Understanding Personal Finance

Objectives

❖ Round numbers to the nearest pound and compare the deductions and net pay using an appropriate graphical method

❖ Draw up a budget plan to manage work-related expenses over a 5-day period

❖ Represent their total expenditure as a percentage of their income, rounding numbers to the nearest pound

❖ Check their calculations for accuracy

Rounding

Can I round money to the nearest £1?

How much money will I need to buy these items?

- Round the price of the items to the nearest £1.
- Add them together.
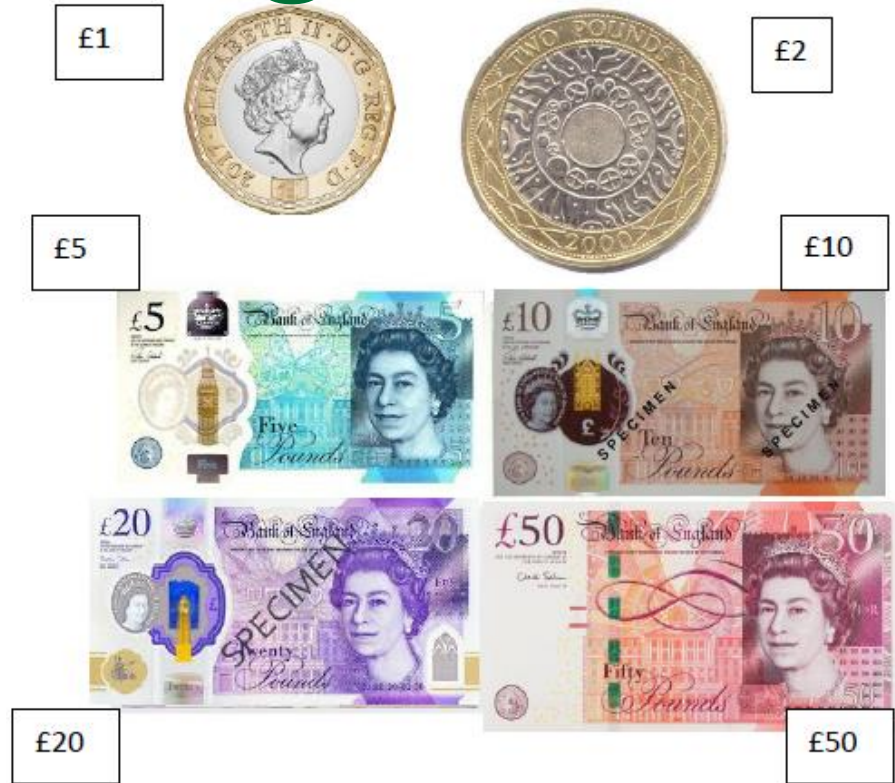- Work out what notes I need to take to the shop with me.

£1

£2

£5

£10

£20

£50

e.g. 1 CD and 1 snickers.

£8.99 → £9

£0.63 → £1

£9 + £1 = £10

I will need to take £10 to the shop.

Item	Price	Rounded
Snickers	£0.63	→ £1
Walkers salt n vinegar crisps	£0.55	→ £1
CD	£8.99	→ £9
Tennis ball	£2.49	→ £3
Skittles	£0.72	→ £1
Chicken wrap	£1.28	→ £2
Mobile phone	£149.69	→ £150

Comparing deductions
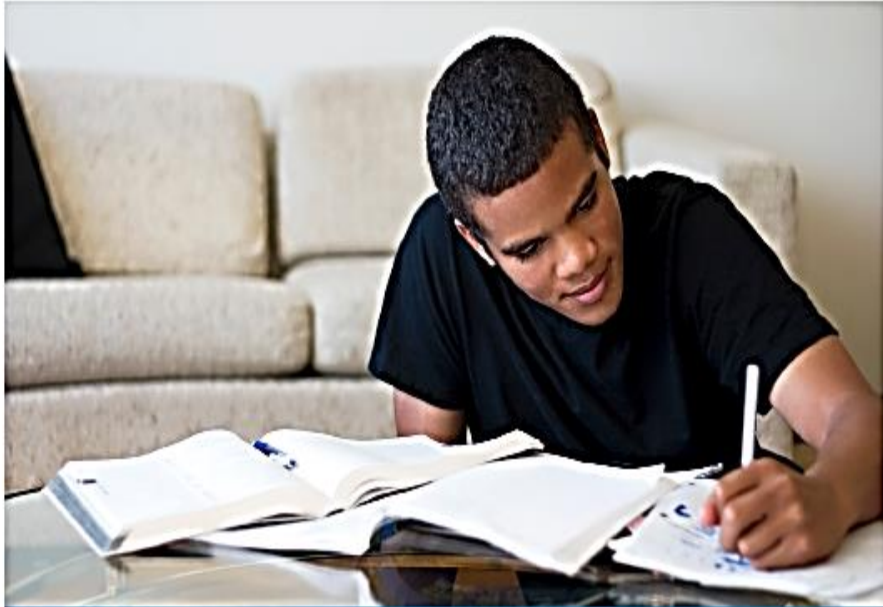
Meet Chris

Chris is 14, has a paper round six days a week and gets paid £6 a day. Chris also helps a lot at home and so gets a weekly £10 allowance. Chris has a mobile phone on a contract that works out at £5 per week. Chris spends £7 a week on drinks and snacks, and is keen on online gaming, spending £9.

Chris also likes to go out with friends and will spend £20 a week on the cinema or bowling. Chris likes to update his clothes regularly, which averages at about £8 per week. Chris cannot seem to save much – and this week he also borrowed £3 from his mum.

Income	Allowance	
	Part-time job	
	Total income	
Expenditure	Drinks and snacks	
	Mobile phone	
	Clothes	
	Owe mum money	
	Going out with friends	
	Online gaming	
	Total expenditure	
Balance		
Savings		

Meet Jo

Jo is 17 and works in a café on a Saturday and Sunday morning, earning a total of £40 a week. Jo doesn't get money for doing chores at home, as everyone in her family helps out.

She likes live music and will spend £10 a week at concerts and gigs, and at college spends £2 a day on drinks and snacks. She spends around £10 a week on new clothes. Jo has a pay-as-you-go mobile that her Mum tops up but she would really like to buy a new smartphone: the one that she wants costs £200.

Income		
	Total income	
Expenditure		
	Total expenditure	
Balance		
Savings		

Creating a budget

❖List all the ways you earn or gain money

❖Add these together to get your **total income**

❖List all the ways you spend money and when you make these payments

❖Add these up to get your **total expenditure**

❖Then take each expense away to work out the daily expenses and the overall weekly expenditure

Task:

Draw up a budget plan to manage work-related expenses over a 5-day period

Income		
	Total income	
Expenditure		
	Total expenditure	
Balance		
Savings		

Task:

Represent their total expenditure as a percentage of their income, rounding numbers to the nearest pound

To calculate a percentage you take the lowest number and ÷ it by the highest, then x by 100.

For example if you

spend 200/500 pounds

200 ÷ 500 = 0.4 x 100 = 40%