



# Freelancing

## Developing a Freelance Career in the Media

### Task 4 - Charging for your services

#### Objective

This task enables you to calculate exactly what a service costs to run and allows you to calculate a rate of pay, or estimate how many weeks a year, or days a month, you need to work to earn a living.

#### Aims

On completing these tasks you will have:

- An understanding of how to calculate your expenditure.
- An understanding of how to calculate your hourly/daily/weekly rate

#### Instructions

Print out this worksheet, and work on the tables below and overleaf. The tables will guide you through the different stages of calculating your rates, including working out your expenditure, your desired income. Fill in the boxes at various stages, and make the calculations as necessary.

#### Worksheet, part 1

##### Expenditure

To find out the costs of running your business for one year, calculate your **annual expenditure**. Allocate annual costs to each of the following:

General Expenses - rent, council tax, gas, electricity, maintenance. If working from home, allocate a percentage of these bills.	A
Business Expenses - telephone, postage, stationery, travel, car expenses, advertising, publicity, insurance, accountant, training, etc.	B
Equipment Depreciation - i.e. a contribution to replacement cost of equipment should be allocated annually.	C
Stock - other than items directly attributable to a project, consumable tools and other material.	D
Contingency to cover unexpected costs.	E
TOTAL ANNUAL EXPENDITURE (add together boxes A to E)	A+B+C+D+E F

## Worksheet, part 2

## Desires

To factor-in your personal requirements, you should decide how much money you want to make both for yourself and for the business.

Decide what Annual salary you need to have (before your personal Income Tax and National Insurance is deducted)

G

Decide how many days a year you want to work (don't include your holidays and weekends if you want these as time off)

H

Decide how many hours per day you will normally work (don't include your lunch or dinner breaks)

J

Decide what percentage of your business you want to keep as profit (which could then be ploughed back into the business in later years)

K

## Rates

You can use these figures to calculate your daily and hourly charging rates. Carry out the following calculations:

Add together your annual expenditure and your annual salary, to give your required **annual needs**.

F+G

L

Multiply your annual needs by the profit you want to make to give your **annual profit** (divide your profit percentage by 100 so it is a fraction).

 $L \times (K \div 100)$ 

M

Add together your annual needs and annual profit to give your **annual income**.

L+M

N

Divide your annual income by the number of days you want to work, to give your **daily rate**.

 $N \div H$ 

P

Divide your daily income by the number of hours per day you work, to give your **hourly rate**.

 $P \div J$ 

Q