

Free-Standing Mathematics Qualification  
June 2008  
Intermediate Level



**CALCULATING FINANCES**  
**Unit 4**

**6984/2PM**

**PRELIMINARY MATERIAL**

**DATA SHEET**

**To be issued to candidates between Tuesday 29 April 2008  
and Tuesday 6 May 2008**

**REMINDER TO CANDIDATES**

YOU MUST **NOT** BRING THIS DATA SHEET  
WITH YOU WHEN YOU SIT THE EXAMINATION.  
A CLEAN COPY WILL BE MADE AVAILABLE.

### **Premier Personal Finance**

The table below shows the monthly repayments, in pounds, for loans of different amounts and over different repayment periods.

Loan amount	Repayment period		
	36 months	48 months	60 months
£ 5 000	£ 154.80	£ 120.08	£ 99.25
£ 10 000	£ 304.94	£ 235.50	£ 193.83
£ 15 000	£ 457.41	£ 353.25	£ 290.75
£ 20 000	£ 609.88	£ 471.00	£ 387.66

### **Household expenditure**

A study by Ernst and Young found that the average gross income for a family with two children was £ 3672 per month for 2006/7.

For such a family, typical monthly outgoings were:

Income tax / National Insurance / pension contributions	£ 1333
Debt repayments (including mortgage)	£ 698
Car (including petrol)	£ 581
Gas / electricity / water / phone / council tax	£ 261
Other expenditure, including food, holidays, savings, etc.	£ 799

**Parking tickets**

In recent years, local authorities have employed private parking contractors to issue parking tickets. For the year 2005, the table below shows the amount of income from parking tickets received by some local authorities, together with the cost to the local authority of using private parking contractors.

<b>Local Authority</b>	<b>Income from parking tickets (£000s)</b>	<b>Cost of contractors (£000s)</b>
London: Camden	42 929	21 722
London: Ealing	15 111	14 225
London: Westminster	131 325	87 780
Birmingham	17 725	11 011
Cambridge	10 551	7 125
Leeds	8 185	3 002

**Turn over ►**

**Taxation 2007–2008****Value Added Tax (VAT)**

The standard rate is 17.5%.  
The rate for fuel is 5%.

**Income Tax 2007–08**

How your tax is calculated:

Find your taxable income by subtracting your tax free allowance from your annual income.

You pay income tax at 10% on the first £ 2230 of your taxable income.

You pay income tax at 22% on the next £ 32 370 of your taxable income.

You pay income tax at 40% on your taxable income above £ 34 600.

**National Insurance 2007–08**

Rates of National Insurance are:

0% on income up to £ 100 per week or £ 433 per month;

11% (contracted out 9.4%) on income between £ 100 and £ 670 per week  
or between £ 433 and £ 2905 per month;

1% on income over £ 670 per week or over £ 2905 per month.

If an employee has entered an occupational pension scheme, the employee may ‘contract out’ and pay National Insurance at a lower rate. In this case, the employee will receive, from the state, only the basic state retirement pension.

**END OF DATA SHEET**

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Household expenditure: Ernst & Young Discretionary Income Study 2006/7

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