

1. **This is a Household Budget Question**

Answer all parts of this question:

- (A) On *page 10 of Section A* is a partially completed Budget Form for the Maher household for 2012. You are required to complete this form by filling in the figures for the 'Estimate Apr - Dec' column, and the 'Total for the Year Jan - Dec' column.

(Please note: a page for rough work is provided on page 9 of Section A if required.)

The following should be taken into account:

- John expects to earn an extra €150 in overtime in July and September and expects to get a Christmas bonus of €100 in December.
- Paula will job share for June, July and August while the children are on school holidays. This will result in a 40% reduction in her salary for those three months, but she will return to full-time work and full salary again on 1 September.
- The Maher household is receiving monthly child benefit but this will be reduced by €187 per month from 1 October, when their eldest daughter reaches 18.
- The house mortgage will increase by €50 per month from 1 July.
- Car insurance is payable monthly and will increase to €60 per month from 1 October as they plan to get their daughter covered under the family car insurance.
- Household costs are expected to remain at the same level, except for the month of December, when they will increase by 20%.
- Car running costs are expected to remain at €130 per month with an additional cost of €200 for a service in September and €50 for the NCT in October.
- Telephone costs for the twelve months (Jan – Dec 2012) are expected to be €700.
- Lighting costs are paid every second month and are expected to remain at the same level. A fill of oil for €800 in September is expected to be the only heating cost.
- Entertainment will average at €150 per month for the remaining nine months of the year.
- The household expect to spend €210 on birthday presents in the autumn and €600 on Christmas presents.
- The Maher household holiday, in July, is expected to cost €2,200. The balance must be paid in June.

(30)

- (B) Answer the following in the spaces provided *on page 11 of Section A*.

- Explain the term 'job share' in the Maher Household Budget.
- Outline **one** reason why the repayments on the mortgage might increase.
- At the end of March 2012, what will be the expected closing cash balance for the Maher household?

(10)

(40 marks)

For use, if required, as rough work for Section B - Question 1(A)

| INCOME | | FIXED EXPENDITURE | |
|-----------------------|--|---------------------------|--|
| John Maher Salary: | | Mortgage: | |
| Paula Maher Salary: | | Car insurance: | |
| Child Benefit: | | Annual house insurance: | |
| IRREGULAR EXPENDITURE | | DISCRETIONARY EXPENDITURE | |
| Household costs: | | Entertainment costs: | |
| Car running costs: | | Presents: | |
| Telephone: | | Holidays: | |
| Light and heat costs: | | | |

For use in answering Section B - Question 1(A)

Planned Budget for the Maher Household for 2012

| | Jan | Feb | Mar | Total Jan-Mar | Estimate Apr-Dec | Total for Year Jan-Dec |
|-----------------------------|------------|------------|------------|--------------------------|-----------------------------|-----------------------------------|
| PLANNED INCOME | € | € | € | € | € | € |
| John Maher Salary | 1700 | 1700 | 1700 | 5100 | | |
| Paula Maher Salary | 1500 | 1500 | 1500 | 4500 | | |
| Child Benefit | 487 | 487 | 487 | 1461 | | |
| TOTAL INCOME | 3687 | 3687 | 3687 | 11061 | | |
| PLANNED EXPENDITURE | | | | | | |
| <i>Fixed</i> | | | | | | |
| Mortgage | 800 | 800 | 800 | 2400 | | |
| Car insurance | 40 | 40 | 40 | 120 | | |
| Annual house insurance | | 840 | | 840 | | |
| Subtotal | 840 | 1680 | 840 | 3360 | | |
| <i>Irregular</i> | | | | | | |
| Household costs | 750 | 750 | 750 | 2250 | | |
| Car running costs | 130 | 440 | 130 | 700 | | |
| Telephone | 50 | 60 | 60 | 170 | | |
| Light and heat costs | 140 | | 140 | 280 | | |
| Subtotal | 1070 | 1250 | 1080 | 3400 | | |
| <i>Discretionary</i> | | | | | | |
| Entertainment costs | 120 | 130 | 150 | 400 | | |
| Presents | | 200 | | 200 | | |
| Holidays | | 500 | | 500 | | |
| Subtotal | 120 | 830 | 150 | 1100 | | |
| TOTAL EXPENDITURE | 2030 | 3760 | 2070 | 7860 | | |
| Net Cash | 1657 | -73 | 1617 | 3201 | | |
| Opening Cash | 250 | 1907 | 1834 | 250 | | |
| Closing Cash | 1907 | 1834 | 3451 | 3451 | | |

For use in answering Section B - Question 1(B)

(B)

| | | |
|---|------------------------|--|
| (i) Explain the term ‘job share’ in the Maher Household Budget. | For Office Use Only | |
| Answer: | | |
| | | |
| | | |

| | | |
|---|------------------------|--|
| (ii) Outline one reason why the repayments on the mortgage might increase. | For Office Use Only | |
| Reason: | | |
| | | |
| | | |
| | | |

| | | |
|--|------------------------|--|
| (iii) At the end of March 2012 what will be the expected closing cash balance for the Maher household? | For Office Use Only | |
| Balance: € | | |

2. **This is a Club Account Question**

Answer all parts of this question:

Park Hockey Club had an opening stock of €5,900 in the shop on 1 January 2010.

