

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 2013

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 11 JUNE 2013 – 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 including, where appropriate, 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.

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

PAYE	
USC	
PRSI	

2. Identify **one** example of Government Capital Income and **one** example of Government Capital Expenditure.

CAPITAL INCOME	
CAPITAL EXPENDITURE	

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

Summary Balance Sheet as on 31-12-2012		
	€	€
(i)		
Share Capital		100,000
Reserves		(ii)
		400,000
Long-Term Liabilities		130,000
(iii)		530,000

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

Opening Stock €30,000 Cost of Sales €450,000 Closing Stock €15,000

Stock Turnover is calculated as follows: $\frac{\text{Cost of Sales}}{\text{Average Stock}}$

Using the above figures, calculate the Stock Turnover.
Show your workings.

Answer
times

Workings

5. Explain **two** reasons why farmers prepare accounts.

(i) _____

(ii) _____

6. On 8 June 2013, B. Adams, a baker, sold goods for €50.00 cash. There was no VAT on these goods.

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

Dr			(i) _____ A/c	Cr		
Date	Details	€		Date	Details	€
2013 June 8	(ii)	50.00				

Dr			(iii) _____ A/c	Cr		
Date	Details	€		Date	Details	€
				2013 June 8	(iv)	50.00

7. Complete **and** balance the Creditors Control Account on 31 May 2013 from the following information:

	€
Creditors balance on 1 May 2013	4,400
Total credit purchases for May	9,300
Total cash paid to creditors in May	11,900

Creditors Control Account					
Dr					Cr
Date	Details	€	Date	Details	€

OR (Alternative Format)

Creditors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€

8. Give **three** uses of Information Technology in the home.

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

9. Tick (✓) the appropriate column(s) to indicate where in the Final Accounts of a Dentist (service business) the following items should be entered on 31/12/2012:

	Operating Statement	Balance Sheet
Equipment		
Income from Patients		
Stock of Dental Materials 31/12/2012		

