

Candidate Number:

Institute of Professional Legal Studies
Admissions Test December 2019
Section D
Numeracy

1. Daniel Dowe has agreed the sale of his house for £200,000. Daniel's estate agent, Charlie, usually charged 1.5% of the agreed sale price plus VAT (at a rate of 20%) as commission for successfully selling the property. However, when Daniel and Charlie entered into their contract, Charlie was running a promotion whereby he would reduce his commission by 15% before VAT.

The amount outstanding on Daniel's mortgage was £35,000 which is one third of the original mortgage amount. He had to pay a fee of 0.5% of the total mortgage amount as an early repayment fee.

What is the total amount Daniel will have to pay to his estate agent and Mortgage Company in fees?

- (a) £37,075.00
- (b) £3,235.00
- (c) £3,585.00
- (d) £12,525.00
- (e) £3,118.33
2. Capital Gains Tax is charged on the disposal of a chargeable asset by a chargeable person. In general it is charged on the profit the person has made on the asset i.e. it is charged on the difference between the acquisition value and the disposal value. 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.

Lauryn Crane (chargeable person) bought an expensive piece of artwork (chargeable asset) on 15 November 2015 for £420,000. In the first two years the value of the artwork increased by 8% each year. The following year the artwork increased by 10%. Lauryn sold the artwork on 15 November 2018 at an auction. The artwork achieved its full value at the auction. Lauryn had to pay the auctioneer a commission of 2% of the sale price.

Lauryn had to pay Capital Gains Tax at a rate of 15%, with no applicable exemptions or deductions.

How much tax must Lauryn pay?

- (a) £16,214.89
- (b) £79,214.89
- (c) £19,448.15
- (d) £14,792.40
- (e) £10,347.12

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3. Alison is an adjudicator who is hired by schools to moderate public examinations. She is paid mileage by the school at a rate of £0.40 per mile. If Alison moderates both a morning and afternoon exam she is paid £100. If there is no afternoon exam on a particular day and Alison goes home at lunch time, Alison is paid £65.

In the last financial year Alison moderated exams on 41 days. On 29 of those days she moderated both the morning and afternoon session. On the remaining days there were no afternoon exams and Alison went home at lunch time.

On 13 days Alison was moderating exams in Antrim Academy which is only 14 miles from Alison's home. On 25 days she was moderating exams in Lurgan which is 25 miles from her home. On the remaining days she was moderating in Ballynahinch which is 40 miles from her home.

For every morning session, Alison was entitled to claim £3.25 in sundry expenses.

For every afternoon session, Alison was entitled to claim £4.15 in sundry expenses.

How much did Alison earn in total in the last financial year including travel and sundry expenses?

- (a) £4,304.40
- (b) £4,675.20
- (c) £4,580.95
- (d) £4,210.15
- (e) £4,885.20

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4. Sarah's father, Mark, has passed away. In his will Mark left his farmhouse to his eldest son, and left the rest of his estate to be divided between his 5 children equally.

Mark's estate included the following assets:

A farmhouse	: £350,000
An apartment in Spain	: €95,000
A bank account in Spain	: €8,352
A bank account in Northern Ireland	: £85,772.40
Shares in an American company	: 2,580

One pound is currently worth €1.12 and \$1.23.

Each American share has been valued at \$4.15.

Assume no Inheritance Tax or debts are payable.

How much will Sarah inherit under the will?

- (a) £42,939.25
- (b) £37,351.21
- (c) £107,351.21
- (d) £35,782.71
- (e) £26,837.80

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5. Stuart was in a car accident on 1 September 2018. He was off work for 24 weeks. Stuart was usually paid £450 per week. For the first 6 weeks, his employer continued to pay him his full wage. For the next 6 weeks, his employer paid him half of his usual wage. For the rest of his time off, he only received statutory sick pay of £94.25 per week. Stuart's car was damaged so badly that it could not be fixed. Stuart had to hire a car for 28 weeks because he could not afford to buy a new one until he returned to work. The price of the car hire was £93 per week. He paid the car hire back in monthly instalments of £150 once he returned to work.

Stuart's injuries were agreed between the parties to be worth £13,000. The insurers have agreed that before the accident his car was worth £4,000 and he received £275 from the salvage yard for its parts after the accident.

The case surrounding Stuart's car accident was settled on the basis that the Defendant would compensate Stuart for any loss he sustained on a 70/30 basis, with Stuart accepting that he contributed 30% to the extent of the accident.

How much loss will Stuart be compensated for in the settlement?

- (a) £24,510.00
- (b) £17,463.60
- (c) £32,733.00
- (d) £17,715.70
- (e) £15,267.00

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6. Your Master has been instructed to administer the estate of Paddy Breen. 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.

Paddy Breen owned a house that was valued at £338,000. In the last few years of his life Paddy needed to rewire the electricity in his house, retille the roof and make several other repairs so he remortgaged the property in the sum of £30,000. He had a bank account in Northern Ireland that has a credit balance of £21,475. His personal items inside the house were worth £8,425.

