

**Question 6**

1. To plan their future expenditure
2. To identify any financial shortfalls and plan accordingly



Section B

180 marks

tion 16

Analysed Cash Book for Johnson family for June 2018

DETAILS	f	BANK	WAGES	OTHER	DATE	DETAILS	f	BANK	Groceries	Motor exp.	Phone	Entert.	Other
Wages		2,880	2,880		01-Jun	Balance	b/d	200					
Tax refund		2,000		2,000	03-Jun	Paid for groceries		180	180				
					04-Jun	Paid for petrol		30		30			
					14-Jun	mobile bill		72			72		
					17-Jun	Tayto Park		120				120	
					18-Jun	Holiday shopping		150					150
					21-Jun	Groceries		170	170				
					23-Jun	Car Service		300		300			
					25-Jun	House insurance		480					480
					26-Jun	Phone bill		55				55	
					30-Jun	Balance	c/d	3,123					
								4,880	4,880	350	330	127	120
													630
Balance	b/d	3,123											

(b)

arks

- (ii) The opening balance means the family are overdrawn by €200. The closing balance means the family have €3,123 in the bank.
- (b) (i) A tax refund is money that has been paid as tax but is returned to the taxpayer – perhaps the person paid too much tax.
- (ii) Any two of the following:
  - VAT
  - Motor tax
  - Local property tax
  - Excise duty
  - Customs duty
- (iii) One social purpose of taxation is to collect money and redistribute it for social good. For example, providing welfare for the unemployed or people living with illness or disability.

One ethical purpose of taxation is to use the collection of tax money to make society fairer or encourage people to do the right thing. This could be having penalties for tax evasion so that people and businesses know it is wrong if not everybody pays the tax they owe. Also governments may tax harmful items such as cigarettes or vehicles with high CO<sub>2</sub> emissions to encourage people not to use them.

(iv)

STATUTORY DEDUCTIONS	NON-STATUTORY DEDUCTIONS
PAYE	Savings
PRSI	Health insurance
USC	Union

Basic pay = 20.00 p/h

Overtime pay = 20 × 1.5 = 30 p/h

Overtime = 570

$$\frac{570}{30} = 19 \text{ hours}$$

April Johnson worked 19 hours of overtime.

(c) (i)

Income	Budgeted	Actual	Difference
Wages	2,500	2,880	+ 380
Tax refund	0	2,000	+ 2,000
<b>Total Income</b>	<b>2,500</b>	<b>4,880</b>	<b>+2,380</b>
<b>Expenditure</b>			
Groceries	400	350	-50
Motor expenses	300	330	+30
Phone	150	127	-23
Entertainment	90	120	+30
Other	400	630	+ 230
<b>Total Expenditure</b>	<b>1,340</b>	<b>1,557</b>	<b>+ 217</b>
Net Cash	1,160	3,323	2,163

(ii) The actual situation is better than the one budgeted for. Income has increased greatly due to the tax refund that was not planned for.