

SECTION B

Q.1 Household Budget

HARTE HOUSEHOLD	ORIGINAL BUDGET				REVISED BUDGET			
	JULY	AUG	SEPT	TOTAL	JULY	AUG	SEPT	TOTAL
Planned Income	€	€	€	€	€	€	€	€
Mr Harte	3,000	3,000	3,000	9,000	2,600	2,600	2,600	7,800
Ms Harte						1,400	1,400	2,800
Child Benefit	374	374	374	1,122	374	374	374	1,122
Other						100		100
Total Income	3,374	3,374	3,374	10,122	2,974	4,474	4,374	11,822
Planned Expenditure								
<i>Fixed</i>								
Mortgage	900	900	900	2,700	900	900	936	2,736
Loan Repayments	450	450	450	1,350	450	450	450	1,350
Insurance	85	85	85	255	85	100	100	285
Subtotal	1,435	1,435	1,435	4,305	1,435	1,450	1,486	4,371
<i>Irregular</i>								
Household Costs	900	900	900	2,700	819	819	819	2,457
Car Costs	150	150	150	450	150	180	180	510
Light & Heat Costs	215		180	395	215		180	395
Telephone Costs	40	50	100	190	40	50	100	190
Subtotal	1,305	1,100	1,330	3,735	1,224	1,049	1,279	3,552
<i>Discretionary</i>								
Entertainment Costs	400	400	400	1,200	420	420	420	1,260
Presents	310		240	550	310		240	550
Holiday						1,200		1,200
Subtotal	710	400	640	1,750	730	1,620	660	3,010
Total Expenditure	3,450	2,935	3,405	9,790	3,389	4,119	3,425	10,933
Net Cash	(76)	439	(31)	332	(415)	355	949	889
Opening Cash	200	124	563	200	200	(215)	140	200
Closing Cash	124	563	532	532	(215)	140	1,089	1,089

1 (A)

Total income line and three subtotal lines 16 figures @ 1 mark each.

Net Cash line 4 figures @ 1 mark each for procedure.

Opening Cash figures for July and Total Column 1 mark each €200 as per solution. August and September 1 mark each for procedure.

Closing Cash for July and August 1 mark each for procedure. Final closing cash figure for September and Total Column must €1089 as per solution and procedure. Both figures must be correct for 2 marks.

[28 marks]

(B)

(i) **Explain Fixed Expenditure:** It occurs on a regular basis and the amount spent does not vary with usage. (1 + 1)

(ii) **Name a month:** August (2)

(iii) **Expected Savings:** €332 (2)

(iv) **Is it a good Budget:** Yes (2)

The yes/no answer and the reasons are evaluated on the candidates own budget

Two Reasons: (2 + 2)

- They plan to increase their income by €1700/income will increase from €10,122 to €11,822.
- They plan to reduce their household costs by €243/they will reduce irregular expenditure from €3735 to €3552.
- They expect to save €889/their expected income to exceed expenditure by €889/ they plan for an overall surplus of income of €889.
- They expect to have a closing cash balance of €1089 instead of €532 as in the original budget/they expect their bank balance to increase by €557.

[12 Marks]

Total 40 marks

Allied Irish Bank CURRENT ACCOUNT APPLICATION FORM					
PERSONAL DETAILS					
Surname	Larkin		Mr, Mrs, Ms.	Mr	
First Name	Michael		Male/Female	Male	
Home Address	Main Street, Cobh, Co. Cork				
Date of Birth	05/09/1951		<i>Please tick appropriate box. ➡</i>	Married	<input checked="" type="checkbox"/>
County of Birth	Cork			Single	<input type="checkbox"/>
EMPLOYMENT/ INCOME DETAILS					
Former Occupation	Financial Accountant				
Former Employer's Name & Address	Mit Medical Ltd				
	Business Park, Cavan.				
Gross income per month			€3,000		
Length of time in your previous employment			29 years		
Will your income be paid into your bank account?			YES	<input checked="" type="checkbox"/>	<i>(Please tick appropriate box.)</i>
			NO	<input type="checkbox"/>	
CONTACT DETAILS					
Home Telephone Number		021 2612851			
Mobile Phone Number		085 9196050			
e-mail address		micklark@petal.ie			
Please open a Current Account in my name. I certify the accuracy of the information given above.					
SIGNATURE	Michael Larkin		DATE	11th June 2012	

Note: 18 items @ ½ mark each, signature 1 mark

(10)

Q.2 Club Account

(A) (i)

Linn Swimming Club Income and Expenditure Account for year ended 31 December 2011			
Income:	€	€	€
Competition Receipts	12,600		
Less Competition Expenses	4,225	8,375	
Subscriptions	6,600		
Less subscriptions prepaid	350	6,250	
Sponsorship		9,700	
			24,325
Less Expenditure:			
Affiliation fees		600	
Stationery	740		
Less stock of stationery 31/12/2011	120	620	
General Expenses	520		
Add general expenses due	65	585	
Depreciation: Laptop 25%	290		
Equipment 15%	3,600	3,890	
Insurance		10,220	
Pool Rent		9,000	
			24,915
Excess of expenditure over income			€ (590)

Title & Date (1 + 1), Headings 2 @ 1mk each, Figures 16 @1 mk each.
Correct word = 1 mk.

