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 2014

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 10 JUNE 2014 – 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.

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

A/C	
Cr	
GL	

2. Identify **one** example of a Statutory Deduction and **one** example of a Voluntary Deduction from an employee's wages.

STATUTORY DEDUCTION	
VOLUNTARY DEDUCTION	

3. Complete the following Trading Account by filling in the **three** unshaded areas, numbered **(i)** to **(iii)**:

Trading Account for year ending 31/12/2013			
	€	€	€
Sales			480,000
Stock (01/01/13)		**(ii)**	
(i)	346,000		
Carriage Inwards	4,000	350,000	
		390,000	
Stock (31/12/13)		60,000	330,000
(iii)			150,000

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

Gross Profit €120,000 **Cost of Sales €480,000**

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

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

Answer:
%

Workings:

5. Explain the term 'Mixed Economic System'.

____

____

____

____

6. On 8 June 2014, D. Kelly, a restaurant owner, sold equipment for €3,300 cash.

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

(i) ____________________ **A/c**

Dr Cr

Date	Details	€	Date	Details	€
2014 June 8	**(ii)**	3,300			

(iii) ____________________ **A/c**

Dr Cr

Date	Details	€	Date	Details	€
			2014 June 8	**(iv)**	3,300

7. Complete **and** balance the Debtors Control Account on 31 May 2014 from the following information:

	€
Debtors balance on 1 May 2014	2,100
Total credit sales for May	8,500
Total cash received from debtors in May	9,120

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

OR (Alternative Format)

Debtors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€

8. Explain the term 'Market Research'.

9. Tick (✓) the appropriate columns to indicate where in the final accounts the following items should be entered on 31/12/2013:

	Trading A/C	**Profit & Loss A/C**	**Balance Sheet**
Creditors			
Import Duties			
Motor Vehicles Depreciation			

10. Outline **two** ways a business could check the credit worthiness of a new customer.

(i) ____

____

(ii) ____

____

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

1 January 2014	Buildings	€370,600
	Debtors	€8,800
	Ordinary Share Capital	€377,300

Nelson Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
	Bank Overdraft	CB_1		2,100
	Buildings	GL_1		
	Debtors	DL_1		
	Ordinary Share Capital	GL_2		
	Assets, Liabilities and Share Capital of Nelson Ltd on this date.			

12. (i) Calculate the unit price for **each** of the following boxes of cereal:

SIZE	PRICE	WEIGHT	UNIT PRICE
SMALL	€1.74	280 g	
MEDIUM	€4.47	750 g	
LARGE	€5.80	1 kg	

Workings:

(ii) Which size represents the best value for money?

13. Explain **two** reasons why a Government prepares a National Budget.

(i) ____

____

(ii) ____

____

14. A company van travels 684 kilometres to deliver goods.

Their diesel van can do 38 kilometres per litre. The cost of diesel is €1.46 per litre.

Calculate the cost of diesel to deliver these goods.

Show your workings.

Answer:

€

Workings:

15. (i) What do the initials **GNP** stand for?

____

(ii) GNP in 2012 was €1,100 million. In 2013, it was €1,122 million.

Calculate the rate of economic growth from 2012 to 2013:
(Show your workings.)

Answer:

Workings:

16. Tick (✓) the correct columns to indicate whether the following sources of finance are short term, medium term or long term.

Source of Finance	**Short Term**	**Medium Term**	**Long Term**
Leasing			
Bank overdraft			
Mortgage			

17. 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 2012-2013		
	2012	**2013**
Opening Reserves Balance	**(15,000)**	**(i)**
Add Annual Transfer to Reserves	**5,000**	**6,000**
Closing Reserves Balance	**(10,000)**	**(ii)**

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

Column 1 – Insurance Terms	**Column 2 – Statements**
1. Actuary	**A.** Cannot make a profit from insurance
2. Indemnity	**B.** Calculates the amount of compensation
3. Principle of Contribution	**C.** Calculates the amount of premium
	D. Applies in the case where there are two or more insurers

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

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

19. Enter the following transaction in the Sales Returns Book of Macy Ltd:

On 9 May 2014, Dolly Ltd returned goods €5,200 to Macy Ltd (Credit Note No. 5).
The VAT rate on these goods is 23%.

