

Section B

Question 1 Household Budget

(A) Budget Comparison Statement for the Walters household for the year 2015

INCOME	Budget Jan – Dec €	Actual €	Difference €	
Salaries	54,000	55,620	+ 1,620	10 figures @ ½ mark each
Child benefit	4,680	4,815	+ 135	
Interest	240	228	- 12	
Other		600	+ 600	
TOTAL INCOME	58,920	61,263	+ 2,343	
EXPENDITURE				24 figures @ ½ mark each (excluding subtotals)
<i>Fixed</i>				
Mortgage	8,040	7,865	- 175	
Car insurance	560	490	- 70	
House insurance	695	775	+ 80	
Subtotal	9,295	9,130	- 165	
<i>Irregular</i>				
Household costs	8,450	9,126	+ 676	
Car costs	3,600	3,456	- 144	
Clothing and footwear costs	1,900	1,900	0	
Light and heat costs	2,900	2,972	+ 72	
Medical insurance	2,400	2,592	+ 192	
Subtotal	19,250	20,046	+ 796	
<i>Discretionary</i>				
Entertainment costs	1,380	1,180	- 200	
Presents	950	1,070	+ 120	
Holidays	7,800	7,488	- 312	
Subtotal	10,130	9,738	- 392	
TOTAL EXPENDITURE	38,675	38,914	+ 239	
Net Cash	20,245	22,349	+ 2,104	2 figures @ 1 mark each
Opening Cash	800	800		1 mark
Closing Cash	21,045	23,149		2 marks

(22 marks)

1. (B)

(i)	What was the budgeted closing cash at the end of 2015?	Answer:	€ 21,045	[2]
(ii)	How much had the Walters household budgeted to save during 2015?	Answer:	€ 20,245	[2]
(iii)	State by how much the Walters household exceeded their budgeted total expenditure.	Answer:	€ 239 or OF	[2]
(iv)	What was the actual closing cash at the end of 2015?	Answer:	€ 23,149 OF	[2]

(v) Explain **one** reason why mortgage payments decreased in August.

- They may have paid a lump sum off their mortgage.
- The interest rates may have decreased.
- They may have opted for interest only payments.
- They may have negotiated a reduction in payments due to difficulties in paying the mortgage.
- They may have switched to another financial institution.

[2]

(10 marks)

1. (C)

(i) Outline **two** pieces of financial advice you would give the Walters household in light of the 'Actual' 2015 Budget.

1. Invest the closing cash to earn interest.

2. Reduce discretionary expenditure.

3. Shop to decrease costs which have increased e.g. light and heat, household insurance, medical insurance, household costs.

[2, 2]

(ii) Explain the term 'no claim bonus'.

This is a discount on the cost of insurance and is a reward from the insurer to its customers who make no claims on their policy over a number of years.

[2, 2]

(8 marks)

Total 40 marks

Section B

Question 2 Club Account Question

(A) (i)

Income and Expenditure Account of Celts Soccer Club for year ended 31/12/2015 [2]				
Income	€	€	€	5 figures @ 1 mark each
Club lotto receipts	32,600 [1]			
Less expenditure	14,250 [1]	18,350		
Subscriptions	42,800 [1]			
Less subscriptions prepaid	1,600	41,200 [1]		
Gate receipts		26,700 [1]	86,250	
Less Expenditure				10 figures @ 1 mark each
Pitch maintenance		5,240 [1]		
Stationery	1,790 [1]			
Less stock of stationery (31/12/2015)	170	1,620 [1]		
General expenses		15,740 [1]		
Insurance	4,460 [1]			
Less insurance prepaid	580	3,880 [1]		
Light and heat	2,230 [1]			
Add light and heat due	420	2,650 [1]		
Depreciation:				
Clubhouse and pitch	9,600 [1]			
Equipment	11,250 [1]	20,850		
			49,980	
Excess/Surplus of income over expenditure [1]			36,270 [1]	[2 × 1]
Income and Expenditure A/C total				[19 marks]

(A) (ii)

