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 2011

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 14 JUNE – 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: ☞

OVER →

SECTION A

(80 marks)

Answer all 20 questions. Each question carries 4 marks.

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1. The following initials are used in Banking. What do they stand for?

APR	
ATM	
PIN	

2. Identify **one** example of regular income for each of the following:

Employed Person	
Unemployed Person	
Retired Person	

3. Complete the Balance Sheet (extract) below by filling in the **three** unshaded areas, numbered **(i)** to **(iii)**:

Balance Sheet (extract) as on 31-12-2010		
	€	€
Fixed Assets		**(i)**
Current Assets	490,000	
Less Current Liabilities	**(ii)**	
(iii)		120,000
Total Net Assets		840,000

4. Identify **two** responsibilities of an employer towards their employees:

(i) ______________________________

(ii) ______________________________

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

Gross Profit €180,000 **Sales €720,000** **Total Expenses €60,000**

Net Profit Percentage is calculated as follows: $\frac{\text{Net Profit}}{\text{Sales}} \times \frac{100}{1}$

Using the above figures, calculate the Net Profit Percentage.
Show your workings.

Answer:
%

Workings:

6. Explain **two** factors that a company would take into account before deciding on a suitable delivery system for their goods:

(i) ______________________________

(ii) ______________________________

7. On 7 June 2011, T. Smyth bought goods on credit from J. Foley for €8,120. There was no VAT on these goods.

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

(i) ____________________ **A/c**

Dr Cr

Date	Details	€	Date	Details	€
2011 June 7	**(ii)**	8,120			

(iii) ____________________ **A/c**

Dr Cr

Date	Details	€	Date	Details	€
			2011 June 7	**(iv)**	8,120

8. Complete **and** balance the Debtors Control Account on 31 May 2011 from the following information:

	€
Debtors balance on 1 May 2011	4,900
Total credit sales for May	5,900
Total cash received from debtors in May	6,100

Dr		**Debtors Control Account**			Cr
Date	Details	€	Date	Details	€

OR (Alternative Format)

Debtors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€

9. Explain the term 'Inflation'.

10. Tick (✓) the appropriate column(s) to indicate where in the Final Accounts of a Doctor (service business) the following items should be entered on 31/12/2010:

	Operating Statement	**Balance Sheet**
Income from Patients		
Equipment		
Stock of Medicines 31/12/2010		

11. State **two** principles of the **Sale of Goods and Supply of Services Act 1980** relating to goods.

(i) ____

____

(ii) ____

____

12. Enter the following balances in the partially completed General Journal of Barr Ltd:

1 January 2011	Premises	€600,000
	Creditors	€42,000
	Ordinary Share Capital	€583,000

Barr Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
	Bank	CB_1	25,000	
	Premises	GL_1		
	Creditors	CL_1		
	Ordinary Share Capital	GL_2		
	Assets, Liabilities and Share Capital of Barr Ltd on this date.			

13. On 1 May 2011, a Petty Cashier had an imprest of €250. During the month of May, he spent €56 on stationery, €93 on postage and €90 on refreshments.

(i) Explain the term 'Imprest'.

____

____

____

(ii) Calculate the amount the Petty Cashier will require to restore the imprest.
Show your workings.

Answer:
€

Workings:

14. List the four P's of marketing (the marketing mix).

(i)	
(ii)	
(iii)	
(iv)	

15. Explain **two** reasons for Purchases Returns.

(i) ____

____

(ii) ____

____

16. Identify **one** example of Government Current Income and **one** example of Government Current Expenditure:

CURRENT INCOME	
CURRENT EXPENDITURE	

17. Enter the following transaction in the Purchases Book of Violet Ltd:

On 12 June 2011, Violet Ltd purchased goods €3,500 from Rose Ltd (Invoice No. 5).
The VAT rate on these goods was 21%.

Violet Ltd – Purchases Book						
Date	Details	Invoice No.	F	Net €	VAT €	Total €

18. Explain the term 'Collateral/Security'.

19. **Column 1** is a list of information technology terms. **Column 2** is a list of statements that can be matched to these terms.