The following is a summary of the Club's financial transactions for the year ending 31 December 2010:

| Receipts: | € |
|-----------------------|----------|
| Club Lotto | 22,400 |
| Shop Sales | 14,300 |
| Competition Fees | 6,100 |
| Subscriptions | 17,800 |
| Annual Sponsorship | 3,500 |
| | |
| Payments: | € |
| Competition Prizes | 4,900 |
| General Expenses | 5,600 |
| Light and Heat | 6,850 |
| Pitch Maintenance | 4,300 |
| Purchase of Equipment | 7,400 |
| Shop Purchases | 9,850 |
| Insurance | 8,970 |
| Club Lotto Expenses | 16,220 |

Additional information on 31 December 2010:

- (i) Shop Stock €8,120
- (ii) Insurance prepaid €1,495
- (iii) Subscriptions due € 700
- (iv) General Expenses due € 325
- (v) Equipment to be depreciated by 15%.

(A) Prepare:

- (i) A Shop Trading Account for the year ending 31 December 2010.
- (ii) An Income and Expenditure Account for the year ending 31 December 2010. (32)

(B) At the AGM the Club Officer who prepares the accounts presents them with a report.

- (i) Identify the officer who prepares the accounts in a club.
- (ii) List **three** items included in the report. (8)

(40 marks)

3.

This is a Factors of Production and Trade Question

Answer all parts of this question:

(A) State and explain the **four** Factors of Production giving **one** example in **each** case.

(12)

(B) (i) Outline **three** reasons why Ireland imports goods.

(ii) Explain ‘invisible imports’. Give **one** example of an invisible import.

(iii) The following data relates to the international trade of a country for 2010:

| | € |
|-------------------|-------------|
| Visible Imports | 790 million |
| Invisible Exports | 780 million |
| Visible Exports | 730 million |
| Invisible Imports | 880 million |

(a) From the above data, calculate the Balance of Trade **and** the Balance of Payments. Show your workings.

(b) Indicate in **each** case whether it is a surplus or a deficit balance.

(iv) If the above country imported extra raw materials to the value of €40m how would the Balance of Payments be affected? Show your workings.

(24)

(C) Explain the term ‘import substitution’.

(4)

(40 marks)

4.

This is an Insurance Question

Answer all parts of this question:

John Craven, born on 5 August 1971, lives at Barracks Street, Athlone, Co. Roscommon. He is a self-employed plumber. He wants to take out Life Assurance to the value of €200,000 on his own life, as he recently got married. He has a quote from his insurance company for Whole Life Assurance and Endowment Assurance. He has decided to purchase an Endowment Policy. John does not drink or smoke and has no health problems. In his spare time he likes to play rugby and go mountain climbing. He wants to pay his premium monthly by standing order.

- (A)
- (i) Explain the difference between Whole Life Assurance and Endowment Assurance.
 - (ii) State and explain a relevant principle of insurance that John needs to be aware of when taking out Endowment Assurance.
 - (iii) Explain the following terms: (a) Premium
(b) Policy
 - (iv) Assume you are John, using today's date, complete the proposal form on *page 12 of Section A*.

(26)

- (B) John already has house insurance but his annual premium is due for renewal. His insurance company has given him a quote of €14 per €10,000 for the house and €18 per €5,000 for the contents. His house is valued at €250,000 but John only insures it for €200,000. The contents are insured for their full value of €125,000. He will get a 5% reduction for having a house alarm.

- (i) Calculate the insurance premium that John will have to pay. Show your workings.
- (ii) If flooding caused €40,000 damage to the house and €15,500 damage to the contents, calculate the amount of compensation to which John would be entitled, given that there is a policy excess of €200. Show your workings. Explain your answer.

