

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 2016

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 14 JUNE 2016 – 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 Banking. What do they stand for?

ATM	
CT	
DD	

2. Name **one** State-owned business involved in **each** of the following activities:

COMMUNICATION	
TRANSPORT	
PRODUCTION	

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

Balance Sheet (extract) as on 31-12-2015			
Fixed Assets	Cost	Depreciation	Net Book Value
	€	€	€
Machinery	165,000	(i)	132,000
Buildings	900,000	(ii)	846,000
	1,065,000	(iii)	978,000

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

Opening Stock €32,000 Cost of Sales €624,000 Closing Stock €16,000

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. Name **two** headings in a Business Plan.

- (i) _____
- (ii) _____

6. On 1 June 2016, R. Keane sold goods on credit to J. McCarthy for €2,600. There was no VAT on these goods.

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

(i) _____ A/c

Dr			Cr		
Date	Details	€	Date	Details	€
2016 June 1	(ii)	2,600			

(iii) _____ A/c

Dr			Cr		
Date	Details	€	Date	Details	€
			2016 June 1	(iv)	2,600

7. Complete **and** balance the Creditors Control Account on 31 May 2016 from the following information:

	€
Creditors balance on 1 May 2016	6,100
Total credit purchases for May	5,900
Total cash paid to creditors in May	5,500

Creditors Control Account					
Dr					Cr
Date	Details	€	Date	Details	€

OR (Alternative Format)

Creditors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€

8. Explain **one** method of reducing bad debts in an enterprise:

9. Tick (✓) the appropriate column(s) to indicate where in the final accounts the following items should be entered on 31/12/2015:

	Trading A/c	Profit & Loss A/c	Balance Sheet
Advertising			
Stock (31/12/2015)			
Issued Share Capital			

10. Explain **two** duties of a Shop Steward in any organisation:

- (i) _____

- (ii) _____

11. (i) Enter the following balances in the partially completed General Journal of Taylor Ltd:

1 January 2016	Buildings	€211,100
	Debtors	€44,800

- (ii) Calculate the Ordinary Share Capital:

Taylor Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
	Bank Overdraft	CB ₁		6,600
	Buildings	GL ₁		
	Debtors	DL ₁		
	Ordinary Share Capital	GL ₂		
	<i>Assets, Liabilities and Share Capital of Taylor Ltd on this date.</i>			

12. Explain the term **Franchise** in relation to retailing:

Give **one** example of a well - known franchise:

13. Andy has arrived home from the USA with \$850. He goes to his bank to change the dollars into euro and sees the following rates quoted:

CURRENCY	BANK SELLS	BANK BUYS
Dollar	1.045	1.120

Calculate the total amount in euro that Andy will receive for his \$850:
(Show your workings.)

Answer:
€

Workings:

14. Outline **two** reasons why farmers prepare accounts:

- (i) _____

- (ii) _____

15. (i) The cost of living in a country in 2014 was €9,800. In 2015, it was €9,996.

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

Answer
%

Workings

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

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

(i) _____

(ii) _____

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. Branding	A. Product, Price, Place and Promotion
2. Marketing Mix	B. Gathering information from interviews
3. Desk Research	C. Sign, symbol or name used to distinguish products
	D. Gathering information from existing sources

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 Sapphire Ltd:
On 9 May 2016, Sapphire Ltd returned goods €2,100 to Blue Ltd (Credit Note No.10).
The VAT rate on these goods was 23%.

Sapphire 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 €740,000
 Issued Share Capital €600,000
 Dividends paid 2%

Profit & Loss Appropriation Account for year ending 31-12-2015		
Net Profit		€ 74,500
Less Dividends		(i)
(ii)		(iii)

20. Identify **three** different **sectors** in the Irish Economy: Primary, Secondary and Tertiary/Services demonstrated below. Write your answers in the spaces provided.

