

Chapter 5

Exercise 5A

- 1 a (i) £841.76, £612.52, £497.90
(ii) £229.24
(iii) £7394.24
b £593.96
- 2 a Appliances R US
b Appliances R US
c Electroworld
- 3 May offers a better deal as April repayments are £738 and May repayments are £669.45.
- 4 a (i) 3.18%
(ii) 4.679%
b Smaller loans less profitable for lender so increase charges.
- 5 a £104.77
b £106.66
- 6 a £926.04
b £3137.06
- 7 a £118.13
b £12.87
- 8 a £14627
b £1222.67
c (i) Bank or credit union.
(ii) Bank won't lend.
- 9 £29.18
- 10 a Option 1 - £819.52; Option 2 - £440.82; Option 3 - £314.58
b £520
- 11 D2
- 12 a £56.83, £133.65, £257.92
b (i) Each pay £133.65, combined = £267.30
(ii) £9.38
(iii) £9.37

Exercise 5B

- 1 a £52.84
b £78.45
c Store card cheaper
d £15.41
- 2 £2953.26
- 3 £143.35
- 4 a 540
b £93.43
c £110.15
- 5 £399.39
- 6 a £66.63
b 23.65%
- 7 a £203.31
b Yes, cost is £183.55
- 8 a 20.8%
b Store card cheaper, £205.77
- 9 £258.11
- 10 a £460.94
b 40.1%
- 11 29.54%
- 12 a (i) £4134
(ii) £344.50
b (i) £4566
(ii) £36

Exercise 5C

- 1 a £3727.58
b £4576.10
c £6507.00
d £9394.92
e £1288.49
f £9294.26
- 2 a £4192.74
b £5964.04
c £7278.25
d £1772.85
- 3 7

- 4 £5459.94
- 5 £3042.95
- 6 **a** £8844.06
b £8903.86
c Variable slightly higher.
- 7 **a** £6757.59
b £6938.51
c Fixed slightly better.
- 8 **a** Edinburgh: £225.92
Lothian: £211.20
thistle: £224
b Edinburgh
- 9 **a** £457.97, £3957.97
b 13.08%

Activity

- 1 a, b, c, d, e, see spreadsheet

Month	interest	balance
0		£5,000.00
1	£125.00	£4,925.00
2	£123.13	£4,848.13
3	£121.20	£4,769.33
4	£119.23	£4,688.56
5	£117.21	£4,605.78
6	£115.14	£4,520.92
7	£113.02	£4,433.94
8	£110.85	£4,344.79
9	£108.62	£4,253.41
10	£106.34	£4,159.75
11	£103.99	£4,063.74
12	£101.59	£3,965.33
13	£99.13	£3,864.47
14	£96.61	£3,761.08
15	£94.03	£3,655.11
16	£91.38	£3,546.48
17	£88.66	£3,435.15

18	£85.88	£3,321.02
19	£83.03	£3,204.05
20	£80.10	£3,084.15
21	£77.10	£2,961.25
22	£74.03	£2,835.29
23	£70.88	£2,706.17
24	£67.65	£2,573.82
25	£64.35	£2,438.17
26	£60.95	£2,299.12
27	£57.48	£2,156.60
28	£53.91	£2,010.51
29	£50.26	£1,860.78
30	£46.52	£1,707.30
31	£42.68	£1,549.98
32	£38.75	£1,388.73
33	£34.72	£1,223.45
34	£30.59	£1,054.03
35	£26.35	£880.38
36	£22.01	£702.39
37	£17.56	£519.95
38	£13.00	£332.95
39	£8.32	£141.28
40	£3.53	-£55.19

f 40 months

g (i) 46 months

(ii) 36 months

(iii) 29 months [original interest rate]

(iv) 49 months [original interest rate]

2 £6555

3 **a** A: £173.92

B: £186.59

C: £156.22

b £30.37

4 **a** £802 955 307

b 1 338 258.8%