New Car Capers

You need: a calculator

Danielle's mum wants to buy a brand new car, but first she and Danielle do some investigating.

Danielle finds out that the value of a new car starts to fall as soon as it leaves the car yard. The amount varies depending on the condition of the car, but on average, a new car loses value at the following rate:

Car Prices

After:	Loss of value:
1 year	24% of its original cost
2 years	19% of what it was worth at the end of year 1
3 years	11% of what it was worth at the end of year 2
4 years	6% of what it was worth at the end of year 3
5 years	8% of what it was worth at the end of year 4

$31,990

2.5L, 5 spd, dual airbags, ABS, alloys, elecs, remote lock

1. a. If Danielle's mum buys a new car costing $31,990, what would its value be, to the nearest dollar, at the end of each year for 5 years?
   b. How much, on average, does its value decrease per month in each of the first 5 years?

2. Find an advertisement for a new car. Based on the depreciation (loss of value) shown above, what will its value be when the car is 5 years old?

$44,995

2.5L, 5 spd, ABS, dual airbags, alloys, air cond, p/steer, c/lock

$53,995

3.8L V6, auto, dual airbags, alloys, elecs, climate air, ABS, cruise cntl