Exchange rates: fact sheet

Planner week 18 · Learn these facts

The rate

£1 = $1.90

How much of the other money you get for £1

£ to other money

× the rate

£850 × 18.53 = 15 750 rand

You get **more** numbers when the rate is over 1

Other money to £

÷ the rate

$2804 ÷ 1.90 = £1475.79

Divide to get back to pounds

Check

£1 = $1.90

so dollars > pounds

Is your answer bigger or smaller?

It should make sense

Key words

- **Exchange rate** how much foreign money for £1
- **Currency** a type of money: £, $, €
- **Convert** change from one currency to another
- **Estimate** round first, then work it out

Exam tips

- Write the rate down: £1 = …
- Pounds to foreign: multiply. Foreign to pounds: divide.
- Check your answer is sensible.
- Compare in the same currency.
- Give money to 2 decimal places.
- Round notes and tickets **down**.

Comparing

change both to £
then compare

Same currency first

Estimating

$60 × 0.749

≈ 60 × 0.75 = £45

Round to 1 s.f. or easy numbers

Notes

78.75 notes

→ 78 notes

Round **down** when you can't have part of one

Which way?

£ → other	multiply
other → £	divide

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Worked example

QUESTION

The exchange rate is £1 = 1.15 euros (€).

(a) Change £200 into euros. (b) Change €69 into pounds.

ANSWER

1. (a) Out of pounds: multiply. 200 × 1.15 = 230

2. (b) Into pounds: divide. 69 ÷ 1.15 = 60

(a) €230 (b) £60

Out of pounds: multiply. Into pounds: divide.

How to do it

1. Write down the rate: £1 = …
2. Into pounds: divide by the rate.
3. Out of pounds: multiply by the rate.
4. Put everything in the same currency to compare.
5. Answer the question in a sentence.

Model answer:

€230 and £60

Watch out

- Multiplying when you should divide.
- Comparing pounds with euros.
- Rounding money to 1 decimal place.