

## M.K. HOME TUITION

Mathematics Revision Guides  
Level: GCSE Higher Tier

# PERCENTAGES

$28\% = \frac{28}{100} = 0.28$

$12\% \text{ of } 450 = \frac{450 \times 12}{100} = 54$

Add 20% - same as multiplying by 1.20

Ex - VAT price (unknown)      Price £450 inc VAT at 20%

Ex - VAT price £375      Price £450 inc VAT at 20%

Divide by 1.20

$0.6 = 60\%$

$\frac{560 - 476}{560} \times 100\% = \frac{84}{560} \times 100\% = 15\%$

$\text{£}3000 \times (1.045)^3 = \text{£}3423.50$

$\frac{1}{4} = \frac{1}{4} \times \frac{25}{25} = \frac{25}{100} = 25\%$

## PERCENTAGES.

A percentage is a convenient way of expressing a fraction with 100 on the denominator. Such a quantity can be expressed as a decimal or a fraction, for example 15%, 5.2%,  $7\frac{1}{2}\%$ ,  $8.\dot{3}\%$ .

### Converting between decimals and percentages.

This is very easy and does not need a calculator.

To express a decimal as a percentage, multiply by 100%.

#### Examples (1).

$$1.25 = 1.25 \times 100\% = 125\%$$

$$0.072 = 0.072 \times 100\% = 7.2\%$$

Distinguish between  $0.6 = 60\%$ ;  $0.06 = 6\%$ ;  $0.006 = 0.6\%$  and so forth.

To express a percentage as a decimal, divide by 100. (You may need to convert fractions first !)

#### Examples (2).

$$28\% = \frac{28}{100} = 0.28$$

$$17\frac{1}{2}\% = \frac{17.5}{100} = 0.175$$

$$33\frac{1}{3}\% = \frac{33.\dot{3}}{100} = 0.\dot{3}$$

### Converting a fraction to a percentage.

To convert a fraction into a percentage, multiply both the numerator and denominator to give 100.

With calculator:

Divide the top line by the bottom line and multiply by 100%

Without calculator:

Multiply both the numerator and denominator to give 100.

#### Examples (3).

$$\frac{1}{4} = \frac{1}{4} \times \frac{25}{25} = \frac{25}{100} = \mathbf{25\%}$$
 (multiply both sides by 25)

$$1\frac{3}{5} = \frac{8}{5} = \frac{160}{100} = \mathbf{160\%}$$
 (convert to an improper fraction, then multiply both sides by 20)

Sometimes, it might be necessary to make the denominator a multiple of 100 and leave the percentage in fractional form.

$$\frac{3}{8} = \frac{75}{200} = \frac{37.5}{100} = \mathbf{37.5\%}$$
 or  $37\frac{1}{2}\%$  (multiply by 25 to get a multiple of 100, here 200, then halve top and bottom.

$$\frac{1}{3} = \frac{100}{300} = \frac{33\frac{1}{3}}{100} = 33\frac{1}{3}\%$$
 (multiply top and bottom by 100, then divide by 3). The answer is *not* 33% !

**Converting a percentage to a fraction (without a calculator).**

To convert a percentage to a fraction, divide by 100 and reduce the result to its lowest terms.

**Examples (4).**

$$15\% = \frac{15}{100} = \frac{3}{20} \text{ (cancel common factor of 5)}$$

$$70\% = \frac{70}{100} = \frac{7}{10} \text{ (cancel common factor of 10)}$$

$$75\% = \frac{75}{100} = \frac{3}{4} \text{ (cancel common factor of 25)}$$

Sometimes a percentage may be fractional, in which case the top and bottom must be multiplied out to get rid of the fraction.

$$12\frac{1}{2}\% = \frac{25}{200} = \frac{1}{8} \text{ (multiply top and bottom by 2 before cancelling out common factor of 25)}$$

$$66\frac{2}{3}\% = \frac{200}{300} = \frac{2}{3} \text{ (multiply top and bottom by 3 before cancelling 100)}$$

**Expressing one quantity as a percentage of another.**

To find out what percentage quantity  $A$  is of quantity  $B$ , divide  $A$  by  $B$  and multiply the result by 100.

