



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
€1,000 at 5% compound after 3 years (to the cent)	
£2,000 at 4% simple interest for 2 years: interest	
Credit card £300 unpaid at 2% a month: interest for 1 month	
Loan £1,200 repaid at £110 a month for 12 months. Total interest	
Deposit protection: UK limit in pounds (from Dec 2025)	

Did you know?

- Banks in Renaissance Italy, such as in Florence, helped develop double-entry bookkeeping.
- Credit card interest is often much higher than loan interest.
- Missing payments can stay on a credit file for several years.
- Central banks like the Bank of England and the European Central Bank set key interest rates.

Background

A bank keeps people's money safe and lets them pay, save and borrow. Your money in a bank is recorded in an account. A current account is for everyday spending; a savings account is for money you keep for longer. Banks lend some of the money people deposit to others who want to borrow. That is how they make money. In the UK, deposits are protected up to £120,000 per person per bank (from December 2025). In Italy and the rest of the EU the limit is €100,000.

2. Steps in order

Number the steps 1 to 6 (1 = first).

1	Deposit: Put money in
2	Charge: Borrowers pay interest
3	Earn: The bank pays interest on savings
4	Repay: Loans are paid back over time
5	Open: Open an account with a grown-up
6	Lend: The bank lends deposits to borrowers

4. Key terms

Key term	What does it mean? Give an example.
Interest	
Compound interest	
Debt	
Loan	
Credit card	

3. Case study

Tayo's uncle wants a £1,000 laptop. Option A: a loan at 8% APR repaid over 1 year (about £87 a month). Option B: a 'buy now, pay later' plan of £30 a month for 4 years.

Case study: two ways to borrow

1. Total cost of each option?

2. Why might option B look attractive at first?

3. What would you advise checking before borrowing?

5. Think it through

1. Explain two ways banks make money.

2. Explain one consequence of a poor credit history.

6. Longer answers (full sentences)

1. Compare simple and compound interest.

2. Why do lenders check credit history?

3. Explain why a lower monthly payment can cost more overall.

4. Explain in your own words: Why can debt with high interest become a problem?

7. Extended answer

Extended answer: 'Borrowing money is always a bad idea.' How far do you agree?

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