

Question 6

State **two** reasons why a household should prepare a budget.

1. _____

2. _____

Question 7

(ii) Explain what is meant by the opening balance on 1 June 2018.

Explain what is meant by the closing balance on 30 June 2018.

(b) The Johnsons received a tax refund on 6 June.

(i) Explain what is meant by tax refund.

(ii) Income tax is a form of direct taxation. Name and explain two forms of indirect taxation.

1. _____
2. _____

(iii) Revenue collect taxes on behalf of the government so they will have money to run the country. Outline **one** social purpose of taxation and **one** ethical purpose of taxation.

Social purpose of taxation:

Ethical purpose of taxation:

(iv) Below is April Johnson's payslip for June 2018.

EMPLOYEE: APRIL JOHNSON		Period 6. June 2018		
PAY	€	DEDUCTIONS	€	
BASIC	3,000	PAYE	380.00	
OVERTIME	570	PRSI	90.00	
		USC	46.00	
		SAVINGS	100.00	
		HEALTH INSURANCE	67.00	
		UNION	7.00	
				NET PAY
GROSS PAY	3,570	TOTAL DEDUCTIONS	690	2,880

Divide April Johnson's deductions into statutory and non-statutory.

STATUTORY DEDUCTIONS	NON-STATUTORY DEDUCTIONS

If April Johnson's basic rate of pay is €20.00 p/h and she receives time-and-a-half for overtime, how many hours of overtime did April Johnson work?

Workings:

- (c) (i) Using the comparison statement below, compare planned and actual income and expenditure for the Johnson family for the month of June.

Income	Budgeted	Actual	Difference
Wages	2,500	2,880	+ 380
Tax refund	0		
Total Income	2,500		
Expenditure			
Groceries	400		
Motor expenses	300		
Phone	150		
Entertainment	90		
Other	400		
Total Expenditure	1,340		
Net Cash	1,160		

- (ii) How does actual income and expenditure differ from planned income and expenditure?
