



3055 BA SANGAM COLLEGE

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LESSON NOTES

School: Ba Sangam College

Name: _____

Subject: Home Economics

Year:13

Strand	HEC 13. 1 Family and Home Management
Sub strand	HEC 13.1.2 Resources
Content Learning Outcome	Examine in detail appropriate means of managing income and analyse effectiveness of other saving methods.

METHODS OF PAYMENTS

Methods of payment	Advantages	Disadvantages
Cash sales are defined as sales in which the buyer's payment obligation to the seller is settled on delivery.	<ul style="list-style-type: none">• Some discount may be given.• No paying of interest.• Goods become one's property and can be taken home.	<ul style="list-style-type: none">• Use of credit cards and debit cards not common for all• Some may find it hard to make purchases - dampen future business• large amount of cash is on hand
2. Hire Purchase - a credit deal where an individual needs to make commitments and is a common way of paying for major items, such as furniture, electrical appliances and gadgets etc.	-an initial deposit is paid followed by monthly payments or installments	<ol style="list-style-type: none">1. The customer is liable for any damage caused to the goods during contract period.2 . goods belong to the seller until the financial payment is made.3. The customer cannot modify or sell the goods without the lender's permission.4. The finance company can take the goods back if you don't keep up your repayments.5. interest is charged over an agreed period.
3. Lay-by - involves the buying of a product and the balance paid in instalments.	No interest is charged.	-The customer will only receive the goods until the full price has been paid.

4. Overdraft from Banks - a limit on borrowing on a bank current account, with an overdraft.	<ul style="list-style-type: none"> • Flexibility: the amount borrowed can change. • Interest is only paid on amounts borrowed 	<ul style="list-style-type: none"> • Interest is charged on the overdrawn balance on a daily basis.
5. Loans A bank loan is a fixed amount for a fixed term with regular fixed payments. The interest on a loan tends to be lower than an overdraft.	<ul style="list-style-type: none"> • The buyer has the use of the goods. • The risk of carrying large sums of money is avoided. • Without credit large items such as cars and houses could not be bought by very few people 	<ul style="list-style-type: none"> • The customer will get in debt. • Interest rates are often high. • The item may be used from time of purchase, it is not owned until the final installment is paid.

WORKSHEET 7

Essay

There are many ways in which goods and services can be obtained through payments.
With reference to the above statement, discuss:

- Two methods of payments **(2 marks)**
- Describe the two methods of payments. **(2 marks)**
- An advantage of each payment **(2 marks)**
- One disadvantage each of the above payments. **(2 marks)**

(use the attached ruled papers to write your essay)