Chapter 12 – Class Exam

Name:____________ **Score:___/50**

Answer all questions

Suggested Exam Length: 30 minutes

Student Input (Pre-exam)

How confident are you about this exam?

What topic am I worried about before I look at the exam? Why?

What strategies did you use to study for this exam? What was the best one?

Which activities in class did you most enjoy for this topic?

Student Reflection (Post-exam)

How happy were you with your result?

What were the hardest questions? Why?

Is there any exam technique I should change/use again for my next exam?

What topics should I look over again?

Q1 Outline **two** reasons why a household would prepare a household budget.

1.
2.

Q2 Tick (✓) whether each item of expenditure is fixed, irregular or discretionary.

Expenditure	Fixed	Irregular	Discretionary
Mortgage repayment			
Groceries			
Family holiday			
House insurance			
Electricity bill			
Cinema tickets			

Q3 Complete the following extract from the Keane household budget for three months.

Keane Family	Apr	May	Jun	Total
Income (A)	3,100	3,100	3,400	
Expenditure (B)	2,800	3,300	3,000	
Net Cash (A-B)				
Opening Cash	250			250
Closing Cash				

Workings:

Q4 The Moriarty household are preparing their budget for June to August. Opening cash on 1 June is €300. Complete the Moriarty budget below. They have the following information:

Fixed Expenditure:

- Rent is €1,300 per month.
- Life assurance is €35 per month.

Irregular Expenditure:

- Groceries cost €850 per month.
- Light and heat costs €160 in June, €140 in July and €130 in August.
- Car running costs are €240 per month.

Discretionary Expenditure:

- Entertainment costs €180 per month.
- Takeaways will cost €50 per month.

Moriarty Household	Jun	Jul	Aug	Total
Planned Income				
Dara Moriarty, salary	2,500	2,500	2,500	7,500
Ella Moriarty, salary	1,800	1,800	2,200	5,800
Child Benefit	140	140	140	420
Total Income (A)	4,440	4,440	4,840	13,720
Planned Expenditure				
Fixed Expenditure				
Rent				
Life Assurance				
Subtotal				
Irregular Expenditure				
Groceries				
Light and Heat				
Car Running Costs				
Subtotal				
Discretionary Expenditure				
Entertainment				
Takeaways				
Subtotal				
Total Expenditure (B)				
Net Cash (A-B)				
Opening Cash	300			300
Closing Cash				

Q5 Aoibhinn Hayes has planned income of €2,900 and planned expenditure of €3,300 for November.

(a) Calculate the difference between Aoibhinn's planned income and planned expenditure.

Workings	Answer
	€

(b) Circle whether Aoibhinn is planning for a budget surplus or deficit, and recommend one action she could take. Explain how it would help.

Surplus / Deficit
Action:
How it would help:

Q6 The Whelan family have a planned net cash figure of €250 per month. They are considering taking out a car loan, repaid with interest at €400 per month.

(a) Calculate the effect this loan would have on the family's monthly net cash figure.

Workings and answer

(b) Would you recommend that the Whelan family take out this loan? Give a reason for your answer, using figures.

Yes / No

Q1 Reasons to prepare a budget.

MS: 6 marks - 2 × 3 (2+1) (two-pronged answers)

1. To plan their future expenditure… so they ensure they live within their means / avoid falling into debt.
2. To reduce impulse buying, as a budget gives a plan in advance… so they are less likely to make unplanned purchases. (Also acceptable: identify when borrowing may be required; identify where to cut back; help save for the future.)

Q2 Classify expenditure.

MS: 6 marks - 6 × 1m

Fixed: Mortgage repayment, House insurance.
Irregular: Groceries, Electricity bill.
Discretionary: Family holiday, Cinema tickets.

Q3 Keane budget extract.

MS: 10 marks - 10 × 1m per figure (O.F. applies)

Keane Family	Apr	May	Jun	Total
Income (A)	3,100	3,100	3,400	9,600
Expenditure (B)	2,800	3,300	3,000	9,100
Net Cash (A-B)	300	(200)	400	500
Opening Cash	250	550	350	250
Closing Cash	550	350	750	750

Workings: Apr 3,100 - 2,800 = 300; 250 + 300 = 550. May 3,100 - 3,300 = (200); 550 + (200) = 350. Jun 3,400 - 3,000 = 400; 350 + 400 = 750.

Q4 Moriarty full budget.

MS: 16 marks - 16 × 1m per figure (O.F. applies)

Moriarty Household	Jun	Jul	Aug	Total
Planned Income				
Dara Moriarty, salary	2,500	2,500	2,500	7,500
Ella Moriarty, salary	1,800	1,800	2,200	5,800
Child Benefit	140	140	140	420
Total Income (A)	4,440	4,440	4,840	13,720
Planned Expenditure				
Fixed Expenditure				
Rent	1,300	1,300	1,300	3,900
Life Assurance	35	35	35	105
Subtotal	1,335	1,335	1,335	4,005
Irregular Expenditure				
Groceries	850	850	850	2,550
Light and Heat	160	140	130	430
Car Running Costs	240	240	240	720
Subtotal	1,250	1,230	1,220	3,700
Discretionary Expenditure				
Entertainment	180	180	180	540
Takeaways	50	50	50	150
Subtotal	230	230	230	690
Total Expenditure (B)	2,815	2,795	2,785	8,395
Net Cash (A-B)	1,625	1,645	2,055	5,325
Opening Cash	300	1,925	3,570	300
Closing Cash	1,925	3,570	5,625	5,625

Workings: Fixed = 1,300 + 35 = 1,335 per month. Irregular = 850 + light and heat + 240: Jun 1,250, Jul 1,230, Aug 1,220. Discretionary = 180 + 50 = 230 per month.

Q5 Aoibhinn's surplus or deficit.

MS: 6 marks - (a) 3m (workings + answer with € sign); (b) 3m

(a) €2,900 - €3,300 = (€400).
(b) Deficit. Action: reduce discretionary expenditure, eg cut back on entertainment… how it helps: planned expenditure falls towards planned income of €2,900, reducing the €400 deficit. (Also acceptable: increase income; shop around for better value.)

Q6 Whelan loan effect.

MS: 6 marks - (a) 3m; (b) 3m

(a) €250 - €400 = (€150). Net cash would decrease, changing from a surplus of €250 to a deficit of (€150) per month.
(b) No. The repayment of €400 is greater than the monthly net cash of €250, so the family would be living beyond its means every month. They should reduce other spending or save first.