

Institute of Professional Legal Studies
Admissions Test April 2021
Section D
Numeracy

1. Betty Whiteside has agreed the sale of her house for £185,000. Betty's estate agent, Margaret, charged 2.5 % of the agreed sale price plus VAT (at a rate of 20%) as commission for successfully selling the property. The solicitor that Betty instructed for the sale of the property was charging Betty £1,500 (inclusive of VAT) to complete the sale.

The amount outstanding on Betty's mortgage was £45,000. In addition to the £45,000, Betty had to pay her mortgage company a fee of £2,500 as an early repayment fee.

How much of the sale price will Betty get to keep?

- (a) £130,450
- (b) £131,875
- (c) £167,450
- (d) £127,675
- (e) £225,450
2. Stella was in a care home for 92 weeks before she passed away. She entered the care home with a capital of £61,040. The care home charges a different amount depending on the wealth of the resident. If the resident has capital of more than £39,740.00, the care home charges £1,065.00 per week. If the resident has capital of more than £20,240.00, but less than £39,740, the care home charges £780.00 per week. If the resident has capital of more than £14,000, but less than £20,240 the care home charges £208.00 per week. If the resident has capital less than £14,000 there is no charge.

Assuming Stella did not use any of her capital to pay anything except care home fees, how much was Stella charged for her residency at the care home?

- (a) £59,520
- (b) £97,980
- (c) £47,040
- (d) £74,040
- (e) £95,250

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3. William is a freelance contractor who operates as a sole trader. William is attempting to calculate the amount of income tax that he will have to pay.

Income tax is calculated according to your net income. Net income is what you earn after you have taken into account any costs incurred. This is calculated by deducting any expenses incurred from your gross income.

The rate of income tax is calculated in bands. 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 a net income that falls into band 4, you do not pay 45% tax of your total net income, you still only pay a tax of 0% on the first £12,500 of your net income, 20% on the next £37,500 you earn, and so on.

William earned a gross amount of £432,000 in the last financial year. William had the following expenses:

- i) William spent £57,000 on materials;
- ii) William paid his part-time assistant an annual salary of £17,000;
- iii) William also paid his part-time assistant a Christmas bonus calculated at 7.5% of his assistant's annual salary;
- iv) William paid £3,400 for his insurance; and
- v) William paid £13,250 in rent.

The income tax bands for the financial year is:

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

The amount of tax payable are:

- (a) £85,533.75
- (b) £208,334.62
- (c) £153,033.75
- (d) £133,033.75
- (e) £215,766.25

Candidate Number:

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Admissions Test April 2021
Section D
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4. 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 the price when it was sold minus the original price paid for it minus any costs involved. 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.

Frank Larmer (chargeable person) bought an expensive piece of artwork (chargeable asset) on 23 July 2013 for £180,000. When Frank purchased the piece of artwork he had to pay his agent a fee of 0.5% as a 'finder's fee'. Frank sold the artwork on 24 July 2019 from a gallery, by this time the artwork had increased by £135,329.60.

The artwork was sold by Frank for its full value. Frank had to pay the gallery owner a commission of 4.5% of the sale price.

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

How much Capital Gains Tax must Frank pay?

- (a) £46,250.97
- (b) £18,035.96
- (c) £45,042.04
- (d) £20,299.44
- (e) £18,170.97

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5. Craig is a freelance children's optometrist who is hired by opticians to work for them when their own staff are on sick leave. Craig is paid mileage for the journey to and from work by the opticians at a rate of £0.40 per mile. On a weekday, if Craig works the day shift (9am to 5pm) he is paid an hourly rate of £110/hour. If Craig is asked to work the evening shift (5pm to 8pm) he is paid an hourly rate of £130.

On a Saturday and Sunday Craig is paid £120 per hour. On a Saturday, the opticians are only open from 9am to 3pm. On a Sunday, the opticians are open from 1pm to 5pm.

In the last financial year Craig was asked to work at Laurelvale which is 23 miles from Craig's home for 13 day shifts on a weekday, 14 weekday evening shifts, 3 Saturdays and 5 Sundays.

Craig was asked to work in Crewfield, which is 14 miles from Craig's home, on 7 weekday day shifts, 21 weekday evening shifts, 5 Saturdays and 1 Sunday.

Craig was also asked to work in Livingstone, which is 21 miles from Craig's home, on 14 weekday day shifts, 5 weekday evening shifts, 1 Saturday and 7 Sundays.

How much was Craig paid before tax?

- (a) £59,718.40
- (b) £58,979.20
- (c) £58,965.60
- (d) £58,240.00
- (e) £178.40

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6. Your Master has been instructed to administer the estate of William Morrow. Inheritance Tax is charged on the net value of an estate. The net value of an estate is calculated by adding all of the assets within an estate and then deducting any debts. Inheritance Tax is charged at 0% for the first £325,000. If the net value of the estate is higher than £325,000, the excess is charged at 40%.