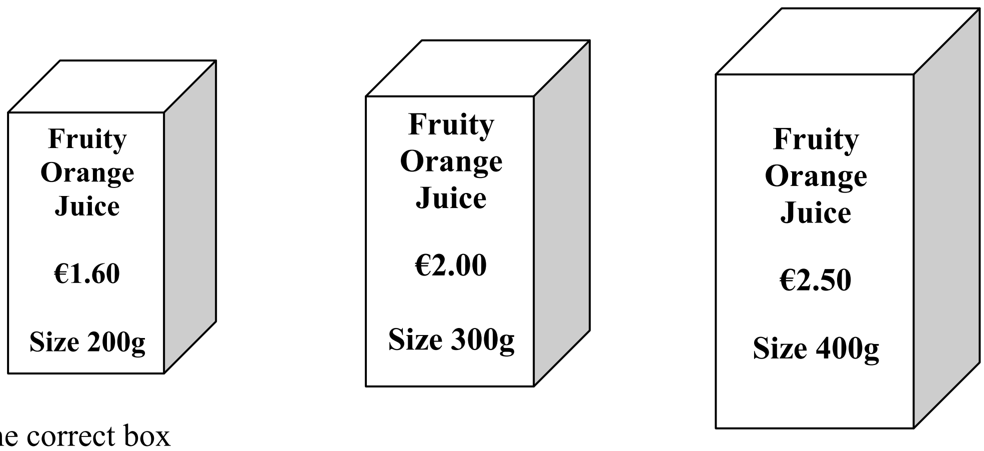
(One statement does not refer to any of the information technology terms.)

Information Technology Terms	Statements
1. Electronic Mail (e-mail)	**A.** Controller/Heart of the computer.
2. Central Processing Unit	**B.** Visual Display Unit.
3. Spreadsheet	**C.** Program used to perform mathematical and financial calculations.
4. Monitor	**D.** Program used to keep computerised records.
	E. Method of sending messages between computers over the internet.

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

1.	**2.**	**3.**	**4.**

20. Calculate which carton size of Fruity Orange Juice is the best value for money.



Tick (✓) the correct box

200g ☐

300g ☐

400g ☐

Workings

For use, if required, as rough work for Section B - Question 1(A)

INCOME	FIXED EXPENDITURE
John Maher Salary:	**Mortgage:**
Paula Maher Salary:	**Car insurance:**
Child Benefit:	**Annual house insurance:**
IRREGULAR EXPENDITURE	**DISCRETIONARY EXPENDITURE**
Household costs:	**Entertainment costs:**
Car running costs:	**Presents:**
Telephone:	**Holidays:**
Light and heat costs:	

For use in answering Section B - Question 1(A)

Planned Budget for the Maher Household for 2012

	Jan	Feb	Mar	Total Jan-Mar	Estimate Apr-Dec	Total for Year Jan-Dec
PLANNED INCOME	€	€	€	€	€	€
John Maher Salary	1700	1700	1700	5100		
Paula Maher Salary	1500	1500	1500	4500		
Child Benefit	487	487	487	1461		
TOTAL INCOME	3687	3687	3687	11061		
PLANNED EXPENDITURE						
Fixed						
Mortgage	800	800	800	2400		
Car insurance	40	40	40	120		
Annual house insurance		840		840		
Subtotal	840	1680	840	3360		
Irregular						
Household costs	750	750	750	2250		
Car running costs	130	440	130	700		
Telephone	50	60	60	170		
Light and heat costs	140		140	280		
Subtotal	1070	1250	1080	3400		
Discretionary						
Entertainment costs	120	130	150	400		
Presents		200		200		
Holidays		500		500		
Subtotal	120	830	150	1100		
TOTAL EXPENDITURE	2030	3760	2070	7860		
Net Cash	1657	-73	1617	3201		
Opening Cash	250	1907	1834	250		
Closing Cash	1907	1834	3451	3451		

For use in answering Section B - Question 1(B)

(B)

		For Office Use Only	
(i)	Explain the term 'job share' in the Maher Household Budget.		
	Answer:		

		For Office Use Only	
(ii)	Outline **one** reason why the repayments on the mortgage might increase.		
	Reason:		

		For Office Use Only	
(iii)	At the end of March 2012 what will be the expected closing cash balance for the Maher household?		
	Balance: €		

Document for use with Section B - Question 4(A)(iv)

Allied Life Insurance Limited Proposal Form		
Please answer all questions fully and truthfully		
Name		
Address		
Age		**Single** ☐ **Married** ☐
Sex **Male** ☐ **Female** ☐		**Occupation**
Type of policy required (*Please tick*) **Endowment Policy** ☐ **Whole Life Policy** ☐		
Value of Life Assurance required		€
Please tick the appropriate box		
1. Are you in good health?		**Yes** ☐ **No** ☐
2. Do you smoke?		**Yes** ☐ **No** ☐
3. Do you consume alcohol?		**Yes** ☐ **No** ☐
4. Are you likely to engage in a hazardous occupation or hobby?		**Yes** ☐ **No** ☐ **If Yes, give details** ______________________ ______________________________________
Method of Payment		
Declaration: I declare that all the information given above is true and complete. **Signature** ________________________ **Date** ______________		

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 2011

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 14 JUNE – 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:

(A) On *page 10 of Section A* is a partially completed Budget Form for the Maher household for 2012. You are required to complete this form by filling in the figures for the 'Estimate Apr - Dec' column, and the 'Total for the Year Jan **-** Dec' column.

