in equal portions. If you have a pro rata salary, you are paid for the hours you work compared to a full-time employee. If a full-time employee's salary is £20,000 for a 40-hour week, someone on a pro rata salary working 30 hours a week would get £15,000.

Quarter = the year split into four parts. The first quarter of the year is usually Jan 1st to 31st March.

Fixed charge or callout charge = an amount paid that is separate to any hourly rates.

Increments = a part of time. 30 minute increments means you count every half an hour and round up to the next half an hour.

Question 2

a) Ameena sees a job advertised at £32,000 annually on a pro rata basis. She knows a full-time employee would do 40 hours per week and the job asks for 15 hours per week. How much would she be paid **per month**?



Read information
twice and highlight
key points

b) A couple have a holiday home in Spain which they rent out. They employ a local cleaning company who charge them £95 per week. In June, July, August and September they charge a monthly supplement of £300 per month. What is the annual fee they pay?

c) A small business paid £600 in tax in the first quarter of the year. What was their average tax per week?

d) Jake used a plumber for a repair to his heating system. The job took 3.5 hours and he paid £185. He wanted to know if he could have hired a cheaper plumber so he compared the price to the information from three different plumbers.

Dave said, "I charge a £60 callout fee plus £45 per hour on a pro rata basis."

Raj said, "Work is carried out based on our hourly rate of £55. There is a minimum charge of one hour and then you are charged at 15 min increments thereafter."

Susan quoted, "I charge £120 for the first hour with a one-hour minimum charge and thereafter £12 in 15 minute units."

Would one of the other plumbers have been cheaper?

e) A hotel rent out a meeting room for £65 per hour. They charge in increments of 30 minutes. After three hours, the charge goes down to £40 per hour. How much would it cost to rent the room for 5 hours?

Currency Conversion

You will always be given the conversion between the two currencies and would not be expected to memorise any amounts. With most questions you need to decide which operation to use: multiply or divide.

Technique

Look at the basic conversion rate and decide which currency is the larger of the two amounts. You then know that this amount should be larger once you have worked out your answer. This should help you decide whether to multiply or divide.

Example

$$£1 = €1.2$$

You want to change £250 into Euros. How many Euros would you get?

ANSWER

You can see that Euros is the bigger amount. This suggests we need to multiply the amount in pounds to make a bigger amount.

$$250 \times 1.2 = 300 \text{ so it would be } €300.$$

Example

$$£1 = €1.2$$

You want to change €500 into pounds. What amount would you get in pounds?

ANSWER

You can see that euros is the bigger amount. We need to divide the amount in euros to convert to pounds (the smaller amount)

$$500 \div 1.2 = 416.666667 \text{ so it would be approx. } £417.$$

Try it Out

Question 3

$$£1 = \$1.34$$

a) What would £42 be in dollars?

b) What would \$89 be in pounds?

c) What would £150 be in dollars?

d) What would \$763 be in pounds?

e) Suzanne is travelling from the UK to China and then from China to Japan. She decides to exchange £800 into Chinese Yen and then when she leaves China for Japan, she will change any money leftover into Japanese Yen.

One pound can be exchanged for 8.2 Chinese Yen.

One Chinese Yen is worth 15.5 Japanese Yen.

i) How many Chinese Yen does Suzanne take?

ii) She spends 4356 Chinese Yen and converts what she has leftover into Japanese Yen. How many Japanese Yen does she get?

f) Istvan wants to buy some video editing software for his computer. He sees two similar products.

Edittasia	
Individual	Organisation
£148 per annum	£568 per annum

Video Magic	
1 Licence	Business Licence
\$14 per month	\$68 per month

$$\text{\$1} = \text{£0.76}$$

Istvan wants to buy a single user licence and wants the cheapest option. Which one should he get?

g) Trey is going backpacking. He is given £400 for his birthday and decides to convert half into American dollars and half into Argentinian Pesos. How much of each currency will he get?

$$\text{\$1} = \text{£0.81}$$

$$\text{£1} = 74 \text{ pesos}$$

Getting the Best Value

It is usually a good idea to try to compare 'like for like'. You might find the price for **one item** such as one ticket/one toilet roll/one month on a contract using each of the options available. It is then easy to compare. The other option is working out the total cost for the exact number you want to buy or for a set number of items such as ten boxes.

Example

Sujan is buying soft drinks for an evening in with friends. He wants between 6 and 8 bottles.

He sees that it is buy one get one free on single bottles at £1.99 each.

The packs of 4 are £6.25 each with buy one pack get a second half price.

