

SECTION B

Question 1 Household Budget

	Jan	Feb	Mar	Total Jan-Mar	Estimate Apr-Dec	Total for Year Jan-Dec
PLANNED INCOME	€	€	€	€	€	€
John Maher Salary	1700	1700	1700	5100	15,700	20,800
Paula Maher Salary	1500	1500	1500	4500	11,700	16,200
Child Benefit	487	487	487	1461	3,822	5,283
TOTAL INCOME	3687	3687	3687	11061	31,222	42,283
PLANNED EXPENDITURE						
<i>Fixed</i>						
Mortgage	800	800	800	2400	7,500	9,900
Car insurance	40	40	40	120	420	540
Annual house insurance		840		840		840
Subtotal	840	1680	840	3360	7,920	11,280
<i>Irregular</i>						
Household costs	750	750	750	2250	6,900	9,150
Car running costs	130	440	130	700	1,420	2,120
Telephone	50	60	60	170	530	700
Light and heat costs	140		140	280	1,360	1,640
Subtotal	1070	1250	1080	3400	10,210	13,610
<i>Discretionary</i>						
Entertainment costs	120	130	150	400	1,350	1,750
Presents		200		200	810	1,010
Holidays		500		500	1,700	2,200
Subtotal	120	830	150	1100	3,860	4,960
TOTAL EXPENDITURE	2030	3760	2070	7860	21,990	29,850
Net Cash	1657	-73	1617	3201	9,232	12,433
Opening Cash	250	1907	1834	250	3,451	250
Closing Cash	1907	1834	3451	3451	12,683	12,683

[30 mks]

(B) (i) Explain 'Job Share': (2 + 1)
Paula will only work some of her normal hours. Her job will be shared with another worker. Her take home pay will be reduced.

(ii) Outline one reason why repayments on the mortgage increase (3)

- Interest rates may have increased.
- They may have increased their mortgage for a house extension.
- They may be trying to clear the loan quicker, and this will result in paying extra.
- The type of mortgage e.g. variable/fixed.

(iii) Balance: € 3,451 (4)

[10 mks]
Total 40 marks

Notes:

- (i)** Exclude all totals and subtotals.
- (ii)** Estimate column 14 figures @ 1 mark each.
- (iii)** Totals column 15 figures @ 1 mark each
- (iv)** For net cash figures, check procedure e.g. total expenditure deducted from total income.
- (v)** Opening cash figures must be as per solution.
- (vi)** For closing cash figures, allow one mark only if both are the same following genuine procedure.

Question 2 Club Account

(A) (i)

SHOP TRADING ACCOUNT FOR YEAR ENDED 31/12/2010			
Sales			14,300
Less: Cost of Sales			
Opening Stock (1/1/10)		5,900	
Purchases		9,850	
		15,750	
Less: Closing Stock (31/12/10)		8,120	7,630
Shop Gross Profit			6,670

[Title & date (1+1) Figures 7@1]

(9)

(A) (ii)

INCOME & EXPENDITURE ACCOUNT FOR YEAR ENDED 31/12/2010			
INCOME:	€	€	€
Shop Gross Profit		6,670	
Club Lotto Receipts	22,400		
Less: Lotto Expenses	16,220	6,180	
Competition Fees	6,100		
Less: Prizes	4,900	1,200	
Subscriptions	17,800		
Add: Amount Due	700	18,500	
Annual Sponsorship		3,500	[36,050]
LESS EXPENSES:			
General Expenditure	5,600		
Add: Amount Due	325	5,925	
Light & Heat		6,850	
Pitch Maintenance		4,300	
Insurance	8,970		
Less: Insurance Prepaid	1,495	7,475	
Depreciation on Equipment 15%		1,110	[25,660]
Excess of Income/Surplus			10,390

[Title & date = 1 + 1, 13 figures 13 @ 1m, 3 figures @ 2m Words 1@ 2m]

(23)

Notes:

- (i) If no headings are presented the first detail with figure signifies the heading/list.
- (ii) In vertical format income must be listed first, if not ½ earned marks for figures
- (iii) Debit/Credit format the expenses must be on the debit side, if reversed allow half earned marks for correct figures.

OR ALTERNATIVELY

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDING 31/12/2010					
Debit			Credit		
EXPENSES	€	€	INCOME	€	€
Prizes		4,900	Shop Gross Profit		6,670
General Expenses	5,600		Lotto Receipts		22,400
Add Expenses due	325	5,925	Competition Fees		6,100
Light & Heat		6,850	Subscriptions Fees	17,800	
Maintenance		4,300	Add Subscription Fees Due	700	18,500
Insurance	8,970		Sponsorship		3,500
Less Insurance Prepaid	1,495	7,475			
Depreciation Equipment		1,110			
Lotto Expenses		16,220			
Excess of Income/Surplus		10,390			
		57,170			57,170

(23 marks)

[32 mks]

(B) (i) Treasurer

(2)

(ii) List 3 items:

(2 +2 +2)

- Summary of receipts & payments/cash account/cash position.
- The club's Balance Sheet at year end/list of assets and liabilities.
- Any item of major capital expenditure.
- Income and Expenditure account.
- Financial plans & projections for the future/fundraising/investing/borrowing.
- Membership and subscriptions
- Comment on the performance of the shop.

