

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

Answer all parts of this question:

- (A)** On page 9 of Section A is an Original Budget and a Revised Budget form for the O'Driscoll household from July to September 2017. After preparing the Original Budget, Ms O'Driscoll was informed that she would be getting a promotion in her job. However, Mr O'Driscoll has decided to take parental leave for July and August. The O'Driscoll household decided to revise their Budget due to the changed circumstances.

You are required to complete the Revised Budget, taking the following into account:

- Ms O'Driscoll will receive €4,830 net monthly from 1 July 2017.
- Mr O'Driscoll's parental leave will result in no salary for July and August 2017.
- The O'Driscoll household will receive €75 from selling old furniture on e-bay in July.
- Mortgage repayments will **increase** by 2% from 1 September 2017.
- The O'Driscoll household will make one loan repayment in July and will repay the balance of the loan, €5,100, in August.
- Annual Insurance will **increase** to €1,944, payable monthly from 1 August 2017.
- Household costs will **decrease** by 15% per month from 1 July 2017.
- Entertainment costs will **decrease** by 45% for July and August 2017.
- The O'Driscoll household planned holiday in August will be postponed.
- All other income and expenditure will remain the same.

(28)

- (B)**
- (i) Calculate what percentage increase Ms O'Driscoll will receive as result of her promotion. Show your workings. *(Answer on page 10 of Section A.)*
 - (ii) Explain the term 'Discretionary Expenditure'. *(Answer on page 10 of Section A.)*
 - (iii) In the Original Budget, name a month in which planned income is greater than planned expenditure. *(Answer on page 10 of Section A.)*
 - (iv) In the Original Budget, how much did the O' Driscoll household expect to save in the three months? *(Answer on page 10 of Section A.)*
 - (v) Is the Revised Budget a good one?
Give **one** reason for your answer. *(Answer on page 10 of Section A.)*

(12)

(40 marks)

For use with Section B - Question 1 (A)

O'DRISCOLL HOUSEHOLD	ORIGINAL BUDGET				REVISED BUDGET			
	JULY	AUG	SEPT	TOTAL	JULY	AUG	SEPT	TOTAL
PLANNED INCOME	€	€	€	€	€	€	€	€
Ms O' Driscoll	4,200	4,200	4,200	12,600				
Mr O' Driscoll	1,600	1,600	1,600	4,800				
Child Benefit	420	420	420	1,260				
Other								
TOTAL INCOME	6,220	6,220	6,220	18,660				
PLANNED EXPENDITURE								
<i>Fixed</i>								
Mortgage	750	750	750	2,250				
Loan Repayments	525	525	525	1,575				
Insurance	135	135	135	405				
Subtotal	1,410	1,410	1,410	4,230				
<i>Irregular</i>								
Household Costs	1,840	1,840	1,840	5,520				
Car Costs	225	225	225	675				
Light and Heat Costs	300		260	560				
Telephone Costs	110	110	110	330				
Subtotal	2,475	2,175	2,435	7,085				
<i>Discretionary</i>								
Entertainment Costs	300	300	300	900				
Presents	280		260	540				
Holiday		3,000		3,000				
Subtotal	580	3,300	560	4,440				
TOTAL EXPENDITURE	4,465	6,885	4,405	15,755				
Net Cash	1,755	(665)	1,815	2,905				
Opening Cash	(800)	955	290	(800)				
Closing Cash	955	290	2,105	2,105				

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

(i) Calculate what percentage increase Ms O'Driscoll will receive as result of her promotion. Show your workings.		For Office Use Only	
Answer:	Workings:		
%			

(ii) Explain the term 'Discretionary Expenditure'.		
Explanation:		

(iii) In the Original Budget, name a month in which planned income is greater than planned expenditure.		
Answer:		

(iv) In the Original Budget, how much did the O' Driscoll household expect to save in the three months?		
Answer: €		

(v) Is the Revised Budget a good one?	YES		<i>(Please tick appropriate box.)</i>		
	NO				
Give one reason for your answer.					
Reason 1:					

2. This is a Club Account Question.

Answer all parts of this question:

The Oars Rowing Club had an opening stock of €2,100 in the bar on 1 January 2016.

