

Candidate Number:

**Institute of Professional Legal Studies**  
**Admissions Test December 2016**  
**Section D Numeracy**

1. David James is buying a new house. He gets a mortgage for £75,000 and the price of the house is double that amount. His solicitor charges David 0.5% of the purchase price of the new house to cover his professional fee for the work that he carried out in connection with the purchase. The solicitor charges 0.1% of the mortgage amount in connection with the work done in relation to the mortgage as an additional professional fee.

In addition David's solicitor charges VAT at 20% on his professional fees and also adds to the bill outlays totalling £276 in searches and property certificates.

What is the total amount which David will have to pay his solicitor?

- (a) £1,191.00
- (b) £990.00
- (c) £941.00
- (d) £1,266.00
- (e) £1,101.00
2. Eamon Fitzmaurice has put aside £15,000 to help fund his retirement. At the beginning of this year he put the money in a cash ISA in Belfast Bank where it is only attracting interest of 1.5% per annum. The interest becomes payable and is only added to the account on the first anniversary of the investment which will be on the 25th January 2017.

After discussions with his financial adviser during the summer, Eamon took two thirds of the savings and invested it in a stocks and shares ISA. This stocks and shares ISA was invested in a company called Student Housing Ltd and, shortly after Eamon invested in it, the stocks and shares ISA went up in value by 25%.

Eamon was delighted but he is a cautious man. He decided to sell his stocks and shares ISA as he was constantly being told that stocks can go down as well as up. He told his adviser to sell the stock and he put it back in his cash only account.

Eamon had to pay his adviser a 2% flat fee on the profit made. Once he did that, and deposited the money back in Belfast Bank, how much did he have in his account?

- (a) £17,450
- (b) £17,500
- (c) £17,725
- (d) £17,675
- (e) £15,225

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3. Your Master is acting as a solicitor in a serious personal injuries case and has asked you to find an expert witness to provide a report, attend for a consultation and attend court if required. You find an expert witness who is based in Manchester. She will be happy to be instructed on the following basis:

Her report will cost £740. She will charge £450 for each day of consultation or attending court. Her flights to and from Belfast will cost £75 each way. She will also require a subsistence rate of £30 for the day of the consultation or court hearing. This is in addition to other legitimate expenses for which she will have to submit receipts.

Your Master instructs her on the above basis. It transpires that she has to attend one consultation and one day at court. The only additional expenses she submits are taxi receipts for £12.50 each way from the airport and back to it. She submits these receipts for the day of the consultation and the day of the hearing. She charges VAT at 20% on her fee for preparing the report and her attendance fees for the consultation and court.

What is the total charge for the expert witness?

- (a) £2,198.00
- (b) £2,378.00
- (c) £2,228.00
- (d) £2,348.00
- (e) £2,323.00
4. At the time of Andrew Nesbitt's death Inheritance Tax (IHT) was charged at 40% of all net estates over £325,000. The net estate is the gross value of the estate at the date of death less any debts. This means that the first £325,000 of the net estate is free from IHT. However, gifts to charity are exempt from IHT. Therefore, if the deceased bequeathed a gift to charity that reduces the total amount of assets on which IHT will be charged by that amount.

When Andrew died, his assets were as follows: - a house worth £298,000, money in various bank accounts totalling £82,000, a classic 1967 Mercedes in mint condition worth £22,500, an investment portfolio worth £74,000 and personal effects valued at £14,000. At the time of his death he owes £4,000 in a personal loan and there is a small mortgage left on the house of £28,000. In his will he bequeathed £25,000 to a national charity. Everything else he left to his brother David who lives in Dublin, his only surviving relative.

How much IHT will be paid on Andrew's estate?

- (a) £108,500
- (b) £133,500
- (c) £66,200
- (d) £43,400
- (e) £53,400

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5. Peter Kane had built up an investment portfolio of international shares. In light of the Brexit decision he has decided to sell the portfolio and invest in local property. He has therefore instructed his stockbroker to sell his shareholdings in the US, Germany, Brazil and Singapore. The US shares are worth \$52,800; the German shares are worth €6,900; the Brazilian shares have done well on the recent Olympics and are worth 82,500 Brazilian Real; and the Singapore shares are worth 14,480 in Singapore dollars. Peter's stockbroker charges him 2% of the value of the portfolio once it is converted into pounds.

