

WARNING

You must return this section with your answer book, otherwise marks will be lost.

Candidate's Examination Number



Coimisiún na Scrúduithe Stáit

State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2005

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

SECTION A

(80 Marks)

WEDNESDAY, 15 JUNE 2005 – MORNING, 9.30 to 12.00

Answer all 20 questions. Each question carries 4 marks. Calculators may be used.

1. Outline **four** uses of Information Technology in the home.

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____

2. Tick (✓) the Factor of Production which applies to each item listed below.

	LAND	LABOUR	CAPITAL	ENTERPRISE
Employees				
Water				
Shareholder				
Machinery				

3. Distinguish between **Carriage Inwards** and **Carriage Outwards**.

4. **Answer A or B.**

Complete the Summary Balance Sheet below by filling in the **four** unshaded areas:

A. Summary Balance Sheet as on 31-12-2004		
	€	€
Fixed Assets		400,000
Current Assets		
Less Current Liabilities	60,000	
		530,000

OR

B. Summary Balance Sheet as on 31-12-2004		
	€	€
Share Capital		100,000
Reserves		
		400,000
Long-Term Liabilities		
		530,000

5. Use your knowledge of Insurance to complete the following sentences:

Insurance Companies employ _____ to calculate premiums. They also employ _____ to estimate the compensation payable for loss suffered.

6. Tick (✓) the correct box to indicate if the following appear in the Profit & Loss Account or Balance Sheet on 31/12/2004:

	Profit & Loss Account		Balance Sheet
	Expense	Gain	
Share Capital			
Interest Received			
Wages			
Stock (31/12/2004)			

7. Complete the ledger accounts of Ryan's Garage showing the names of the accounts and the relevant details.

On August 17 2004, Ryan's Garage sells a car for €10,000 cash.

Dr			Cr		
Date	Details	€	Date	Details	€
2004 Aug 17		10,000			

Dr			Cr		
Date	Details	€	Date	Details	€
			2004 Aug 17		10,000

8. Explain the term **Branding** in relation to Marketing.

State **two** examples of well known brands.

(i) _____

(ii) _____

9. State a suitable source of finance for each of the following business needs:

Business Need	Source of Finance
(i) Delivery Van	
(ii) Stock	
(iii) New Premises	
(iv) Insurance Cover	

10. Tick (✓) the correct answer.

The Balance of Payments shows

- | | |
|--|--------------------------|
| (i) The difference between total imports and total exports of a country | <input type="checkbox"/> |
| (ii) The difference between visible imports and visible exports of a country | <input type="checkbox"/> |
| (iii) The difference between total government income and payments | <input type="checkbox"/> |
| (iv) The total borrowings/National Debt of a country | <input type="checkbox"/> |

11. **Column 1** is a list of Forms of Business. **Column 2** is a list of statements which can be matched to these Forms of Business. Match the two lists by placing the letter of the most appropriate statement under the relevant number below. (*One statement does not refer to any of the Forms of Business*).

Column 1 – Forms of Business	Column 2 – Statements
1. Private Limited Company	A. The Government is a shareholder
2. Co-operative	B. Owner has unlimited liability
3. Sole Trader	C. Has the letters PLC after its name
4. State Ownership	D. One vote per member
	E. Has the letters Ltd after its name

1	2	3	4

12. Complete the sentence below by selecting the correct terms from the following list.

Debtors	Creditors	Invoices	Credit Notes
---------	-----------	----------	--------------

When a firm receives complaints from _____, it may issue _____.

13. Complete and balance the Creditors' Control account below from the following information:

	€
Creditors' balance on 1 May 2005	800
Total credit purchases for May	9,300
Total cash paid to creditors for May	8,600

Creditors' Control Account					
Dr					Cr
Date	Details	€	Date	Details	€

OR

Creditors' Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€

14. Distinguish between **conciliation** and **arbitration**.

15. Match the occupation to the appropriate sector by means of a tick (✓).

Occupation	Sector		
	Primary	Secondary	Services
Garda			
Block Layer			
Forestry Worker			
Child Minder			

16. (i) Explain the term **impulse buying**.

