

Hire Purchase and VAT

1. A mail order company sells a sofa for £469.95. It offers Hire Purchase terms of deposit of £69.95 and 24 monthly payments of £21.50

Calculate (a) the total HP cost.
(b) how much you save by paying cash?

[2, 2]

2. Siobhan saw these two adverts for the same computer package.

COMPUTERS 'R' US
£910
VAT INCLUDED

COMPUTERS 4 U
£750
+ 20% VAT

Which shop is offering the best deal? Give a reason for your answer.

[4]

3. A colour television set can be bought in an electrical store for a cash price of £350 or by using one of two Hire Purchase agreements:

HP Silver
10% deposit
+
24 payments
of £14.70

HP Gold
25% deposit
+
15 equal monthly
payments

The total HP cost for both agreements is the same.

What are the monthly instalments for HP Gold?

[7]

4. VAT is charged at 20%. How much VAT would be paid on a music system costing £99.90 before VAT?

[1]



[16 marks]