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, 2009

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY, 9 JUNE 2009 – MORNING, 9.30 – 12.00

SECTION A
(80 marks)

Answer all 20 questions. Each question carries 4 marks.

Calculators may be used.
Make and Model of Calculator Used: ☞

1. Identify **two** examples of input devices and **two** examples of output devices used in IT:

INPUT DEVICES	(i)
	(ii)
OUTPUT DEVICES	(i)
	(ii)

2. A person borrowed €13,500 for two years at 6%.

Calculate the flat rate of interest/simple interest this person will pay: (Show your workings.)

Answer:
€___________

Workings:

3. List **two** examples of sales promotion methods used to sell goods in a retail outlet.

(i) ______________________________

(ii) ______________________________

4. Complete the following Trading Account by filling in the **four** unshaded areas, numbered **(i)** to **(iv)**:

Trading Account for year ending 31-03-2009			
	€	€	€
Sales			(i)
Stock (1-04-08)		90,000	
(ii)	58,000		
Carriage Inwards	2,000	140,000	
		230,000	
(iii)		60,000	
			170,000
(iv)			130,000

5. Explain **two** ways in which a company might use its retained earnings/reserves:

(i) ______________________________

____

(ii) ______________________________

____

6. The following figures appear in a company's Final Accounts:

Net Profit €30,000 **Capital Employed €600,000**

Calculate the Return on Capital Employed:
(Show your workings.)

Answer:
____________%

Workings:

7. On 1 June 2009, C. Allen sold goods on credit to K. Davoren for €1,500. There was no VAT on these goods.

Complete the ledger accounts of C.Allen, showing the names of the accounts and the relevant details, numbered **(i)** to **(iv)**:

(i) ____________________ **A/c**

Dr | Cr

Date	Details	€	Date	Details	€
2009 June 1	**(ii)**	32,000			

(iii) ____________________ **A/c**

Dr | Cr

Date	Details	€	Date	Details	€
			2009 June 1	**(iv)**	32,000

8. Explain the term **Mixed Economic System**:

____

____

____

9. Select the correct document from the following list to complete each of the **four** unshaded areas in the chart below in the correct sequence:

Cheque	**Credit Note**	**Quotation**	**Invoice**

Buyer Sends	**Seller Sends**
1. Letter of Enquiry	**2.**
3. Order	**4.**
5. Returns	**6.**
	7. Statement
8.	**9.** Receipt

10. **Column 1** is a list of consumer terms. **Column 2** is a list of statements which can be matched to these terms. *(One statement does not refer to any of the consumer terms.)*

Consumer Terms	Statements
1. Consumer	**A.** Form of compensation.
2. Redress	**B.** Let the buyer beware.
3. Merchantable Quality	**C.** Written promise which adds to consumer rights.
4. Guarantee	**D.** Person who buys goods and services for own use.
	E. Goods must be fit to be sold.

Match the two lists by placing the letter of the most appropriate statement under the relevant number below:

1.	2.	3.	4.

11. A debtor owed a business €15,000. The debtor was declared bankrupt and paid 35 cent in the euro. The balance was written off as a bad debt.

Calculate the amount written off as a bad debt: (Show your workings.)

Answer:
€

Workings:

12. Study the following channel of distribution:

MANUFACTURER → **CONSUMER**

Explain **two** reasons why this channel of distribution may arise:

(i) ____

____

(ii) ____

____

13. Complete and balance the Debtors Control Account on 30 April 2009 from the following information:

	€
Debtors balance on 30 April 2009	4,700
Total credit sales for April	21,590
Total cash received from debtors in April	17,800

Dr		Debtors Control Account			Cr
Date	Details	€	Date	Details	€

OR (Alternative Format)

Debtors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€

14. Name **one** State-owned business involved in **each** of the following activities:

(i)	**COMMUNICATIONS**	
(ii)	**TRANSPORT**	
(iii)	**HEALTH INSURANCE**	
(iv)	**MARKETING**	

15. Tick (✓) the appropriate columns to indicate where in the final accounts of a hairdressing service business the following items should be entered on 31/5/2009:

	Operating Statement	**Balance Sheet**
Client fees		
Wages		
Stock of hair products (31/5/2009)		

16. Explain **two** duties of a shop steward in any organisation:

(i) ____

____

(ii) ____

____

____

17. **(i)** Enter the following balances in the partially completed General Journal of Browne Ltd:

1 January 2009	Premises	€240,000
	Creditor: Casey Ltd	€21,000

(ii) Calculate the Ordinary Share Capital:

Browne Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
	Bank	CB1	47,000	
	Premises	GL1		
	Creditor: Casey Ltd	CL1		
	Ordinary Share Capital	GL2		
	Assets, Liabilities and Share Capital of Browne Ltd on this date.			

18. Enter the following transaction in the Purchases Returns Book of Lynch Ltd:

On 3 June 2009, Lynch Ltd returned goods €4,000 to Murray Ltd (Credit Note No. 5).
The VAT rate on these goods is 21½ %.

Lynch Ltd – Purchases Returns Book						
Date	Details	C N No.	F	Net €	VAT €	Total €

19. On 1 May 2009, a petty cashier had an imprest of €100. During the month of May, she spent €19 on postage, €36 on travel and €25 on cleaning.

(i) Explain the term **Imprest**.

____

____

____

(ii) Calculate the amount the petty cashier will require to restore the imprest.
Show your workings.

Answer:
€

Workings:

20. Using your knowledge of the factors of production and their rewards/payments, fill in the missing information in the **four** unshaded areas below:

Factors of Production		**Reward/Payment**
(i)	Land	
(ii)		Interest
(iii)	Enterprise	
(iv)		Wages

For use with Section B - Question 1(A)

Budget Comparison Statement for the Casey household for the year 2008

INCOME	**Budget Jan – Dec €**	**Actual €**	**Difference €**
Salaries	52,000		
Child benefit	3,600		
Interest	540		
Other			
TOTAL INCOME	56,140		
EXPENDITURE			
Fixed			
Mortgage	10,200		
Car insurance	670		
House insurance	580		
Subtotal	11,450		
Irregular			
Household costs	8,880		
Car costs	1,640		
Clothing and footwear costs	1,900		
Light and heat costs	3,100		
Health insurance	1,600		
Subtotal	17,120		
Discretionary			
Entertainment costs	3,000		
Presents	1,000		
Holidays	7,500		
Subtotal	11,500		
TOTAL EXPENDITURE	40,070		
Net Cash	16,070		
Opening Cash	2,225		
Closing Cash	18,295		

***Note**: Do not complete the shaded boxes*

For use in answering Section B – Question 1(B and C)

1. (B)

(i)	How much had the Casey household budgeted to save during 2008?	**Answer:**	**€**
(ii)	What was the budgeted closing cash at the end of 2008?	**Answer:**	**€**
(iii)	What was the actual closing cash at the end of 2008?	**Answer:**	**€**
(iv)	State by how much the Casey household's Actual Total Expenditure differed from their Budgeted Total Expenditure.	**Answer:**	**€**

(v) Explain **one** possible reason why the health insurance company increased its charges.

____

____

____

1. (C)

(i) Outline **two** pieces of financial advice you would give the Casey household in light of the 'Actual' 2008 Budget.

1 ____

____

2 ____

____

(ii) Give **two** reasons why the Casey household would prepare a budget.

1 ____

____

2 ____

____

Document for use with Section B – Question 6 (A)

Workings

Gross Pay	**PAYE**
Tax Credit	**Other**

(i)

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

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

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JUNIOR CERTIFICATE EXAMINATION, 2009

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY, 9 JUNE 2009 – MORNING, 9.30 - 12.00

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. **This is a Household Budget Question.**

Answer all parts of this question:

When the Casey household checked their Analysed Cash Book at the end of December 2008, 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 Casey household decreased by 26%.
- There are two children in the household. The monthly child benefit increased by €15 per child from 1 March 2008.
- The actual interest received for the year was €260 less than budgeted.
- The Casey household received €4,200 from the sale of their second car.
- Mortgage payments increased from €850 to €955 per month from 1 July 2008 and then decreased by €75 per month from 1 October 2008.
- Car insurance was €210 less than budgeted.
- The Casey household installed smoke alarms, so their house insurance was 5% less than budgeted.
- Household costs were 12½ % greater than budgeted.
- Car costs were €25 per month less than budgeted.
- Clothing and footwear costs were €150 less than budgeted.
- Light and heat costs were 22% greater than budgeted.
- Health insurance was 13% greater than budgeted, due to an increase in charges by their insurance company.
- Entertainment costs averaged €150 per month except for the three months of April, August and December, which averaged €300.
- Due to a special birthday, presents cost an additional €300.
- Holiday plans were changed and cost €2,600 less than budgeted.

(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**
	600	620	+ 20
	230	160	- 70
Total	830	780	- 50

(22)

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

(B) **(i)** How much had the Casey household budgeted to save during 2008?

(ii) What was the budgeted closing cash at the end of 2008?

(iii) What was the actual closing cash at the end of 2008?

(iv) State by how much the Casey household's Actual Total Expenditure differed from their Budgeted Total Expenditure.

(v) Explain **one** possible reason why the health insurance company increased its charges.

(10)

(C) **(i)** Outline **two** pieces of financial advice you would give the Casey household in light of the 'Actual' 2008 Budget.

(ii) Give **two** reasons why the Casey household would prepare a budget.

(8)

(40 marks)

2. **This is a Club Account Question.**

Answer all parts of this question:

On 1 May 2008, Broadford GAA Club had an Accumulated Fund of €411,210.

The following is a summary of the Club's financial transactions for the year ended 30 April 2009:

Receipts:	**€**
Gate Receipts	23,940
Subscriptions	34,100
Club Lotto	53,700
Payments:	**€**
Maintenance Expenses	3,780
Stationery	1,730
General Expenses	34,610
Club Lotto Prizes	19,400
Insurance	9,330
Light and Heat	2,260

Additional information at 30 April 2009:

(i) Subscriptions prepaid €1,600

(ii) Stationery on hand €170

(iii) Light and Heat due €290

(iv) Cash at Bank €7,840

(v) Depreciation:
Clubhouse 3% of €364,000
Equipment 15% of €80,000

(A) Prepare:

(i) An Income and Expenditure Account for the year ended 30 April 2009.

(ii) A Balance Sheet as at 30 April 2009.

(33)

(B) **(i)** Explain the term **depreciation**.

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

(7)

(40 marks)

3. **This is a question on National Budget and Trade.**

Answer all parts of this question:

(A) **(i)** The Minister of Finance, because of limited resources, decided in his recent National Budget to:

- decrease spending on **roads**
- close and sell **army barracks**
- increase spending on **social welfare**
- increase **excise duties** on cigarettes and wine.

From the above decisions identify **one** example in each case of:

(a) Government Current Income
(b) Government Current Expenditure
(c) Government Capital Income.

(ii) Explain **each** of the following terms:

- Limited resources
- National Budget.

(iii) Explain **two** effects of an increase in unemployment on the National Budget.

(18)

(B) **(i)** Explain the difference between visible and invisible imports and give **one** example in each case.

(ii) The following data relates to the international trade of a country for 2008:

	€
Visible Imports	750 million
Invisible Exports	820 million
Visible Exports	740 million
Invisible Imports	860 million

(a) From the above data, calculate the Balance of Trade and the Balance of Payments. Show your workings.

(b) Indicate in **each** case whether it is a surplus or a deficit balance.

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

- Inflation
- Debt Servicing.

(22)

(40 marks)

4. **This is a Banking Question.**

Answer all parts of this question:

Mary Buckley has an account with AIB, Killarney.