Balance Sheet of Celts Soccer Club as at 31/12/2015				[2]
	€	€	€	
Fixed Assets	Cost	Depreciation	Net Book Value	6 figures @ 1 mark each
Clubhouse and pitch	480,000 [1]	9,600 [1]	470,400 [1]	
Equipment	75,000 [1]	11,250 [1]	63,750 [1]	
	555,000	20,850	534,150	
Current Assets				3 figures @ 1 mark each
Cash at bank	5,812 [1]			
Stock of stationery (31/12/2015)	170 [1]			
Insurance prepaid	580 [1]	6,562		
Less Current Liabilities				2 figures @ 1 mark each
Subscriptions prepaid	1,600 [1]			
Light and heat due	420 [1]	2,020		
Working capital			4,542	
Total net assets			538,692	
Financed by				2 figures @ 1 mark each
Accumulated fund		502,422 [1]		
Excess of income		36,270 [1]		
Funds employed			538,692	
Balance Sheet Total				[15]

(34 marks)

(B) (i) Treasurer

[2]

(ii) Explain **two** purposes of this report.

- To inform members if the club has a surplus or deficit/income and expenditure.
- To give members the details of the club's assets/cash/bank at the end of year.
- To give members details of the clubs liabilities/borrowings/loans.
- To assist members with future decisions/planning/capital expenditure.

[2, 2]

(6 marks)

Total 40 marks

Question 3 Economic Growth, Factors of Production and Economic Awareness

- (A) (i) Economic growth is the increase in the quantity/output of goods and services produced in an economy/country from one period/year to the next. 1 + [1 + 1]
- (ii) GNP/GDP [2]
- (iii) **Explain two economic implications for Ireland from this economic growth.**
- There is a decrease in unemployment/decrease in social protection payments.
 - There will be an increase in living standards.
 - The government will have more revenue from the collection of extra taxation.
 - The government will be able to provide better services.
 - More goods and services will be available for consumption.
 - There will be a decrease in the national debt as the government will have to borrow less money.
 - There will be a decrease in the number of business failures/increase in new businesses starting up.
 - There will be less emigration or more immigration.
- [2 × 3]
- (iv) European Union [1]
- (v) There are 28 member states in the E.U. [2]
- (14 marks)**
- (B) (i) **Land** is anything supplied by nature which is used in the production of goods and services. The payment/reward is **rent**.
- Labour** is all human effort used in the production of goods and services. The payment/reward is **wages**.
- Capital** is anything man made used in the production of goods and services. The payment/rewards is **interest**.
- Enterprise** is the factor which combines all the other factors of production and takes the risk/sets up a business. The payment/reward is **profit**.
- [4 × 1, 2, 1]
(16 marks)

- (C) (i) (a) Government capital income - selling the remaining part of Aer Lingus.
(b) Government current expenditure - increasing the spending on child benefit.
(c) Government current income - reducing USC rates.

[3 × 2]

- (ii) A **mixed economic system** has elements of both public and private enterprise providing goods and services e.g. Ireland.

A **centrally planned economy** is one where the government owns, operates and manages production facilities e.g. Cuba/North Korea/Russia/China

A **free market/enterprise economy** is a country in which the government places few restrictions on enterprise/business e.g. Hong Kong/Singapore/USA.

[3 + 1]

(10 marks)

Total 40 marks

Question 4 Consumer and Report Writing

- (A) (i) A grant is a non-repayable amount of money given by a government/organisation for a specific purpose.

[2, 1, 1]

A tax credit is a tax incentive which allows a taxpayer to reduce the amount of tax to be paid.

[1, 1]

(ii) Grant = €4,000 [1] × 30% [1] = €1,200 [2]

[4 marks]

Tax credit

Cost €4,000 [1]
Grant €1,200 OF = €2,800 [1]

Tax Credit = €2,800 × 13.5% [2] = €378 [1]

[5 marks]

(15 marks)

- (B) See page 10 of solutions for Report.