*(**Please note**: a page for rough work is provided on page 9 of Section A if required.)*

The following should be taken into account:

- John expects to earn an extra €150 in overtime in July and September and expects to get a Christmas bonus of €100 in December.
- Paula will job share for June, July and August while the children are on school holidays. This will result in a 40% reduction in her salary for those three months, but she will return to full-time work and full salary again on 1 September.
- The Maher household is receiving monthly child benefit but this will be reduced by €187 per month from 1 October, when their eldest daughter reaches 18.
- The house mortgage will increase by €50 per month from 1 July.
- Car insurance is payable monthly and will increase to €60 per month from 1 October as they plan to get their daughter covered under the family car insurance.
- Household costs are expected to remain at the same level, except for the month of December, when they will increase by 20%.
- Car running costs are expected to remain at €130 per month with an additional cost of €200 for a service in September and €50 for the NCT in October.
- Telephone costs for the twelve months (Jan – Dec 2012) are expected to be €700.
- Lighting costs are paid every second month and are expected to remain at the same level. A fill of oil for €800 in September is expected to be the only heating cost.
- Entertainment will average at €150 per month for the remaining nine months of the year.
- The household expect to spend €210 on birthday presents in the autumn and €600 on Christmas presents.
- The Maher household holiday, in July, is expected to cost €2,200. The balance must be paid in June.

(30)

(B) Answer the following in the spaces provided *on page 11 of Section A*.

(i) Explain the term 'job share' in the Maher Household Budget.
(ii) Outline **one** reason why the repayments on the mortgage might increase.
(iii) At the end of March 2012, what will be the expected closing cash balance for the Maher household? (10)

(40 marks)

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

Answer all parts of this question:

Park Hockey Club had an opening stock of €5,900 in the shop on 1 January 2010.

The following is a summary of the Club's financial transactions for the year ending 31 December 2010:

Receipts:	**€**
Club Lotto	22,400
Shop Sales	14,300
Competition Fees	6,100
Subscriptions	17,800
Annual Sponsorship	3,500
Payments:	**€**
Competition Prizes	4,900
General Expenses	5,600
Light and Heat	6,850
Pitch Maintenance	4,300
Purchase of Equipment	7,400
Shop Purchases	9,850
Insurance	8,970
Club Lotto Expenses	16,220

Additional information on 31 December 2010:

(i) Shop Stock €8,120
(ii) Insurance prepaid €1,495
(iii) Subscriptions due € 700
(iv) General Expenses due € 325
(v) Equipment to be depreciated by 15%.

(A) Prepare:

(i) A Shop Trading Account for the year ending 31 December 2010.
(ii) An Income and Expenditure Account for the year ending 31 December 2010.

(32)

(B) At the AGM the Club Officer who prepares the accounts presents them with a report.

(i) Identify the officer who prepares the accounts in a club.
(ii) List **three** items included in the report. (8)

(40 marks)

3. **This is a Factors of Production and Trade Question**

Answer all parts of this question:

(A) State and explain the **four** Factors of Production giving **one** example in **each** case.

(12)

(B) (i) Outline **three** reasons why Ireland imports goods.

(ii) Explain 'invisible imports'. Give **one** example of an invisible import.

(iii) The following data relates to the international trade of a country for 2010:

	€
Visible Imports	790 million
Invisible Exports	780 million
Visible Exports	730 million
Invisible Imports	880 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.

(iv) If the above country imported extra raw materials to the value of €40m how would the Balance of Payments be affected? Show your workings.

(24)

(C) Explain the term 'import substitution'.

(4)

(40 marks)

4. **This is an Insurance Question**

Answer all parts of this question:

John Craven, born on 5 August 1971, lives at Barracks Street, Athlone, Co. Roscommon. He is a self-employed plumber. He wants to take out Life Assurance to the value of €200,000 on his own life, as he recently got married. He has a quote from his insurance company for Whole Life Assurance and Endowment Assurance. He has decided to purchase an Endowment Policy. John does not drink or smoke and has no health problems. In his spare time he likes to play rugby and go mountain climbing. He wants to pay his premium monthly by standing order.