How much will Peter have to invest in local property?

Apply the following exchange rates:

£1=\$1.32            £1= 4.40 Brazilian Real  
£1=€1.15           £1 = 1.81 Singapore Dollars

- (a) £71,295.00
- (b) £72,750.00
- (c) £74,205.00
- (d) £716,773.38
- (e) £702,719.00
6. Arlene O'Neill was cycling home from work when she was knocked off her bicycle. She was brought to hospital and treated for concussion, broken ribs and a fractured left wrist. She is expected to make a full recovery. Martin Cassidy, the driver of the car which hit her, felt that Arlene edged out of the cycle lane just before he made contact with her. Martin's insurance company, Coverall, is content to deal with the matter having admitted liability on an 80/20 basis, with Arlene accepting she had contributed to the accident. This meant that in respect of her compensation for injury, wages, and the cost of her bike, she will receive 80% of the total value. With respect to medical and legal costs, those will be covered in full.

After receipt of medical reports, Arlene's injuries have been assessed as being worth £7,500. She was also off work for two weeks after the incident and her wages were £490 per week. Her bike was valued at £695 and had to be replaced. The two medical reports produced cost £145 each. Her legal costs will also be covered including solicitor's fees of £3,250 plus VAT at 20% and court fees of £235.

How much did Coverall have to pay to Arlene?

- (a) £13,600.00
- (b) £9,175.00
- (c) £11,765.00
- (d) £4,425.00
- (e) £11,115.00

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7. Richard Kerr has decided that he wants to start a small business providing a classic car to be used at weddings. He managed to find a beautiful old Mercedes convertible for sale in England. The car was advertised for £7,500 but it needed some work. Richard travelled to England by plane, purchasing a ticket costing £42.00. He negotiated with the owner of the car when he saw it and got the price reduced by 10%. He then drove the car back on the ferry, paying £80.00 for a one way ticket.

He spent £370 on new leather upholstery and £275 on re-painting the car. It needed one new tyre which cost him £58.75 and he had to order four new mats for the floor at £27.50 each.

Having done all the work to the car, Richard advertises his new business and he soon has a booking every Saturday morning and afternoon. He charges £460 per booking. How many bookings will he need before he covers the costs of setting up his new business?

- (a) 17
- (b) 16
- (c) 18
- (d) 19
- (e) 20
8. Denis Jones is a newly-appointed judge and must attend a judicial training event which is being held in central London. The event will run for three full days, Monday-Wednesday. He plans to fly over on the Monday morning and return on the Thursday morning. He has been told by the Court Service that he should make his own arrangements regarding travel and then claim everything back afterwards. The Court Service has already separately paid his fee for the training event which was £995 plus VAT at 20%. This included accommodation.

Denis books return flights to Heathrow from Belfast City airport which cost £225. He decides to use a taxi to get to and from the airport as he feels it is more economical than leaving the car in the carpark. The taxi costs him £14.50 on the Monday morning and he books the return for the Thursday morning at the same price. He buys Heathrow Express tickets on the plane which are reduced by 25% from their normal price of £32.00 return. Over the course of the event, he runs up tube fares of £22.50 and taxi fares of £48.00. He also receives a subsistence allowance of £25.00 for each of the three full days he has in London. He puts a full expenses claim in when he returns from London. How much in total will the Court Service pay for Judge Todd's judicial training event?

- (a) £1,625.50
- (b) £1,603.00
- (c) £423.50
- (d) £622.50
- (e) £1,617.50

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9. Capital Gains Tax is a tax on the profit when you sell something that has increased in value. It is charged on the profit and not on the amount of money received. There is an annual exemption for each individual which is currently £11,100. If there are any costs associated with purchasing or selling the asset then those costs are deductible before the Capital Gains Tax is calculated.