(14)

(40 marks)

Document for use with Section B - Question 4(A)(iv)

| Allied Life Insurance Limited Proposal Form | | | |
|--|---|--|---|
| <i>Please answer all questions fully and truthfully</i> | | | |
| Name | | | |
| Address | | | |
| Age | | Single | <input type="checkbox"/> Married |
| Sex | Male <input type="checkbox"/> Female <input type="checkbox"/> | Occupation | |
| Type of policy required (<i>Please tick</i>) | | | |
| Endowment Policy <input type="checkbox"/> | | Whole Life Policy <input type="checkbox"/> | |
| Value of Life Assurance required | | <div style="border: 1px solid black; padding: 2px; display: inline-block;"> € </div> | |
| <i>Please tick the appropriate box</i> | | | |
| 1. Are you in good health? | | Yes <input type="checkbox"/> No <input type="checkbox"/> | |
| 2. Do you smoke? | | Yes <input type="checkbox"/> No <input type="checkbox"/> | |
| 3. Do you consume alcohol? | | Yes <input type="checkbox"/> No <input type="checkbox"/> | |
| 4. Are you likely to engage in a hazardous occupation or hobby? | | Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, give details _____ _____ | |
| Method of Payment | | | |
| Declaration: I declare that all the information given above is true and complete. | | | |
| Signature _____ Date _____ | | | |

PLEASE REMEMBER TO RETURN THIS SECTION A
WITH YOUR ANSWER BOOK

5.

This is a Banking Question

Answer all parts of this question:

Emma Hogan has a current account with AIB, Sligo.

She received the following Bank Statement on 3 May 2011:

| AIB Main Street Sligo | | Statement of Account | | Tel: 071-265397 Fax: 071-265399 Branch Code: 93-71-51 Branch ID Code: AIBSLIE4D |
|--|---------------------|--|---|--|
| Ms Emma Hogan Dublin Road Sligo | | Account Name: Account Number: IBAN: Statement Date: Statement Number: | Emma Hogan No.1 Account 50591961 IE39 AIBSL 9371505919 61 30 April 2011 505 | |
| Date | Transaction Details | Dr | Cr | Balance |
| | | € | € | € |
| 01 Apr 2011 | Balance Forward | | | 120.00 |
| 05 Apr 2011 | SO - ESB | 80.00 | | 40.00 |
| 10 Apr 2011 | ATM – AIB, Ballina | 100.00 | | 60.00 Dr |
| 11 Apr 2011 | Paypath | | 750.00 | 690.00 |
| 14 Apr 2011 | INET – AIB Visa | 100.00 | | 590.00 |
| 18 Apr 2011 | Cheque No. 500177 | 92.00 | | 498.00 |
| 21 Apr 2011 | Credit Transfer | | 70.00 | 568.00 |
| 27 Apr 2011 | DD - Vodafone | 52.00 | | 516.00 |
| 30 Apr 2011 | Interest | 2.00 | | 514.00 |
| 30 Apr 2011 | Bank Charges | 16.00 | | 498.00 |

- (A) (i) Is Emma's bank account a deposit or current account?
Give **one** reason for your answer.
- (ii) Explain why 'Dr' appears in the Balance column on the 10 April 2011.
- (iii) Explain 'Paypath' and state **two** advantages of 'Paypath' to Emma.
- (iv) Explain the transaction on 14 April 2011.
- (v) Explain the difference between the transactions that occurred on 5 April 2011 and 27 April 2011.
- (vi) State **one** reason why interest of €2 appears on the Bank Statement on the 30 April 2011.

(26)

- (B) (i) Emma's Bank Statement does not include the following two items:
- a cheque (No. 500178) of €1,994 written by Emma on 21 April 2011.
 - a credit transfer of €1,500 on 30 April 2011.

Calculate her closing bank balance after taking **both** of the above items into consideration. Show your workings.

- (ii) Emma is considering starting a regular saving scheme.

Outline **three** factors Emma should consider before deciding where to invest her money.

(14)

(40 marks)

6.

This is a People at Work Question

Answer all parts of this question:

(A) Andrew Tudor recently commenced work at Val Ltd. On his first day, he was invited by the local trade union representative to join the trade union in case he had a dispute with his employer.

- (i) What title is normally used to identify the local trade union representative in Val Ltd?

Outline **two** services this person can offer to Andrew.

- (ii) Outline **two** possible reasons why Andrew could be in dispute with Val Ltd.

- (iii) Identify **two** steps in the resolution of an industrial dispute in Val Ltd.

(21)

(B) Andrew will be paid a basic wage of €912 for a 38-hour week. Overtime will be paid at time and a half for the first six hours and double time for work in excess of that. He will negotiate his own benefit in kind.

- (i) Explain the term ‘benefit in kind’ **and** give **two** examples.

- (ii) Explain the difference between ‘basic pay’ and ‘overtime’.

The following additional information is available about Andrew Tudor’s first week’s earnings:

- He worked a total of 46 hours his first week.
- He pays PRSI and Universal Social Charge at 11%.
- He pays income tax (PAYE) at the rate of 41%.
- His **annual** tax credits are €3,900.

- (iii) Calculate his net wage for that week. Show your workings.

(19)

(40 marks)

REMEMBER TO INCLUDE SECTION A WITH YOUR ANSWER BOOK