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 2012

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 12 JUNE 2012 – MORNING 9.30 – 12.00

SECTION A

(80 marks)

- Each question in Section A carries 4 marks.
- Answer **ALL** questions.
- Marks will be awarded for workings, layout and presentation, folios and dates.
- Dates should show the day, month and year.
- Calculators may be used.

SECTION A

(80 marks)

Answer all 20 questions. Each question carries 4 marks.

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

GNP	
EU	
CPI	

2. List **one** example of a fixed cost and **one** example of a variable cost in relation to road transport costs for a business:

Fixed Cost	Example:
Variable Cost	Example:

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

Balance Sheet (extract) as on 31-12-2011			
Fixed Assets	**Cost**	**Depreciation**	**Net Book Value**
	€	€	€
Equipment	51,000	8,000	**(i)**
Buildings	**(ii)**	12,800	196,000
	(iii)	20,800	239,000

4. List **two** third parties that can help resolve an industrial dispute:

(i) ____

(ii) ____

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

Gross Profit €150,000 **Sales €600,000**

Mark-up Percentage is calculated as follows: $\frac{\text{Gross Profit}}{\text{Cost of Sales}} \times \frac{100}{1}$

Using the above figures, calculate the Mark-up Percentage.
Show your workings.

Answer:
%

Workings:

6. Explain **two** risks of self-employment:

(i) ______________________________

(ii) ______________________________

7. On 5 June 2012, C. Byrne bought a delivery van by cheque for €24,800. There was no VAT on this delivery van.

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

(i) ____________________ **A/c**

Dr Cr

Date	Details	€	Date	Details	€
2012 June 5	**(ii)**	24,800			

(iii) ____________________ **A/c**

Dr Cr

Date	Details	€	Date	Details	€
			2012 June 5	**(iv)**	24,800

8. Complete **and** balance the Creditors Control Account on 31 May 2012 from the following information:

	€
Creditors balance on 1 May 2012	9,100
Total credit purchases for May	20,000
Total cash paid to creditors in May	5,400

Dr		Creditors Control Account			Cr
Date	Details	€	Date	Details	€

OR (Alternative Format)

Creditors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€

9. Explain the principle 'Insurable Interest' in relation to purchasing insurance.

10. Tick (✓) the appropriate columns to indicate where in the final accounts the following items should be entered on 31/12/2011:

	Trading A/c	**Profit & Loss A/c**	**Balance Sheet**
Issued Share Capital			
Stock (31/12/2011)			
Import Duties			

11. Explain **two** reasons why stocktaking is essential in any business.

(i) ____

____

(ii) ____

____

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

1 January 2012	Bank Overdraft	€6,100
	Debtors	€21,000
	Ordinary Share Capital	€520,800

Joyce Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
	Buildings	GL_1	505,900	
	Bank Overdraft	CB_1		
	Debtors	DL_1		
	Ordinary Share Capital	GL_2		
	Assets, Liabilities and Share Capital of Joyce Ltd on this date.			

13. Margaret Finley's house insurance is due for renewal. Her insurance company has given her a quote of €12 per €10,000 for the house and €20 per €5,000 for the contents.

She decides to insure her house for €180,000 and her contents for €90,000.

Calculate the insurance premium that Margaret will have to pay.
Show your workings.

Workings:

Answer:
€

14. Fill in the names of the drawer, drawee and payee from the following transaction in the correct spaces below:

John Dolan has a current account with AIB Bank, Killarney and on 31 May 2012, he paid a cheque of €200 to Andy Earley.

DRAWER	
DRAWEE	
PAYEE	

15. Explain **two** reasons why a business would advertise goods and services.

(i) ______________________________

____

(ii) ______________________________

____

16. The following data relates to the international trade of a country for 2011:

Visible Imports	**€825 million**	**Invisible Imports**	**€525 million**
Invisible Exports	**€600 million**	**Visible Exports**	**€800 million**

Using the above data, calculate the Balance of Trade.
Show your workings.

Answer:
€____________ million

Workings:

17. Enter the following transaction in the Sales Book of Lemon Ltd:

On 9 June 2012, Lemon Ltd sold goods €5,000 to Lily Ltd (Invoice No. 5).
The VAT rate on these goods was 23%.

Lemon Ltd – Sales Book

Date	Details	Invoice No.	F	Net €	VAT €	Total €

18. Select the correct document from the following list to complete the **three** unshaded areas in the table below:

Credit Note	**Receipt**	**Quotation**

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

19. **Column 1** is a list of Forms of Business. **Column 2** is a list of statements that can be matched to these Forms of Business.

(One statement does not refer to any of the Forms of Business.)

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

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

1.	2.	3.

