
1.1

Managing Resources

Personal Finance

Learning Outcome Notes

LO 1.1 - Review the personal resources available to them to realise their needs and wants and analyse the extent to which realising their needs and wants may impact on individuals and society.

CHAPTER QUESTIONS

By the end of this learnign outcome you should be able to do the following

1. Explain what resources are.
2. Identify the main types of resources.
3. Illustrate the difference between needs and wants.
4. Illustrate how needs and want changes over time.
5. Define the terms opportunity and financial costs.
6. Illustrate the term opportunity and financial costs.
7. Define and illustrate the terms Opportunity cost and financial cost.

EXPLAIN WHAT ARE RESOURCES

Resource ^{Def} this is anything that we can use in order to meet our needs or achieve our goals.

They include materials, goods, people, knowledge, money and time.

TYPES OF RESOURCES

Household and Individual have a lot of resource available to them. See the table below for

Resource	Definition	Example
Capital Resources	These are goods made by people - and help people to meet their day-to-day needs	Buildings, Vehicles, Computers
Natural Resource	These are resource provided by nature	Land, Water
Financial Resource	These are the types and source of money available. This is a very important life skill	Employment Income, Income from Benefits, Savings
Human Resources	This refers to skills, abilities, experience, and people available to help you	Ability to solve problems, Family, Friends, and teachers
Time Resources	This is a valuable resource. You can't buy, make, or earn more time	

NEEDS AND WANTS

Needs Def This is something we can't live without. It is essential for our survival.

For example, food

Some needs are essential at every stage of our lives and some change as we get older.

Wants Def This is something that we would like to have but it is not essential.

For example, Laptop

The list of wants can be endless but or resource are not. This results in choices we have to make.

MAKING USE OF FINANCIAL RESOURCES

It important that we learn how to buy things that we need from the money we have - we need to prioritise our spending - that is money should be spent on essential items first

Money Def This is anything of value that is accepted by people in exchange for something you wanted.

Whenever we buy something, it has two cost - 1. Financial Cost and 2. Opportunity Cost

Financial Cost Def This is the price of the goods that we have chosen to by. It is a Money Cost

Opportunity Cost Def This is when we decide to buy one particular product than we give up the chance (Opportunity) of buying another product

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Past Exam Questions and Answers

NOTE - Very Important

It is very important when answering exams question that you use the following steps -

1. That you know the information for the learning outcome
2. That you understand the information form the learning outcome
3. That you can apply the information form the learning outcome to the question
4. Be able to give at least two full sentences for your answer (Fill up the space)

Questions are changing from rote learning to applying the knowledge to the question

QUESTIONS

2022 - Question 16 - Part B (ii)

- (ii) An increase in online shopping could reduce impulse buying.

Explain the term impulse buying.

2022 - Question 16 - Part B (iii)

- (iii) Outline two methods businesses use to encourage their customers to impulse buy when shopping in-store.

(i)
(ii)

2019 - Question 15

The following items were identified as the main areas of expenditure for Irish consumers in 2018. Classify each item of expenditure as a need or a want.

Items of Expenditure	Need / Want
Food	
Holidays	
Clothing and Foot wear	

2019 - Sample Paper SEC - Question 3

A living wage provides for needs not wants.'

www.livingwage.ie

Explain the difference between needs and wants. Give an example in each case.

Example of needs:
Example of wants:

2019 - Sample Paper SEC - Question 15

In January 2018 the government introduced a scheme giving grants for solar panels for home use.

Seán and Maureen O'Mahony were considering landscaping their back garden this summer but have now decided to take advantage of the grant scheme and install solar panels in their home.

Using the above information explain what is meant by opportunity cost.

SUGGESTED SOLUTIONS

2022 - Question 16 - Part B (ii)

- (ii) An increase in online shopping could reduce impulse buying.

Explain the term impulse buying.

Unplanned Expenditure - Impulse buying is buying items that are unplanned or bought on the
Spur of the moment. These items may not be needed, and they might not be in you budget
So you are unable to buy them. They can also lead to waste because if you don't need the
Item it will probably be thrown out

2022 - Question 16 - Part B (iii)

- (iii) Outline two methods businesses use to encourage their customers to impulse buy when shopping in-store.

(i) Offer promotions - Provide promotion to customer and make them feel that they are
Getting a good deal and they cant do without the product. This could include buy one get
One half price or 50% off
(ii) Get their Attention - Shops use tactics to get the customer attention by using big
Colourful signs and display to attract them to certain deals. In supermarkets these can be
At the end of the isle or big sign with the word Offer in big writing

2019 - Question 15

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Items of Expenditure	Need / Want
Food	Need
Holidays	Want
Clothing and Footwear	Need

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Explain the difference between needs and wants. Give an example in each case.

Needs - This is something we can't live without. It is essential or necessary for our survival.

Some needs are essential at every stage of our lives and some change as we get older.

Wants - This is something that we would like to have but it is not essential. They are not

Essential for survival. The list of wants can be endless but or resource are not. This results in

choices we have to make.

Example of needs: Food is an example of a need

Example of wants: Lab-top is an example of a need

2019 - Sample Paper SEC - Question 15

In January 2018 the government introduced a scheme giving grants for solar panels for home use.

Seán and Maureen O'Mahony were considering landscaping their back garden this summer but have now decided to take advantage of the grant scheme and install solar panels in their home.

Using the above information explain what is meant by opportunity cost.

An opportunity cost is when we decide to buy one particular product instead of another

product or service. This means we give up the chance or Opportunity of buying another

Product or service

In the above example the opportunity cost is the landscaping of their back garden. This is

Because they have decided to go with installing the solar panel so have given up the

Opportunity (or chances) of getting their garden landscaped