

To HP or not HP?

WHAT IS HIRE PURCHASE?

Hire Purchase (HP) is a way of buying something expensive, like a phone, clothes or a car, by paying for it in small amounts over time, instead of paying the full price all at once.

How does it work?

You choose the item you want to buy. You pay a deposit up front. You then commit to pay monthly instalments.

- YOU END UP PAYING MORE THAN THE ORIGINAL PRICE AND THE EXTRA AMOUNT IS THE INTEREST OR FEE FOR BORROWING.



1 MIKE WANTS A SMARTPHONE THAT COSTS R24 000.

On HP the shop asks for a deposit of R16 000 and 18 monthly payments of R600.

How much more does Mike end up paying for his phone?

A

2 MIKE WANTS TO BUY A LEATHER JACKET.

He pays a deposit of R3 600. He then pays R650 a month for 12 months.

If he lands up paying 15% MORE for his jacket – what was the original price?

B

3 MIKE NEEDS TO BUY A LAPTOP COSTING R15 000 ON HIRE PURCHASE:

Which is the better option?

- A** • Deposit: R3 000
• Monthly payment: R1 000
• Period: 15 months
- B** • Deposit: R1 500
• Monthly payment: R800
• Period: 24 months
- C** • Deposit: R7 000
• Monthly payment: R 900
• Period: 12 months



C

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