10. State **two** principles in Irish consumer law relating to advertising.

(i) _____

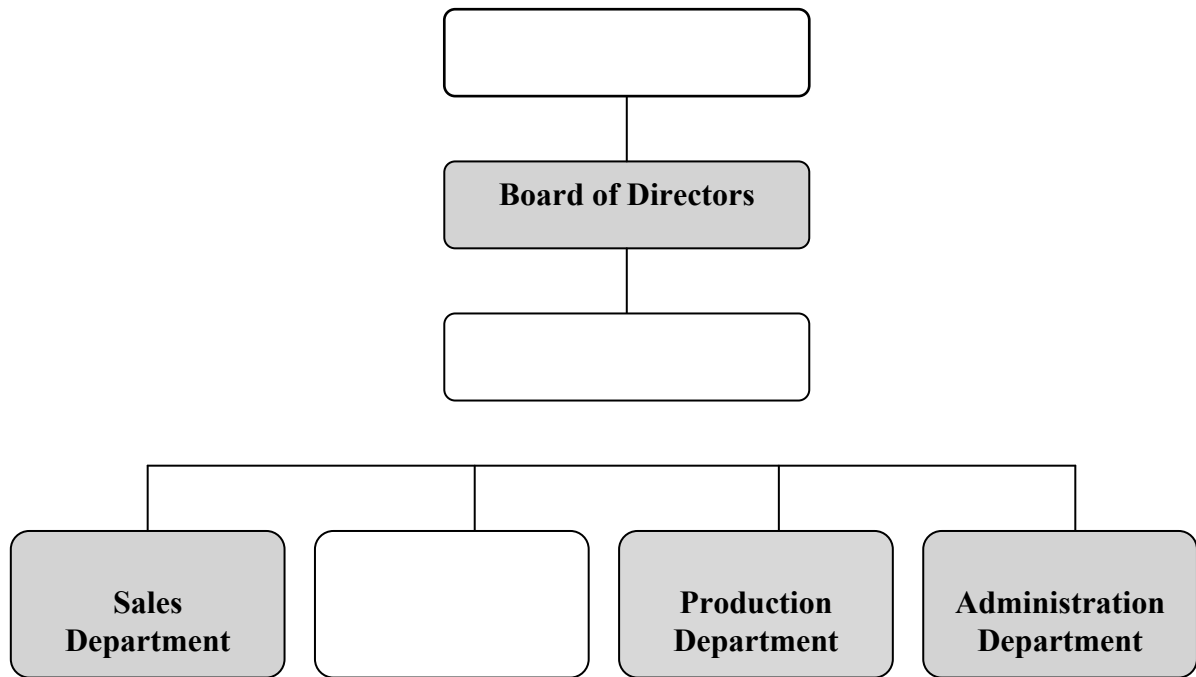
(ii) _____

11. Enter the following balances in the partially completed General Journal of Cummins Ltd:

1 January 2013	Buildings	€520,500
	Creditors	€12,800
	Ordinary Share Capital	€513,600

Cummins Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
	Bank	CB ₁	5,900	
	Buildings	GL ₁		
	Creditors	CL ₁		
	Ordinary Share Capital	GL ₂		
	<i>Assets, Liabilities and Share Capital of Cummins Ltd on this date.</i>			

12. Complete the Organisational Chart of a limited company that has four departments, by filling in the **three** unshaded areas:



13. Complete the following extract from an invoice:

	€
Total (excluding VAT)	900.00
Trade Discount 15%	
Subtotal	
VAT 23%	
Total (including VAT)	

14. Using your knowledge of currencies complete the table below:

	Country	Currency
(i)	United Kingdom	
(ii)	Japan	
(iii)	U.S.A.	

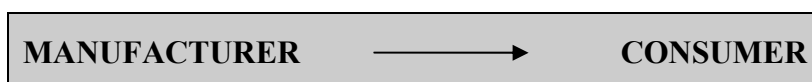
15. (i) The cost of living in a country in 2011 was €8,500. In 2012, it was €8,755.

Calculate the rate of inflation. (Show your workings.)

Answer	Workings
%	

- (ii) In Ireland, what is the official measure of inflation called?

16. Study the following channel of distribution:



- (i) State a product or service suited to this channel of distribution.

- (ii) State **one** advantage from this channel of distribution for the manufacturer **or** the consumer.

17. **Column 1** is a list of Marketing Terms. **Column 2** is a list of Statements that can be matched to these Marketing Terms.

(One statement does not refer to any of the Marketing Terms.)

Marketing Terms	Statements
1. Target Market	A. Gathering information from existing sources
2. Marketing Mix	B. People expected to become customers
3. Desk Research	C. Gathering information from interviews
	D. Product, Price, Place and Promotion

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

1.	2.	3.

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

On 9 May 2013, Diamond Ltd returned goods €12,500 to Park Ltd (Credit Note No. 10).
The VAT rate on these goods was 23%.

Diamond Ltd – Purchases Returns Book						
Date	Details	CN No.	F	Net €	VAT €	Total €

19. Complete the Profit & Loss Appropriation Account by filling in the **three** unshaded areas, numbered (i) to (iii), from the following information:

Authorised Share Capital	€900,000
Issued Share Capital	€800,000
Dividends paid	2%

Profit & Loss Appropriation Account for year ending 31-12-2012		
Net Profit		€ 90,000
Less Dividends		(i)
(ii)		(iii)

20. Identify **three** different **types** of communication demonstrated below. Write your answers in the spaces provided.

	How does Lady Gaga like her steak?  - Well done - Rare - Medium Rare - RAW RAW RAW RAW	<i>ABC Ltd</i> Memo From: Martin Corbett Date: 11 June 2013 Please remember Staff Meeting at 11.00 a.m. tomorrow
(i)	(ii)	(iii)

For use with Section B - Question 1(A)

Budget Comparison Statement for the Feeney household for the year 2012

INCOME	Budget Jan – Dec €	Actual €	Difference €
Salaries	42,500		
Child benefit	3,360		
Interest	200		
Other			
TOTAL INCOME	46,060		
EXPENDITURE			
<i>Fixed</i>			
Mortgage	12,600		
Car insurance	430		
House insurance	640		
Subtotal	13,670		
<i>Irregular</i>			
Household costs	7,200		
Car costs	1,800		
Clothing and footwear costs	2,050		
Light and heat costs	3,400		
Medical insurance	2,300		
Subtotal	16,750		
<i>Discretionary</i>			
Entertainment costs	2,400		
Presents	600		
Holidays	4,300		
Subtotal	7,300		
TOTAL EXPENDITURE	37,720		
Net Cash	8,340		
Opening Cash	1,200		
Closing Cash	9,540		

Note: Do not complete the shaded boxes

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

(i)	What was the budgeted closing cash at the end of 2012?	Answer:	€
(ii)	How much had the Feeney household budgeted to save during 2012?	Answer:	€
(iii)	State by how much the Feeney household exceeded their Budgeted Total Expenditure.	Answer:	€
(iv)	What was the actual closing cash at the end of 2012?	Answer:	€

- (v) Explain **one** reason why the car insurance was less than budgeted.

