

## 1<sup>st</sup> year Summer Exam – Ms. Freeman

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Fill in what the following acronyms stand for:

Regressive  
Direct  
Social welfare  
2011  
Household budget  
Interest  
Reg. plate  
Gifts/inheritance

VAT	Value added tax	✓
PAYE	Pay as you earn	✓
PRSI	Pay related social insurance	✓
USC	Universal social charge	✓
CGT	Capital gains tax	✓
DIRT	Direct income related tax	0
VRT	Vehicle registration tax	✓
CAT	Capital acquisition tax	✓
VRT		

98%

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**Do the following calculations – show ALL working and clearly show your answer:**

**Wage Slip:**

(i) Complete the following wage slip for Martina Waldron and calculate her net pay.

• Martina Waldron works for the HSE. Her weekly gross pay is €700. She worked two hours of overtime and earned an extra €150.

• PAYE is €110, PRSI is €28, USC is €25. She saves €54 and her VHI is deducted from her pay at €10.34 per week.

Employee name:		Wage Slip	
PPSN: 1234567G		Date:	Week no:
Earnings		Deductions	
Basic wage	700	PAYE	110
Overtime	150	PRSI	28
		USC	25
		VHI	10.34
		Savings	54
		Total Deductions	227.34
Gross Pay	850	Net Pay	€622.66

**Workings:**

$$700 + 150 = 850$$

$$110 + 28 + 25 + 10.34 + 54 = 227.34$$

$$850 - 227.34 = 622.66$$

• 100  
• 100

## Tax Calculation:

Marian Walsh works for MUS4U. She earns €400 a week. Her income tax is 20%.

(i) Calculate Marian's net pay.

Tax Payable	€
Gross pay	400
Income tax	$400 \times 20\% = 80$
Net pay	$400 - 80 = €320$

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## Premium Calculation:

Rob wishes to insure his house. His house has an alarm but is located in an area prone to flooding. He gets the following quote from Enterprise Insurance Ltd.

- Building: €2 per €1,000 of value.
- Contents: €3.50 per €1,000 of value.
- 10% loading for living in an area prone to flooding.
- 5% discount for alarm.

Building = €250,000  
Contents = €20,000

Calculate Rob's premium.

Building	$250,000 \div 1000 \times 2 = 500$	500
Contents	$200,000 \div 1000 \times 3.5 = 700$	700
Total	$500 + 700 = 1200$	1200
+ 10% loading	$1200 \times 10\% = 120$	120
- 5% alarm discount total	$1200 - 120 = 1080$	1080
Premium	$1080 + 1080 \times 5\% = 1134$	1134
Rough work:		
$250 \times 2 = 500$		
$200 \times 3.5 = 700$		
$500 + 700 = 1200$		
$1200 \times 10\% = 120$		
$1200 - 120 = 1080$		
Premium	$1080 + 1080 \times 5\% = 1134$	1134

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These are the principles of insurance – pick 3 – Name it, explain it and give an example of it in the table below:

**Indemnity, Insurable Interest, Utmost Good Faith, Contribution and Subrogation**

Name the Principal	Explain it	Example
Utmost good faith	When filling out a proposal form or insurance claim one must always tell the truth and not leave anything out	If you are a skydiving instructor and you are applying for health insurance, you have to let the insurance company know
Contribution	If <del>the</del> risk is insured with multiple insurance companies, they split the compensation between them	If you have your car insured with two different companies and you crash, they will both contribute evenly
Insurable interest	To insure something you must benefit from its existence and suffer from its loss	You cannot insure your neighbour; say as it doesn't affect you but you can insure <del>your</del> own

Explain the following – make sure you have at least two points for each one:

<b>DIRT</b>	<ol style="list-style-type: none"><li>1 Tax paid on interest earned on savings</li><li>2 Financial institutions are responsible for paying it</li></ol>
<b>Motor Tax</b>	<ol style="list-style-type: none"><li>1 This is an indirect tax</li><li>2 If a car is driven in a public area, motor tax has to be paid</li></ol>
<b>Premium</b>	<ol style="list-style-type: none"><li>1 Price paid for insurance</li><li>2 Billed annually or monthly</li></ol>
<b>Proposal Form</b>	<ol style="list-style-type: none"><li>1 Form filled out when applying for insurance</li><li>2 You must tell the truth when filling it out</li></ol>
<b>Loading</b>	<ol style="list-style-type: none"><li>1 An extra charge on insurance</li><li>2 Usually charged because of circumstances</li></ol>

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### 3 types of motor tax: insurance

- 1 Comprehensive
- 2 3rd party
- 3 3rd party, fire and theft

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### 2 types of life insurance: assurance

- 1 Whole life assurance
- 2 Term life assurance

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