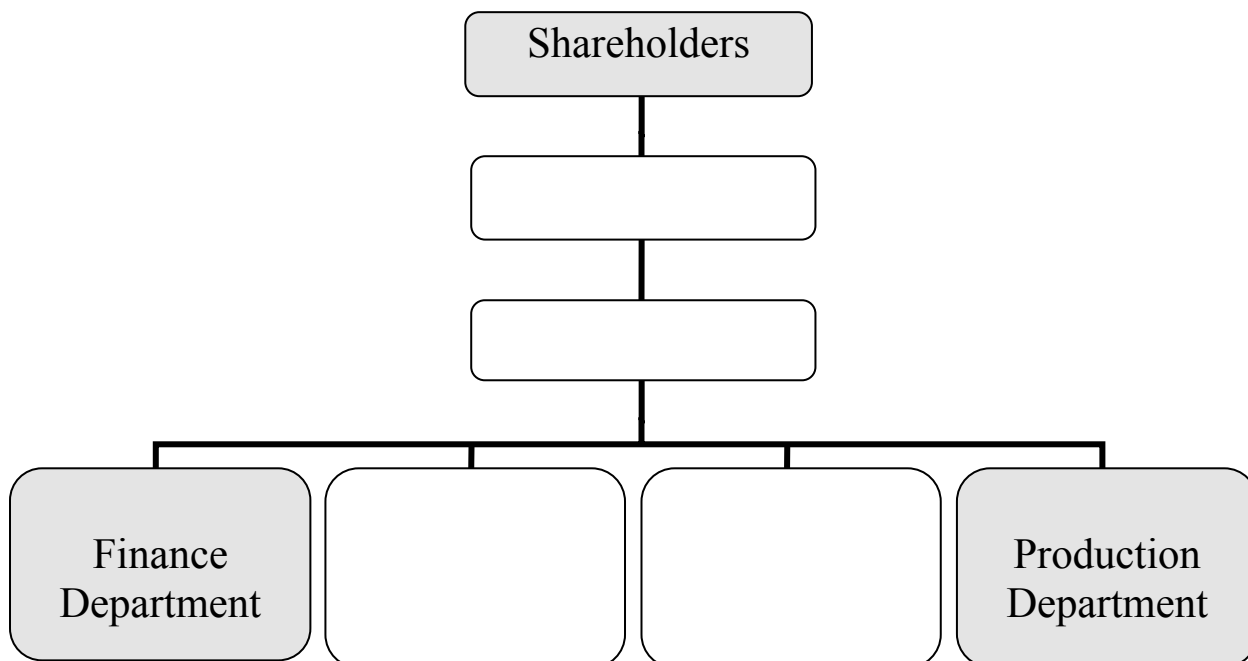
- (ii) Outline **one** possible effect of impulse buying.

17. Select the correct document from the following list to complete the unshaded areas in the chart below:

Credit Note	Receipt	Order	Quotation
-------------	---------	-------	-----------

Buyer Sends	Seller Sends
1. Letter of Enquiry	2.
3.	4. Invoice
5. Returns	6.
	7. Statement
8. Cheque	9.

18. Complete the Organisational Chart of a limited company which has four departments.



19. Outline **two** reasons why a business would use ratio analysis.

(i) _____

(ii) _____

20. An examination of a firm's final accounts for 2004 showed the following information:

Net profit	€140,000
Return on Capital Employed	16%

Calculate the amount of **capital employed** by the firm.

Answer
€

Workings

For use with Section B – Question 1(A)

Budget Comparison Statement for the Hannon family for the year 2004

INCOME	Budget Jan – Dec €	Actual €	Difference €
Salaries	30,000		
Child Benefit	1,200		
Interest & Dividends	680		
Other			
TOTAL INCOME	31,880		
Expenditure			
<i>Fixed</i>			
Mortgage	4,950		
Car Insurance	600		
TV Licence	152		
Sub-Total	5,702		
<i>Irregular</i>			
Household Costs	17,040		
Car Costs	900		
Light & Heat Costs	2,150		
Medical Expenses	450		
Sub-Total	20,540		
<i>Discretionary</i>			
Entertainment Costs	1,320		
Presents	390		
Holidays	1,100		
Sub-Total	2,810		
TOTAL EXPENDITURE	29,052		
Net Cash	2,828		
Opening Cash	400		
Closing Cash	3,228		

Note: Do not complete the shaded boxes

<p>For use in answering Section B – Question 1(B and C)</p>
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1. (B)

(i)	How much had the Hannon family budgeted to save during the year 2004?	Answer:	€
(ii)	What was their actual closing cash balance at the end of the year 2004?	Answer:	€
(iii)	State by how much the Hannon family exceeded their budgeted expenditure.	Answer:	€

(iv) Explain the term ‘**no claims bonus**’.

1. (C)

(i) Outline **two** reasons why the Hannon family would prepare a budget.

1.

2.

(ii) If the Hannon family had a deficit for the year 2004, outline **two** changes which they could make in their household budget.

1.

2.