		
(i)	(ii)	(iii)

For use with Section B - Question 1 (A)

Budget Comparison Statement for the Walters household for the year 2015

INCOME	Budget Jan – Dec €	Actual €	Difference €
Salaries	54,000		
Child benefit	4,680		
Interest	240		
Other			
TOTAL INCOME	58,920		
EXPENDITURE			
<i>Fixed</i>			
Mortgage	8,040		
Car insurance	560		
House insurance	695		
Subtotal	9,295		
<i>Irregular</i>			
Household costs	8,450		
Car costs	3,600		
Clothing and footwear costs	1,900		
Light and heat costs	2,900		
Medical insurance	2,400		
Subtotal	19,250		
<i>Discretionary</i>			
Entertainment costs	1,380		
Presents	950		
Holidays	7,800		
Subtotal	10,130		
TOTAL EXPENDITURE	38,675		
Net Cash	20,245		
Opening Cash	800		
Closing Cash	21,045		

Note: Do not complete the shaded boxes

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

1. (B)

(i)	What was the budgeted closing cash at the end of 2015?	Answer:	€
(ii)	How much had the Walters household budgeted to save during 2015?	Answer:	€
(iii)	State by how much the Walters household exceeded their Budgeted Total Expenditure.	Answer:	€
(iv)	What was the actual closing cash at the end of 2015?	Answer:	€

(v) Explain **one** reason why mortgage payments decreased in August.

1. (C)

(i) Outline **two** pieces of financial advice you would give the Walters household in light of the 'Actual' 2015 Budget.

1. _____

2. _____

(ii) Explain the term 'no claim bonus'

For use with Section B - Question 4 (B)

REPORT TITLE:	
FROM:	
TO:	
DATE:	
INTRODUCTION:	
ANSWERS TO QUESTIONS (i) and (ii)	(i)
	(ii)
FINDINGS:	
RECOMMENDATIONS:	
FOLLOW UP:	
SIGNATURE:	
TITLE OF THE REPORT WRITER:	

PLEASE REMEMBER TO RETURN THIS 'SECTION A' WITH YOUR ANSWER BOOK

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JUNIOR CERTIFICATE EXAMINATION 2016

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 14 JUNE 2016 – 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 Walters household checked their Analysed Cash Book at the end of December 2015, 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 9 of Section A*) due to the following:

- The salaries of the Walters household increased by 3%.
- There are three children in the household. The monthly child benefit increased by €5 per child from 1 April 2015.
- The actual interest received for the year was 5% less than budgeted.
- The Walters household won €600 in a local lottery.
- Mortgage payments decreased by €35 per month from 1 August 2015.
- The Walters household have a no claims bonus, so their car insurance was 12½% less than budgeted.
- The house insurance was €775 for the year.
- Household costs were 8% greater than budgeted.
- Car costs were 4% less than budgeted.
- Clothing and footwear costs were as budgeted.
- Light and heat costs were €6 per month greater than budgeted.
- Medical insurance was 8% greater than budgeted, due to medical insurance inflation.
- Entertainment costs were €20 less per month except for the two months of April and December.
- Due to a family occasion, presents cost an additional €120.
- The family holiday cost 4% less than budgeted.

- (A) Using the Budget Comparison Statement *on page 9 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
	100	180	+ 80
	600	550	- 50
Total	700	730	+ 30

(22)

Answer the following parts (B) and (C) in the spaces provided *on page 10 of Section A*.

- (B) (i) What was the budgeted closing cash at the end of 2015?
(ii) How much had the Walters household budgeted to save during 2015?
(iii) State by how much the Walters household exceeded their Budgeted Total Expenditure.
(iv) What was the actual closing cash at the end of 2015?
(v) Explain **one** reason why the mortgage payments decreased in August.

(10)

- (C) (i) Outline **two** pieces of financial advice you would give the Walters household in light of the 'Actual' 2015 Budget.
(ii) Explain the term 'no claim bonus'.

(8)

(40 marks)

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

Answer all parts of this question:

On 1 January 2015, Celts Soccer Club had an Accumulated Fund of €502,422.

The following is a summary of the Club's financial transactions for the year ended 31 December 2015:

Receipts:	€
Club Lotto Receipts	32,600
Subscriptions	42,800
Gate Receipts	26,700
Payments:	€
Pitch Maintenance	5,240
Stationery	1,790
General Expenses	15,740
Club Lotto Expenses	14,250
Insurance	4,460
Light and Heat	2,230

Additional information at 31 December 2015:

- (i) Subscriptions prepaid €1,600
- (ii) Stationery on hand €170
- (iii) Insurance prepaid €580
- (iv) Light and Heat due €420
- (v) Cash at Bank €5,812
- (vi) Depreciation:
 - Clubhouse & Pitch 2% of €480,000
 - Equipment 15% of €75,000

(A) Prepare:

- (i) An Income and Expenditure Account for the year ended 31 December 2015.
- (ii) A Balance Sheet as at 31 December 2015. (34)

(B) (i) What is the title of the Club Officer who presents members with a report on the accounts?

