

Section B

Question 1: Budget

(A) Planned Budget for the Power Household for 2015

	Jan	Feb	Mar	Total Jan-Mar	Estimate Apr-Dec	Total for Year Jan-Dec
PLANNED INCOME	€	€	€	€	€	€
Margaret Power Salary	1700	1700	1700	5100	15,640	20,740
Patrick Power Wages	1200	1200	1200	3600	9,180	12,780
Child Benefit	280	280	280	840	2,340	3,180
TOTAL INCOME	3180	3180	3180	9540	27,160	36,700
PLANNED EXPENDITURE						
<i>Fixed</i>						
Annual house insurance		720		720	-	720
Car insurance	60	60	60	180	590	770
Mortgage	900	900	900	2700	6,300	9,000
Subtotal	960	1680	960	3600	6,890	10,490
<i>Irregular</i>						
Telephone	60	210	60	330	1,200	1,530
Light and heat costs	135		135	270	640	910
Car running costs	140	140	140	420	1,440	1,860
Household costs	620	620	620	1860	5,208	7,068
Subtotal	955	970	955	2880	8,488	11,368
<i>Discretionary</i>						
Entertainment costs	90	120	110	320	1,035	1,355
Holidays			1000	1000	1,600	2,600
House decoration			2200	2200	-	2,200
Subtotal	90	120	3310	3520	2,635	6,155
TOTAL EXPENDITURE	2005	2770	5225	10000	18,013	28,013
Net Cash	1175	410	(2045)	(460)	9,147	8,687
Opening Cash	50	1225	1635	50	(410)	50
Closing Cash	1225	1635	(410)	(410)	8,737	8,737

(30 figures @ 1 mark each (excluding total income, subtotals and total expenditure))

(B)

(i) Salaries: (3)
It's a fixed pay regardless of the number of hours worked.

Wages: (3)
The amount paid varies depending on the hours worked/the quantity produced per week.

(ii) Balance: €410 overdrawn/deficit/(€410) (2)

(iii) Method: Cut back on house decorations.
Delay holiday plans.
They could use their savings to make up the shortfall.
Spread the cost of the house insurance over 12 months. (2)

(10 marks)

Question 2: Club Account

(A)

Accumulated Fund KJ Rugby Club as at 01/01/2013		
	Dr	Cr
Assets		
Clubhouse	440,000	
Cash	6,100	
Minibus	45,000	
		491,100
Less: Liabilities		
Long Term Loan		66,000
Accumulated Fund 01/01/2013		425,100

5 figures @ 1m each

1 mark for 'accumulated fund' words.

[6 marks]

(B) (i)

Receipts and Payments Account KJ Rugby Club for year ending 31/12/2013					
Dr			Cr		
01/01/2013	Balance b/d	6,100		Purchases of Equipment	24,000
	Sponsorship	2,300		Tag Expenses	4,260
	Tag Entry Fees	8,470		Light and Heat	1,890
	Club Lotto	4,450		Insurance	3,780
	Subscriptions	16,300		General Expenses	3,140
			31/12/2013	Balance c/d	550
		37,620			37,620
	Balance b/d	550			

Title 1m

Receipts: Opening Balance 1m

Receipts side 5 figures @ ½ mark each = 2 ½ m

Payments side 5 figures @ ½ mark each = 2 ½ m

Balance c/d 1m

[8 marks]

(B) (ii)

Income and Expenditure Account KJ Rugby Club for year ending 31/12/2013			
	€	€	€
Income			
Annual Sponsorship		2,300	
Tag Entry Fees	8,470		
Less: Tag Expenses	(4,260)	4,210	
Club Lotto		4,450	
Subscriptions	16,300		
Less subscriptions prepaid	400	15,900	
			26,860
Expenditure			
Light and Heat	1,890		
Add Light and Heat due	190	2,080	
Insurance	3,780		
Less insurance prepaid	530	3,250	
General Expenses		3,140	
Depreciation			
Equipment 15%	3,600		
Minibus 20%	9,000	12,600	
			21,070
Excess of Income over Expenditure			5,790

Title 1m

Headings 2m

Income: 7 figs @ 1m = 7m

Expenditure: 9 figs @ 1 = 9m

Excess figure 5790 = 1m

Words Excess of Income over Expenditure = 1m

[21 Marks]

(C) Two assets

(2 + 1)

Clubhouse

Minibus

Equipment

Insurance prepaid

Balance €550 /Receipts and Payments A/C Balance /Cash /Bank

One Liability

Long Term Loan

Subscriptions prepaid

Light and heat due

One asset and one liability @ 2 marks each.

