

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 2015

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 9 JUNE 2015 – 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 Information Technology. What do they stand for?

VDU	
WWW	
CPU	

2. Identify **one** example of Oral Communication and **one** example of a Written Communication in a business.

ORAL COMMUNICATION	
WRITTEN COMMUNICATION	

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

Balance Sheet (extract) as on 31-12-2014		
	€	€
(i)		540,000
Current Assets	(ii)	
Less Current Liabilities	59,000	
(iii)		70,000
Total Net Assets		610,000

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

Gross Profit €160,000

Sales €640,000

Total Expenses €64,000

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:

5. Explain the term 'Actuary'.

6. On 5 June 2015, S. Lally, a shopkeeper, purchased goods for €1,700 by cheque.

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

(i) _____ A/c			Cr		
Dr					
Date	Details	€	Date	Details	€
2015 June 5	(ii)	1,700			

(iii) _____ A/c			Cr		
Dr					
Date	Details	€	Date	Details	€
			2015 June 5	(iv)	1,700

7. Complete **and** balance the Debtors Control Account on 31 May 2015 from the following information:

	€
Debtors balance on 1 May 2015	5,900
Total credit sales for May	6,100
Total cash received from debtors in May	5,400

Debtors Control Account					
Dr					Cr
Date	Details	€	Date	Details	€

OR (Alternative Format)

Debtors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€

8. Explain, with an example, the term 'Import Substitution'.

9. Tick (✓) the appropriate column(s) to indicate where in the final accounts of a farming business the following items should be entered on 31/12/2014:

	Operating Statement	Balance Sheet
Sale of hay		
Stock of fertiliser (31/12/2014)		
Stables		

10. Explain the term 'Hire Purchase'.

11. Enter the following balances in the partially completed General Journal of O' Driscoll Ltd:

1 January 2015	Bank Overdraft	€22,500
	Creditors	€26,600
	Ordinary Share Capital	€762,900

O'Driscoll Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
	Buildings	GL ₁	812,000	
	Bank Overdraft	CB ₁		
	Creditors	CL ₁		
	Ordinary Share Capital	GL ₂		
	<i>Assets, Liabilities and Share Capital of O'Driscoll Ltd on this date.</i>			

12. A debtor owed a business €19,000. The debtor was declared bankrupt and paid 45 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:

13. Explain **two** reasons for sales returns.

(i) _____

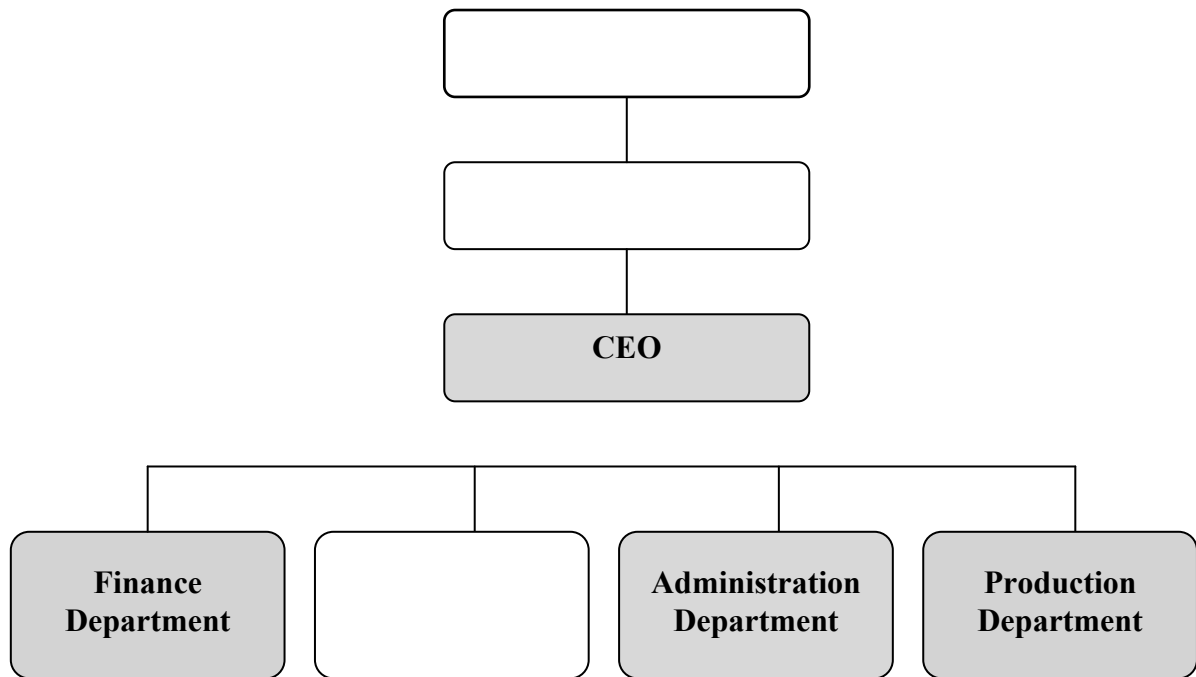
(ii) _____

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

Cheque	Invoice	Credit Note
---------------	----------------	--------------------

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

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



16. Complete the following extract from an invoice:

	€
Total (excluding VAT)	1500.00
Trade Discount 35%	
Subtotal	
VAT 23%	
Total (including VAT)	

17. Using your knowledge of the factors of production and their rewards/payments, fill in the missing information in the unshaded spaces below:

FACTORS OF PRODUCTION		REWARD/PAYMENT
(i)	Land	Rent
(ii)	Capital	
(iii)	Enterprise	
(iv)	Labour	

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

Column 1 – Forms of Business	Column 2 – Statements
1. Sole Trader	A. Has the letters PLC after its name
2. Private Limited Company	B. Owner has unlimited liability
3. Co-operative	C. Has the letters Ltd after its name
	D. One vote per member

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 Purchases Returns Book of White Ltd:

On 24 May 2015, White Ltd returned goods €5,000 to Black Ltd (Credit Note No. 50).
The VAT rate on these goods is 23%.

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

20. Identify **each** of the Sales Promotion Methods illustrated below. Write your answers in the spaces provided below each image. (One answer has already been completed.)

		
1.	2.	3. Loyalty Card

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

	July	Aug	Sept	Oct	Total for period July - Oct	For Office Use Only	
	€	€	€	€	€		
TOTAL INCOME	2,420	2,285	2,385	2,285			
TOTAL EXPENDITURE	1,795	2,045	1,935	2,025			
Savings	450	450	450	450			
(Total Expenditure and Savings) TOTAL OUTGOINGS	2,245						
Net Cash							
Opening Cash							
Closing Cash							

(B)

(i) What is a budget?	For Office Use Only	
Answer:		

(ii) Outline two reasons for preparing a budget.	For Office Use Only	
Reason 1:		
Reason 2:		

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

(iii) Name any month the Dwyer household plan to have a deficit and the amount of the deficit.	For Office Use Only
Month: Amount: €	

(iv) Suggest one way of overcoming this deficit.	For Office Use Only
Answer:	

(v) Did the Dwyer household plan to live within its income for the period July to October 2015?	YES		<i>(Please tick correct box.)</i>	For Office Use Only
	NO			
Give one reason for your answer.				
Reason:				

(vi) Tick (✓) the correct box, to indicate whether each of the car expenses would be classified as Fixed, Irregular or Discretionary.

Car Expense	Fixed	Irregular	Discretionary	For Office Use Only	
NCT Fee					
Diesel					
New Alloy Wheels					
Car Service					

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

Date		93-55-12	
To		AIB KINSALE, CO. CORK Date _____	
Balance b/f	€ 954.00		
Lodgement		Pay _____	or order euro euro euro
Total			
This Cheque		SINEAD DWYER	
Balance c/f			
1708		1708	935512 545914

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

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



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JUNIOR CERTIFICATE EXAMINATION 2015

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 9 JUNE 2015 – 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 summary of the Dwyer household budget for the months July to October 2015. You are required to complete this budget by entering the appropriate figures into the '**Total**' column and the missing figures for '**Total Outgoings, Net Cash, Opening Cash and Closing Cash**'.

