

Hello students. Today's session the
course title is DSC 6 accounting one
course code COD121 and semester 6.

The Unit 1 name is higher purchase and
installment system accounting model name
introduction meaning and definition features
important terms distinction between
higher purchase and installment system.

Outline for today's session.

Introduction to hire purchase system meaning
and definition of hire purchase agreement
features of hire purchase agreement,
important terms and distinction between
hire purchase and installment system.

Learning outcomes for today's session.

After completion of the module,
students will be able to explain
the meaning and definition
of higher purchase agreement.

Explain the features of higher
purchase agreement and.

Difference between hire
purchase and installment system?

First we will try to know the meaning
of higher purchase transaction.

A higher purchase transaction is 1
when the seller delivers his goods to

a person known as higher purchaser,
with the condition that he will
repay the price of goods inclusive
of interest by different installments
and acquires the property immediately.

But the title of the goods is transferred
only when the last installment is paid.

So. Here the important point is.

The property immediately get transferred,
but the title of the good is transferred
only when the last installment is paid.

Now we will see the definition
of higher purchase agreement.

As for Hire Purchase Act 1972.

Higher purchase agreement means an
agreement under which goods are let on
hire and under which the hirer has an
option to purchase them in accordance
with the terms of the agreement,
and it includes an agreement under which.

Possession of goods is delivered by
the owner thereof to a person on
condition that such person pays the
agreed amount in periodical installments.

Anne.

The property in the goods is to

pass to such person on the payment
of last of such installments.

And third condition is such person has
the right to terminate the agreement at
anytime before the property so passes.

Now we will learn features of
higher purchase agreement.

High purchase transaction
originates from an agreement.

The agreement is between two parties,
called the higher purchaser,
an higher vendor.

The agreement is made for supply of goods.

Position of goods is transferred
to the higher purchaser on
signing of the agreement.

4th point, the higher purchases are
generally makes a down payment which
is also called initial payment.

On signing the agreement and the balance
of the amount along with the interest
is paid in installments at regular
intervals for a specified period.

Each installment, including down payment,
is treated as higher charges by the seller.

Right of ownership is not passed
on to the higher purchaser unless

last installment is paid.

The 7th point, if the buyer fails to pay any of the installments, the goods can be reprocessed by the seller.

The higher purchaser must keep the goods in good condition.

The excess of total payment over the cash price is taken as interest.

Now we will try to learn some important terms. Higher purchaser, which is also called higher.

A person who gets the position of goods from the owner under a HP agreement.

OK, he is the buyer of goods on HP basis that is higher purchase basis.

Second term is higher vendor.

Higher vendor is the seller in a higher purchase agreement.

Then down payment down payment, it is the amount paid at the time of taking the delivery of goods.

It is the initial payment made by the buyer to the higher vendor at the time of signing the agreement.

Higher purchase price.

It is total amount payable by the

purchaser as per the HP agreement
to complete the transaction.

It is equal to the cash price plus interest.

It is always inclusive of interest.

Then installment,

it is the amount inclusive of
principal and interest paid at
the end of a certain period.

Then cash price.

It is the price at which goods can
be purchased on an outright basis.

Now we will learn about
installment payment system.

An installment sale is a credit
sale in which payments are made in
installments over a period of time.

Under this system,

the buyer is given the possession and
also ownership of the goods right at
the time of signing the agreement.

If the buyer defaults,
the seller cannot repossess the goods,
but he can sue the buyer for the amount due.

So now we will try to learn
distinction between cash purchase
and installment payment system.

And a cash purchase.

It is an agreement of hiring of goods.

Under installment payment it is
an agreement of sale of goods.

And a higher purchase the title
of the goods is passed on to the
buyer after the payment of the final
installment or as agreed by the
parties and the installment payment.

The title of the goods is passed
on to the buyer at the time
of signing the agreement.

And a higher purchase if the buyer
fails to pay any of the installments,
the goods can be repossessed by the seller.

Under installment payment,
the seller cannot repossess the goods.

He can sue the buyer for the amount due.

And a higher purchase.

The buyer cannot hire out, say,
transfer, destroy or place the goods.

Under installment payment,
the buyer can hire out,

sale, transfer, destroy,

place the goods and a bona fide

purchaser can get good title.

And a higher purchase, the buyer may

return goods without further payment,
except for the installments already do.

Under installment payment, except sailors,
default goods cannot be returned.

Buyer is liable to pay the amount due.

And a higher purchase in case of default

the total amount of installments paid

is forfeited and treated as higher

charges under installment payment.

In case of default,

the total amount of installments paid

by the buyer cannot be forfeited.

So in today's class we have learn under hire,

purchase, agreement,

position of goods is transferred to the

higher purchaser on signing of the agreement,

but right of ownership is not

passed on to the higher purchaser

unless last installment is paid.

On the other hand,

under installment system,

an installment sale is a credit

sale in which payments are made in

installments over a period of time.

An under this system,

the buyer is given the position and

also ownership of goods right at

the time of signing the agreement.

These are the references. From online
resources and offline resources.

Thank you.