Thus, to find out what percentage 48 is of 64, work out the value of  $\frac{48}{64} \times 100\%$ . Here it is 75%.

**Example (5):** A football ground has a capacity of 36,000 spectators. A certain match attracted an attendance of 32,400. How full was the ground, expressed as a percentage ?

We need to divide 32,400 (the attendance) by 36,000 (the capacity) and multiply the result by 100.

The ground is therefore  $\frac{32,400}{36,000} \times 100\%$  full, or 90% full.

**Finding a percentage of a quantity.**

To find the percentage of a quantity, multiply the quantity by the percentage and divide by 100.

Thus 12% of 450 =  $\frac{450 \times 12}{100} = 54$ .

**Example (6):** In a local election, 7800 people were eligible to vote, but only 47.5% actually turned out. How many people voted ?

We need to multiply 7800 (the number eligible to vote) by 47.5 (the actual turnout) and then divide by 100.

Thus the actual turnout =  $\frac{7800 \times 47.5}{100} = 3705$  voters.

### Percentage arithmetic.

This section talks about arithmetic involving percentage changes, both increases and decreases.

If a question uses words like *profit*, *gain*, *inflation*, *interest* or *appreciation*, then we are dealing with percentage increases. If by contrast it uses words like *loss*, *discount*, *reduction* or *depreciation*, then we are dealing with percentage decreases.

### Increasing and decreasing a quantity by a given percentage.

If a quantity  $A$  is increased by a percentage  $P\%$ , then it is possible to find  $P\%$  of  $A$  and add it to the original, but a more efficient method is to multiply  $A$  by  $1 + \frac{P}{100}$  to obtain the same result.

For example, increasing by 8%, 15% and 20% is the same as multiplying by 1.08, 1.15 and 1.2 respectively.

If on the other hand a quantity  $A$  is decreased by a percentage  $P\%$ , then we subtract  $P\%$  of  $A$  from the original, or perform the calculation in one go and multiply  $A$  by  $1 - \frac{P}{100}$ .

For example, decreasing by 5%, 10% and 25% is the same as multiplying by 0.95, 0.9 and 0.75 respectively.

**Example (7):** A college had 650 pupils on its books at the start of the 2005 academic year. The authorities wanted to increase the number on the roll by 8% for 2006, and the actual number enrolled was 704. Did the college achieve its target ?

The original number was 650, so we need to add 8% to it to find the target value.

We can either

- a) work out  $650 \times 8\% = 52$ , and then add it to 650 to give 702, or
- b) perform the calculation in one go, realise that adding 8% is the same as multiplying the original by

$$1 + \frac{8}{100}, \text{ or } 1.08, \text{ giving } 650 \times 1.08 = 702.$$

The college has therefore exceeded the target by 2 pupils.

**Example (8):** A car loses 22% of its resale value every 12 months. Exactly a year ago it was worth £5250; how much is it worth now ?

The value of the car was £5250 twelve months ago, but we need to subtract 22% find its value now.

Again we can either

- a) work out  $5250 \times 22\% = 1155$ , and then subtract it from 5250 to give 4095, or
- b) realise that subtracting 22% is the same as multiplying the original by

$$1 - \frac{22}{100}, \text{ or } 0.78, \text{ giving } 5250 \times 0.78 = 4095.$$

Thus the car is now worth £4095.

**Finding the percentage difference between two quantities.**

We will assume in this section that that  $A$  is the original ‘old’ quantity and  $B$  the changed ‘new’ quantity in question.

To find the percentage change between the two, we subtract the ‘old’ value  $A$  from the ‘new’ value  $B$ , divide by the ‘old’ value  $A$  and finally multiply by 100. <sup>\*1</sup>

The formula is  $P = \frac{B - A}{A} \times 100\%$  .

