

SIMPLE INTEREST

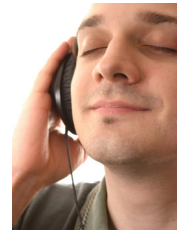
APPLICATIONS

HIRE PURCHASE

Hire Purchase is a payment method when you don't have the money to pay for an item. The extra amount paid more than the cash price is the interest.

Q1. Ben bought a DVD player on terms. The normal cash price is \$800. He paid \$100 deposit. He then paid weekly payments of \$19 for one year.

- (a) How much were all of the weekly payments?
- (b) How much did he pay altogether
- (c) How much extra interest did Bob pay?



Q2. Angela bought a computer on terms. The cash price is \$1500. She paid interest of 8% of the amount owing over a 2 year period.

- (a) What was the interest?
- (b) How much did she pay altogether for the computer?

Q3. Kim bought a camera on hire purchase. The cash price is \$400. She paid a deposit of 30%. She then paid interest of 15% of the amount owing over 2 years.

- (a) How much was the deposit?
- (b) How much did Kim still owe?
- (c) What was the interest?
- (d) How much did she pay altogether?



Q4. Complete the following table to calculate purchases made on hire purchase.

	Sale price	Deposit (%)	Deposit (\$)	Amount owing	Interest paid at 5% p.a. over 3 years	Total paid
(a)	\$4400	20%				
(b)	\$8650	25%				
(c)	\$25000	10%				

ANSWERS

Q1.(a) \$988

(b) \$1088

(c) \$288

Q2.(a) \$240

(b) \$1740

Q3.(a) \$120

(b) \$280

(c) \$84

(d) \$484

Q4.(a) \$4928

(b) \$9623.13

(c) \$28375