Document for use with Section B – Question 3 (A)

Workings

Gross Pay	PAYE
Tax Credit	Other

(ii)

Wage Slip		
Name:		
Week No:		
Basic Pay	€	
Overtime	€	
Gross Pay	—————→	€
Tax Credit	€	
Deductions:		
PAYE	€	
PRSI	€	
Trade Union	€	
Savings	€	
Total Deductions	—————→	€
Net Pay	—————→	€

For use with Section B – Question 4 (A and B)

A. Margaret Mitchell's Own Records

[illegible]

B. Bank Reconciliation Statement at 31 May 2005

[illegible]

**PLEASE REMEMBER TO RETURN THIS SECTION A
WITH YOUR ANSWER BOOK**

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Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2005

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

SECTION B

(160 Marks)

WEDNESDAY, 15 JUNE 2005 – MORNING, 9.30 to 12.00

- All questions carry equal marks.
- Attempt any **FOUR** Questions.
- Marks will be awarded for layout and presentation including, where appropriate, folios and dates.
- Dates should show the day, month and year.
- Calculators may be used.

SECTION B (160 Marks)

All questions carry equal marks.

Attempt any **FOUR** Questions.

Marks will be awarded for layout and presentation including, where appropriate, folios and dates.

Dates should show the day, month and year.

Calculators may be used.

1.

Answer ALL parts. This is a Household Budget Question.

When the Hannon family checked their Analysed Cash Book at the end of December 2004, they discovered that their actual income and expenditure for the 12 months differed from the budgeted figures (contained in the Budget Comparison Statement **on page 8 of Section A**) due to the following:

- The salaries of the Hannon family decreased by 5%.
- There are two children in the Hannon family. Child Benefit increased by €15 per child per month.
- Interest and dividends were €135 less than budgeted.
- The Hannon family won €300 in the local sports club lotto.
- Mortgage payments decreased by €27 per month from March 1.
- The Hannon family lost their no claims bonus of €360 on their car insurance due to an accident.
- The TV licence was the same as budgeted.
- Household costs were 7½% greater than budgeted.
- Car costs were €650 greater than budgeted.
- Light and heat costs were 6% less than budgeted.
- Medical expenses averaged €30 per month for the year.
- Entertainment costs averaged €100 per month except for the three months of June, August and December, which averaged €210.
- Due to a wedding, presents cost an additional €150.
- The family decided to take a weekend break which cost €600, instead of their budgeted holiday.

- (A) Using the Budget Comparison Statement **on page 8 of Section A**, enter the appropriate figures into the 'Actual' column.

Show the differences between the '**Actual**' and '**Budget**' figures by completing the column marked '**Difference**'.

Use a **plus** or **minus** sign in front of each figure in that column.

Note: Use 'plus' sign if 'actual' is GREATER than the 'budget' figure.

Use 'minus' sign if 'actual' is LESS than the 'budget' figure.

Example:

	Budget	Actual	Difference
	590	650	+ 60
	360	270	- 90
Total	950	920	- 30

(22)

Answer the following parts (B) and (C) in the spaces provided **on page 9 of Section A**.

- (B) (i) How much had the Hannon family budgeted to save during the year 2004?
- (ii) What was their actual closing cash balance at the end of the year 2004?
- (iii) State by how much the Hannon family exceeded their budgeted expenditure.
- (iv) Explain the term '**no claims bonus**'.

(10)

- (C) (i) Outline **two** reasons why the Hannon family would prepare a budget.
- (ii) If the Hannon family had a deficit for the year 2004, outline **two** changes which they could make in their household budget.

(8)

(40 marks)

2. **Answer ALL parts. This is a Club Question.**

Lee Valley Angling Club, Macroom, Co. Cork, had the following Assets and Liabilities on 1 January 2004:

Clubhouse €100,000 Boats €30,000 Term Loan €40,000 Cash €2,500.

The following is a summary of the Club's financial transactions for the year ending 31 December 2004:

Receipts:	€
Competition Fees	1,370
Subscriptions	562
Angling Fees	2,004
Annual Sponsorship	300
Payments:	€
Insurance	880
Competition Expenses	878
Secretary's Expenses	163
Purchase of Equipment	1,200
Light and Heat	850

Additional information on 31 December 2004:

- (i) Insurance prepaid €130
- (ii) Subscriptions due €90
- (iii) Boats to be depreciated by 5%.
- (iv) Light and Heat due €45

(A) Prepare a statement calculating the Club's Accumulated Fund on 1 January 2004.

(6)

(B) Prepare:

- (i) A Receipts and Payments Account for the year ending 31/12/2004.
- (ii) An Income and Expenditure Account for the year ending 31/12/2004.

(25)

(C) (i) Explain the role of the **club treasurer**.

- (ii) What is the purpose of his/her report?

(9)
(40 marks)

3.

Answer ALL parts. This is a Wages Question.

- (A) Niamh Whelan is employed as a machinist at Trend Style Sports Ltd. Her normal working week is 39 hours but occasionally she works overtime. Her basic wage rate is €10 per hour. Overtime is paid at time and a half for the first four hours and double time for hours in excess of that. In Week No 18 she worked 48 hours.