If  $B > A$  , we have a positive result, indicating a percentage increase; if  $B < A$ , we have a negative result, indicating a percentage decrease.

Note that a percentage change of -15% is the same as a decrease of 15%.

**Example (9):** The population of a village had changed from 720 to 810 over a ten-year period. Express this change as a percentage.

We subtract 720 from 810 to get 90, divide 90 by 720 and multiply by 100:

$$\frac{810 - 720}{720} \times 100\% = \frac{90}{720} \times 100\% = 12.5\% .$$

The ‘new’ value is greater than the ‘old’, so the village’s population had *increased* by 12.5% over the ten years.

**Example (10):** The number of road accidents in a town had fallen from 560 to 476 between 2009 and 2010. Calculate the percentage change here.

We subtract 560 from 476 to get -84, divide -84 by 560 and multiply by 100:

$$\frac{476 - 560}{560} \times 100\% = \frac{-84}{560} \times 100\% = -15\%$$

Because the ‘new’ value for 2010 is less than the ‘old’ value for 2009, we are dealing with a *decrease* of 15% in the number of road accidents between the two years.

**Profit and discount (loss).**

If an item is said to be sold at a profit, its selling price is more than its cost price; on the other hand, if an item is sold for less than its cost price, it is said to be sold for a loss or a discount.

Such profits (or losses) are often quoted in terms of percentages of the **cost price**.<sup>\*1</sup>

**Example (11):** A fruiterer buys a crate of apples for £18 and proceeds to sell them for a 30% profit on the cost price. If there are 20kg of apples in the case, what should be his selling price per kilogram ?

30 % of £18 is £5.40, so the whole crate of apples should sell for £(18 + 5.40) or £23.40.

As there are 20kg in the crate, this works out at £  $\frac{23.40}{20}$  or £1.17 per kg.

**Example (12):** A market trader buys 1000 chickens at £2 each and sells 800 of them at a 40% profit, but then is forced to sell the remainder at a 30% loss. What is the percentage profit (or loss) for the whole transaction ?

Firstly, we find 40% of £2, which is 80p. The trader therefore makes  $800 \times 80\text{p}$ , or £640 profit, on the first 800 chickens sold.

The remaining 200 chickens are sold at a loss of 30% of £2, or 60p each – a total loss of  $200 \times 60\text{p}$ , or £120, on the remainder.

Combining a profit of £640 with a loss of £120 gives a net profit of £ (640 – 120) or £520.

Since the 1000 chickens originally cost him  $\text{£}2 \times 1000$ , or £2000, the actual percentage profit is

$$\frac{520 \times 100}{2000} = 26\%$$

<sup>\*1</sup> The method is standard in schoolwork, but the commercial practice is different, especially when dealing with profit and loss. Retailers express profits as a percentage of the **turnover** and not the **cost**. Thus, the profit of £25 from buying a product at £100 and selling it at £125 is quoted as 20% of selling price, rather than as a mark-up of 25% on cost .

**Example (13a):** A butcher makes his own burgers to a recipe containing 90% beef and 10% soya. His cost prices are £3.40 per kg for the beef and £1.40 per kg for the soya.

He can make 8 burgers out of each kilogram of the mixture, and wants to make a profit of 50% on the cost price. Calculate the required selling price for one burger.

As 90% of 1 kg is 900 g and 10% of 1 kg is 100 g, the cost price breakdown is therefore

900 g beef @ £3.40/ kg =	£3.06
100 g soya @ £1.40 / kg =	£0.14
<hr/>	
1 kg of burger mixture =	£3.20

The burger mixture costs him £3.20 per kg, and he wants to make a profit of 50%, so we multiply £3.20 by 1.50 to get his selling price of £4.80 per kg. Also, he can make 8 burgers out of 1 kg of the mixture, so we divide £4.80 by 8 to obtain the selling price of **60p for one burger**.