2nd asset @ 1 mark

[5 marks]

Total 40 marks

Question 3 Inflation and Trade

- (A) (i) Inflation is a sustained increase in the general level of prices from one period to another. **3m**
- (ii) The official measure of inflation in Ireland is the Consumer Price Index. **2m**

(iii) **Two** causes of inflation

- When the costs of producing goods is increasing then the price of the good will increase also.
- An increase in the taxes which affect price such as VAT and Excise Duties will cause prices to increase.
- If there is too much demand for goods and services and not enough supply then prices will rise.
- When the cost of imported raw materials increase then the price of goods using these raw materials will increase also.

2 @ 3 marks each

Two benefits of low inflation

- There will be less demand by trade unions for wage increases.
- Irish goods/services being sold overseas (exports) may be more competitive.
- Businesses may find it easier to control costs.
- Foreign firms will be attracted to Ireland.
- Consumers may be encouraged to save more.

2 @ 3 marks each

[17 marks]

(B) (i) Visible Exports

This is the sale of physical goods by Ireland to other countries e.g. dairy products, beef and chocolates.

Invisible Exports

This is the sale of services by Ireland to other countries e.g. tourists visiting Ireland, Irish bands playing concerts overseas, providing financial services to other countries.

2 explanations @ 2 marks each = 4 marks

2 examples @ 1 mark each = 2 marks

(ii)

Balance of Trade			1 mark
Visible Exports	€1,250		1 mark
Visible Imports	€1,150		1 mark
Surplus 1 mark		€100	1 mark
Balance of Payments			1 mark
Total Exports	€2,630m		1 mark
Total Imports	€2,450m		1 mark
Surplus 1 mark		€180	1 mark

Alternative Balance of Payments		1mark
Balance of Trade	€100	
Balance of Invisible Trade	€80	2 marks
Surplus 1 mark	€180	1 mark

[16 marks]

(C)

1 May 2014	$€3,500 \times 2.95$	= 10,325 BRL
9 June 2014	$€3,500 \times 3.10$	= 10,850 BRL
Difference received 525 BRL		

2.95 = 1 mark
Multiplication = 1 mark
Figure 10,325 = 1 mark

3.10 = 1 mark
Multiplication = 1 mark
Figure 10,850 = 1 mark
Figure 525 = 1 mark

[7 marks]

Total 40 Marks

Question 4 Consumer Question

(A) (i)

Main Street
Gorey
Co. Wexford

1 June 2014

Ms Valerie Hynes
Bay View Hotel
Achill
Co. Mayo

Re: Booking 5 – 9 October 2014

Dear Ms Hynes

I refer to our telephone conversation earlier today. I wish to confirm that I have booked a double room with a bay view from for 5 – 9 October 2014. I have guaranteed my booking with a non-refundable deposit of €63 by Visa Debit.

Could you please forward a receipt for my deposit?

Yours sincerely

Rose Collins

Layout	=	7 marks
Content 5 @ 2 marks	=	10marks
Paragraphs, punctuation etc.	=	3 marks

(20 marks)

(ii) The payment comes out of Rose Collin's bank account and is credited to the Bay View Hotel's bank account immediately/electronically.

(2 + 1 + 1)

(iii) 'The term non-refundable deposit' means Rose will not receive the €63 back from the hotel if she cancels the booking

(2 + 2)

(iv)

Receipt

BAY VIEW HOTEL	Achill, Co. Mayo Telephone: (098) 591961	RECEIPT No.	53
Date: 4 th June 2014			
Received From: Rose Collins			
The Sum Of: Sixty three euro		€63.00	
With Thanks		Signed: <i>Andy Heaney</i> Finance Department	

6 items @ 1 mark each

[34 marks]

(B) (i) Consumer Protection Act 2007/Consumer Information Act 1978.

Name of Act 2 marks

Year 1 mark

(ii) Rose and her husband were given misleading information in the advertisement.

It stated that there was direct access to a blue flag beach. However, Rose and her husband had no direct access to the beach which was a twenty minute walk from the hotel.

Principle explained 3m

(Example only, 2m)

[6 marks]

Total 40 marks

Question 5 Banking

(A) (i) David's account is a current account as the following appear on his bank statement:

- Cheques
- Standing Orders
- Direct Debits
- Overdraft interest
- Bank charges

Current A/C 1 mark

Reason 2 marks

(ii) Standing Order: On 4 May 2014 a standing order was paid from David's account. He has instructed the bank to take €590 to pay his mortgage. This amount will remain fixed and be taken on a specified date.

