

1. **This is a Household Budget Question.**

Answer all parts of this question:

(A) On page 9 of Section A is an Original Budget and a Revised Budget form for the O'Driscoll household from July to September 2017. After preparing the Original Budget, Ms O'Driscoll was informed that she would be getting a promotion in her job. However, Mr O'Driscoll has decided to take parental leave for July and August. The O'Driscoll household decided to revise their Budget due to the changed circumstances.

You are required to complete the Revised Budget, taking the following into account:

- Ms O'Driscoll will receive €4,830 net monthly from 1 July 2017.
- Mr O'Driscoll's parental leave will result in no salary for July and August 2017.
- The O'Driscoll household will receive €75 from selling old furniture on e-bay in July.
- Mortgage repayments will **increase** by 2% from 1 September 2017.
- The O'Driscoll household will make one loan repayment in July and will repay the balance of the loan, €5,100, in August.
- Annual Insurance will **increase** to €1,944, payable monthly from 1 August 2017.
- Household costs will **decrease** by 15% per month from 1 July 2017.
- Entertainment costs will **decrease** by 45% for July and August 2017.
- The O'Driscoll household planned holiday in August will be postponed.
- All other income and expenditure will remain the same.

(28)

- (B)**
- (i) Calculate what percentage increase Ms O'Driscoll will receive as result of her promotion. Show your workings. *(Answer on page 10 of Section A.)*
 - (ii) Explain the term 'Discretionary Expenditure'. *(Answer on page 10 of Section A.)*
 - (iii) In the Original Budget, name a month in which planned income is greater than planned expenditure. *(Answer on page 10 of Section A.)*
 - (iv) In the Original Budget, how much did the O' Driscoll household expect to save in the three months? *(Answer on page 10 of Section A.)*
 - (v) Is the Revised Budget a good one?
Give **one** reason for your answer. *(Answer on page 10 of Section A.)*

(12)

(40 marks)

For use with Section B - Question 1 (A)

O'DRISCOLL HOUSEHOLD	ORIGINAL BUDGET				REVISED BUDGET			
	JULY	AUG	SEPT	TOTAL	JULY	AUG	SEPT	TOTAL
PLANNED INCOME	€	€	€	€	€	€	€	€
Ms O' Driscoll	4,200	4,200	4,200	12,600				
Mr O' Driscoll	1,600	1,600	1,600	4,800				
Child Benefit	420	420	420	1,260				
Other								
TOTAL INCOME	6,220	6,220	6,220	18,660				
PLANNED EXPENDITURE								
<i>Fixed</i>								
Mortgage	750	750	750	2,250				
Loan Repayments	525	525	525	1,575				
Insurance	135	135	135	405				
Subtotal	1,410	1,410	1,410	4,230				
<i>Irregular</i>								
Household Costs	1,840	1,840	1,840	5,520				
Car Costs	225	225	225	675				
Light and Heat Costs	300		260	560				
Telephone Costs	110	110	110	330				
Subtotal	2,475	2,175	2,435	7,085				
<i>Discretionary</i>								
Entertainment Costs	300	300	300	900				
Presents	280		260	540				
Holiday		3,000		3,000				
Subtotal	580	3,300	560	4,440				
TOTAL EXPENDITURE	4,465	6,885	4,405	15,755				
Net Cash	1,755	(665)	1,815	2,905				
Opening Cash	(800)	955	290	(800)				
Closing Cash	955	290	2,105	2,105				

For use in answering Section B – Question 1 (B)

(i) Calculate what percentage increase Ms O’Driscoll will receive as result of her promotion. Show your workings.		For Office Use Only	
Answer:	Workings:		
%			

(ii) Explain the term ‘Discretionary Expenditure’.			
Explanation:			

(iii) In the Original Budget, name a month in which planned income is greater than planned expenditure.			
Answer:			

(iv) In the Original Budget, how much did the O’ Driscoll household expect to save in the three months?			
Answer: €			

(v) Is the Revised Budget a good one?	YES		<i>(Please tick appropriate box.)</i>		
	NO				
Give one reason for your answer.					
Reason 1:					