**Example (13b):** The butcher's assistant then decides to alter the recipe by reducing the beef content to 80% whilst keeping the soya content at 10%. The remaining 10% of the mixture is made up of onions at £1.40 per kg.

He still intends to sell the burgers at the same weight, i.e. 8 to the kilogram, as in the previous example, and also leaving the selling price unchanged.

Calculate the new profit made on the cost price.

As 80% of 1 kg = 800 g and 10% of 1 kg = 100 g, the cost price breakdown is :

800 g beef @ £3.40/ kg =	£2.72
100 g soya @ £1.40 / kg =	£0.14
100 g onions @ £1.40 / kg =	£0.14
<hr/>	
1 kg of burger mixture =	£3.00

The assistant intends to sell the burgers at 60p each at 8 burgers to the kilogram, so the selling price per kg is still £4.80 even though the cost price has fallen.

The new percentage profit is therefore  $\frac{(480 - 300)}{300} \times 100 = 60\%$ .

He has increased the profit on cost from 50% to **60%**.



**Example (14):** An antiques dealer buys a table and a set of 4 chairs for a total of £500. He sells three of the chairs at a profit of 80% but the fourth one is soiled and he has to sell it at cost, making an overall profit of £180 for the chairs alone. He sells the table and still makes a profit of 80% on the whole transaction.

Find the cost and selling prices of the table and hence the percentage profit he makes on the table.

The total profit on the whole transaction is 80% of £500, namely £400, and the profit made on the chairs is £180. The dealer therefore makes a profit of £(400 – 180), or £220, on selling the table.

Although he makes a profit of £180 on the chairs, this profit is divided up between three ‘good’ chairs at £60 per chair. (He makes no profit on the fourth one, being forced to sell it at cost price.)

This profit of £60 per ‘good’ chair is 80% of the original cost of a single chair, so a single chair costs

$$£ \frac{60 \times 100}{80} = £ 75.$$

Thus the 4 chairs would cost him a total of £75 × 4, or £300. Since the dealer spends £500 on the table plus all of the chairs, the table costs him £ (500 – 300) or **£200**.

He has made a profit of £220 on selling the table, so his selling price is **£420**.

This profit, when expressed as a percentage, is  $\frac{220 \times 100}{200} = 110\%$

### Reversed percentages.

These require a little more care to work out. In those cases, we are given a value *after* a percentage change, but we need to find the original.

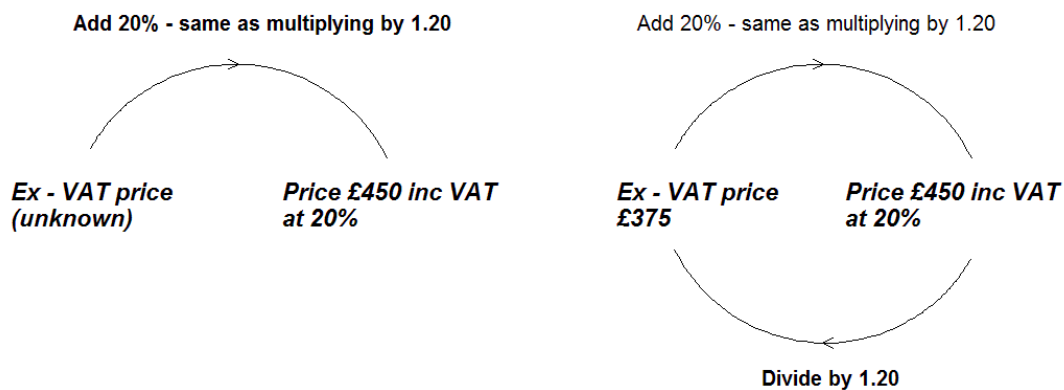
**Example (15):** Consider this case: a businessman buys a PC for £450 inclusive of VAT at 20%. He can claim the VAT back, so how much will it be, and also what is the ex-VAT price ?