20. Complete the Profit & Loss Appropriation Account by filling in the **two** unshaded areas, numbered **(i)** and **(ii)**, from the following information:

Profit & Loss Appropriation Accounts for years 2010-2011		
	2010	**2011**
Opening Reserves Balance	**20,000**	**(i)**
Add Annual Transfer to Reserves	**5,000**	**8,000**
Closing Reserves Balance	**25,000**	**(ii)**

For use with Section B – Question 1 (A)

HARTE HOUSEHOLD	ORIGINAL BUDGET				REVISED BUDGET			
	JULY	AUG	SEPT	TOTAL	JULY	AUG	SEPT	TOTAL
PLANNED INCOME	€	€	€	€	€	€	€	€
Mr Harte	3,000	3,000	3,000	9,000				
Ms Harte								
Child Benefit	374	374	374	1,122				
Other								
TOTAL INCOME	3,374	3,374	3,374	10,122				
PLANNED EXPENDITURE								
Fixed								
Mortgage	900	900	900	2,700				
Loan Repayments	450	450	450	1,350				
Insurance	85	85	85	255				
Subtotal	1,435	1,435	1,435	4,305				
Irregular								
Household Costs	900	900	900	2,700				
Car Costs	150	150	150	450				
Light & Heat Costs	215		180	395				
Telephone Costs	40	50	100	190				
Subtotal	1,305	1,100	1,330	3,735				
Discretionary								
Entertainment Costs	400	400	400	1,200				
Presents	310		240	550				
Holiday								
Subtotal	710	400	640	1,750				
TOTAL EXPENDITURE	3,450	2,935	3,405	9,790				
Net Cash	(76)	439	(31)	332				
Opening Cash	200	124	563	200				
Closing Cash	124	563	532	532				

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

		For Office Use Only	
(i)	Explain the term 'Fixed Expenditure'.		
	Explanation:		

(ii)	In the Original Budget, name a month in which planned income is greater than planned expenditure.		
	Answer:		

(iii)	In the Original Budget, how much did the Harte household expect to save in the three months?		
	Answer: €		

(iv)	Is the Revised Budget a good one?	YES		*(Please tick appropriate box.)*		
		NO				
	Give **two** reasons for your answer.					
	Reason 1:					
	Reason 2:					

For use with Section B – Question 5 (A) (i)

Allied Irish Bank

CURRENT ACCOUNT APPLICATION FORM

PERSONAL DETAILS					
Surname		Mr, Mrs, Ms.			
First Name		Male/Female			
Home Address					
Date of Birth		*Please tick appropriate box.* ➡	Married		
County of Birth			Single		

EMPLOYMENT/ INCOME DETAILS			
Former Occupation			
Former Employer's Name & Address			
Gross income per month			
Length of time in your previous employment			
Will your income be paid into your bank account?	YES		*(Please tick appropriate box.)*
	NO		

CONTACT DETAILS	
Home Telephone Number	
Mobile Phone Number	
e-mail address	

Please open a Current Account in my name.
I certify the accuracy of the information given above.

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 2012

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 12 JUNE 2012 – MORNING 9.30 - 12.00

SECTION B

(160 marks)

- **ALL** questions carry 40 marks.
- Answer any **FOUR** questions.
- Marks will be awarded for workings, layout and presentation, 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 9 of Section A* is an Original Budget and a Revised Budget form for the Harte household from July to September 2012. After preparing the Original Budget, Mr Harte was informed that his salary would be decreased. However, Ms Harte has secured a part-time job, which she is due to start in August. The Harte household decided to revise their Budget due to the changed circumstances.

You are required to complete the Revised Budget, taking the following into account:

- Mr Harte's new annual salary will be €31,200 net payable monthly from 1 July 2012.
- Ms Harte will receive €1,400 net monthly from 1 August 2012.
- The Hartes will receive €100 investment income in August.
- Mortgage repayments will increase by 4% from 1 September 2012.
- Annual Insurance will increase to €1,200, payable monthly from 1 August 2012.
- Household costs will reduce by 9% per month from 1 July 2012.
- Car costs will increase by €30 per month from 1 August 2012.
- Entertainment costs will increase by 5% from 1 July 2012.
- The Harte household plan to holiday in August at a cost of €1,200.
- All other income and expenditure will remain the same.

(28)

(B) (i) Explain the term 'Fixed Expenditure'. *(Answer on page 10 of Section A.)*

(ii) In the Original Budget, name a month in which planned income is greater than planned expenditure. *(Answer on page 10 of Section A.)*

(iii) In the Original Budget, how much did the Harte household expect to save in the three months? *(Answer on page 10 of Section A.)*

(iv) Is the Revised Budget a good one?
Give **two** reasons for your answer. *(Answer on page 10 of Section A.)*

(12)

(40 marks)

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

Answer all parts of this question:

On 1 January 2011, Linn Swimming Club had an Accumulated Fund of €22,085.

The following is a summary of the Club's financial transactions for the year ended 31 December 2011:

Receipts:	**€**
Competition Receipts	12,600
Subscriptions	6,600
Sponsorship	9,700
Payments:	**€**
Affiliation Expenses	600
Stationery	740
General Expenses	520
Competition Expenses	4,225
Insurance	10,220
Pool Rent	9,000

Additional information at 31 December 2011:

(i) Subscriptions prepaid €350

(ii) Stationery on hand €120

(iii) General Expenses due €65

(iv) Cash at Bank €520

(v) Depreciation:
Laptop 25% of €1,160
Equipment 15% of €24,000

(A) Prepare:

(i) An Income and Expenditure Account for the year ended 31 December 2011.