1. (C)

- (i) Outline **two** pieces of financial advice you would give the Feeney household in light of the 'Actual' 2012 Budget.

1.

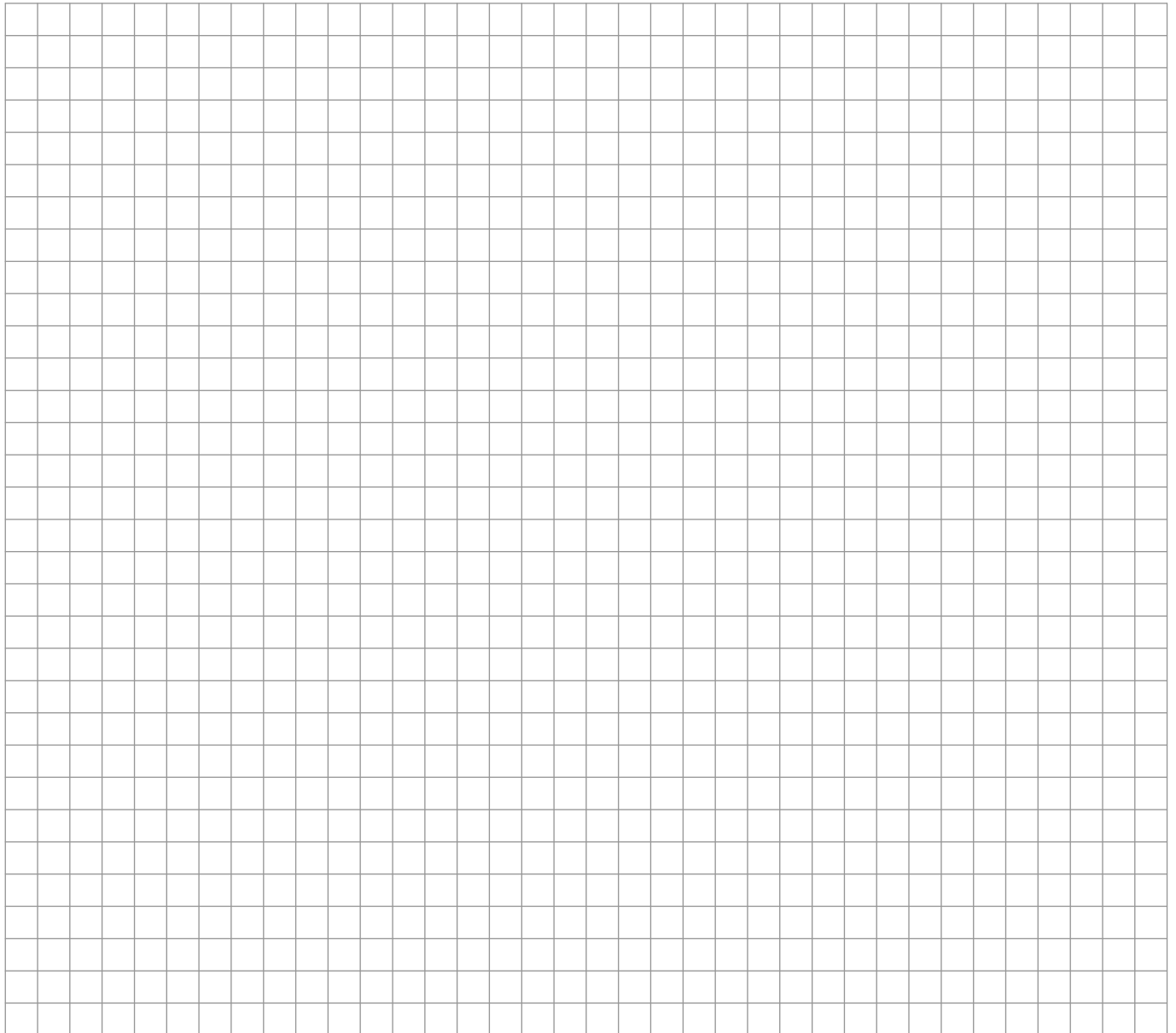
2.

