

1st Year Christmas Test 2024 – Business Studies – Lucan Community College

Ms. Freeman, Mr. Foley,

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1.

Martin would like to go on holiday with his friends at the end of the summer. He is also interested in buying a laptop which would be useful when he goes to college in September. His two options are shown below:

Option 1	Option 2
Holiday in Spain €450	Laptop €450

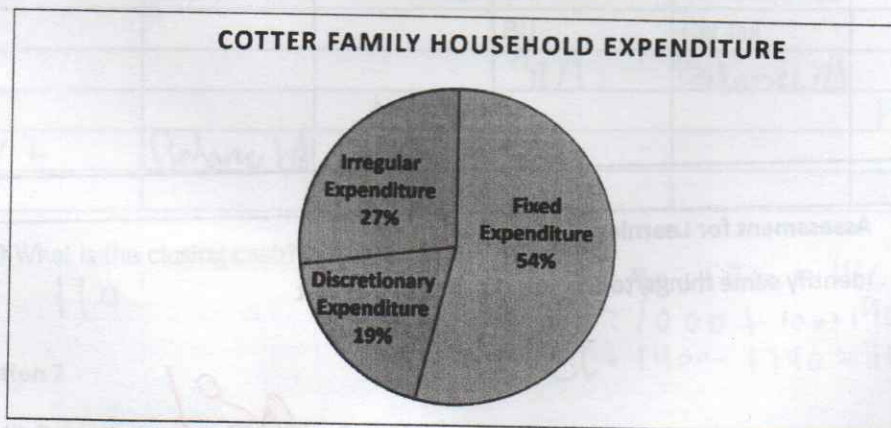
Martin has decided to go ahead and purchase the laptop.

(ii) Identify the financial cost and the opportunity cost of Martin's choice:

Financial Cost:	€ 450
Opportunity Cost:	Holiday in Spain

2.

The graph below shows the Cotter family household expenditure.



(i) Which type of expenditure had the highest percentage of total expenditure in the Cotter household?

Fixed expenditure

(ii) Give one example of each type of expenditure below.

Fixed expenditure:	House insurance
Irregular expenditure:	Phone bill
Discretionary expenditure:	Netflix subscription

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3.

Kevin started a new job as a trainee accountant. His salary is €32,000 per annum. He gets paid via Paypath, once a month directly into his current bank account.

(i) Indicate which of the following statements are true or false by placing a tick (✓) in the correct box.

Statement	True	False
A salary is a fixed amount of money received by an employee	✓	
The more hours an employee works, the more wages they receive		✓

4.

Name a source of income associated with each of the following people:

Retired person	Pension
Employed person	Salary
Unemployed person	Job Seeker's Benefit

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5. Budget Question:

The following is a budget for the Holton household for three months, January to March. Complete the blank household budget form for the Holton household using all the figures below.

Opening cash in hand is €450.

Planned income:

- > Chris Holton earns €2,200 net per month. He expects to receive a €500 bonus in March.
- > Michelle Holton expects to earn €2,600 net per month and is due a pay rise of €150 per month from 1 March.
- > Child Benefit is expected to be €280 per month.
- > The household expects to receive €400 from the sale of old furniture and baby equipment in February.

Planned expenditure:

- > The Holton household pays €1,900 each month for their mortgage.
- > The house insurance premium is €540 per year, payable monthly from 1 February.
- > Chris Holton's annual car insurance costs €560. He will pay it in February.
- > Household costs are €1,600 per month, except in March, when they will be €200 extra.
- > Monthly car running costs are expected to be €160 with an extra €150 to be paid for a new tyre in March.
- > Bills for light and heat are expected to be €210 in January and €180 in March. Home heating oil will cost €340 in February.
- > Telephone and broadband bills for the household will cost €75 per month.
- > The family's TV package costs €80 per month.
- > A deposit for a school tour will cost €250 in January.
- > Birthday presents will cost €150 in January.
- > Entertainment will cost €550 each month.
- > The Holton household is planning a weekend away to Paris. The total cost will be €1,000. They will pay a €250 deposit in January and the balance in February.

Fixed expenditure

House insurance € 5

TV package € 80

Regular expenditure

Light and heat bills € 210

Discretionary expenditure

Phone bill € 75

Car running costs € 160

Household costs € 1,600

Child benefit € 280

Chris Holton's salary € 2,200

Michelle Holton's salary € 2,600

Holton Household Budget

	January	February	March	Total
	€	€	€	€
PLANNED INCOME				
Chris Holton salary	2200	2200	2100	7100
Michelle Holton salary	2600	2600	2750	7950
Child Benefit	280	280	280	840
Other income		400		400
TOTAL INCOME (A)	5080	5480	5730	16290
PLANNED EXPENDITURE				
Fixed				
Mortgage	1900	1900	1900	5700
House insurance		45	45	90
Car insurance		560		560
Subtotal	1900	2505	1945	6350
Irregular				
Household costs	1600	1600	1860	5060
Car running costs	160	160	310	630
Light and heat	210	340	180	730
Telephone and broadband	75	75	75	225
TV package	80	80	80	240
School costs	250			250
Subtotal	2375	2255	2445	7075
Discretionary				
Presents	150			150
Entertainment	550	550	550	1650
Holiday	250	750		1000
Subtotal	950	1300	550	2800
TOTAL EXPENDITURE (B)	5225	6060	4940	16225
Net cash (A - B)	(145)	(580)	790	65
Opening cash	450	305	(775)	450
Closing cash	305	(275)	515	515

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Question 6

Balance the following household cash accounts.

(i) Cash book for the Meehan family.

Cash Account of the Meehans					
Dr			Cr		
Date 2025	Details	Total	Date 2025	Details	Total
1/1	Salary	500	4/1	Rent	300
2/1	Child benefit	150	6/1	Car insurance	100
			31/1	Balance c/d	250
1/2	Balance b/d	250			650

(ii) What is the closing cash?

€ 250

$$\begin{aligned} \text{Dr: } 500 + 150 &= 650 \\ \text{Cr: } 300 + 100 &= 400 \\ \text{Bl: } 650 - 400 &= 250 \end{aligned}$$

(iii) Cash book for the Bailey family.

Cash Book of the Baileys					
Dr			Cr		
Date 2025	Details	Total	Date 2025	Details	Total
1/1	Salary	900	4/1	New car	1,000
2/1	Lotto win	500	6/1	Car insurance	100
			8/1	Car tax	190
			31/1	Balance c/d	110
1/2	Balance b/d	110			1400

(iv) What is the closing cash?

€ 110

$$\begin{aligned} \text{Dr: } 900 + 500 &= 1400 \\ \text{Cr: } 1000 + 100 + 190 &= 1290 \\ \text{Bl: } 1400 - 1290 &= 110 \end{aligned}$$

Question 7

(i) Balance the account of the Fogarty family.

Cash Book of the Fogartys					
Dr			Cr		
Date 2025	Details	Total	Date 2025	Details	Total
1/1	Salary	1,000	4/1	Rent	800
31/1	Balance c/d	800	6/1	Holiday	1,000
		1800			1800
1/2	Balance b/d	800			

Closing cash: -800

$$\begin{aligned} \text{Dr: } 1000 &= 1000 \\ \text{Cr: } 800 + 1000 &= 1800 \\ \text{Bl: } 1000 - 1800 &= -800 \end{aligned}$$