Niamh pays income tax at the rate of 20% and PRSI at 8%. Her annual tax credit is €2,080. She contributes €2 per week to her Trade Union and invests €15 per week in a savings fund. Both of these are deducted at source by her employer.

- (i) What is the purpose of a **Tax Credit**?
 - (ii) Complete Niamh's Wage Slip for Week No 18, using the blank document **on page 10 of Section A**. Show your workings.
- (25)
- (B) (i) Explain **two** advantages to Niamh of being a member of a Trade Union.
- (ii) State **two** benefits which Niamh may receive from her PRSI contributions.
- (iii) Niamh is paid on a time rate basis. State and explain **one** other method of calculating gross wages.

(15)
(40 marks)

4.

Answer ALL parts. This is a Banking Question.

Margaret Mitchell opened a current account in the Ulster Bank on 01/05/2005 by lodging €400 to her account. The following are her transactions for the month of May:

2005		€
02/05/05	Purchased goods by cheque No 1	40
03/05/05	Withdrew by ATM	30
05/05/05	Lodged to her account	250
07/05/05	Purchased petrol by cheque No 2	25
09/05/05	Purchased clothes by cheque No 3	70
17/05/05	Withdrew by ATM	30
24/05/05	Purchased DVDs by cheque No 4	45
30/05/05	Lodged to her account	200

- (A) Write up Margaret's own records of her bank transactions for May 2005. Show her closing balance. Use the Bank Account provided **on page 11 of Section A**.

(10)

- (B) Compare Margaret's own records with the Bank Statement she received (below). Make whatever adjustments are necessary to Margaret's own records and then prepare a Bank Reconciliation Statement (**on page 11 of Section A**).

BANK STATEMENT No 1				31 May 2005
Date	Details	Debit	Credit	Balance
2005		€	€	€
May 1	Lodgement		400	400
May 3	ATM	30		370
May 4	Cheque No 1	40		330
May 5	Lodgement		250	580
May 7	S/O	200		380
May 10	C/T		100	480
May 14	Cheque No 3	70		410
May 17	ATM	30		380

(15)

- (C) (i) Outline **two** reasons why a bank reconciliation statement is prepared.
- (ii) Explain the difference between a **direct debit** and a **standing order**.
- (iii) Outline **one** method Margaret could use to pay for goods purchased in the USA.

(15)

(40 marks)

5.

Answer ALL parts. This is a Borrowing and Consumer Question.

(A) Outline **three** factors which a consumer should consider before borrowing.

(9)

(B)

HIRE PURCHASE AVAILABLE
Easy credit terms for your cooker
Deposit €50
and
30 instalments of €25 each

(i) Calculate the cost if the advertised cooker is bought on Hire Purchase.

(ii) Is this advertisement legal?
Explain **two** reasons for your answer.

(iii) Outline **one** advantage and **one** disadvantage to a consumer of buying the cooker on Hire Purchase.

(13)

(C) The following sign and advertisement appeared in a shop:

Contact
Manufacturer
if unhappy

*Sweater
For Sale*

100% WOOL

Note: On examination, the consumer discovered that the sweater is made of cotton and not wool as advertised.

(i) State if **each** of the above is legal.

(ii) Explain the consumer law which applies in **each** case.

(10)

(D) State and explain **two** agencies that protect consumers when they have a complaint.

(8)

(40 marks)

6. **Answer ALL parts. This is a National Budget and Inflation Question.**

(A) (i) Explain the term '**Inflation**'.

(ii) State **two** causes of inflation.

(7)

(B) The following table shows the rate of inflation in a country over the past five years:

Year:	2000	2001	2002	2003	2004
Rate:	8%	4%	6%	5%	2%

(i) Draw a line graph **or** bar chart to show the above information.

(ii) If the workers in the above country were granted a wage increase of 3% in 2003, explain the effects of this increase on their standard of living.

(iii) State **two** benefits to the consumer of the low inflation rate in 2004.

(15)

(C) The following figures were produced by a Minister for Finance on Budget Day as projections for the year 2005:

Main items of Revenue and Expenditure	Estimated Figures in Millions €
Debt Servicing	190
PAYE	2,550
VAT	1,470
Health Services	1,720
Social Welfare	1,230
Education and Science	1,340
Corporation Tax	260
Customs Duties	235

(i) Draft the National Budget for 2005 from the above information. State whether it is a Surplus or Deficit Budget.

(ii) Explain **two** effects of an increase in employment on the above National Budget.

(iii) Explain **two** of the following terms:

- Debt Servicing
- Corporation Tax
- Customs Duties.

(18)

(40 marks)