Macy Ltd – Sales Returns Book						
Date	Details	CN No.	F	Net €	VAT €	Total €

20. Explain the term ‘Entrepreneur’.

For use with Section B - Question 1(A)

Planned Budget for the Power Household for 2015

	Jan	Feb	Mar	Total Jan-Mar	Estimate Apr-Dec	Total for Year Jan-Dec
PLANNED INCOME	€	€	€	€	€	€
Margaret Power Salary	1700	1700	1700	5100		
Patrick Power Wages	1200	1200	1200	3600		
Child Benefit	280	280	280	840		
TOTAL INCOME	3180	3180	3180	9540		
PLANNED EXPENDITURE						
Fixed						
Annual house insurance		720		720		
Car insurance	60	60	60	180		
Mortgage	900	900	900	2700		
Subtotal	960	1680	960	3600		
Irregular						
Telephone	60	210	60	330		
Light and heat costs	135		135	270		
Car running costs	140	140	140	420		
Household costs	620	620	620	1860		
Subtotal	955	970	955	2880		
Discretionary						
Entertainment costs	90	120	110	320		
Holidays			1000	1000		
House decoration			2200	2200		
Subtotal	90	120	3310	3520		
TOTAL EXPENDITURE	2005	2770	5225	10000		
Net Cash	1175	410	(2045)	(460)		
Opening Cash	50	1225	1635	50		
Closing Cash	1225	1635	(410)	(410)		

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

INCOME	FIXED EXPENDITURE
Margaret Power Salary:	**Annual house insurance**:
Patrick Power Wages:	**Car insurance**:
Child Benefit:	**Mortgage**:
IRREGULAR EXPENDITURE	**DISCRETIONARY EXPENDITURE**
Telephone:	**Entertainment costs**:
Light and heat costs:	**Holidays**:
Car running costs:	**House decoration**:
Household costs:	

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

(B)

		For Office Use Only	
(i)	Explain the difference between 'salary 'and 'wages' in the Power Household Budget.		
	Answer:		

		For Office Use Only	
(ii)	At the end of March 2015, what will be the expected closing cash balance for the Power household?		
	Balance: €		

		For Office Use Only	
(iii)	Outline **one** method of dealing with this temporary situation at the end of March 2015, if an overdraft facility is not available to the Power household.		
	Method:		

For use in answering Section B - Question 4(A)(iv)

Receipt

BAY VIEW HOTEL	**Achill, Co. Mayo** **Telephone**: **(098) 591961**	**RECEIPT No.**	
Date:			
Received From:			
The Sum Of:		€	
With Thanks	Signed: ________________________	**Finance Department**	

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JUNIOR CERTIFICATE EXAMINATION 2014

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 10 JUNE 2014 – 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:

(A) On *page 9 of Section A* is a partially completed Budget Form for the Power household for 2015. 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 10 of Section A, if required.)*

The following should be taken into account:

- Margaret expects a 5 % increase in salary from 1 September.
- Patrick will job share from 1 October and this will result in a 45% reduction in his wages from that date.
- There are two children in the Power household. The child benefit will be reduced to €130 per child per month from 1 April.
- Car insurance is payable monthly and will increase to €85 per month from 1 November as it is planned to have the eldest son covered under the family car insurance on his 17th birthday.
- The house mortgage will be paid off in full following the October payment.
- Mobile phone costs are estimated to be €50 per month from 1 April. House phone costs will be €150 on 1 April and every second month after that.
- Light & Heat costs for the twelve months (Jan – Dec 2015) are expected to be €910.
- Car running costs are expected to remain at €140 per month with an additional cost of €180 for a service in October.
- Household costs are expected to remain at the same level, except for the month of August, when they will decrease by 60%.
- Entertainment will average at €115 per month for the remaining nine months of the year.
- The Power household holiday, in August, is expected to cost €2,600. The balance must be paid in July.
- There is no further house decoration planned in 2015.