The following is a summary of the club's financial transactions for the year ending 31 December 2016:

Receipts:	€
Bar Sales	19,260
Regatta Income	8,270
Subscriptions	9,760
Fundraiser Income	9,620
Sponsorship	1,700
Payments:	€
Insurance	6,260
Purchase of Equipment	16,700
Repairs to Equipment	140
Bar Purchases	15,300
General Expenses	5,740
Light and Heat	6,210
Regatta Expenditure	3,210
Fundraiser Expenses	2,670

Additional information on 31 December 2016:

- (i) Bar Stock €2,280
- (ii) Light and Heat due €210
- (iii) Subscriptions due €240
- (iv) General Expenses prepaid €720
- (v) Equipment to be depreciated by 15%.

(A) Prepare:

- (i) A Bar Trading Account for the year ending 31 December 2016.
- (ii) An Income and Expenditure Account for the year ending 31 December 2016. (34)

(B) At the AGM the Club Officer who presents members with a report on the accounts suggested the need to refurbish the club's clubhouse costing €65,000.

- (i) What is the title of the Club Officer who presents members with a report on the accounts?
- (ii) State and explain **one** suitable source of finance that the Oars Rowing Club might use to finance the club's refurbishment. (6)

(40 marks)

3. This is a question on Economic Growth and International Trade.

Answer all parts of this question:

(A) The Government reduced its forecast for GDP growth to 3.5% in 2017 due to Britain's decision to leave the European Union.

- (i) What do the initials GDP stand for?
- (ii) Explain **three** benefits to Ireland of being a member of the European Union.
- (iii) Explain **one** effect Britain's decision may have on:
 - Businesses in the Republic of Ireland who export goods to Britain.
 - Irish people who want to travel to Britain.

(18)

(B) Over the last three years Ireland's economic growth has increased.

State the effect of this increase on **each** of the following:

- (i) Employment in Ireland.
- (ii) Payment of Social Protection.
- (iii) Government Income.

(6)

(C) International trade is essential for the recovery of the Irish economy.

- (i) Distinguish between visible exports and invisible exports.
Use **one** example of **each** type of export to explain your answer.
- (ii) The following data relates to the international trade of a country for 2016:

	€
Invisible Imports	2,600 million
Visible Exports	3,620 million
Invisible Exports	2,670 million
Visible Imports	3,330 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.

(16)

(40 marks)

4. **This is an Insurance Question.**

Answer all parts of this question:

Lisa Bergin, born on 21 July 1975, lives at Rosemary Street, Roscrea, Co. Tipperary. She is a soldier. She wants to take out life assurance to the value of €250,000 on her own life, as she recently got married. Lisa does not drink or smoke and has no health problems. In her spare time, she likes to go parachute jumping. She wants to pay her premium by direct debit. She contacted her friend, David Long, High Street, Birr, Co. Offaly seeking advice on which life assurance policy to take out.

- (A)**
- (i) Write the letter that David sent to Lisa on 15 May 2017 explaining the difference between Endowment Assurance and Whole Life Assurance.
 - (ii) Following David's advice Lisa decides to purchase a Whole Life policy. Assume you are Lisa, using today's date, complete the proposal form on *page 11 of Section A*.
 - (iii) What is the title of the person in an insurance company who calculates the premium?

(32)

Lisa also wishes to insure her house for €240,000 and contents for €70,000. She receives a quotation of €16 per €15,000 for the house and €28 per €5,000 for the contents. There is a 15% reduction on the contents for having a house alarm.

- (B)** Calculate the insurance premium that Lisa will have to pay.
Show your workings.