- (ii)

Name the tax that must be paid on the interest the Feeney household receives.	Tax:	
---	-------------	--

For use with Section B - Question 3 (B) (i)

(B) (i) Draw a bar chart to show the information.



For use with Section B - Question 4 (A) (i)

Ward Insurances Ltd - Claim Form				
Name				
Address				
Policy No.				
Occupation				
Details of Loss/Damage				
Date				
Location				
Description of items lost/damaged	Value (€)	Date of Purchase		
Was loss/damage reported to the Garda Síochána? <i>(Tick (✓) YES or NO)</i>		YES		NO
If 'Yes', please complete this section: ⇒	Date of reporting			
	Garda Station			
	Garda who took details			
Signed				
Date				

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

Workings

Gross Pay	PAYE
Tax Credit	Other

(ii)

Wage Slip		
Name:		
Week No:		
Basic Pay	€	
Overtime	€	
Gross Pay	—————→	€
Tax Credit	€	
Deductions		
PAYE	€	
PRSI/USC	€	
Health Insurance	€	
Savings	€	
Total Deductions	—————→	€
Net Pay	—————→	€

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 2013

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 11 JUNE 2013 – 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 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 Feeney household checked their Analysed Cash Book at the end of December 2012, 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 10 of Section A*) due to the following:

- The salaries of the Feeney household decreased by 7%.
- There are two children in the household. The monthly child benefit decreased by €14 per child from 1 April 2012.
- The actual interest received for the year was 3% less than budgeted, due to an increase in the tax paid on interest.
- The Feeney household won €1,000 in a local club fundraiser.
- Mortgage payments increased by €75 per month from 1 February 2012.
- Car insurance was €30 less than budgeted.
- The Feeney household had a kitchen fire, so their house insurance was 15% greater than budgeted.
- Household costs were 7½% greater than budgeted.
- Car costs were 12% greater than budgeted.
- Clothing and footwear costs were as budgeted.
- Light and heat costs were €12 per month greater than budgeted.
- Medical insurance was 5% less than budgeted, due to changing their health insurance company.
- Entertainment costs were €50 less per month except for the two months of March and December.
- Presents cost an additional €400 due to family confirmations and communions.
- The family holiday cost 6% less than budgeted.

- (A) Using the Budget Comparison Statement *on page 10 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
	500	800	+ 300
	900	120	- 780
Total	1,400	920	- 480

(22)

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

- (B) (i) What was the budgeted closing cash at the end of 2012?
(ii) How much had the Feeney household budgeted to save during 2012?
(iii) State by how much the Feeney household exceeded their Budgeted Total Expenditure.
(iv) What was the actual closing cash at the end of 2012?
(v) Explain **one** reason why the car insurance was less than budgeted.

(10)

- (C) (i) Outline **two** pieces of financial advice you would give the Feeney household in light of the 'Actual' 2012 Budget.
(ii) Name the tax that must be paid on the interest the Feeney household receives.

(8)

(40 marks)

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

Answer all parts of this question:

The Rock Boxing Club had an opening stock of €1,300 in the shop on 1 January 2012.
The following is a summary of the Club's financial transactions for the year ending 31 December 2012:

Receipts:	€
Shop Sales	4,750
Tug of War Fundraiser Income	3,670
Annual Sponsorship	5,200
Club Lotto Sales	5,900
Subscriptions	7,960
Payments:	€
Repairs to Fixtures	920
Purchase of Equipment	6,300
Insurance	6,720
Shop Purchases	2,900
Club Lotto Expenses	4,830
Light and Heat	3,625
Tug of War Expenditure	1,590
Sundry Expenses	5,320

Additional information on 31 December 2012:

- (i) Shop Stock €900
- (ii) Insurance prepaid €840
- (iii) Subscriptions prepaid €140
- (iv) Light and Heat due €325
- (v) Equipment to be depreciated by 20%.

(A) Prepare:

- (i) A Shop Trading Account for the year ending 31 December 2012.
- (ii) An Income and Expenditure Account for the year ending 31 December 2012.

(34)

(B) At the AGM the Club Officer who presents members with a report on the accounts suggested the need to build new changing rooms costing €50,000.

- (i) What is the title of the Club Officer who presents members with a report on the accounts?
- (ii) State and explain **one** suitable source of finance that The Rock Boxing Club might use to finance the new changing rooms.

