

NAME \_\_\_\_\_

DATE \_\_\_\_\_

# HIRE PURCHASE

Sometimes an item is bought or paid for over a period of time. The customer pays a deposit or down payment and the balance are paid weekly or monthly (called instalments). This payment arrangement is referred to as hire purchase.

Example:



Price: \$4200 | or Deposit: \$1000 , HP: 12 monthly payments of \$350

Marsha bought a stove on hire purchase. How much would she pay for the stove instead.

Balance owing =  $\$4200 - \$1000 = \$3200$

Total monthly payment =  $\$350 \times 12 = \$4200$

Total payment =  $\$3200 + \$4200 = \$7400$

Thus, Marsha will pay **\$7400**.

## EXERCISE

### 1. QUESTION



Price: \$4100

Hire purchase: 10% down payment

and \$200 for 25 months

Mr. Daniel wants to buy a television on hire purchase. How would he pay for the television under this type of payment?

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## 2. QUESTION



Price: \$2500

Hire purchase: No down payment

Just: \$400 for 12 months

Vishnu bought an oven. Calculate the price he pays for the oven?

## 3. QUESTION



Calculate the weekly installments that must have been paid for a power saw which cost \$2,300, if Mr. Owen paid a deposit of \$250 and paid the balance in 30 weeks?

- 1.
- 2.

## 4. QUESTION



Cash price: \$1200

Hire Purchase: \$200 per month | Down payment: 15%

Richard works in an electronic store and is purchasing a CD player. The owner told him that he could make a down payment of 15% and the balance would be deducted monthly from her salary for 12 months. How much more would Richard pay for the CD player under hire purchase?

**5. QUESTION****\$ 3,456****\$2,540****Hire Purchase**

10% Deposit

Installment: 24 weeks \$250  
per week**CASH**Discount Special for this week  
**ONLY- 15% off**

3. Mrs. Cummings is buying a television and stove. In the store she notices the above deals for the items.
1. Find the total cost of the items she wishes to buy.
  2. How much would she pay on hire purchase for the two items?
  3. What is the amount saved if Mrs. Cummings paid cash?