(8)

(40 marks)

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

Quad Life Insurance Limited Proposal Form			
<i>Please answer all questions fully and truthfully</i>			
Name			
Address			
Age		Single <input type="checkbox"/>	Married <input type="checkbox"/>
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		€ <input type="text"/>	
<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: _____			

5. **This is a Banking Question.**

Answer all parts of this question:

Margaret Power has an account with AIB, Tuam, Co. Galway.

She received the following Bank Statement on 2 June 2017:

AIB The Square Tuam		Statement of Account		Tel: 093 - 364574 Fax: 093 - 364577 Branch Code: 93-71-21 Branch ID Code: AIBTUIE4D
Ms Margaret Power Church Road Tuam		Account Name: Margaret Power No. 1 Account Account Number: 550591961 IBAN: IE39 AIBTU 9371550591961 Statement Date: 31 May 2017 Statement Number: 509		
Date	Transaction Details	Dr	Cr	Balance
		€	€	€
01 May 2017	Balance Forward			1120.00
05 May 2017	Cheque No. 560812	1500.00		380.00 DR
08 May 2017	DD - Energia	136.00		516.00 DR
09 May 2017	Paypath		1620.00	1104.00
12 May 2017	INET - AIB Visa	1000.00		104.00
17 May 2017	SO - Vodafone	66.00		38.00
21 May 2017	Credit Transfer		425.00	463.00
30 May 2017	Bank Charges	12.00		451.00
31 May 2017	ATM Sligo	100.00		351.00

- (A) (i) Is Margaret'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 5 May 2017 and 8 May 2017.
- (iii) Explain the difference between the transactions that occurred on the 8 May 2017 and 17 May 2017.
- (iv) Explain 'Paypath'. State **two** advantages of 'Paypath' to Margaret.
- (v) Explain the transaction on 12 May 2017.
- (vi) State **two** possible items that may be included in the entry dated 30 May 2017.
- (vii) What do the initials 'ATM' stand for? Explain **two** services that are available to Margaret through the ATM.

(33)

(B) Margaret's Bank Statement does not include the following two items:

- a cheque (No. 560813) of €400 written by Margaret on 28 May 2017.
- a credit transfer of €50 into Margaret's Account on 31 May 2017.

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

(7)

(40 marks)

6. This is a Wages and People at Work Question.

Answer all parts of this question:

- (A)** Conor Kavanagh is employed as a manager at Bonbon Ltd. His normal working week is 35 hours but occasionally he works overtime. His basic wage rate is €770 for a 35-hour week. Overtime is paid at time and a half for the first five hours and double time for hours in excess of that. In Week No. 5 he worked 42 hours.

Conor pays PAYE at the rate of 40% and PRSI/USC at 10.5%. His annual tax credit is €3,380. He pays €40 for health insurance and invests €75 in a savings fund. His employer deducts both of these at source.

- (i) Explain the difference between 'basic pay' and 'overtime'.
- (ii) Complete Conor's Wage Slip for Week No. 5 using the blank document *on page 12 of Section A*. Show your workings (*on the same page*).
- (iii) Using Conor's Wage Slip, identify his Statutory Deductions.

(32)

- (B)** As Conor will be employed at Bonbon Ltd for five years at the end of 2017 he will be able to negotiate his own benefit in kind.

- (i) Explain the term 'benefit in kind' **and** give **two** examples.
- (ii) State **two** rights Conor has as an employee of Bonbon Ltd.

(8)

(40 marks)

Document for use with Section B – Question 6 (A) (ii)

Workings

Gross Pay	PAYE
Tax Credit	Other

(ii)

Wage Slip		
Name:		
Week No:		
Basic Pay	€	
Overtime	€	
Gross Pay	—————→	€
Tax Credit	€	
Deductions		
PAYE	€	
PRSI/USC	€	
Health Insurance	€	
Savings	€	
Total Deductions	—————→	€
Net Pay	—————→	€

REMEMBER TO INCLUDE SECTION 'A' WITH YOUR ANSWER BOOK