Direct Debit: On 7 May 2014 a direct debit was paid from David's account. This is an agreement between David and Airtricity that allows them to take money out of his account at regular intervals. Airtricity have set up the direct debit and can alter the amount taken.

3 differences @ 2 marks

(iii) DR appears on the statement because David has overdrawn his account. He did not have sufficient funds in his account. (3)

(iv) Paypath is a method of paying an employee's wages directly into a bank a/c.

Two advantages of paypath to David:

- It is safer than carrying cash.
- The money is lodged directly into his account/convenient.
- He has immediate access to his cash/reduces overdraft/withdraw cash from ATM.
- It makes it easier for David to set up standing orders and direct debits so that he can pay bills.
- It is confidential.

Explanation 2 marks

Advantages 2 @ 2 marks

(v) The transaction on 15 May means that David paid AIB Visa €340.00 through internet banking.

Explanation 3 marks

(vi) ATM stands for Automated Teller Machine.

Two services available to David through the ATM:

- Withdraw cash
- Lodge cash
- Request a statement
- Check cash balance
- Pay bills
- Purchase phone credit
- Order a cheque book
- Change PIN
- Access funds in an emergency e.g. card stolen.

ATM 2marks
Services 2 @ 2 marks

(vii) The amount of €3.50 appears on David's statement because he has overdrawn his account/has paid interest on the amount overdrawn.

One reason @ 2 marks
[29 marks]

€

(B) (i)

Balance as per statement 31 May 2014	387.00
Less: Unpresented Cheque 53051	(178.00)
Add: Credit Transfer	<u>190.00</u>
Adjusted balance 31 May 2014	<u>399.00</u>

1 figure 387 @ 1m
2 figures & detail (178,190) @ 1mark each
1 figure (399) @ 2 m

(ii) **Two** factors for David to consider when investing:

- What rate of interest can he earn?
- How much DIRT will he have to pay?
- How long does he have to keep the money in the account/access to the funds?
- Is the money safe in the financial institution?
- Future/present benefits/incentives.

2 @ 3 marks

[11 Marks]

Total 40 Marks

Question 6 IT and Borrowing

(A) (i) Explain **three** of the terms:

- A **laptop** is a portable personal computer/it is light and easy to carry/it is small enough to sit on a person's lap. It is battery operated.
- A **Screen** is a monitor or visual display unit used to display input and output from a computer.
- **RAM** stands for Random Access Memory which is memory used by the computer when it is switched on. When information is entered into computer it is stored in the RAM and can be manipulated and changed as desired.
- **Hard Drive** is the main storage for a computer/all programs used by the computer are stored here. It can be internal or external.
- **WiFi** means that the computer and other devices can connect to the internet without using wires/by means of a router. It only operates within a certain area range e.g. a house.
- **DVD** stand for Digital Versatile Disk. This can be used for storing large amounts of data. / It is often used for films.

3 @ 3 marks

(ii) **Three** types of software which may be included with the laptop:

- Word processor
- Database
- Spreadsheet
- Powerpoint
- Desk Top Publishing packages
- Games
- Drivers for devices
- Applications (apps)
- Computer Aided Design packages
- Computer Aided Manufacture
- Internet browser
- Operating systems
- Anti/virus software

3 @ 2 marks

[15 marks]

(B) (i) Two advantages for Grainne:

- She can carry out research for projects, homework, careers, revision.
- She can use it to make presentations of information.
- She can use it to communicate with her teachers e.g. submitting assignments using moodle/email etc.
- Word processing for essays and projects/stored in laptop hard drive.
- There is a free wireless printer with the laptop.

2 @ 3 marks

Two advantages for the O'Dowd family:

- Paying bills/internet banking
- Internet - online purchases, research
- Communication - contact with family, friends e.g. Skype, email, facebook
- Software packages - for letter writing, family budgets, household accounts
- Entertainment - music/TV/films/games/books.

2 @ 3 marks

(ii) Cost of each option

Option 1		Interest	Total Paid
	36×15	€90.00	€540.00
Option 2			
Year 1	$450 \times 6\frac{1}{2} \%$	€29.25	
Year 2	$450 - 150 = 300 \times 6\frac{1}{2}\%$	€19.50	
Year 3	$300 - 150 = 150 \times 6\frac{1}{2}\%$	€9.75	€508.50
<p>Option 1 because the payments are spread over a year. Option 2 is the better option because the interest payments are lower/cheaper.</p>			

Option 1 3 figures @ 1m
(36, 15, 540)

Option 2 5 figures @ 1m
(29.25, 19.50, 9.75, 450, 508.50)

Recommendation 2m
Reason 3m

(13 marks)
[25 marks]

Total 40 marks