[8 mks]

Total 40 marks

Question 3 Economic Growth, and Trade

(A)

Land: (1 + 1 + 1)

It's a natural resource, free gift of nature used in the production of goods and services e.g. land, sea, forest, oil, minerals, clean air.

Labour: (1 + 1 + 1)

Any work done by people/productive human effort, or the availability of human effort and their skills for the production of goods and services e.g. computer programmers, nurses, labourers.

Capital: (1 + 1 + 1)

Items created by humans which are used in the production of goods and services e.g. machines, roads, buildings.

Enterprise (1 + 1 + 1)

Organising the other factors, into productive activity/setting up a business/company.
It is risk taking involved in developing on opportunity/setting up a business e.g. entrepreneurs, self employed people, shareholders.

[12 mks]

(B) (i) **Three Reasons why Ireland Imports Goods:** (2 + 2 + 2)

- Climatic conditions prevent the production of certain products.
- Lack of natural resources prevents the production of some goods e.g. oil.
- Lack of skills and tradition is a limiting factor in production.
- To give Irish consumers a variety of goods to choose from.
- Ireland imports essential raw materials for processing in factories.
- Foreign goods may be cheaper.
- Goods not available in Ireland e.g. cars, capital goods/it is not profitable to make some goods in Ireland.

(ii) **Invisible Imports** (2)

It's the purchase of a service from a foreign country.

Example (2)

- Irish people holidaying overseas.
- Foreign music bands performing in Ireland.
- Purchase of insurance from foreign company.

(iii)

Balance of Trade

(5)

Visible Exports	730m
Less Visible Imports	790m
Deficit	60m

Balance of Payments

(5)

Total Exports (730 + 780)	1,510m
Less Total Imports (790 + 880)	1,670m
Deficit	160m

(iv) Affect on Balance of Payments:

(2)

The **deficit** would increase by 40m or increase to 200m due to an increase in the trade deficit.

Workings:

(1 + 1)

Total Exports (730 + 780)	1510m
Total Imports (790 + 880 +40)	1710m
Deficit	200m

(C) Import Substitution:

(4)

- The replacement of imported goods or services with Irish produced ones.
- Buying Irish goods instead of imports.

Total 40 marks

Question 4 Insurance

(A) (i) **Whole Life Assurance:** (2 + 1)

This is where an agreed amount of money is paid to the person's dependants when the individual dies.

Endowment Assurance: (2 + 1)

An agreed amount of money is paid when the insured reaches a certain age or on the death of the insured, whichever occurs first.

(ii) **State & Explain the Relevant Principle:**

(3 + 3)

- **Utmost Good Faith:** He is obliged to answer all questions truthfully when completing the proposal and disclose all relevant and material facts.
- or**
- **Insurable Interest:** John must have an insurable/financial interest in the person being insured.

(iii) **Explain 'Premium'** (3)

The sum of money paid to the insurer in return for the insurance cover.
It is the cost of insurance.

Explain 'Policy' (3)

This is a document stating all the details of the risks covered, period covered value of cover and other conditions of the contract. It is the contract of insurance.

(iv) Proposal Form 8 marks (16 x ½)

Allied Life Insurance Limited Proposal Form			
<i>Please answer all questions fully and truthfully</i>			
Name	<i>John Craven</i>		
Address	<i>Barracks Street, Athlone, Co. Roscommon</i>		
Age	<i>39 years</i>	Single <input type="checkbox"/>	Married <input checked="" type="checkbox"/>
Sex	<input checked="" type="checkbox"/> Male <input type="checkbox"/>	Occupation – <i>Self-employed plumber</i>	
Type of policy required (<i>Please tick</i>)			
Endowment Policy <input checked="" type="checkbox"/>		Whole Life Policy	
Value of Life Assurance required		<input type="text" value="€ 200,000"/>	
<i>Please tick the appropriate box</i>			
1. Are you in good health?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
2. Do you smoke?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
3. Do you consume alcohol?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
4. Are you likely to engage in a hazardous occupation or hobby?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
		If Yes, give details – <i>Rugby, Mountain Climbing</i>	
Method of Payment	<i>Standing Order</i>		
Declaration: I declare that all the information given above is true and complete.			
Signature: <i>John Craven</i>		Date: <i>14th June 2011</i>	

[26 mks]

(B) (i) Calculate the Premium:

(6)

House	$\frac{200,000}{10,000} \times 14$	=	€280
Contents	$\frac{125,000}{5,000} \times 18$	=	€450
		=	€730
<i>Less Discount 5%</i>		=	€36.50
Premium		=	€693.50

(ii) Calculate the Compensation:

(5)

House	$40,000 \times \frac{20}{25}$	=	32,000
Contents		=	15,500
		=	47,500
Less Excess		=	200
Compensation		=	47,300

Due to **under insurance/average clause** applied to the compensation as he was considered to be **his own insurer** for 1/5 of the property. A **policy excess** of €200 also applied.