She received the following Statement on 3 May 2009:

AIB **Main Street** **Killarney, Co. Kerry**	**Statement of Account**	Tel: 066-4366287 Fax: 066-4366299 Branch Code: 93-71-47 Branch ID Code: AIBKIE5H

Ms Mary Buckley Muckross Road Killarney Co. Kerry	**Account Name:**	Mary Buckley No. 1 Account
	Account Number:	25496813
	IBAN:	IE39 AIBK 9371 4725 4968 13
	Statement Date:	30 April 2009
	Statement Number:	495

Date	Transaction Details	Dr	Cr	Balance
		€	€	€
01 Apr 2009	Balance forward			626.00
06 Apr 2009	Paypath		1,670.00	2,296.00
09 Apr 2009	Cheque No. 50021	2,350.00		54.00 Dr
15 Apr 2009	DD – Eircom	124.00		178.00 Dr
18 Apr 2009	ATM – AIB, Dingle	160.00		338.00 Dr
20 Apr 2009	Paypath		1,670.00	1,332.00
22 Apr 2009	SO – Vodafone	33.00		1,299.00
29 Apr 2009	Bank charges	14.00		1,285.00
30 Apr 2009	INET – AIB Visa	308.00		977.00

(A) **(i)** Is Mary's Bank Account a deposit or current account? Give **one** reason for your answer.

(ii) Explain '**Paypath'** and state **two** advantages of Paypath to Mary.

(iii) Explain the difference between the transactions that occurred on 15 April 2009 and 22 April 2009.

(iv) What do the initials 'ATM' stand for? Explain **three** services that are available to Mary through the ATM.

(v) Explain why "Dr" appears in the Balance column after three transactions on the Statement.

(vi) State **two** possible items that may be included in the entry dated 29 April 2009.

(28)

(B) **(i)** Mary's Bank Statement does not include the following two items:

- a cheque (No. 50022) of €178.00 written by Mary on 12 April 2009
- a credit transfer of €95.00 on 30 April 2009.

Calculate her bank balance after taking **both** of the above items into consideration.

(ii) Explain the difference between **each** of the following:

- Stale cheque and dishonoured cheque
- General crossing and special crossing.

(12)

(40 marks)

Questions 5 and 6 are on the next page

5. **This is an Insurance Question.**

Answer all parts of this question:

Kate Quinn, who lives at 47 Quay Lane, Dun Laoghaire, Co. Dublin, recently bought her first car. She rang an insurance company and was given a quote for third party cover and comprehensive cover. She contacted her friend, Michelle Hughes, Church View, Navan, Co. Meath, seeking her advice on which insurance cover to take out.

(A) **(i)** Write the letter, using today's date, that Michelle would send to Kate explaining the difference between third party and comprehensive insurance cover.

(ii) Name the document completed by Kate when taking out insurance.

(iii) State and explain the **two** principles of insurance most relevant to Kate when applying for car insurance.

(26)

Kate has a house worth €225,000 and contents worth €75,000. She receives a quotation of €12 per €15,000 for the house and €16 per €3,000 for the contents. She decides to insure her house for its full value and the contents to the value of €60,000.

(B) **(i)** Calculate the insurance premium that Kate will have to pay. Show your workings.

(ii) If a storm caused €35,000 damage to the house and €12,000 damage to the contents, calculate the amount of compensation to which Kate would be entitled, given that there is a policy excess of €150. Show your workings <u>and</u> explain your answer.

(14)

(40 marks)

6. **This is a Wages and People at Work Question.**

Answer all parts of this question:

(A) Mark Ryan is employed as a supervisor at Sorrento Tiles Ltd. His basic wage rate is €592 for a 37 hour week. Overtime is paid at time and a half for the first eight hours and double time for hours in excess of that. In Week No 21, he worked 47 hours.

Mark pays income tax at the rate of 41% and PRSI at 8%. His annual tax credit is €7,280. Each week, he pays €7 to his Trade Union and invests €40 in a savings fund. His employer deducts both of these at source.

(i) Complete Mark's Wage Slip for Week No 21, using the blank document *on page10 of Section A*. Show your workings *(on the same page)*.

(ii) State **three** benefits that Mark may receive from his PRSI contributions.

(28)

(B) **(i)** Outline **three** responsibilities Mark has to his employer.

(ii) Mark is paid on a time rate basis.
State and explain **one** other method of calculating gross pay.

(12)

(40 marks)

REMEMBER TO INCLUDE SECTION 'A' WITH YOUR ANSWER BOOK