On 1 July 2015 the Dwyer household expects to have cash in hand of €596.

(11)

- (B) Answer the following questions in the spaces provided *on pages 9 & 10 of Section A*.

- (i) What is a budget?
- (ii) Outline **two** reasons for preparing a budget.
- (iii) Name any month the Dwyer household plan to have a deficit **and** the amount of the deficit.
- (iv) Suggest **one** way of overcoming this deficit.
- (v) Did the Dwyer household plan to live within its income for the period July to October 2015? Give **one** reason for your answer.
- (vi) Answer the following question in the space provided *on page 10 of Section A*.

The Dwyer household owns a five year old car. Show, by ticking (✓) the correct box, whether the following expenses would be classified as Fixed, Irregular or Discretionary in its household budget:

NCT Fee

Diesel

New Alloy Wheels

Car Service

(21)

- (C) On 16 June 2015 Sinead Dwyer paid the car insurance premium €545 to Dingle Insurance Ltd by cheque. As the cheque was sent by post she decided to make it as safe as possible.

Complete the Cheque and Counterfoil on *page 11 of Section A*.

(8)

(40 marks)

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

Answer all parts of this question:

The Ryder Golf Club had an opening stock of €2,600 in the restaurant on 1 January 2014.
The following is a summary of the Club's financial transactions for the year ending 31 December 2014:

Receipts:	€
Restaurant Sales	10,850
Open Week Income	6,250
Subscriptions	10,140
Raffle Income	7,800
Green Fees	11,200
Payments:	€
Insurance	5,459
Purchase of Tractor	22,500
Repairs to Equipment	920
Restaurant Purchases	6,900
General Expenses	5,320
Light and Heat	4,520
Open Week Expenditure	1,590
Raffle Expenses	6,730

Additional information on 31 December 2014:

- (i) Restaurant Stock €1,400
- (ii) Light and Heat due €420
- (iii) Subscriptions prepaid €320
- (iv) Insurance prepaid €280
- (v) Tractor to be depreciated by 10%.

(A) Prepare:

- (i) A Restaurant Trading Account for the year ending 31 December 2014.
- (ii) An Income and Expenditure Account for the year ending 31 December 2014. (34)

(B) At the AGM the Club Officer who presents members with a report on the accounts commented on the growing size of the club's capital.

- (i) What is the title of the Club Officer who presents members with a report on the accounts?
- (ii) What is the correct term used to describe the club's capital?
- (iii) State and explain **one** purpose this capital might be used for. (6)

(40 marks)

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

Answer all parts of this question:

(A) The following figures were presented on Budget Day as projections for the year 2015:

Main items of Revenue and Expenditure	Estimated Figures in Millions €
Corporation Tax	675
Health Services	3,500
Excise Duties	335
PAYE	3,925
Social Protection	1,750
Education & Skills	2,000
Debt Servicing	1,250
VAT	3,150
Marine & Agriculture	1,000

- (i) Draft the National Budget for 2015 from the above information.
State whether it is a 'surplus' or 'deficit' Budget.
- (ii) Identify the Government Department responsible for preparing the National Budget. (13)
- (B) (i) Draw a Bar Chart to show the above expenditure *on page 12 of Section A*.
- (ii) Distinguish between Capital Expenditure and Current Expenditure for the Government. Use **one** example of **each** type of expenditure to explain your answer.
- (iii) Explain, with **one** example, **each** of the following terms:
- Excise Duties
 - Debt Servicing.

