COSMOS
COACHING CENTRE

# Budgeting and Household Expenses

*Financing a Purchase*

1. Heidi wants to buy a motor bike. She is offered a loan of $14 100 at 9% p.a. over either 3 years or 4 years. How much would she save if she chose the shorter term?

2. a) Jack needs to borrow $19 600 to buy a car and can pay a maximum of $450 per month. He is offered a loan at 12% p.a. Can he afford the loan? Give details.

b) Could he afford the loan if the interest rate was 14%? What advice would you give Jack?

3. a) Jo's monthly repayment on a loan at 13% p.a. over 3 years is $808.56. How much did Jo borrow?

b) Ben's monthly repayment on a loan at 10% p.a. over 4 years is $798.84. How much did Ben borrow?

4. a A car depreciates in value from $36 000 to $19 000 in 2 years. Use the straight-line method to calculate the annual amount of depreciation. b Calculate the annual depreciation as a percentage of the purchase price.

5. A car depreciates in value from $44 900 to $23 440 in 3 years.

   a) Use the straight line method to calculate the annual amount of depreciation.

   b) Calculate the annual depreciation as a percentage of the purchase price.