(A) (i) Explain the difference between Whole Life Assurance and Endowment Assurance.

(ii) State and explain a relevant principle of insurance that John needs to be aware of when taking out Endowment Assurance.

(iii) Explain the following terms: (a) Premium
(b) Policy

(iv) Assume you are John, using today's date, complete the proposal form on *page 12 of Section A.*

(26)

(B) John already has house insurance but his annual premium is due for renewal. His insurance company has given him a quote of €14 per €10,000 for the house and €18 per €5,000 for the contents. His house is valued at €250,000 but John only insures it for €200,000. The contents are insured for their full value of €125,000. He will get a 5% reduction for having a house alarm.

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

(ii) If flooding caused €40,000 damage to the house and €15,500 damage to the contents, calculate the amount of compensation to which John would be entitled, given that there is a policy excess of €200. Show your workings. Explain your answer.

(14)

(40 marks)

5. **This is a Banking Question**

Answer all parts of this question:

Emma Hogan has a current account with AIB, Sligo.

She received the following Bank Statement on 3 May 2011:

AIB **Main Street** **Sligo**	**Statement of Account**	Tel: 071-265397 Fax: 071-265399 Branch Code: 93-71-51 Branch ID Code: AIBSLIE4D

Ms Emma Hogan Dublin Road Sligo	
	Account Name: Emma Hogan No.1 Account
	Account Number: 50591961
	IBAN: IE39 AIBSL 9371505919 61
	Statement Date: 30 April 2011
	Statement Number: 505

Date	**Transaction Details**	**Dr**	**Cr**	**Balance**
		€	€	€
01 Apr 2011	Balance Forward			120.00
05 Apr 2011	SO - ESB	80.00		40.00
10 Apr 2011	ATM – AIB, Ballina	100.00		60.00 Dr
11 Apr 2011	Paypath		750.00	690.00
14 Apr 2011	INET – AIB Visa	100.00		590.00
18 Apr 2011	Cheque No. 500177	92.00		498.00
21 Apr 2011	Credit Transfer		70.00	568.00
27 Apr 2011	DD - Vodafone	52.00		516.00
30 Apr 2011	Interest	2.00		514.00
30 Apr 2011	Bank Charges	16.00		498.00

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

(ii) Explain why 'Dr' appears in the Balance column on the 10 April 2011.

(iii) Explain 'Paypath' and state **two** advantages of 'Paypath' to Emma.

(iv) Explain the transaction on 14 April 2011.

(v) Explain the difference between the transactions that occurred on 5 April 2011 and 27 April 2011.

(vi) State **one** reason why interest of €2 appears on the Bank Statement on the 30 April 2011.

(26)

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

- a cheque (No. 500178) of €1,994 written by Emma on 21 April 2011.
- a credit transfer of €1,500 on 30 April 2011.

Calculate her closing bank balance after taking **both** of the above items into consideration. Show your workings.

(ii) Emma is considering starting a regular saving scheme.

Outline **three** factors Emma should consider before deciding where to invest her money.

(14)

(40 marks)

6. | **This is a People at Work Question**

Answer all parts of this question:

(A) Andrew Tudor recently commenced work at Val Ltd. On his first day, he was invited by the local trade union representative to join the trade union in case he had a dispute with his employer.

(i) What title is normally used to identify the local trade union representative in Val Ltd?

Outline **two** services this person can offer to Andrew.

(ii) Outline **two** possible reasons why Andrew could be in dispute with Val Ltd.

(iii) Identify **two** steps in the resolution of an industrial dispute in Val Ltd.

(21)

(B) Andrew will be paid a basic wage of €912 for a 38-hour week. Overtime will be paid at time and a half for the first six hours and double time for work in excess of that. He will negotiate his own benefit in kind.

(i) Explain the term 'benefit in kind' **and** give **two** examples.

(ii) Explain the difference between 'basic pay' and 'overtime'.

The following additional information is available about Andrew Tudor's first week's earnings:

- He worked a total of 46 hours his first week.
- He pays PRSI and Universal Social Charge at 11%.
- He pays income tax (PAYE) at the rate of 41%.
- His **annual** tax credits are €3,900.

(iii) Calculate his net wage for that week. Show your workings.

(19)

(40 marks)

REMEMBER TO INCLUDE SECTION A WITH YOUR ANSWER BOOK

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