

Budgeting

Number

Background

In life you may want to get a job to earn money so that you can move out from your family home and start being more independent. You will have to learn to budget your money so that you can pay for rent, food, household products, travel expenses and you may also want to save some money aside for later life.

Relevant job roles:

In most jobs you will need to know how to budget so that you save money for the company you work for and so you can give advice to others about budgeting.

- Administrator
- Accountant
- Bank
- Advisor

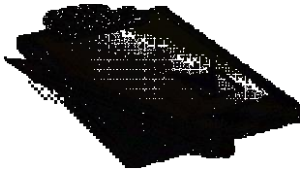


Task Aim

Complete the to-do list by using research skills, problem solving and by checking your work thoroughly. You will be looking at how to budget your money to ensure that all your bills are paid. You will also look at credit cards and find the best APR available. You will also look at Payday loans and determine how much money needs to be paid back after borrowing.

Task Outcomes

- Use a calculator to solve mathematical problems
- Solve problems using money
- Work with decimals
- Increase and decrease amounts using percentages
- Identify fractions of a whole number
- Increase and decrease amounts using fractions
- Solve simple problems involving ratio, where one number is a multiple of the other



Things to do

- You have decided it's time to move out and become more independent. You are working towards a teaching qualification and have on the job training. You work full time and work 8am – 4pm Monday to Friday.

How many hours do you work a week?

- You earn £9.60 an hour and work 8.00am – 4.00pm Monday to Friday.

How much do you earn a day?

How much do you earn a week?

How much do you earn a month?

How much do you earn a year?

- Now you have worked out how much you earn a year, you must deduct the amount of tax and national insurance you have to pay? You pay 15% as tax and 5% national insurance.

- You have decided you can afford to move out now and rent a property. Your friend would also like to move out, so you decide to find somewhere to rent together. This will halve your rent and gas, water and electric bills. You have also decided that you will pay for the Internet, TV and Phone and your friend will pay for the TV license as they don't earn quite as much as you. It will also mean you can save some of your earnings.

You find a 3 bed house which will cost £645 PCM.

You have to pay your bills on top of your rent as they are not included in the rent.

Gas – £60 per month

Electric – £50 per month

Water – £33 per month

Council tax – £120 per month

TV License - £12 per month

Shopping - £200 per month

Internet, TV and Phone - £45 per month

How much will all of these bills cost you per month?

How much will it cost you a month if you rented this property and had to pay all of your bills?

How much will you have left to save?

If you lived on your own and rented this house would you have enough money to afford this?

You also find the following properties which may be suitable.

Property Type	Number of bedrooms	Cost per month	Gas and Electric Bills included Yes/No
Flat	2	£695	No
House	3	£700	Yes
House	2	£675	No
Bungalow	1	£615	No
House	2	£590	Yes
Flat	3	£660	No
House	4	£750	Yes

Which of these properties will work out the cheapest?

Which of these would be the most expensive and could you still afford it? With and without sharing with your friend.

You decide you need to take out a payday loan. You need a loan of £400 and you want to pay it back within 5 days.

Here is a list of some of the companies offering payday loans.

Company	Loan Amount	Amount of days	Interest
Wonga.com	£400	5	6%
Quick Quid	£400	5	7.5%
More Money	£400	10	16%
PD Loans	£400	10	12%

Work out how much interest you would have to pay on each of these loans.

Which company is the best to use to take out the loan?

□ You need to buy food for the week. Here is the list of what you need to buy.

Bread x2	Ham	Cream	Peas
Chicken	Mayonnaise	Crisps	Coleslaw
Milk x3	Strawberries	Apples	Carrots
Butter	Cheese	Chocolate	Custard
Potatoes	Yorkshire Puddings	Cornflakes x2	Orange Juice x3

You have budgeted £50 for this week. Using the information below work out where you can buy these items at the cheapest price and within budget.

You have been to all of these shops before so you have collected some vouchers which are listed below.

- 20% off milk for Tesco's
- £5 off if you spend £50 or more in Tesco's
- 1/3 off cheese in Sainsbury's
- 1/5 off if you spend over £60.00 in Waitrose
- 5% off your total shop in Morrison's

When taking off the discount you might need to round some numbers to 2 decimal places.

Sainsbury's

Food	Price	Food	Price
Bread	£1.15	Chicken	£7.41
Milk	£1.90	Butter	£2.80
Potatoes	£1.40	Cornflakes	£1.59
Ham	£3.00	Mayonnaise	£2.79
Peas	£1.25	Cheese	£2.69
Orange Juice	£1.58	Strawberries	£2.50
Cream	£0.52	Crisps	£1.48
Apples	£1.53	Chocolate	£1.88
Coleslaw	£1.49	Yorkshire Puddings	£1.79
Custard	£1.59	Carrots	£1.00

Morrison's

Food	Price	Food	Price
Bread	£0.95	Chicken	£6.95
Milk	£0.85	Butter	£2.20
Potatoes	£1.45	Cornflakes	£1.25
Ham	£2.70	Mayonnaise	£1.99
Peas	£1.20	Cheese	£2.50
Orange Juice	£1.45	Strawberries	£2.30
Cream	£0.49	Crisps	£1.35
Apples	£1.55	Chocolate	£1.45
Coleslaw	£1.30	Yorkshire Puddings	£1.50
Custard	£0.95	Carrots	£0.95

Waitrose

Food	Price	Food	Price
Bread	£1.20	Chicken	£10.20
Milk	£1.70	Butter	£3.30
Potatoes	£2.95	Cornflakes	£2.00
Ham	£4.00	Mayonnaise	£3.20
Peas	£2.15	Cheese	£4.99
Orange Juice	£2.00	Strawberries	£4.00
Cream	£0.99	Crisps	£1.89
Apples	£2.79	Chocolate	£3.15
Coleslaw	£2.50	Yorkshire Puddings	£2.90
Custard	£1.49	Carrots	£1.99

Tesco

Food	Price	Food	Price
Bread	£1.10	Chicken	£8.49
Milk	£0.89	Butter	£1.90
Potatoes	£2.69	Cornflakes	£1.49
Ham	£2.50	Mayonnaise	£2.30
Peas	£1.20	Cheese	£2.79
Orange Juice	£1.49	Strawberries	£2.45
Cream	£0.45	Crisps	£1.40
Apples	£1.50	Chocolate	£1.50
Coleslaw	£1.70	Yorkshire Puddings	£2.10
Custard	£1.00	Carrots	£0.99

Before starting your job you already passed your driving test but didn't have enough money to buy a car, pay for insurance and pay for petrol. Now that you have a job, somewhere to live and have budgeted for everything you need you have decided to buy a car. Look up an affordable car and work out how much you think it will cost to insure it and how much petrol will cost you. Do you have enough money?