(30)

(B) Answer the following on *page 11 of Section A*:

(i) Explain the difference between 'salary 'and 'wages 'in the Power Household Budget.

(ii) At the end of March 2015, what will be the expected closing cash balance for the Power household?

(iii) Outline **one** method of dealing with this temporary situation at the end of March 2015, if an overdraft facility is not available to the Power household.

(10)

(40 marks)

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

Answer all parts of this question:

KJ Rugby Club, Bruff, Co. Limerick, had the following Assets and Liabilities on 01/01/2013:

Clubhouse €440,000 Cash €6,100 Long Term Loan €66,000 Minibus €45,000

Below is a summary of the Club's financial transactions for the year ending 31/12/2013:

Receipts:	**€**
Annual Sponsorship	2,300
Tag Entry Fees	8,470
Club Lotto	4,450
Subscriptions	16,300
Payments:	**€**
Purchase of Equipment	24,000
Tag Expenses	4,260
Light and Heat	1,890
Insurance	3,780
General Expenses	3,140

Additional information on 31/12/2013:

(i) Subscriptions prepaid €400

(ii) Light and Heat due €190

(iii) Insurance prepaid €530

(iv) Equipment to be depreciated by 15%

(v) Minibus to be depreciated by 20%

(A) Prepare a statement calculating the Club's Accumulated Fund on 01/01/2013.

(6)

(B) Prepare:

(i) A Receipts and Payments Account for the year ending 31/12/2013.

(ii) An Income and Expenditure Account for the year ending 31/12/2013.

(29)

(C) Name **two** of KJ Rugby Club's assets and **one** of the Club's liabilities on 31/12/2013.

(5)

(40 marks)

3. **This is a question on Inflation and Trade.**

Answer all parts of this question:

(A) Inflation in Ireland is expected to be 3% in 2014.

(i) Explain the term ‘inflation’.

(ii) Identify the official measure of inflation in Ireland.

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

(iv) State **two** benefits for Ireland’s economy of a low inflation rate in 2014.

(17)

(B) International trade is essential for the recovery of the Irish Economy.

(i) Distinguish between visible exports and invisible exports.
Use **one** example of **each** type of export to explain your answer.

(ii) The following data relates to the international trade of a country for 2013:

	€
Visible Imports	1,150 million
Invisible Exports	1,380 million
Visible Exports	1,250 million
Invisible Imports	1,300 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.

(16)

(C) A soccer supporter is travelling to Brazil for the 2014 World Cup Finals. She goes to her bank to check the current exchange rates on 1 May 2014 and 9 June 2014.
She sees the following rates quoted:

Date	**CURRENCY**	**BANK SELLS**	**BANK BUYS**
1 May 2014	Brazilian Real	2.95	3.05

Date	**CURRENCY**	**BANK SELLS**	**BANK BUYS**
9 June 2014	Brazilian Real	3.10	3.25

She wishes to exchange €3,500. As a result of a change in exchange rates, calculate the difference between how many Brazilian Reals she would have received on 1 May 2014 and 9 June 2014. Show your workings.

(7)

(40 marks)

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

Answer all parts of this question:

The following advertisement appeared in a newspaper:

Bay View Hotel
Achill
Co. Mayo

Autumn Special Offer

4 Bed & Breakfast and 4 Dinners: €315

5th Bed & Breakfast and Dinner FREE

Direct Access to Blue Flag Beach

1 Day Free Bicycle Hire to cycle the Greenway

Call (098) 591961

or e-mail bayviewhotel@swim.com

On 1 June 2014, Rose Collins, Main Street, Gorey, Co.Wexford, rang and spoke to the Manager, Valerie Hynes, who confirmed availability for 5 - 9 October 2014. Rose booked a double room with a bay view and guaranteed her booking with a non-refundable deposit of €63 using her Visa Debit (Laser) Card.

Rose wrote to the manager that evening confirming her booking and requesting a receipt for her deposit.

