

**Institute of Professional Legal Studies**  
**Admissions Test December 2022**  
**Section D - Numeracy**

1. Mark Williamson sold his house for £275,000. Mark paid the estate agent a fee of 1.5% of the sale price (inclusive of VAT) for successfully selling the property. The solicitor instructed by Mark in the sale of his house charged Mark £4,000 (inclusive of VAT) for completing the sale.

After paying his solicitor and estate agent, and repaying the amount outstanding on the mortgage, Mark was left with £90,000 from the sale of the house. How much did Mark owe on his mortgage?

- (a) £194,500
- (b) £139,750
- (c) £355,500
- (d) £176,875
- (e) £176,075

2. Walter Banks always invested his savings into stocks and shares in the hope that he would have a generous retirement fund to enjoy with his family.

1. On 1st January 2010, he purchased 100 shares in a company called WizWash Ltd at a cost of £25 per share.
2. On 1st January 2011 he purchased 100 shares in a company called RCL Ltd at a cost of €300 per share.
3. On 1st January 2010 he paid £25,000 for 25 shares in TechGetUp Ltd.

The WizWash shares increased in value by 5% per year. The RCL shares did not increase in value. The TechGetUp shares increased in value by 10% each year for the first three years. They did not increase after that.

The exchange rate is £1: €1.13.

Walter sold all of his shares on 1st January 2015. How much did he receive from the sales?

- (a) £63,014.37
- (b) £71,625.00
- (c) £68,173.67
- (d) £74,930.86
- (e) £66,855.44

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3. Your Master has been instructed to administer the estate of Nora O'Neill. Inheritance Tax is charged at a rate of 40% of the net value of all assets of an estate over £325,000. The net value is the gross value of the estate at the date of death minus any debts.

When Nora died, she owned a Ferrari worth £85,000, a house worth £475,000, a current account with £38,000, a savings account with £56,000 and shares worth €14,000. Nora had a credit card, on which she owed £13,750, unpaid utilities of £2,900.00 and a finance arrangement on her Ferrari on which £29,000 was outstanding.

The exchange rate at the date of Nora's death was £1: €1.13.

How much Inheritance Tax was due and owing on Nora's estate?

- (a) £248,295.75
- (b) £119,669.00
- (c) £118,295.75
- (d) £295,739.38
- (e) £600,000.00
4. Matthew Brown died in January 2021. He had 3 children. He had the following assets:
- (i) Dwelling House worth £600,000;
  - (ii) Bank Accounts holding £500,000;
  - (iii) Car worth £16,500;
  - (iv) Stocks and shares worth £6,300;
  - (v) Vintage car collection worth £413,000.

Inheritance Tax is charged at a rate of 40% on the net value of all assets of an estate over £325,000.

In his will, Matthew directed that if any Inheritance Tax was due to be paid this should be paid out of the bank accounts before his assets were divided as per the terms of his will. In his will Matthew gave his dwelling house to his sister. He split all his other remaining assets equally between his 3 children. How much did each child receive?

- (a) £311,933.33
- (b) £350,493.33
- (c) £511,933.33
- (d) £150,493.33
- (e) £211,533.33

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5. Ann McKinley was involved in a road traffic accident resulting from the negligence of Robert Walker. Robert Walker was insured by Infinity Insurers Co. Ann McKinley issued proceedings against Infinity in the County Court. The case ran to hearing and the judge awarded Ann £15,000 to compensate her for the injuries she suffered. In addition, the judge awarded Ann all of the expenses and losses she had claimed plus all the legal fees for her barrister and solicitor. Ann claimed for:

- 1) 8 sessions of physiotherapy at a cost of £45.00 per session;
- 2) A wheelchair she had to purchase, which cost £125.00;
- 3) The cost of 4 sessions of trauma counselling at a cost of £125.00 per session; and
- 4) £4,015.00 loss of earnings.

Lawyers in the County Court receive payment according to the following scale (these fees are inclusive of VAT):

**Barrister Fee:**

- (i) Where the award does not exceed £1,000 - £102
- (ii) Where the award exceeds £1,000, but does not exceed £5,000 - £394
- (iii) Where the award exceeds £5,000, but does not exceed £10,000 - £579
- (iv) Where the award exceeds £10,000, but does not exceed £20,000 - £740
- (v) Where the award exceeds £20,000, but does not exceed £30,000 - £950

**Solicitor Fee:**

- (i) Where the award does not exceed £1,000 - £254
- (ii) Where the award exceeds £1,000, but does not exceed £5,000 - £2,155
- (iii) Where the award exceeds £5,000, but does not exceed £10,000 - £2,955
- (iv) Where the award exceeds £10,000, but does not exceed £20,000 - £3,992
- (v) Where the award exceeds £20,000, but does not exceed £30,000 - £4,833

How much does Infinity have to pay to Ann McKinley in total?

- (a) £25,783
- (b) £25,018
- (c) £23,967
- (d) £7,549
- (e) £24,732

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6. Rachel Black is a product designer engaged in the design of customised phone cases. Rachel wanted to begin production of the phone cases but needed an investor to help her do so. Michael Watters agreed that he would give Rachel a £100,000 investment.

However, Michael's terms were that out of any profit, Rachel could receive a salary of £25,000, Michael would receive all other profits, until he had been repaid the £100,000 he had initially invested. After Michael received his investment back, Rachel would no longer receive a salary, but would receive 70% of the profits and Michael would receive 30% of the profits.