On the face of it, the VAT will be 20% of £450, or £90.

**Wrong !** If we take £90 from £450, we have £360.  
Adding back the VAT by adding 20% of £360 or £72 would give us £432 !

The correct way of working this problem out is to realise that the full price of the PC, £450, is an unknown original value with 20% added to it, or that original value multiplied by 1.2.

The original cost, excluding VAT, is therefore worked out by reversing the multiplication by 1.2, namely through *dividing* by 1.2.



Note: although multiplying by 1.2 is the same as adding 20%, dividing by 1.2 is *not* the same as subtracting 20% !

The VAT itself is then obtained by finding 20% of the *original* value before the change.

The pre-VAT price is therefore  $\pounds \frac{450}{1.2}$ , or  $\pounds 450 \times \frac{100}{120}$ , or  $\pounds 375$ .

The VAT itself is 20% of £375 (*not* 20% of £450), or £75.

Therefore, to find a value *before* a percentage increase  $P\%$ , you must

divide the price *after* the increase by  $1 + \frac{P}{100}$  or multiply the price *after* the increase by  $\frac{100}{100 + P}$ .

**Example (16):** The average price of a British house is now £163,800 according to marketing surveys. They say that prices had increased by 38% in the last three years. What was the price of an average house three years earlier ? Please give the answer to the nearest £ 100.

Do not be tempted to subtract 38% from £163,800 !

Here, the percentage increase,  $P$ , is 38%, and thus the current price is  $(100 + 38)\%$  or 138% of the price we are being asked to find. We must therefore divide the current price by  $1 + \frac{P}{100}$ , or 1.38.

This gives  $\pounds \frac{163,800}{1.38}$ , or £ 118,695.65, or **£118,700** to the nearest £100.

Reversed percentage decreases are handled similarly, but with the plus signs in the last expressions replaced by minus signs.

Therefore, to find a value before a percentage decrease  $P\%$ , you must divide the price after the decrease by  $1 - \frac{P}{100}$  or multiply the price after the decrease by  $\frac{100}{100 - P}$ .

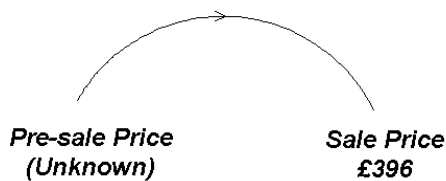
**Example (17):** The Sofa Shop has announced a sale, where all the stock has been reduced by 20% for one day. A shopper buys a sofa for £396 that day. What price was the sofa before the reduction ?

Here we are trying to find a price before the reduction. Again, do not be tempted to add 20% to get the original price.

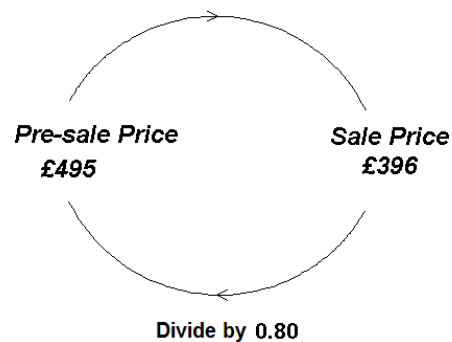
This time the percentage decrease,  $P$ , is 20%, and thus the current price is  $(100 - 20)\%$  or 80% of the price we are being asked to find. We must therefore divide the current price by  $1 - \frac{P}{100}$ , or 0.8.

This gives  $\pounds \frac{396}{0.8}$ , or **£495**.

**Subtract 20% - same as multiplying by 0.80**



**Subtract 20% - same as multiplying by 0.80**



### Non-Calculator Percentage Arithmetic using Fractional Parts.

This is a method of multiplication where a complicated multiplier is divided up into easier parts, which are then added (or sometimes subtracted). The best fractional parts to work with are halves, quarters, fifths and tenths, as they make for easy division.