21 marks

Note:

- (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 allow ½ earned marks for figures.
- (iii) Debit/credit format the expenses must be on the debit side, if in complete reversal allow ½ earned marks for correct figures.

(A) (ii)

Balance Sheet as at 31/12/2011			
Fixed Assets	Cost	Depreciation	Net Book Value
	€	€	€
Laptop	1,160	290	870
Equipment	24,000	3,600	20,400
	25,160	3,890	21,270
Current Assets			
Stock of Stationery	120		
Cash at Bank	520	640	
Less Current Liabilities			
Subscriptions prepaid	350		
General Expenses due	65	415	
Working Capital			225
Total Net Assets			21,495
Financed by:			
Accumulated Fund 1/1/2011		22,085	
Less deficit		(590)	
Funds employed			21,495

Title and Date ½ each, Headings 4 @ ½ each, Figures 20 @ ½ each =

13 marks
[34 marks]

(B) Explain two duties of a club treasurer.

(3 + 3)

- Treasurer is responsible for collecting subscriptions/income on behalf of the club
- The treasurer is responsible for making all club payments.
- The treasurer is responsible for preparing the club's final accounts.
- To present a report, comment and advise on the club's finances at the AGM.
- To make applications for bank loans and lottery funding.

[6 marks]

Total 40 marks

Q.3 Economic Awareness, National Budget and Opportunity Cost

- (A) (i) **Mixed Economic System:** (2 + 1)
An economy that has elements of both central planning (government involvement) and private enterprise to provide goods and services/enterprise/establish businesses.

Economic Growth: (2 + 1)
It is an increase in the quantity/amount of goods and services produced in Ireland from one year to the next.

- (ii) Explain two economic consequences (3 + 3)

- A decrease in government revenue from taxation.
- Cuts in government spending/decrease in the quality of government services provided.
- Increase in the national debt as the government has to borrow more/ bailout.
- Increase in the general level of taxation and charges for services.
- Decrease in incomes/decline in the standard of living/increase in the number of people in mortgage arrears due to a fall incomes.
- Increase in unemployment/increase in welfare payments.
- Higher levels of emigration
- Increase in business failures due to less demand/economic activity.

[12 marks]

- (B) (i)

National Budget 2012			
		€m	€m
Income	PAYE	1,930	
	VAT	1,860	
	DIRT	135	
	Corporation Tax	225	4,150
Less Expenditure	Education	1,467	
	Health Services	2,130	
	Agriculture	280	
	Debt Servicing	823	
	Social Welfare	1,620	6,320
Deficit			(€2,170m)

Note: Title 1 mk, Headings 2 @ 1mk each, Figures 12 @ 1 mk each, Correct word 1mk.
The budget may be presented in T format.

[16 marks]

(ii) Department of Finance/Public Expenditure and Reform. (1)

(iii) Explain with example Opportunity Cost: (2 + 1)

The opportunity cost of providing an item is the loss of the other item which could have been provided instead with the same money.

Example: if the Government chooses to build the National Children's Hospital (Financial Cost) then it will have to give up the opportunity (Opportunity Cost) to provide another project such as the Metro system in Dublin. There aren't enough funds to provide both.

(v) Explain Capital & Current Expenditure and provide one example of each. $2 \times (2 + 1)$

Capital expenditure is once off/long term expenditure which will have long term benefits for the country e.g. building new schools or hospitals.

Current expenditure is spending on a regular basis for the day to day running of the country e.g. wages of public servants, social welfare.

(v) Debt servicing is paying the interest on the National Debt. (2)

[28 marks]

Total 40 marks

Q.4 Consumer question

(A)

		Coast Road, Kilkee, Co. Clare.
28 th May 2012		
The Manager, Glazeco Ltd Kilrush Road, Ennis Co. Clare		
<u>Re: Woodgrain PVC Windows</u>		
Dear Sir/Madam,		
I am writing to complain about ‘Treble Glazed Woodgrain PVC Windows installed by you on 24 th April 2012, costing €7,800, copy of receipt enclosed.		
After one month I noticed condensation patches on three windows as the seals had broken down.		
I would like these windows replaced as they are not fit for purpose.		
I look forward to a prompt response.		
Yours faithfully,		
<u>Sinead Glynn</u> Sinead Glynn		

Layout 7 @ 1 mark each, Contents 3 @ 3 marks each, English: punctuation 1mk, paragraph 1mk.

[18 marks]

(B) (i) The Sale of Goods and Supply of Services Act 1980. (2)

(ii) Explain two relevant principles of consumer law broken in this case. (3 + 3)

- The windows were not fit for the purpose intended.
- The windows did not conform to sample.
- The windows were not as described.
- The windows were not of merchantable quality.
- The quality of the service was not of good standard

(iii) Identify two ways Sinead could show evidence of purchase. (3 + 3)

- She could give her receipt/invoice/contract.
- She could give a credit card statement/credit card voucher.
- She could give a bank statement showing cheque or laser card transactions.

