

Number - Depreciation

Q1

Each year, a car loses 20% of its value at the start of that year.
The car is bought for £10 000.

Work out the value of the car after 3 years.

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£ _____ [4]

Q2

The value of a car depreciates by 35% each year.

At the end of 2007 the value of the car was £5460

Work out the value of the car at the end of 2006

£

(Total 3 marks)

Number - Depreciation

Q1

Each year, a car loses 20% of its value at the start of that year.
The car is bought for £10000.

Work out the value of the car after 3 years.

Worth 80% of value at beginning of year

$$\text{Value after 3 years} = \pounds 10000 \times 0.80^3$$

$$= \pounds 5120$$

£ 5120 [4]

Q2

The value of a car depreciates by 35% each year.

At the end of 2007 the value of the car was £5460

Work out the value of the car at the end of 2006

Worth 65% of value at beginning of year

$$(2006 \text{ Price}) \times 0.65 = (2007 \text{ Price})$$

$$\text{Therefore } (2006 \text{ Price}) \times 0.65 = \pounds 5460$$

$$(2006 \text{ Price}) = \frac{\pounds 5460}{0.65} = \pounds 8400$$

£ 8400

(Total 3 marks)