

What Money Is



Name: _____

Date: _____

Instructions: No answer bank: show your working for the money maths. Number the steps in order, answer the case study questions, explain the key terms, then write full-sentence answers and plan the extended answer.

1. Money maths (show your working)

Question	Working and answer
Three £2, four £1 and six 50p coins total...	
Change from €20 for a €12.35 book	
How many 20p coins make £5?	
Before 1971, how many old pennies were in £2?	
€1 = 1,936.27 lire. About how many lire were €10?	

Did you know?

- Lydian coins were made of electrum, a natural gold and silver mix.
- China's Song dynasty issued official paper money in the 1000s.
- Stockholm Banco printed some of Europe's first banknotes in 1661.
- Euro coins have a common side and a national side: Italy's €1 shows a drawing by Leonardo da Vinci.

Background

Long ago there was no money. People bartered: they swapped one thing for another. A farmer with spare wheat might swap it for a pot made by a potter. Barter has a big problem. The farmer must find a potter who wants wheat right now. Economists call this the double coincidence of wants: both people must want what the other has, at the same time. It is also hard to split a cow into small pieces to pay for a loaf of bread!

2. Steps in order

Number the steps 1 to 8 (1 = first).

Commodity money:	Shells, salt, cattle and grain are used to pay
1661:	Early European banknotes are printed in Stockholm
2002:	Euro notes and coins arrive in Italy
c.600 BC:	Early coins are made in Lydia
1694:	The Bank of England is founded
Barter:	People swap goods directly
1000s:	China issues paper money
1971:	The UK switches to decimal money

4. Key terms

Key term	What does it mean? Give an example.
Barter	
Currency	
Commodity money	
Fiat money	
Digital money	

3. Case study

Tayo's stall, Saturday: a customer offers to swap a basket of eggs for two jars of jam. Another wants to pay by phone. A third pays with a €20 note for a €4 bracelet.

Case study: a busy morning at Tayo's market stall

1. Why might Tayo turn down the eggs swap?

2. What does Tayo need so that phone payments work?

3. How much change does the €20 customer get, and why should Tayo count it carefully?

5. Think it through

1. Explain two reasons people moved from barter to money.

2. Explain one benefit and one risk of digital money.

6. Longer answers (full sentences)

1. Explain the three jobs of money with an example of each.

2. Why did the UK move to decimal money?

3. How did paper money in China begin?

4. Explain in your own words: Why does a paper note have value even though the paper itself is cheap?

7. Extended answer

Extended answer: 'Money only works because people trust it.' How far do you agree?

Plan: introduction · point for (example) · point against (example) · conclusion with your judgement.