**Example (18):** Find 15% of £246.

We split the 15% into 10% + 5%.

100% of £246 is obviously £246. Now 10% is one tenth of 100%, so 10% of £246 is one tenth of £246, or £24.60. Finally, 5% is half of 10%, so 5% of £246 is half of £24.60, or £12.30.

Adding those last two sub-totals gives us  $£24.60 + £12.30 = £36.90$ .

100% of £246 =	£246.00	
10% of £246 =	£24.60	(Divide £246 by 10, as 10% = one tenth)
5% of £246 =	£12.30	(5 is half of 10, so divide 10% by 2)

---

**15% of £246 = £36.90** (Add last two sub-totals)

**Example (19):** The rate of VAT in Belgium is 21%.  
Calculate the VAT on a television set whose ex-VAT price is €229 in Belgium.

We can split the 21% either as 20% + 1% or 10% + 10% + 1%.

20% of €229 =	€45.80	(Divide €229 by 5, as 20% = one fifth)
1% of €229 =	€2.29	(Divide €229 by 100)

---

**21% of €229 = €48.09** (Add the two sub-totals)

(Alternative)

10% of €229 =	€22.90	(Divide €229 by 10, as 10% = one tenth)
10% of €229 =	€22.90	(Repeat last result)
1% of €229 =	€2.29	(1% is one tenth of 10%, so divide €22.90 by 10)

---

**21% of €229 = €48.09** (Add the three sub-totals)

**Example (20):** House prices are estimated to rise by 9% over the next year. Estimate the value of a house next year when the current value is £280,000.

We are being asked to increase £280,000 by 9%, but it is rather tedious to split this 9% into 5% + 1% + 1% + 1% + 1%. It is much easier to treat it as 10% - 1%.

The house value after one year is, of course, 109% of the original. ( $109 = 100 + 10 - 1$ )

100% of £280,000 =	£280,000	(The original price)
10% of £280,000 =	£28,000	(Divide original price by 10, as one tenth = 10%)
1% of £280,000 =	£2,800	(Find one tenth of £28,000) SUBTRACT !
<b>109% of £280,000 =</b>	<b>£305,200</b>	(Add the first two rows, but subtract the third)

**Example (21):** The price of a suit is reduced by 35% in a sale. If the original price was £180, find the sale price.

One method is to split 35% up into 20% + 10% + 5%, add those subtotals, and finally subtract from the original

100% of £180 =	£180	(The original price)
20% of £180 =	£36	(Divide original price by 5, as one fifth = 20%)
10% of £180 =	£18	(Find half of 20%, or for that matter, one tenth of original)
5% of £180 =	£9	(Find half of 10%)
<b>35% of £180 =</b>	<b>£63</b>	(Add the previous three rows)

This value of £63 is the reduction, so we must finally subtract it from the original £180 to give the sale price of £(180-63) or **£117**.

Another method is to reckon that a 35% reduction in price means a sale price of (100-35)% or 65% of the original. We then split the 65% up into 50% + 10% + 5% and add those subtotals.  
:

100% of £180 =	£180	(The original price)
50% of £180 =	£90	(Divide original price by 2, as one half = 50%)
10% of £180 =	£18	(Find one fifth of 50%, or one tenth of original)
5% of £180 =	£9	(Find half of 10%)
<b>65% of £180 =</b>	<b>£117</b>	(Add the previous three rows)

### Compound percentage arithmetic.

All the examples shown so far involved a single percentage change. Compound changes are handled in the same way, but check the question's wording - is it a standard one or a 'reversed percentage' one ?

**Example (22):** A bank offers an account paying 4.5% compound interest per annum for a fixed rate for three years. If £3000 is paid in to this account at the start of this term, how much total interest will it earn at the end of the third year?

We are given a value before the increase, so this is a 'standard' percentage question, not a reversed one. Here the percentage change,  $P = 4.5$ , so the multiplier,  $1 + \frac{P}{100}$ , is 1.045.