(iv) Explain why it is important to file and record details of her purchases. (2)

- For making complaints in the event of a defect in the goods.
- To prove the date of purchase to avail of the guarantee.
- To be able to prove ownership/provide evidence of purchase.
- For future reference to help in planning/budgeting and decision making/to be able to make price comparisons.

[16 marks]

(C) Explain two characteristics of a good consumer. (3 + 3)

- A good consumer knows his/her rights/is aware of the relevant laws.
- A good consumer knows the organisations that provide consumer protection.
- A good consumer is able to make a complaint when necessary.
- A good consumer will be well informed/shop around when purchasing goods or services/will try to get good value/will not be affected by false economies.
- Avoids impulse buying by sticking to a shopping list and budget.
- Files quotations, invoices, receipts, guarantees and relevant documents/keeps a record of purchases.

[6 marks]

Total 40 marks

Q.5 Personal Banking and Savings

(A) (i) Form on Page 8 Section A.

(10 marks)

(ii) Name three requirements when opening a bank account.

(2 + 2 + 2)

- Proof of address e.g. utility bill.
- Proof of identity e.g. passport, driving licence.
- PPSN (personal public service number).
- Source of income for large lodgements.

(iii) Outline two differences between a current account and deposit account.

2 x (2 + 2)

- Current account may have an overdraft facility not so in a deposit account.
- Cheque book is provided with a current account but not with a deposit account.
- Payments can be made by standing order/direct debit/credit transfers from current accounts but not from deposit accounts.
- A current account is used for regular transactions whereas a deposit account is used for savings.
- Charges may apply to a current account while not to deposit accounts.
- Deposit accounts offer interest on the balance. Receiving interest on current accounts is dependent on the financial institution and could require a minimum amount in the account.

(iv) State three methods of withdrawing money from a current account.

(2 + 2 + 2)

- | | |
|-----------------------------|-------------------|
| • Withdrawal slip | • Cheque |
| • ATM | • Standing Order, |
| • Laser Card/Cash back | • Direct Debit |
| • Credit Transfer/Bank Giro | |

[30 marks]

(B) (i) Explain two reasons why he would save his money.

(3 + 3)

- For emergencies in the future/rainy day e.g. flood damage to home or illness
- Michael might save for future planned expenditure/specific purpose e.g. holiday.
- To earn interest so that he can increase his income

(ii) Explain two factors considered before choosing a financial institution. (2 + 2)

- Is the institution financially sound and reliable?
- Is the capital sum (principle) guaranteed?
- What interest rate is being offered on the investment?
- Is the interest subject to DIRT?
- What access has Michael to his money during the investment period?
- To gain future benefits such as loans.

[10 marks]

Total 40 marks

Q.6 People At Work and Information Technology

- (A) (i) **Commission:** It is a method of paying sales people based on the amount/value of sales. (3)

Flexitime: One can work the required hours at any time within limits during the week with the consent of the employer. (2 + 1)

Subsidised Meals: The employer pays part of the price/value of meals in the company canteen. (3)

Equal Opportunities Employer: The employer will not discriminate on the grounds of age, gender, race, etc when employing or recruiting staff. (3)

[12marks]

- (B) (i) **Explain three responsibilities of an employee to an employer.** (3 + 3 + 3)

- To do an honest day's work/doing a fair day's work for a fair day's pay.
- To be on time for work, punctuality.
- Not stealing from the employer.
- Respect the property of the employer.
- Be loyal to the employer e.g. not revealing confidential information.
- Abide by the rules and regulations of the workplace/Be courteous to customers.
- Work well with other employees.

- (ii) **Describe three IT skills required for this position.** 3 x (2 + 1)

- Ability to use email in order to deal with quotations or queries from customers.
- Experience in using a database so that customer details can be easily accessed.
- Ability to use mail merge facilities to create personalised documents.
- Familiarity with spreadsheets so that budgets or accounts can be accessed, altered and understood.
- Ability to use a word processor to create documents/letters/reports.
- Understand how to use the internet so that information can be researched and also understand the workings of the company website for promotion purposes.
- Good keyboarding skills in order to input information into the computer quickly and efficiently.
- Ability to use modern telecommunications such as headsets and fax machines to deal with customer calls and queries.

[18 marks]

(C)		Workings
Basic Hourly Pay	€624/39 hrs	€16 per hour
Basic Pay		€624
Overtime time and a half	$(€16 \times 1.5/€24) \times 8\text{hr}$ $(8\text{hrs} \times 1.5/12) \times €16$	€192
Overtime double time	$(1\text{hr} \times 2/2) \times €16$	€32
Gross Pay		€848

1 mark each for the words Basic Pay, Overtime and Gross Pay and 7 marks for figures

[10 marks]

Total 40 marks