



# VAT Problems

## Answers

1

November 2014 Higher Non-Calc Paper 1

- 11 Ria is going to buy a caravan.  
The total cost of the caravan is £7000 plus VAT at 20%.

Ria pays a deposit of £3000  
She pays the rest of the total cost in 6 equal monthly payments.

Work out the amount of each monthly payment.

$$\begin{aligned} \text{£}7000 + 20\% \text{ VAT} & \quad 10\% = 700 \\ & \quad 20\% = 1400 \quad \textcircled{1} \end{aligned}$$

$$\begin{array}{r} \text{£}7000 + 1400 = \text{£}8400 \\ \textcircled{1} \quad - \text{£}3000 \\ \hline \text{£}5400 \end{array}$$

$$\begin{array}{r} 900 \\ 6 \overline{)5400} \\ \textcircled{1} \end{array}$$

$$\begin{array}{r} \text{£} \quad \textcircled{1} \\ 900 \end{array}$$

(Total for Question 11 is 4 marks)

- 1 Sean wants to go on holiday.  
He is going to get a loan of £720 to help pay for the holiday.

Sean will have to pay back the £720 plus interest of 15%.  
He will pay this back in 12 equal monthly installments.

How much money will Sean pay back each month?

$$\begin{array}{l}
 10\% \text{ of } 720 = 72 \\
 5\% \text{ of } 720 = \frac{36}{108} \quad (1)
 \end{array}$$

$$\begin{array}{l}
 720 + 108 \\
 = \text{£} 828 \quad (1)
 \end{array}$$

$$\begin{array}{r}
 69 \quad (1) \\
 \hline
 12 \overline{) 828}
 \end{array}$$

$$\text{£ } 69.00 \quad (1)$$

(Total for Question 1 is 4 marks)