The original sum, £3000, needs to be multiplied by 1.045 three times to obtain the final balance of the account.

It is wrong to reckon  $3000 \times 4.5\% = 3000 \times 0.045 = \text{£}135$  interest per year, and hence  $\text{£}135 \times 3 = \text{£}405$  interest over the 3 years. That is *simple* interest !

The final balance is  $\text{£}3000 \times (1.045)^3$  or  $\text{£}3423.50$ , so the interest earned is  $\text{£}3423.50$  minus the original sum invested, or **£423.50** .

The general form of the compound interest equation is

$$N_t = N_0 \left( 1 + \frac{P}{100} \right)^t \quad (\text{also known as compound growth})$$

where  $N_0$  is the amount at the start of the time span,  $P$  is the percentage rate,  $t$  is the time, and  $N_t$  is the amount at the end of the time span.

The units of time and the percentage rate must be consistent; if the interest rate is quoted as an annual rate, then the time units must be years.

In this example,  $N_0 = 3000$ ,  $P = 4.5$ , and  $t = 3$ , resulting in  $N_t = 3423.50$ . (To find the interest alone, we subtract  $N_0$  from  $N_t$  to give 423.50.)

### The difference between compound and simple interest.

Example (22) illustrated the idea of compound interest, where both the original sum *and the interest* earned interest.

In simple interest, only the original sum earns interest. Hence the following:

**Example (22a):** A bank offers an account paying 4.5% simple interest per annum for a fixed rate for three years. If £3000 is paid in to this account at the start of this term, how much total interest will it earn at the end of the third year?

We are dealing with *simple* interest here, so we *can* reckon  $\text{£}3000 \times 4.5\% = 3000 \times 0.045 = \text{£}135$  interest per year, and hence  $\text{£}135 \times 3 = \text{£}405$  interest over the 3 years.

The simple interest is therefore  
(Original sum)  $\times$  (Annual percentage rate)  $\times$  (Time).

Again, the units of time and the percentage rate must be consistent; if the interest rate is quoted as an annual rate, then the time units must be years.

**Example (23):** A car which retails at £16000 when brand new loses 24% of its value every year from new. What is its value at the end of the third year to the nearest £ ?

Again this is a 'standard' percentage question, as we are given a starting value before any decreases. Do not be tempted to subtract  $3 \times 24\% = 72\%$  of the total !

Since we are dealing with percentage decreases here, we modify the compound interest / growth formula to .

$$N_t = N_0 \left( 1 - \frac{P}{100} \right)^t \quad (\text{also known as compound decay})$$

where  $N_0$  is the amount at the start of the time span,  $P$  is the percentage rate,  $t$  is the time, and  $N_t$  is the amount at the end of the time span.

The units of time and the percentage rate must be consistent; if the interest rate is quoted as an annual rate, then the time units must be years.

In this example,  $N_0 = 16000$ ,  $P = 24$ , and  $t = 3$ . The multiplier is  $1 - \frac{24}{100} = 0.76$ .

The value of the car after 3 years is  $\pounds 16000 \times (0.76)^3$  or **£7024** to the nearest £.

**Example (24):** Alex's monthly gross pay was £2419.20 in 2010. He had previously been awarded a pay rise of 2.4% in 2009 and another of 5% in 2008.

What was Alex's pay before his 2008 pay rise ?

This is a reverse percentage question, so  $P = 2.4\%$  in 2009 and 5% in 2008.

To find Alex's 2009 pay, we divide by  $1 + \frac{P}{100}$ , or 1.024, and then to find his 2008 pay we divide

again by 1.05, giving a 2008 monthly gross pay of  $\pounds \frac{2419.20}{1.024 \times 1.05}$  or **£2250**.

**Example (25):** A wholesale bakery offers a supermarket a double discount of 20% followed by 10% on its products. Show that this is equivalent to a *single* discount of 28%.