- (ii) Explain **two** purposes of this report. (6)

(40 marks)

3. **This is a question on Economic Growth, Factors of Production and Economic Awareness.**

Answer all parts of this question:

(A) Ireland continues to have the fastest economic growth in the EU.

- (i) Explain the term 'economic growth'.
- (ii) Identify the official measure of economic growth in Ireland.
- (iii) Explain **two** economic implications for Ireland's economy from this improvement in economic growth.
- (iv) What do the initials EU stand for?
- (v) How many countries, including Ireland, make up the EU?

(14)

(B) In any economy, factors of production are required to produce goods and services.

Explain the **four** factors of production **and** the reward/payment associated with each.

(16)

(C) (i) In the the last Government the Minister for Finance decided to:

- increase spending on **school buildings**;
- sell the remaining part of **Aer Lingus**;
- increase spending on **child benefit**;
- decrease **Universal Social Charge (USC)** rates.

From the above decisions identify **one** example in each case of:

- (a) Government Capital Income;
- (b) Government Current Expenditure;
- (c) Government Current Income.

(ii) Countries have different economic systems.

Explain, with an example, **one** of the following economic systems:

- Mixed Economic System;
- Centrally Planned Economy;
- Free Market/Enterprise Economy.

(10)

(40 marks)

4. **This is a Consumer and Report Writing Question.**

Answer all parts of this question:

Margaret Parker, living at Oak Avenue, Killarney, Co. Kerry, decided to install solar panels to collect and convert sunlight into useable energy.

On 4 January 2016, she had panels installed by Sol Ltd, Dingle, Co. Kerry costing €4,000.

As the work was carried out by a registered, qualified contractor she was entitled to a 30% Better Energy Home Grant and a 13.5% Tax Credit of the cost **less the grant**.

- (A) (i) Explain the terms ‘grant’ **and** ‘tax credit’.
(ii) Calculate the grant **and** the tax credit she received.

(15)

After four months Margaret noticed the solar tile system was less effective. She complained to Sol Ltd but they stated that everything was in order.

Margaret was unhappy with the response and contacted DMM Consultants Ltd, Tralee, Co. Kerry for their opinion. Lisa O’Shea, Consultant Engineer, examined the panels and wrote a report to Margaret outlining the following:

- Faulty wiring was located which has led to corrosion.
- The electrical system as a result has been compromised.

Lisa recommended the removal of the faulty parts and the installation of new metal parts and correct wiring.

(B) Assume you are Lisa O’Shea. Prepare a report dated 10 June 2016 setting out answers to questions (i) and (ii) below raised by Margaret Parker. Use the report template *on page 11 of Section A*.

- (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.

(25)

(40 marks)

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

Answer all parts of this question:

Breda Clarke has been regularly saving in a local financial institution to have enough money saved for a deposit to obtain a mortgage to purchase her first house.

- (A) (i) Name **three** types of financial institutions that could be in her locality.
- (ii) Explain **three** factors she considered when she decided on the financial institution to invest her money.
- (iii) Explain the term ‘mortgage’. (18)

Breda is considering purchasing a house costing €290,000. She researched the new rules for buyers borrowing to buy their first home. She discovered the following:

The maximum mortgage a first time borrower can obtain from any financial institution is:

90% up to €220,000 house value plus
80% of the remainder up to a maximum €300,000 house value.

- (B) (i) Calculate the maximum mortgage Breda can obtain from a financial institution to buy her house.
- (ii) Calculate the deposit Breda would need to purchase a house costing €290,000.
- (iii) Why were the above rules imposed for first time buyers?
- (iv) Outline **three** factors which Breda should consider before borrowing.

(22)

(40 marks)

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

Answer all parts of this question:

Sean is employed by Comptech Ltd selling computer software. He is paid a basic wage of €400 per week plus 3% commission on his weekly sales in excess of €2,000. His sales last week were € 6,280.

- (A) (i) Calculate Sean's gross pay last week.
- (ii) Explain the term 'basic wage'
- (iii) Outline **three** responsibilities Sean has to his employer.

(17)

Sean is considering becoming self-employed. He intends to provide a computer hardware repair service and to supply software tailored to customer needs.

- (B) (i) Explain, with an example, how 'work' differs from 'employment'.
- (ii) Explain the difference between 'hardware' and 'software'.
- (iii) Explain **two** reasons why Sean might want to become self-employed.
- (iv) Explain **two** risks of being self-employed.

(23)

(40 marks)

REMEMBER TO INCLUDE SECTION 'A' WITH YOUR ANSWER BOOK

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