When William died, he had a house and two bank accounts. One bank account contained £50,000, the other bank account contained €22,600. William also had a car worth £5,500, a boat worth £12,300 and miscellaneous personal assets worth £157,200. William had a credit card, on which he owed £14,750, an unpaid electricity bill of £430 and miscellaneous debts of £4,820.

Your Master calculated that there was an Inheritance Tax of £20,000 due on the estate. How much was the house worth?

The exchange rate at the date of death was £1: €1.13

- (a) £108,000
- (b) £93,250
- (c) £150,000
- (d) £144,461
- (e) £600,000
7. Francie Kane has always invested her savings in stocks and shares for her retirement. In 2010 she invested £2,000 into a company called Intech NI Ltd, by purchasing 160 shares. These shares are now worth £380 each. In 2013 she invested in Europiece Ltd by buying 289 shares at a price of €90 each. These shares are now worth €189 each. In 2018 she invested £3,000 in a company called Likewise Ltd, giving her 150 shares. These shares are now worth £300 each. Francie has now decided to sell all her shares.

Capital Gains Tax is payable at 15% of the gross profit on the shares. The exchange rate is £1: €1.18.

How much did Francie earn on her investments after tax?

- (a) £128,595.63
- (b) £217,647.09
- (c) £18,756.99
- (d) £114,376.93
- (e) £106,289.62

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8. Eoghan O'Neill had four children when he died. He had the following assets:

Farmhouse worth £295,000;

Bank Accounts holding £78,000;

Car worth £11,500;

Shares and stocks worth £6,300;

A villa in Florida worth \$185,000; and

Eoghan also had a credit card on which he owed £300 and his funeral cost £5,600.

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 or funeral expenses. The exchange rate is \$1: £0.85

Eoghan left his villa in Florida to his sister. The rest of his estate was to be divided equally between his four children. How much did each child receive?

- (a) £74,510.00
- (b) £113,378.80
- (c) £75,985.00
- (d) £97,700.00
- (e) £68,470.29

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Spelling, Grammar and Punctuation

- In the first years' of podcasts, a decade or so ago, technological limitations militated
- against their widespread adoption; they had to be laboriously transferred from a
- computer to an MP3 player or iPod. Podcasts were made by geeks for geeks. That
- changed in 2014, when Apple added a podcast app to the iPhone, making subscribing
- almost effortless. Even better, it was usually free. Eamon Kelly is a well-known author
- who has, since the iPod revolution, developed his work to include a weekly podcast
- called, "World of Words" in which he discusses developments in plain English and
- unravels the principles of punctuation in the English language.
- Podcasts are a peculiarly intimate medium usually transmitted through headphones
- to a solitary listener, or played over the car stereo during a commute.
- A audio narrative can be immersive in a way that a radio playing in the background
- in a kitchen rarely is. Podcasts are designed to take up time, rather than be checked,
- scanned and rushed through; they are for those moments when you can't be scrolling
- on your phone. Conversely their brevity does not permit any laps in the
- listener's concentration.
- Eamon Kelly has used this medium to his advantage. He has created a unique
- blend of conversation and humour in his shows, described by the renowned arts
- commentator Gloria Baird as, "...erudite and entertaining.
- Conversational shows are intended to sound informal though this belies the care
- taken in making them. Eamon often discards hours of recording as even a fifteen-
- minute podcast can require significant editing.

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- Acknowledged by many as one of the best podcasts, Eamon’s weekly cereal has
- become a must listen-to show for a surprisingly large number of lawyers.
- Hugh McNabb Q.C., Chairman of the Bar Council, in a recent speech referred to the
- podcast stating, “It makes a serious point which aspiring lawyers would do well to
- heed!
- It was awarded the acclaimed Amazon Short Podcast of the Year Award in may
- 2020; part of the citation for the award read, “in a world of plummeting punctuation
- standards Kellys pithy humour invites his listeners to flirt with, ponder and celebrate
- currant aspects of the English language.”
- Until the podcast boom, nobody entered the field of narrative audio thinking that it
- might be a root to fortune or fame. Now, a thrilling sense of possibility exists among
- the kinds of people who might have tried magazine freelancing or blogging: That
- someone with talent can make a living or even become rich by podcasting.
- Podcasting entrepreneurs argue that commercial pressures have generally
- enlivened audio programming. Podcasting has offered advertisers a new means of
- reaching demographically targeted consumers. Podcast advertising is a relatively
- new science. Producers and advertisers can instantly tabulate how many times a
- show has been downloaded but it is harder to ascertain how many people have
- listened to the hole thing. A commercial market place puts pressure on podcasters
- to create content that can attract millions of listeners, which does not necessarily
- make for the strongest or most subtle content.