Paddy was in a care home for 8 weeks before he died, and owes the home £3,210 in respect of this care. He also used a credit card exactly 2 years before the date of his death to pay for his daughter's holiday, as a gift for her birthday, at a cost of £1,700. With his declining health, he forgot to pay any amount to his credit card company. The credit card charges an interest rate of 7% per annum. Paddy's son had borrowed £5,000 from him to buy a new car which he had not yet repaid.

How much Inheritance Tax is due on Paddy Breen's estate?

- (a) £5,876.00
- (b) £135,097.47
- (c) £1,097.47
- (d) £5,097.47
- (e) £153,097.47

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7. Marcus has developed a new washing machine that leaves clothes cleaner than ever without fading their colour. Marcus did not have enough money to fund the creation of his new washing machine himself. An investment company gave Marcus a loan of £150,000 to fund the creation and promotion of his new machine.

Each machine costs £215 to make. It costs Marcus £4.50 to have each machine shipped to the customer. It also costs Marcus on average £2.00 per machine in marketing. The machine will be sold at a price of £550 each, but Marcus has decided to run a promotion in which the first 200 machines are sold at a 15% discount.

Marcus agreed this pricing structure with the investors when he entered into the loan. It was agreed that Marcus has to pay 35% of the profit he makes on each machine back to the investors in repayment of his loan.

How many machines must Marcus sell before the loan is fully repaid?

- (a) 1,155
- (b) 1,335
- (c) 1,355
- (d) 610
- (e) 1,353
8. Gary is a sole trader who pays income tax of £56,500 for the 18/19 financial year. His expenses total £23,950. How much does he earn in that financial year?

The income tax bands are:

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

- (a) £170,000
- (b) £193,950
- (c) £165,200
- (d) £223,222
- (e) £154,850

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- William Funnell was charged with dangerous driving causing grievous bodily harm (GBH).
- He was involved in a road traffic collision on 5 August 2019. He was travelling on a country
- road that he was unfamiliar with at around 9pm. There was a tractor driving in front of him
- that he wanted to overtake. He pulled slightly to the right to see if there was any traffic coming
- in the opposite direction. When he did not see any oncoming traffic, without indicating, he
- began his overtaking manoeuvre.

- William did not realise there was a blind bend ahead and, as a result, he collided head on with a
- car driven by Eileen Walker in which her husband John Walker, was a front seat passenger.
- William was fortunate not to suffer any injuries. John and Eileen were not as fortunate, they
- each suffered significant soft tissue injuries and bruising. At the scene Eileen Walker, who was
- driving, told Police, "He was on our side of the road. I don't know how he didn't see me
- coming, I saw him coming for at least 15 seconds, but I couldn't pull in anywhere". The
- medical evidence from Dr Thompson concluded that there had been good progress to date but
- both Eileen's and John's injuries would take at least a further two years to recover completely.

- William's barrister, Sam, received the medical evidence, and it was less positive than he had
- anticipated. Irregardless, Sam wanted to argue that the injuries were not significant enough to
- constitute GBH. He phoned the Public Prosecution Service to discuss whether they would be
- willing to reduce the charge to dangerous driving. The Prosecutor, Francine, voiced no
- objections in principal but told him to make written representations.

- Sam did this kind of work everyday so he knew exactly what points he needed to make. He
- wanted to keep his representations short and to the point. Sam said "My client doesn't dispute

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- that he failed to indicate. However, he challenges the charge on the basis that the injuries
- sustained by Eileen Walker do not constitute GBH. She did not sustain any fractures or any
- permanent injuries. The worst injuries she sustained were soft tissue injuries. Her husband had
- no injuries. This issue alone will require several expert medical witnesses to attend Court and
- give evidence. If you agree to amend the charge to dangerous driving, it will save a
- considerable amount of Court time, and costs.
- Francine was not impressed by the poorly-written letter she received from Sam. She contacted
- Eileen and John to take their views on the charge. Eileen and John had also commenced a civil
- case against William, and their main concern was winning that associated civil case. Francine
- advised them that the criminal proceedings and the civil proceedings were two discreet cases.
- The Walkers discussed it. In their minds, the specific nature of the charge did not matter much,
- as long as William was convicted. Eileen was a kind hearted individual not interested in what
- punishment William received in the criminal case. She had instinctively decided that she had
- forgiven him and that she would be content if he paid for the damage. The Walkers were just
- happy that the dangerous driving charge would remain. They thought that if he was convicted
- of dangerous driving, William would be much more likely to pay a bigger settlement in the civil
- case, and, if he pled guilty, then Eileen would not have to give evidence in Court. The thought
- of giving evidence terrified her. "If it means less hassle for me, let's go with it!" Eileen told
- the Prosecutor.
- Francine was happy to hear that Eileen took no objection to amending the charge against
- William. "I think you're doing the right thing", Francine told her. Cross examination peaked

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- Francine's interest, and not things like arguing about whether soft tissue injuries and bruising
- met the GBH threshold. Eileen was a breath of fresh air for Francine, alot of the injured
- parties that she dealt with were very difficult people and usually wanted to fight the case on a
- point of principle.