(27)
(40 marks)

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

Answer all parts of this question:

Brendan Mitchell will be returning to Ireland on 1 July 2015 to live at The Quay, Arklow, Co. Wicklow. He is trying to decide between two electricity companies for his new home. After researching Electric Saver and Electric Power he provides the following information:

Details	Electric Saver 	ELECTRIC POWER 
Standing Charge	€10.50 per month	€10.90 per month
Unit Rate	€0.1701 per unit	€0.1715 per unit
Discounts	15% discount on electricity used	20% discount on electricity used
VAT	13.5%	13.5%

- (A) Brendan expects to use 400 units of electricity each month. Calculate the total cost per month for **each** company. (Show your workings.) Which company would you advise him to choose? Explain your answer. (12)
- (B) He contacted his friend Gerry Murphy, The Square, Rathdowney, Co. Laois seeking his advice on purchasing home insurance.

Draft a letter, using today's date, written by Gerry to Brendan explaining the principles of insurance which apply when purchasing insurance. (20)

- (C) Examine the following signs displayed in a sports shop:



- (i) Name the consumer law that applies in **each** case.
- (ii) State the relevant principle of consumer law that has been broken in each case.

(8)
(40 marks)

5. **This is an Analysed Cash Book and Personal Banking Question.**

Answer all parts of this question:

Mary Kelly uses an Analysed Cash Book to keep a record of her household accounts.

She has no bank account.

(A) Prepare the Analysed Cash Book of Mary Kelly for the month of May 2015 from the data set out below:

Note: Use the following money column headings:

Debit (Receipts) Side: Cash Pension Other

Credit (Payments) Side: Cash Housekeeping Light & Heat Insurance Other

Date	Transactions	Amount €
1 May 2015	Opening Cash Balance	750
4 May 2015	Received monthly pension	940
7 May 2015	Paid for groceries	175
9 May 2015	Paid gas bill	135
13 May 2015	Paid charity donation	10
15 May 2015	Paid monthly house insurance bill	30
19 May 2015	Paid fuel bill	145
20 May 2015	Paid for groceries	165
23 May 2015	Paid hairdresser	40
26 May 2015	Paid monthly health insurance bill	150
27 May 2015	Paid butcher	90
30 May 2015	Lottery win	50
31 May 2015	Paid for groceries	95

(17)

- (B)** Mary is concerned for her security as she only deals in cash. She asked her grandchild, who is studying Business Studies, for advice on holding a bank account.

What answers should her grandchild give to the following questions?

- (i) State **three** requirements that must be satisfied when opening a bank account.
- (ii) Outline **two** differences between a current account and a deposit account.
- (iii) State and explain how her monthly pension would transfer into her bank account.
- (iv) Mary's Analysed Cash Book shows the following three household bills:
 - Gas
 - Monthly health insurance
 - Groceries

Explain **three** different methods Mary might use to pay **each** of these bills from her new bank account.

(23)
(40 marks)

6. This is a People at Work Question.

Answer all parts of this question:

The following advertisement appeared in a newspaper:

Medial Ltd
Mill Lane
Enniscorthy

Telesales Staff required
Female applicants only
Basic Pay: €546 for 39-hour week
Overtime and Flexitime available
Good telephone manner required
Subsidised meals
Apply in writing *or* by e-mail to medial@spiral.com
Medial Ltd is an equal opportunities employer

- (A) (i) Explain what is illegal about the above advertisement.
- (ii) Explain the **four** underlined terms in the above advertisement.
- (iii) Michelle Lynch applied for the position and forwarded her Curriculum Vitae (CV). Michelle's CV contains her name, address and telephone number. List **three** other pieces of information which Michelle would give on her CV. (20)
- (B) Michelle's application for the job was successful. On her first week at work, she was invited by the local trade union representative to join the trade union.
- (i) What title is normally used to identify the local trade union representative in Medial Ltd?
- (ii) Outline **two** services this person can offer to Michelle.
- (iii) Outline **two** responsibilities of Michelle towards her employer.
- (iv) Medial Ltd pay overtime on the basis that the first seven hours are paid at time-and-a-half with double-time after that.
- Calculate Michelle's gross wage if she works 49 hours in a week.
Show your workings. (20)

(40 marks)

REMEMBER TO INCLUDE SECTION 'A' WITH YOUR ANSWER BOOK

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