(2 + 1)

[14 mks]

Total 40 marks

Question 5 Banking

- (A) (i) **Current Account** as there are cheques, bank charges, overdrafts, standing orders, direct debits and interest paid drawn against it. (2 + 2)
- (ii) **'Dr'** indicates that the account went into overdraft as she withdrew a €100 and now owes the bank €60. (3)
- (iii) **Paypath** is an electronic method of transferring wages from employers to the bank account of their employees. (4)
- Two Advantages of Paypath:** (1 + 1)
- Emma has 24 hours access to her account/money.
 - Paypath is very safe & efficient.
 - It is convenient for her.
 - It's confidential/private.
 - It reduces her overdraft quickly.
- (iv) **14th April 2011:** Emma **paid** €100 off her **visa bill** using **Internet banking**. (3)
- (v) **The Standing Order:** on the 5th April is an **instruction** by Emma to her bank to take out a **fixed amount** of €80 to pay the ESB bill on a **specific date**. (1 + 1 + 1)
- The Direct Debit:** on the 27th April is **permission** given by Emma to Vodafone to withdraw **variable amounts** from her account to pay her telephone bill. The **date of payment can change**. (1 + 1 + 1)
- (vi) This is interest charged by the bank for using her overdraft facility. (2 + 2)

[26 mks]

- (B) (i) **Calculate the bank balance after the cheque and credit transfer are considered.**

Workings: (5)

Original Balance 30/04/11	498
Less: Cheques O/s	<u>(1,994)</u>
	1,496
Add: Credit Transfer O/s	<u>1,500</u>
Adjusted Balance	4

(ii) **Outline three factors to be considered before deciding where to invest:**

(3 + 3 + 3)

(3 = 1 +2)

- **Security:** is the institution safe? Is it covered by the government guarantee?
- **Return:** rate of interest on the savings.
- **Access:** is it easy to withdraw savings if required or are penalties applied?
- **Convenience:** is it convenient for making a regular lodgement e.g. opening hours?
- **TaxationDIRT:** is interest earned subject to tax?
- **Privacy:** is the institution confidential?
- **Other benefits** e.g. 'freebies,' free banking/bonus if money is left in the bank for a certain length of time/interest paid up front/access to loans/reason for saving.
- **Terms and conditions** is there a minimum/maximum deposit required? She may need to consider all charges to be paid.

[14 mks]

Total 40 marks

Question 6 People at Work

(A) (i) Shop Steward (3)

Outline two services provided: (3 + 3)

- Inform him of his rights as a worker.
- Help resolve problems with his employer.
- Collects union subscriptions.
- Passes on information received from Head Office.
- Inform him of any activity in the union e.g. Credit Union, social activities, protests etc.

(ii) **Outline two reasons for a dispute:** (4 + 4)

- Working conditions are poor.
- Incorrect wage rates are being paid e.g. not getting the minimum wage.
- Unfair treatment in the work place e.g. discrimination, bullying and harassment.
- Dismissed for no apparent reason, unfair dismissal.
- Not being allowed to join a trade union.
- Statutory conditions of employment not being met e.g. holiday time, maternity leave, regular breaks.
- Lines of demarcation broken.

(iii) **Identify two steps in the resolution of an industrial dispute:** (2 + 2)

- Talks between the parties involved in the dispute.
- Talks between the Shop Steward and Management/HR.
- Talks between Trade Union Official and Management.
- LRC/Conciliation: A third party may bring the disputing parties together, and help them to negotiate and reach a settlement. The outcome is not binding.
- Labour Court/Arbitration: The disputing parties may seek the help of the labour court who will listen to both parties, makes a decision, and presents to a solution to them.

[21 mks]

(B) (i) **Benefits in kind:** is a form of non-cash payments/non monetary income. (3)

Give Two Examples: company car, medical insurance, subsidised meals (1 + 1)

(ii) **Basic Pay:** is the amount of money earned for working a normal/usual/standard/contracted working week which in Andrew's case is €912 for working 38 hours. (2)

Overtime: is working more hours than normal. (2)

(iii)

Andrew Tudor's Net Weekly Wage - Week 38						
					€	
Basic Weekly Pay					912	1
Overtime						
6 hours @ €36					216	1
2 hours @ €48					96	1
Gross Pay					1,224.00	1
Less: Tax Deductions						
PRSI, USC (1224 × 11%)			134.64	1		
PAYE (1224 × 41%)	501.84	1				
Less: Tax Credits (3,900 /52)	(75)	2	426.84	1		
Total Tax Liability					561.48	
Net Pay					662.52	1

Note:

8 Figures @ 1 + 1 figure @ 2 marks

Total 10 marks

[19 mks]

Total 40 marks