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WORKSHEET 20

SCHOOL: BA SANGAM COLLEGE
SUBJECT: MATHEMATICS

YEAR: 10
NAME OF STUDENT: _____

STRAND	5 - MEASUREMENT
SUB-STRAND	5.1 - MONEY
LEARNING OUTCOME	Calculate the total amount paid when goods are bought on hire purchase, credit terms and lay by

DIFFERENT TYPES OF BUYING

The following table summarizes the main points for each of the two types of buying.

Type	Cash Buying	Credit Buying
Definition	This is the type of buying in which the consumer pays for the goods and services before consuming it.	This is the type of buying in which the consumer can take the good home and pay for it at a later date.
Advantages	1. immediate possession and ownership 2. no debt incurred 3. goods are usually cheaper 4. no extra charges have to be paid by the consumer 5. the buyer may get discounts	1. immediate possession. 2. no need to carry large sums of money all the time 3. the buyer can use the goods before it is fully paid 4. convenient for people who don't have cash all the time
Disadvantages	1. cash may not be available all the time 2. It may not be convenient to carry cash around all the time	1. consumers end up paying more than what the item actually costs due to extra charges (eg interest) 2. it may lead to impulse buying 3. Ownership only fully paying for the items purchased

Forms of credit buying:

Hire – Purchase: under this type of buying the buyer gets to take the good home upon zero or some deposit and make regularly installments fortnightly or monthly.

However, there is a lot of hidden costs associated with hire purchase buying. Example white goods, property purchase on mortgage, cars etc.

Lay-By: is the buying where the buyer selects the good and requests the seller to put the good aside upon some

down payment and agrees to pay and have the debt cleared as per the time period given. Example clothes, jewelries, kitchenware etc.

Hire Buying: is where the buyer pays bond and takes the good home and takes full responsibility for any damage done to the good. Example Rental Cars, DVD Rentals, Equipment Hire etc.

Example

Cash price \$ 2700

Or 24 monthly
payments of \$150.00



The above deal is offered at a store in Suva. The customer wishes to take the set on hire purchase. Calculate:

(i) Total amount the customer pays while buying on hire purchase.

Solution $24 \times \$150.00 = \3600.00

ii) The amount the customer saves if the set is bought on cash.

Solution $\$3600.00 - \$2700.00 = \$900.00$

iii) The percentage interest that the store charges.

Solution $\text{Profit} / \text{cost price} \times 100$
 $(\$900.00 \div \$2700.00) \times 100 = 33.33\%$

Example 2

Alpana really likes a sari that she saw in Bhanlal & Sons. The sari costs \$ 250 but Alpana just has \$50 with her. The shopkeeper suggests that she lay – by the good. Calculate the number of payments that Alpana needs to make if she deposits \$50 and makes weekly payments of \$25.00.

Solution
 $\$250.00 - \$50.00 = \$200.00$. (The amount owed)
 $\$200.00 \div \$25.00 = 8$ weekly payments.

Activity

1. The cash price of a bedroom suite is \$4200. The bedroom suite can be purchased on the following terms: 20% deposit and weekly payments of \$38.95 for two years. Calculate the cost of buying the bedroom suite if you bought it on terms. **(3 mark)**

2. Robert wants to buy a used car with a cash price of \$12600. The dealer offers terms of 10% deposit and monthly repayments of \$652.70 for two years.

Calculate the amount of the deposit.

- Calculate the amount of the deposit. **(1 mark)**
- Calculate the total amount to be paid in monthly repayments. **(1 mark)**
- What is total amount Robert pays for the car? **(1 mark)**
- How much more than the cash price of the car does Robert pay. **(1 mark)**

3. Miriama buys a settee on hire purchase. The cash price is \$800. She pays 30% deposit and the store

charges **10% interest on cash price.**

- a) If she takes two years to pay for the settee, what are her monthly payments?
- b) What is the total amount that she pays for the settee?

(3 mark)

(1 mark)