Which option is the best value for Sujan? Show all your working

ANSWER

Comparing buying 8 bottles

Buying 4 bottles means getting 4 free

$$4 \times 1.99 = \text{£}7.96$$

One pack at 6.25 plus one pack at half price $6.25 \div 2 = 3.13$

$$6.25 + 3.13 = \text{£}9.38$$

8 single bottles is £7.96 and two packs of four bottles is £9.38

Buying the single bottles is the best value option.

Try It Out

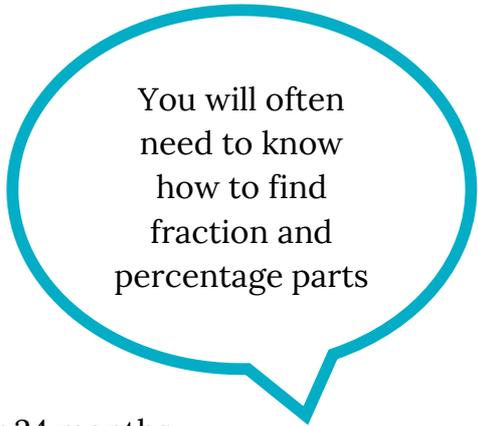
Question 4

a) Shaun has to decide which new mobile phone contract to choose. He wants to know which option below works out cheapest in the long term. Show how much each option will have cost him after the two years have finished.

Option 1 = Upfront cost £99.99 then £49.99 per month for 24 months

Option 2 = Upfront cost £29.99 then £54.99 per month for 24 months

Option 3 = £9 in advance £54 per month for 24 months



You will often need to know how to find fraction and percentage parts

b) These are the prices for the Waterpark at Alton Towers.

Theme Park Tickets

One Day Ticket	On the day	5+ Days in advance
Adults (12+ years)	£58	£34
Children (3-11 years)	£48	£28.50
Groups 7+ (per person)	£56	£32
Children (under 3 years)	£0	£0

Waterpark Tickets

One Day Ticket	On the day	Online
Adults (+12 years)	£18	£16
Children (3-11 years)	£14	£12
Children (under 3 years)	£0	£0
Merlin Annual Pass Holder	20% off	20% off

The Merlin pass costs £179 per person and allows free entry into the theme park.

John thinks he will go with his partner and their two children (8 and 11) about 6 times during the year to the theme park and twice to the waterpark. He wants to know if it is better value to buy a Merlin pass or buy the tickets online/in advance before each visit.

Mixed Questions

a) Kacey wants to find out how much she spends on household bills over the year. She notes down what she spends:

£243 on car insurance annually, £21.50 on water direct debits every month, gas and electric was £78 per month until September when the payments went up to £84, house insurance was a one off payment of £289, council tax is a direct debit of £151 per month.

Can you work out what Kacey's average monthly spend was?

b) Julia and Tim are going on holiday. The total cost is £2400. They have already paid a deposit of £425 and are saving for the remainder. They want to save an equal amount every month for the next six months. How much do they need to save per month?

c) Jack is going to run the London Marathon (26 miles). Two of his colleagues decide to sponsor him. Jan sponsors him for £80 and Darren sponsors him for £4 per mile. Jack completes the marathon. How much money did he collect from Jan and Darren?

d) A small business is going to advertise using Google Ads. They set a daily limit of £20 and only want to advertise on weekdays. They have a maximum budget of £3450. How many weeks can the ads run for?

e) Alison runs a training business. She charges £65 per person for a day of training. If you book between 10 and 14 places, you get one free. If you book 15 places, you get two free. If you book a date in July, you get 10% off the price. A company books a course for 9 people on June 10th, for 12 people on July 4th and for 15 people on August 20th. She sends an invoice for all of the courses. How much does Alison charge?

f) An office is doing a refurbishment. They have a budget of £1200 for new equipment. The office administrator draws up a list of possible items. Can they buy all the equipment within their budget?

Office Equipment		
Item	Cost per Item	Quantity
Desk Chairs	£89.00	6
Filing cabinet	£135	3
Stationery	£56.50	1
Whiteboard	£18.99	1
Coat stand	£42.50	1

g) Farha is buying food for her cat online. She wants to find the cheapest option to buy at least 150 pouches.

Amazon: box of 84 pouches for £20.99 plus free delivery

PetsRUs: a box of 40 sachets for £11.00. Buy three boxes and get a fourth half price. £2.99 delivery

Pets at Home: box of 48 pouches for £19.49. Farha has a voucher for 20% off and free delivery

h) One Australian dollar is worth 50p. How many Australian dollars would you get for £600?