An item whose pre-discount price is £1 would firstly have 20%, or 20p, deducted, giving 80p. The second discount is 10% of the 80p and not the original £1, or 8p, giving 72p.

The combined discount is therefore  $(100 - 72)p$  or 28p in the £, namely 28%.

Sometimes a misunderstanding of repeated percentage changes can lead to hilariously incorrect conclusions.

**Example (26):** Del Boy invests £50,000 in shares and Boycie invests £100,000. Boycie sees the value of his shares fall by 40% one week but then rise by 60% the following week. Del Boy's shares by contrast fall by 10% and then rise by 25%.

*Del Boy and Boycie are discussing their fortunes at the Nag's Head.*

Boycie: "Oh dear, Del Boy, it's too bad you didn't gamble like I did. I'd lost 40%, then gained 60%, which means I'm 20%, or £20,000 up on the deal – ha ha ha ha ha !"

Del: "*Bonnet de douche* ! 25% minus 10% is 15%, and that's a smaller percentage than yours, and it's only on £50,000 instead of £100,000. So your £20,000 beats my £7,500 then, Boycie."

*Rodney and Cassandra hear the conversation between the two investors.*

Cassandra: "I think Del has come out better here. He's actually made a profit on the deal, a little less than his original quote. Boycie, believe it or not, has actually suffered a loss for all his hot air."

Who was correct here – Boycie, Del Boy or Cassandra ?

Del Boy's original investment of £50,000 sees a 10% decrease, or £5,000, in the first week, reducing the value of his shares to £45,000.

In the second week, Del Boy makes a gain of 25% on his £45,000 (not £50,000), or £11,250. The final value of his shares is therefore £45,000 + £11,250, or **£56,250**, or a gain of £6,250.

His net percentage gain is hence  $\frac{6250}{50000} \times 100\%$  or 12.5%

Boycie's investment of £100,000, on the other hand, suffers a fall of 40%, or £40,000 in its value, in the first week, reducing his holding to £60,000.

Although Boycie makes a gain of 60% on his second week, this amounts to 60% of £60,000 (not £100,000), which is £36,000.

The final value of Boycie's shares is therefore 60,000 + £36,000 or **£96,000**. This means that Boycie has actually made a *loss* of £4,000 or 4% on his original £100,000 outlay.

Cassandra was therefore correct in saying that Del Boy had done better than Boycie !



**Example (27) (Proportion tie-in):** Mo is training to be a marathon runner, but to achieve a world-class time, he has to achieve a mean running speed 25% faster than he is currently doing.

His current marathon time is 2 hours and 40 minutes, and he does a quick calculation as follows:  
“I’m doing 160 minutes now, but if I increase my average speed by a quarter, I can knock 25%, or 40 minutes, off my running time and complete the marathon over the same course in exactly 2 hours .”

- i) Explain, using the relationships between speed and time, why Mo is wrong in his original assumption.
  - ii) Calculate the true percentage reduction in Mo’s running time, and hence his target time for running the marathon.
- i) Because time and speed are related in inverse proportion, then for example, doubling the speed would result in halving the time.

Increasing the speed by 25% means multiplying the speed by a factor of 125%, or 1.25.  
If the speed is **multiplied** by a factor of 1.25, the time is **divided** by this same factor.

When we add 25%, we multiply by 1.25, but we do **not** subtract 25% when we divide by 1.25.

In fact, dividing by 1.25 is equivalent to multiplying by  $\frac{1}{1.25}$ , i.e. by 0.8 or 80%.

- ii) Mo’s time would not be reduced by 25% as originally reckoned, but by (100-80)% or **20%**.

Now 20% of 160 minutes is 32 minutes, and so his target marathon running time is (160-32) minutes, i.e. 128 minutes, or **2 hours and 8 minutes**.

(We could have simply multiplied 160 by 0.8 to obtain the same result of 128 minutes).