(ii) A Balance Sheet as at 31 December 2011.

(34)

(B) Explain **two** duties of a club treasurer.

(6)

(40 marks)

3. **This is a question on Economic Awareness, National Budget and Opportunity Cost**.

***Answer all parts of this question*:**

(A) Ireland has a mixed economic system which has had a decline in economic growth in recent years.

(i) Explain each of the underlined terms above.

(ii) Explain **two** economic consequences for Ireland's economy from this decline in economic growth.

(12)

(B) The following figures were presented on Budget Day as projections for the year 2012:

Main items of Revenue and Expenditure	**Estimated Figures in Millions €**
Education	1,467
PAYE	1,930
DIRT	135
Health Services	2,130
Agriculture	280
Debt Servicing	823
Corporation Tax	225
VAT	1,860
Social Welfare	1,620

(i) Draft the National Budget for 2012 from the above information.
State whether it is a 'surplus budget' or 'deficit budget'.

(ii) Which Government Department is responsible for preparing Ireland's National Budget?

(iii) Explain, with an example, the term 'opportunity cost' in relation to the preparation of the National Budget.

(iv) Distinguish between 'Capital Expenditure' and 'Current Expenditure' for the Government. Use **one** example of **each** type of expenditure to explain your answer.

(v) Explain the term 'debt servicing'.

(28)

(40 marks)

4. **This is a Consumer Question**.

***Answer all parts of this question**:*

Sinead Glynn, living at Coast Road, Kilkee, Co. Clare, decided to upgrade her windows.
On 24 April 2012, she installed treble glazed woodgrain PVC windows costing €7,800.
Glazeco Ltd, Kilrush Road, Ennis, Co. Clare, supplied the windows.

After one month she noticed condensation patches on three windows where the seals had broken down.

On 28 May 2012, she wrote to the Manager of Glazeco Ltd outlining the problem and seeking redress.

(A) Write the letter that Sinead sent to Glazeco Ltd on 28 May 2012. (18)

(B) (i) Name the consumer law which applies in this case.

(ii) Explain **two** relevant principles of consumer law that have been broken in this case.

(iii) Identify **two** ways Sinead could show evidence of purchase.

(iv) Explain why it is important for Sinead to file and record details of her purchases.

(16)

(C) Explain **two** characteristics of a good consumer.

(6)

(40 marks)

5. **This is a Personal Banking and Savings Question**.

***Answer all parts of this question**:*

Michael Larkin who was born on 5 September 1951 has recently retired from MitMedical Ltd Business Park, Cavan where he was employed for 29 years as a Financial Accountant. He and his wife have returned to live in his native county at Main Street, Cobh, Co. Cork. His new home telephone number is 021-2612851 and his mobile phone number is 085-9196050. His e-mail address is micklark@petal.ie. and his PPSN (Personal Public Service Number) is 4991871D.

As his former employer wants to pay his monthly pension of €3,000 directly into a bank account, he has decided to open a Current Account. On 11 June 2012, he calls into the local branch of Allied Irish Bank and completes an application form.

(A) (i) Complete the blank application form *on page 11 of Section A.*

(ii) Name **three** requirements that must be satisfied when opening a bank account.

(iii) Outline **two** differences between a current account and a deposit account.

(iv) State **three** methods of withdrawing money from a current account.

(30)

(B) Michael received a lump sum on retirement and is considering saving this money with a number of financial institutions.

(i) Explain **two** reasons why he would save his money.

(ii) Explain **two** factors he should consider before choosing a particular financial institution.

(10)

(40 marks)

6. **This is a People at Work and Information Technology Question**.

Answer all parts of this question:

The following advertisement appeared in a newspaper:

> **McNally Ltd**
> **Church Road**
> **Donegal Town**
>
> ## Telesales Staff required
>
> Basic Pay: €624 for 39-hour week
>
> Commission, Overtime and Flexitime available
>
> Good telephone manner necessary
>
> Excellent IT skills required
>
> Subsidised meals
>
> Apply in writing *or* by e-mail to mcnallyltd@swan.com
>
> McNally Ltd is an equal opportunities employer

(A) Explain the **four** underlined terms in the above advertisement.

(12)

(B) Hazel Maye applied for the above position.

What answers should she give to the following questions at her interview?

(i) Explain **three** responsibilities of an employee to an employer.

(ii) Describe **three** IT skills required for this position.

(18)

(C) Hazel was offered the job with McNally Ltd. They pay overtime on the basis that the first eight hours are paid at time-and-a-half with double-time after that.

Calculate Hazel's gross wage if she works 48 hours in a week. Show your workings.

(10)

(40 marks)

REMEMBER TO INCLUDE SECTION 'A' WITH YOUR ANSWER BOOK

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