(6)

(40 marks)

3. This is a question on Factors of Production, National Expenditure and Economic Awareness.

Answer all parts of this question:

- (A) State and explain **three** factors of production **and** the reward/payment associated with each. (12)
- (B) The following figures were presented as Projected Expenditure by the Government for the year 2013:

Main items of Expenditure	Estimated Figures in Millions €
Health Services	2,500
Education and Skills	1,750
Social Protection	2,000
Debt Servicing	1,500
Other	750

- (i) Draw a bar chart to show the above information *on page 12 of Section A*.
- (ii) The Minister for Education and Skills indicated that given the limited resources in his department he will have choices to make and there will be an opportunity cost attached to his decisions.
Explain **each** of the underlined terms above.
- (iii) At present, the Troika from the European Central Bank (ECB), European Commission (EC) and the International Monetary Fund (IMF) regularly visit Ireland to monitor our financial position, our bank bailout and our budget deficit.
Explain the term ‘budget deficit’.
- (iv) Suggest **two** ways Ireland could reduce this deficit.

(28)
(40 marks)

4. **This is an Insurance Question.**

Answer all parts of this question:

- (A) On 1 May 2013, Jack Earls, a student who lives at The Quay, Dingle Co. Kerry, had his new iPad with Wi-Fi + Cellular stolen while visiting his brother Dylan in Tralee, Co. Kerry. Jack reported it stolen that day to Garda Sinead Foley at the local Garda Station. He told her that he had bought the iPad on 25 April 2013. The iPad was insured for €569 with Ward Insurance Ltd (Policy No. 525921RD).

On 8 May 2013, Jack completed a claim form for his insurance company.

- (i) Complete the Claim Form for Ward Insurance Ltd, using the blank document on *page 13 of Section A*.
- (ii) How much compensation is Jack entitled to receive?
- (iii) State and explain the principle of insurance relevant to the compensation he will receive.
- (iv) State and explain a principle of insurance that would apply when Jack was purchasing insurance for his iPad.

(23)

- (B) Dylan recently bought his first car. He is aged 22 and holds a provisional licence. He rang an insurance company to obtain a quote for third party cover and comprehensive cover. The person calculating the quote stated there would be a loading added on to the basic premium.

- (i) State **two** reasons why there would be a loading on Dylan's car insurance.
- (ii) Explain the difference between third party and comprehensive insurance cover.
- (iii) What is the title of the insurance company official who calculates the premium?

(17)

(40 marks)

5. **This is a Borrowing Question.**

Answer all parts of this question:

Niall Daly, who lives at The Strand, Buncrana, Co. Donegal, is considering buying a scooter. He has researched finance and read about hire purchase and a loan. He contacted his friend Enda Power, Main Street, Mohill, Co. Leitrim seeking his advice on these forms of finance.

- (A) Draft a letter, using today's date, written by Enda to Niall explaining hire purchase and a loan as forms of finance and the rights associated with each option (one in each case). (22)

- (B) Niall decides to buy the scooter for €4,500. He has the following options:

Option 1: Hire Purchase: €350 deposit and 30 instalments of €210 each.

Option 2: Loan: €4,500 at 10.5% APR over 3 years, with the loan amount to reduce by €1,500 each year.

- (i) Calculate the total cost of **each** option. Show your workings.
- (ii) Which option would you recommend? Give **two** reasons for your answer.

(18)
(40 marks)

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

Answer all parts of this question:

- (A) Patricia Keane is employed as a chef at Lani Café Ltd. Her normal working week is 39 hours but occasionally she works overtime. Her basic wage rate is €702 for a 39-hour week. Overtime is paid at time and a half for the first five hours and double time for hours in excess of that. In Week No. 26 she worked 45 hours.

Patricia pays PAYE at the rate of 41% and PRSI/USC at 10.5%. Her annual tax credit is €6,240. She pays €24 for Health Insurance and invests €50 in a savings fund. Her employer deducts both of these at source.

- (i) Explain the term 'tax credit'.
- (ii) Complete Patricia's Wage Slip for Week No 26 using the blank document *on page 14 of Section A*. Show your workings (*on the same page*).
- (iii) Using Patricia's Wage Slip identify:
 - Additional Income
 - Non - Statutory Deductions.

(28)

- (B) Patricia volunteers every weekend with Focus Ireland, a homeless charity.

- (i) Is this work or employment? Give a reason for your answer.
- (ii) Describe **two** skills that Patricia brings to Focus Ireland.

(12)

(40 marks)

REMEMBER TO INCLUDE SECTION 'A' WITH YOUR ANSWER BOOK

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