(A) (i) Write the letter that Rose Collins sent to the Manager of Bay View Hotel.

(ii) Explain how a Visa Debit (Laser) Card operates in the above situation.

(iii) Explain the term 'non-refundable deposit'.

(iv) Complete the Receipt No. 53 issued by Andy Heaney, Finance Department, to Rose, on 4 June 2014 *on page 11 of Section A.* (34)

On arrival at the hotel, Rose and her husband discovered that the hotel had no direct access to the beach and it was a twenty-minute walk. They were very disappointed.

(B) (i) Name the consumer law that applies in this situation.

(ii) State the relevant principle of consumer law that has been broken.

(6)
(40 marks)

5. **This is a Banking Question**.

Answer all parts of this question:

David McCarthy has an account with AIB, Ennis, Co. Clare.

He received the following Bank Statement on 4 June 2014:

AIB **Queen Street** **Ennis**	**Statement of Account**	Tel: 065 - 265397 Fax: 065 - 265399 Branch Code: 93-71-13 Branch ID Code: AIBENIE4D

Mr David McCarthy Tulla Road Ennis	**Account Name**:	David McCarthy No. 1 Account
	Account Number:	548121960
	IBAN:	IE39 AIBEN 9371548121960
	Statement Date:	31 May 2014
	Statement Number:	535

Date	Transaction Details	Dr	Cr	Balance
		€	€	€
01 May 2014	Balance Forward			260.00
04 May 2014	SO - Mortgage	590.00		330.00 DR
07 May 2014	DD - Airtricity	178.00		508.00 DR
12 May 2014	Paypath		1200.00	692.00
15 May 2014	INET-AIB Visa	340.00		352.00
17 May 2014	Cheque No. 530509	122.00		230.00
21 May 2014	Credit Transfer		175.00	405.00
29 May 2014	Bank Charges	14.50		390.50
31 May 2014	Interest	3.50		387.00

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

(ii) Explain the difference between the transactions that occurred on the 4 May 2014 and 7 May 2014.

(iii) Explain why 'DR' appears in the Balance column on the 4 May 2014 and 7 May 2014.

(iv) Explain 'Paypath' and state **two** advantages of 'Paypath' to David.

(v) Explain the transaction on 15 May 2014.

(vi) What do the initials 'ATM' stand for? Explain **two** services that are available to David through the ATM.

(vii) State **one** reason why interest of €3.50 appears on the Bank Statement on the 31 May 2014.

(29)

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

- a cheque (No. 530510) of €178 written by David on 25 May 2014.
- a credit transfer of €190 into David's Account on 31 May 2014.

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

(ii) David is planning to save some money to return to college in 2016.

Outline **two** factors David should consider before deciding where to invest his money.

(11)

(40 marks)

6. **This is an IT and Borrowing Question**.

Answer all parts of this question:

Sogra Ltd advertised the following laptop in their online catalogue:

Stylish PH Laptop
15.6' Screen
8 GB RAM
1 TB Hard Drive
WiFi enabled
DVD
Free Wireless Printer

Price €450 including VAT and Delivery
or
36 monthly instalments of €15 each.

(A) (i) Explain **three** of the underlined terms.
(ii) Identify **three** types of software which might be included with this laptop.
(15)

(B) Grainne O'Dowd is starting her senior cycle (Leaving Certificate) in September 2014 and her parents have decided to purchase the PH Laptop advertised.

(i) Outline **two** advantages of this laptop to:

- Grainne O'Dowd in her senior cycle (Leaving Certificate).
- The O'Dowd Family.

(ii) They have the following payment options:

Option 1: Monthly Payment Offer over three years advertised above.

Option 2: Local Credit Union Special Education Loan: €450 at 6.5% APR over 3 years, with the loan amount to reduce by €150 each year.

(a) Calculate the total cost of **each** option. Show your workings.

(b) Which option would you recommend? Give **one** reason for your answer.

(25)
(40 marks)

REMEMBER TO INCLUDE SECTION 'A' WITH YOUR ANSWER BOOK

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