

Question 1

(a) Martha is 34 years of age and lives in Celbridge Co. Kildare in a house she purchased for €495,000 two years ago. Martha and her partner Stephen, aged 35 have two children aged two and five. Stephen is an electrician and works for himself while Martha is a financial controller with a large tech company.

- (i) Outline **two** financial resources that Martha and Stephen might have used to pay for their house.
- (ii) Outline **two** physical resources that Stephen might use in his work as an electrician.
- (iii) State **two** regular sources of income available to Martha and Stephen.

(b) Martha was paid a bonus of €2,000 at the end of last month because the company profits were 10% higher than the previous year. Martha and Stephen are trying to decide whether to go on a holiday or purchase a new suite of furniture with the money.

- (i) Answer true or false to the following statements:

	True	False
Martha's bonus is an example of irregular income.		
The opportunity cost of them going on holiday is a new suite of furniture.		
Buying furniture is an example of current expenditure.		

- (ii) Draw a sketch of the five stages of the personal financial lifecycle. Identify the stage that Martha and Stephen are at.

(c) Over the course of the last year, Martha and Stephen paid a number of different taxes. They both paid income tax (PAYE), they paid VAT, motor tax on both their cars, Deposit Interest Retention Tax (DIRT) and Local Property Tax (LPT).

- (i) Explain the difference between direct and indirect tax and give two examples of each from the list above.
- (ii) What do the letters VAT stand for?
- (iii) When would Martha and Stephen pay VAT?
- (iv) Stephen had savings of €15,600. He received interest from his bank of 2%. DIRT of 33% was deducted from the interest by his bank. Calculate how much interest Stephen will receive and what the new balance in his account will be.
- (iv) Explain **three** advantages to Stephen of saving his money with a financial institution.

Question 2

- (a) Daria and Michael live in Celbridge, Co. Kildare in a house they purchased five years ago with a mortgage from Bank of Ireland. Daria is a pilot with Aer Lingus and Michael is a self-employed IT specialist.



- (i) Explain what is meant by the term **benefit-in-kind**.
- (ii) Outline **one** benefit-in-kind which Daria might receive as a pilot.
- (iii) State **two** fixed and **two** irregular items of expenditure which Daria and Michael might face as home owners
- (iv) 'A **mortgage** is a **long-term source of finance**.'
Explain the words in bold.
- (v) Daria and Michael borrowed €250,000 over a 25-year period. If the interest rate on the mortgage is 4% on the amount still owed at the start of the year, calculate how much they will have repaid in total (loan plus interest) after three years. Show your workings.
- (b) Daria and Michael insured their new house for €350,000 and their contents for €50,000. The cost of the insurance was €1.20 per €1,000 value for the house and €2 per €1,000 for the contents. They received a discount of 10% for having an alarm and locks on their windows.
- (i) Explain what is meant by insurance.
- (ii) List **three** other types of insurance that Daria and Michael might also consider.
- (iii) Calculate the cost of Daria and Michael's home insurance. Show your workings.
- (iv) When completing the insurance **proposal form**, Michael suggested to Daria that he should not say that he used his van for work as this would cause his **premium** to increase. Daria advised him against this as it would be against the principle of **utmost good faith**.
Explain the terms in bold.
- (v) Briefly state and explain **two** other principles of insurance.

Question 3

- (a) 'You won't beat Lidl for price: Lidl own brand beans 47c, Heinz beans 85c.'
- (i) Explain what is meant by a **brand name**.
 - (ii) Write down **four** factors a consumer should take into account when choosing between brands.
 - (iii) State **two** rights a consumer has when purchasing goods.
- (b) Joe has been employed as an assistant store manager for the past three years. Joe earns a basic salary of €45,000 and receives an overtime payment of €30 per hour if he is required to work outside his normal hours.
- (i) If Joe pays income tax (PAYE) at 20%, PRSI at 5% and USC at 6% and has an annual tax credit of €3,100, calculate his annual take-home pay in a year when he works 110 overtime hours. Show your workings.
 - (ii) What do each of the following abbreviations stand for?
PAYE
PRSI
USC
 - (iii) Give **one** example of a non-statutory deduction that Joe might choose to have deducted from his salary each month.
- (c) 'Lidl regard themselves as an ethical business that takes its social responsibilities seriously.'
- (i) Explain **two** ways a business like Lidl can act in an ethical way when running their business.
 - (ii) List **three** groups of people that Lidl should act in a socially responsible way towards and give one example in each case of how they could put this into practice.
 - (iii) Explain how a 'Buy Irish' campaign run by Bord Bia could help Irish consumers act in an ethical manner.
- (d) 'Lidl is a global company.'
- (i) Define the term **global company**.
 - (ii) Would you agree with the above statement that Lidl is a global company? Give **one** reason for your answer.
 - (iii) Suggest **one** positive and **one** negative impact a global business can have on consumers.