Barry Forbes bought a painting by a local Tyrone artist in 2001 when he was on a weekend getaway in Portstewart. He paid £2,500 for the painting. At that stage he had not heard of the artist. However, the artist in question has become much more well-known over recent years and died in early 2016. Barry brought the painting to a dealer who valued it at between £25,000 and £30,000. Barry decided to sell the painting. The dealer indicated his fee would be 5% of the sale price. The dealer contacted him a few days later and said that he had actually managed to get a price of £31,500. Barry will pay the Capital Gains Tax at a rate of 18%. How much tax will he pay?

- (a) £3,388.50
- (b) £2,938.50
- (c) £3,222.00
- (d) £4,936.50
- (e) £16,325.00
10. Over the last few years John and Janet have found it increasingly difficult to make ends meet. They took out a number of loans but also began putting basic household purchases on a number of credit cards. It was clear to them that they could no longer continue in this fashion so they went to see a debt counsellor. They brought all their paperwork with them which showed that they have:

A personal loan with Belfast Bank for £5,000 at a rate of 6% per annum. The annual interest equates to £300.

Use the same method to work out the annual interest payments on the following debts:

A car loan with Modelfinance for £12,000 with an interest rate of 8%. Credit Card A with a balance of £2,700 with an interest rate of 22%. Credit Card B with a balance of £1,500 with an interest rate of 19%. Credit Card C with a balance of £830 with an interest rate of 17%. The counsellor suggests bringing all of the debt together into one longer term loan at an interest rate of 5%. He offers to arrange this for them.

How much will the new loan save John and Janet in interest payments?

- (a) £1,101.50
- (b) £2,280.10
- (c) £3,381.60
- (d) £22,030.00
- (e) £1,178.60

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The trial of Robert Hall began on 1st December at Belfast Crown Court. Mr Hall was charged with the theft of two shirts from a city centre shop and an assault upon a sales assistant. The prosecution case was that Mr Hall entered the shop, selected the shirts and stashed it in a bag that he was carrying. When he was challenged by a shop assistant as he approached the exit of the shop, he pushed the assistant out of the way and ran.

The incident was caught on CCTV cameras which were placed both inside and outside the door through which Mr Hall allegedly ran. The cameras were not new, having been bought some six years previously and their definition was not particularly good.

Mr Hall was arrested not far from the shop after police were alerted. He was taken to a police station and, after a short time in a cell, he was interviewed by police officers in the presence of his solicitor. Mr Hall's solicitor complained that he had not been cautioned properly at the time of his arrest and said this affected the admissibility of anything his client had said after his arrest. The police involved denied this. One of them told Mr Hall that they had complied with proper procedures. "We done nothing wrong," said the policeman.

The solicitor in the case was called Ian Martin and he ran his own firm. He employed two assistant solicitors and three administrative staff. His passion was criminal law and he had been specialising in it for almost twenty years. He knew the area well and was confident that there were problems in the prosecution case against Mr Hall.

Mr Martin instructed a junior barrister in the case called Amy Duffy. Ms Duffy had qualified five years previously. She had gone to her local university to study law and then had undertaken the Bar course. She also enjoyed doing criminal work and had regularly received instructions from Mr Martin's firm. There were not many firms around which gave her so

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much work and she wanted to ensure that Mr Martin seen she did a good job in this case.

Mr Hall had been in trouble a few times before and had also been through a few trials. He

knew the barristers main role was to present his case in court. He had been represented by

Ms Duffy before and was quite content when he met her again, However he was a bit nervous

when he found out who the judge was as he was sure that the judge had dealt with him on

another occasion.

Mr Hall complained about this to Mr Martin and Ms Duffy but they're view was that nothing

could be done about this. "Its just one of those things," said Mr Martin.

When the trial started, the shop assistant whom Mr Hall was accused of assaulting didnt turn

up. There was a lengthy delay while unsuccessful attempts were made to communicate with

the witness. The prosecution then asked for an adjournment as it appeared there had been a

mix-up over dates. Ms Duffy vigorously opposed this application, arguing that the court had

already been kept waiting for ours and she made the case that she was ready to proceed.

We've got everything ready to go, Your Honour," she said.

In the end, the judge agreed to adjourn the case for two weeks until it could be ascertained

what had happened to the witness. He made it clear, however, that he would not be accepting

any further excuses for delaying the trial and said the courts purpose was to provide fair and

speedy justice in cases such as this.