Rachels' business was a great success. In year 1, the business made a profit of £30,000. In each of years 2 and 3, the business made a profit of £50,000. In year 4, the business made a profit of £70,000. In year 5, the business made a profit of £120,000.

How much did Michael receive in the first 5 years?

- (a) £136,000
- (b) £84,000
- (c) £184,000
- (d) £66,000
- (e) £170,000
7. Capital Gains Tax is charged on the disposal of a chargeable asset by a chargeable person. In general, it is charged on the difference in the market value of an asset between the time that a person acquired it and sold it. If there are any costs associated with purchasing or selling the chargeable asset then these costs are deductible before the Capital Gains Tax is calculated.

Pat Baker (chargeable person) was given an antique vase (chargeable asset) as a birthday present on 12th October 2017. When Pat was given the vase, its market value was £20,000. The first two years the value of the vase increased by 30% each year. The third year, the value of the vase dropped by 5%. Every year after that the value of the vase did not change. Pat sold the vase at an auction in 2021. At auction, the vase was sold for its market value. The fee payable to the auctioneer was £3,000.

Assume that Capital Gains Tax is payable at a rate of 15%.

How much Capital Gains Tax must Pat pay?

- (a) £4,366.50
- (b) £1,873.50
- (c) £1,366.50
- (d) £2,571.00
- (e) £1,816.50

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8. Alison is a self-employed barrister who is attempting to calculate the amount of Income Tax that she will have to pay.

Income Tax is calculated in 'bands' according to your net income, which is your gross income after any expenses have been deducted. This means that the rate of Income Tax you have to pay on a portion of your income increases in staged amounts. For example, if you have an income that falls into band 4, you do not pay 45% tax on your whole salary, you only pay a tax of 0% on the first £12,500 you earn, and 20% on the next £37,500 you earn.

Alison had the following expenses:

- 1) Bar Library Fees - £7,500;
- 2) Insurance - £1,092;
- 3) Practising Certificate Fee - £200;
- 4) New Laptop - £300;
- 5) Mileage - £1,050

The Income Tax bands for the financial year are:

Band 1: £0 to £12,500	0%
Band 2: £12,501 to £50,000	20%
Band 3: £50,001 to £150,000	40%
Band 4: Over £150,000	45%

Alison paid £52,899.40 in Income Tax, how much was her gross income?

- (a) £162,000.00
- (b) £160,142.00
- (c) £172,142.00
- (d) £127,696.22
- (e) £151,858.00

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- In recent years the use of mediation in the United Kingdom has increased exponentially.
- This reflects a global trend, extending across Europe into Southeast Asia and to the Far
- East.
  
- Facts and figures for the effectiveness of mediation are limited since by and large the
- outcome remains confidential, and in some cases the existence of both dispute and
- mediation is also confidential – one of its benefits. Anecdotal evidence from those
- involved in mediation suggests that a very high proportion of mediation cases do settle
- at the mediation appointment, with a further considerable proportion settling soon
- afterwards.
  
- Mediation has other benefits which you should be aware of when called upon to explain
- these to your client. Such benefits can best be seen merely by comparing traditional
- litigation with ADR in general, and mediation in particular.
  
- Litigation is formal, it can also be a significant gamble, it imposes a binding solution
- where inevitably one party or the other is likely to be dissatisfied with the outcome.
- The expense and costs regime may make even the winner dissatisfied. Litigation
- removes control of the dispute from parties, initially by vesting it in the lawyers and
- then in the court's administration and management system. It addresses issues in a
- purely legal context, in the public eye, with fixed pre-determined remedies that you
- either obtain or fail to obtain. It is slow, expensive, and potentially destroys relationships.
  
- By contrast ADR/mediation is an informal (even if structured), discreet and very flexible
- procedure with no imposed solutions – particularly suited to imaginative problems.

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- solvers where even minor issues can be effectively addressed. It gives better and more supple
- results because control remains directly in the hands of the parties as decision makers. Win
- or lose, it is comparatively quick and can still be relatively cheap as a self-contained process.
- It saves management time. It is private and confidential. As a dynamic it actively promotes
- renewal and reconciliation because it is designed to restore relationships. Litigation looks
- to find fault and attribute blame. Mediation does not. This makes mediation a particularly
- attractive route where parties are likely to continue to have dealings and to interact in the
- future, whether in business, as neighbours or within the confines of some close personal
- relationship or physical proximity.
  
- In the case of Halsey, Dyson LJ also took the opportunity to promote the advantages
- of mediation. "Mediation provides litigants with a wider range of solutions than those
- that are available in litigation: for example an apology; an explanation; the continuation
- of an existing professional or business relationship perhaps on new terms; and
- a agreement by one party to do something without any existing legal obligation to do so".
  
- ADR, and in particular mediation, is here to stay. All litigators must have a basic
- understanding of its principles and practice to be able to act in an advisory role. As advisors,
- litigators must be able to identify cases, both pre- and mid-proceedings, for which mediation
- is appropriate, and to explain the mediation process to clients and other legal professionals.
- As advocates, they must be able to prepare cases for mediation in a manner that best
- represents the clients interests, and to engage in strategies that will ensure their client's cases
- are presented as effectively as possible.

*Adapted from Effective Mediation Advocacy*  
*Student Edition*  
*Andrew Goodman*  
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