Cars are a drain on our finances and it is a good idea to work out the real cost of running one. Spreading that cost by making monthly direct debits can make it easier to manage but you can end up paying more.

Road tax

Road tax is more complicated than it used to be. For cars registered after March 2001, tax is based on CO₂ emissions. Finding out what you may need to pay will involve checking information supplied in a table. Here’s an extract from the Gov UK website for tax rates from April 2012.

Suppose your car is in Band E. How much extra would you have to pay if you paid your tax every six months instead of for the whole year?

Petrol car (TC48) and diesel car (TC49)

<table>
<thead>
<tr>
<th>Band</th>
<th>CO₂ emission (g/km)</th>
<th>6 months rate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Up to 100</td>
<td>£0.00</td>
<td>Not available</td>
</tr>
<tr>
<td>B</td>
<td>101-110</td>
<td>£20.00</td>
<td>Not available</td>
</tr>
<tr>
<td>C</td>
<td>111-120</td>
<td>£30.00</td>
<td>Not available</td>
</tr>
<tr>
<td>D</td>
<td>121-130</td>
<td>£100.00</td>
<td>£55.00</td>
</tr>
<tr>
<td>E</td>
<td>131-140</td>
<td>£120.00</td>
<td>£66.00</td>
</tr>
<tr>
<td>F</td>
<td>141-150</td>
<td>£135.00</td>
<td>£74.25</td>
</tr>
<tr>
<td>G</td>
<td>151-165</td>
<td>£170.00</td>
<td>£93.50</td>
</tr>
<tr>
<td>H</td>
<td>166-175</td>
<td>£195.00</td>
<td>£107.25</td>
</tr>
<tr>
<td>I</td>
<td>176-185</td>
<td>£215.00</td>
<td>£118.25</td>
</tr>
<tr>
<td>J</td>
<td>186-200</td>
<td>£250.00</td>
<td>£137.50</td>
</tr>
</tbody>
</table>

Step 1 Find Band E and read across the row, checking the column headings at the top to get the information you need. Twelve months costs £120, six months costs £66.

Step 2 Work out the cost for a year, paying every six months £66 x 2 = £132

Step 3 Find the difference between the two costs £132 - £120 = £12

Try these two: How much extra would it cost if your car was in Band G or J?
Car insurance

It’s worth ringing round or using the internet to get quotes for car insurance. You may save money paying it as an annual premium but it may be easier to budget the cost if you pay every month.

Look at this example:

Car insurance to suit you

Annual premium: £482
or Monthly payments: £44.50

It’s your choice!!

You need to work out what the actual cost of paying monthly is to help you decide:

Step 1 Find 12 lots of £44.50.................................................. £44.50 x 12 = £534

Step 2 Now find the difference between the two costs...... £534 - £482 = £52

That’s a big difference. One way saves you money but paying monthly may be an easier way to pay if you haven’t got the money as a lump sum. So it’s up to you to decide what the ‘right answer’ is for you.

Everyday maths is often about finding the ‘best’ answer not the ‘right’ one. Being able to tackle a problem, carry out calculations and then evaluate the answer is all part of the very important ‘problem solving process’.

The new Functional Skills maths qualifications are all about solving problems and justifying your answers so it’s good to think of things in that way.
Petrol consumption

Is your car efficient? How many miles are you getting to the gallon?

To work out your petrol consumption you need to know how much fuel you’ve used and how many miles you’ve travelled. Here’s what to do:

Step 1 Fill your tank up as full as you can.
Step 2 Note down your mileom eter reading or set your trip m eter to zero.
Step 3 Drive around as normal.
Step 4 Fill up your tank again as full as you can. Note down how much petrol you put in.
Step 5 Record your mileage again or check the reading on your trip m eter. (If you haven’t got a trip m eter you will have to subtract the two mileom eter readings to work out how many miles you’ve done.)
Step 6 Work out the miles per gallon (m.p.g.).

Here’s an example:

Distance travelled = 285 miles
Litres used = 33

Step 1 Change litres to gallons (how many ‘lots of’ 4.5 are there in 33?)........33 ÷ 4.5 = 7.3
So you’ve used 7.3 gallons to cover 285 miles
Step 2 Divide the number of miles by the number of gallons to work out m.p.g.
........285 ÷ 7.5 = 38
Your car’s doing 38 m.p.g.

Next time you fill up, make a note of the mileage and work it out for real!