For use with Section B Question 4 (B)

REPORT TITLE:	Report on Examination of Solar Panels and Consumer Law	[1]
FROM:	Lisa O'Shea, DMM Consultants Ltd, Tralee	[1]
TO:	Margaret Parker, Oak Avenue, Killarney, Co. Kerry	[1]
DATE:	10 June 2016	[1]
INTRODUCTION:	I have reviewed the questions you asked me and set out my answers below, together with my findings.	[1, 1]
ANSWERS TO QUESTIONS (i) and (ii)	(i) Sale of Goods and Supply of Services Act 1980	[3, 1]
	(ii) <ul style="list-style-type: none"> The panels were not <u>fit for purpose</u> and did not perform the task expected. The quality of the installation was not of good standard. The wiring was not of <u>merchantable quality</u>. 	[4, 4]
FINDINGS:	1. Faulty wiring was located which has led to corrosion.	[1, 1]
	2. The electrical system as a result has been compromised.	
RECOMMENDATIONS:	1. Removal of the faulty parts.	[1, 1]
	2. Installation of new metal parts and correct wiring.	
FOLLOW UP:	I am available to discuss any questions you may have.	[1]
SIGNATURE:	Lisa O'Shea	[1]
TITLE OF THE REPORT WRITER:	Consultant Engineer	[1]
Total		[25 marks]

Question 5 Savings and Borrowing

- (A) (i) Commercial banks
Credit Union
An Post
Building Society [2, 2, 2]
- (ii) Explain **three** factors she considered when she decided on the financial institution to invest her money.
- Is the financial institution reliable and sound?
 - Is the interest earned subject to DIRT?
 - What is the rate of interest offered?
 - How accessible is the capital invested during the investment term/how easy is it to withdraw her money?
 - Will she be able to use her savings to help her to borrow in the future?
 - Convenience of opening hours/location. [3, 3, 3]
- (iii) A mortgage is a long-term loan used to purchase a private dwelling/house. Security is usually required such as the deeds of the house. [2, 1]
(18 marks)
- (B) (i) Maximum mortgage
- $$90\% [1] \times €220,000 [1] = €198,000 [1]$$
- $$80\% [1] \times €70,000 [1] = \frac{€56,000 [1]}{€254,000 [1]} [7 \times 1]$$
- (ii) Deposit = €290,000 [1] - €254,000 [1] OF = €36,000 [1] [3 × 1]
- (iii) Why were the above rules imposed for first time buyers?
- To maintain economic stability.
 - To avoid house prices rising too quickly.
 - To encourage to save for a deposit.
 - To prevent people from over borrowing and excessive debt. [3]
- (iv) Outline **three** factors which Breda should consider before borrowing.
- The interest rate she needs to pay/the effect of interest changes on her finances.
 - How long the repayments will last.
 - Can she afford the repayments/does she have any other financial commitments?
 - Which financial institution will offer her the best mortgage?
 - Has she got job security?
 - Will she choose a fixed or variable or tracker interest rate?
 - Can she raise the deposit? [3, 3, 3]
(22 marks)

Total 40 marks

Question 6 People at Work and ICT

(A)	(i)	Gross pay	€400.00 [1]	
		+ €4,280 [1] × 3% [1]	€128.40 [1]	
			<u>€528.40</u> [1]	[5 × 1]

(ii) **Basic pay** is the amount of money earned for working a normal/usual/standard/contracted working week. [3]

(iii) Outline **three** responsibilities Sean has to his employer. [3, 3, 3]

- He must be respectful to his employer's property/reputation/no bullying.
- He must obey instructions given by his employer/cooperate with other workers/comply with health and safety instructions.
- He must do an honest day's work.
- He must be punctual.
- He must be confidential in relation to business matters.

(17 marks)

(B) (i) **Work** is human effort without payment e.g. voluntary work, housework etc.
Employment is when a person is paid for effort e.g. an occupation [(2 + 1) × 2]

(ii) **Hardware** is the physical parts of the computer e.g. VDU, scanner, printer etc. [2]
Software refers to the programmes which provide instructions to the computer e.g. spreadsheet, word processing etc. [3]

(iii) Explain **two** reasons why Sean might want to become self-employed. [3, 3]

- He may have greater job satisfaction if working for himself.
- He will be able to make all decisions/choose his own working hours/he will be his own boss.
- He can keep all profits earned.
- He has a good business idea/hobby which he hopes to turn into a successful business.

(iv) Explain **two** risks of being self-employed. [3, 3]

- He could lose the money he invested/private assets/he has unlimited liability.
- He may have to work long hours which may be stressful resulting in health and social consequences.
- He may not have all the skills and qualifications to run the business successfully.
- Income levels may vary/he has no guarantee of making profit.

(23 marks)

Total 40 marks