

WARNING

You must return this section with your answer book otherwise marks will be lost.

Candidate's Examination Number

AN ROINN OIDEACHAIS AGUS EOLAÍOCHTA

JUNIOR CERTIFICATE EXAMINATION, 2001

BUSINESS STUDIES – HIGHER LEVEL – PAPER I
SECTION A
(80 Marks)

WEDNESDAY, 13 JUNE, 2001 – MORNING, 9.30 to 12.00

Answer all 20 questions. Each question carries 4 marks. Calculators may be used.

1. Name **TWO** items of information found on the label of a food product.

(a) _____

(b) _____

2. Choose the correct word/term from the following list to complete the sentence below.

logo, advertisement, brand name, target market

Nike is a _____ in sportswear.

3. In the spaces provided, write the names of the currencies used in the following countries.

Country	Currency
Denmark	
Japan	
United Kingdom	
Portugal	

4. List **TWO** advantages of road transport.

(a) _____

(b) _____

OVER →

5. A firm's Profit & Loss Account for the year showed that it had made a loss of IR£7,600. It was later discovered that the purchase of Buildings IR£100,000 had been incorrectly entered as an expense in the Profit & Loss Account.

Tick (✓) the appropriate box below to show the correct Profit or Loss figure.

Profit of IR£107,600	<input type="checkbox"/>	Loss of IR£107,600	<input type="checkbox"/>
Profit of IR£92,400	<input type="checkbox"/>	Loss of IR£92,400	<input type="checkbox"/>

6. Show how the following transaction would be recorded in the ledger of Vintage Cars Ltd, a garage.

Vintage Cars Ltd bought a photocopier on credit from Jones Ltd.

Debit _____

Credit _____

7. Select the correct words from the following list to complete the sentence below.

credit notes, invoices, bought, sold

Our creditors sent us _____ because we _____ goods on credit.

8. The following account appeared in the ledger of Brickco Ltd.

Dr		Machinery Account				Cr
Date	Details	IR£	Date	Details	IR£	
Jan 1	Balance b/d	186,000				
May 5	Bank	90,000				

Complete the sentences below to explain the entries in the account.

On Jan 1, Brickco Ltd _____

On May 5, Brickco Ltd _____

OVER →

9. Tick (✓) whether the following statement is true or false in relation to the investments listed below.
DIRT is payable on the interest received on the following investments provided by An Post.

	<u>True</u>	<u>False</u>
Savings Bonds	<input type="checkbox"/>	<input type="checkbox"/>
Savings Certificates	<input type="checkbox"/>	<input type="checkbox"/>

10.

Balance Sheet as at 31 December 2000		
	IR£	IR£
Fixed Assets .....	.....	360,000
Current Assets	100,000	
Current Liabilities	60,000	
		40,000
		400,000
<u>Financed by</u>	<u>Authorised</u>	<u>Issued</u>
	<u>Share Capital</u>	<u>Share Capital</u>
Ordinary Shares.....	250,000	200,000
Revenue Reserves .....	.....	80,000
Long term Loan .....	.....	280,000
		120,000
		400,000
	

- (a) What is the figure for Working Capital? **Answer**
- (b) What is the figure for Retained Earnings? **Answer**

11. Name a State-owned Company/Body involved in the following activities.

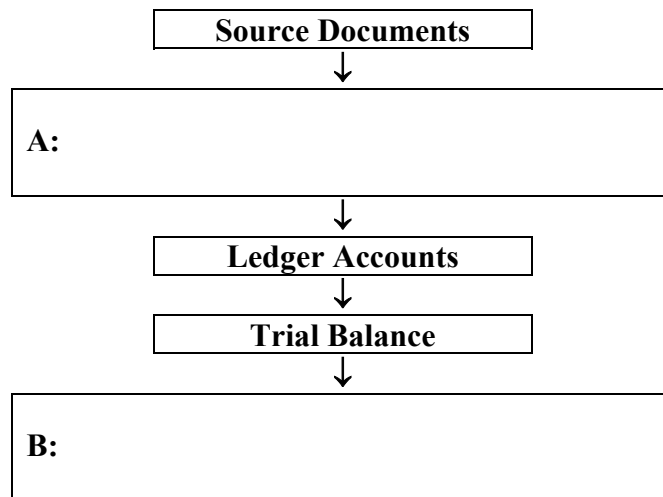
1. Production _____
2. Training _____

12. Tick (✓) the correct box to show whether the following statements are true or false.

	<u>True</u>	<u>False</u>
(a) The Board of Directors decide on the dividends paid to shareholders.	<input type="checkbox"/>	<input type="checkbox"/>
(b) The Cash Book is part of the final accounts of a firm.	<input type="checkbox"/>	<input type="checkbox"/>

OVER →

13. Complete the chart below, which traces the recording of business transactions through a firm's books and accounts, by writing the appropriate stages in the blank spaces at A and B.



14. Indicate whether the following forms of communication are ORAL, WRITTEN or VISUAL. Tick (✓) the most suitable box in each case.

FORM	ORAL	WRITTEN	VISUAL
Meetings			
Bar Charts			
Telephone			
Fax			

15. If the rate of exchange is IR£1 = \$1.10, how much would you receive if you converted \$1,430 to Irish punts?

Answer

IR£

Workings

16. Which of the following business documents would you send to a customer to show details of the customer's transactions with your firm during a given period?
Tick (✓) the correct box.

Debit Note

Credit Note

Statement

Invoice

OVER →

17. **Column 1** is a list of business terms. **Column 2** is a list of possible explanations for these terms.

Match the two lists by placing the letter of the correct explanation under the relevant number below. (One explanation does not apply to any of the terms.)

Column 1 - Terms	Column 2 - Possible Explanations
1 Overheads	A Owing the bank money.
2 Overcharge	B A permanent source of finance.
3 Overdrawn	C A situation when a business has no working capital.
4 Overtrading	D Expenses of running the business.
	E Paying more than the quoted price.

1	2	3	4

18. Complete the Rent Account below for the year ending 31 December 2000, showing the amount transferred to the Final Accounts on that date.

Note There is no rent due or prepaid at the end of the year.

Dr		Rent Account				Cr	
Date	Details	Fol	IR£	Date	Details	Fol	IR£
1/3/00	Bank	CB	1,100	1/1/00	Balance	b/d	200
1/10/00	Cash	CB	300				

OVER →

19. Tick (✓) the correct box to show which of the following is the correct formula for calculating Stock Turnover.

- | | | | | | |
|-----|---|--------------------------|-----|---|--------------------------|
| (a) | $\frac{\text{Turnover}}{\text{Average Stock}}$ | <input type="checkbox"/> | (b) | $\frac{\text{Gross Sales}}{\text{Average Stock}}$ | <input type="checkbox"/> |
| (c) | $\frac{\text{Cost of Sales}}{\text{Opening + Closing Stock}}$ | <input type="checkbox"/> | (d) | $\frac{\text{Cost of Sales}}{\text{Average Stock}}$ | <input type="checkbox"/> |

20. Tick (✓) the correct box to show whether the following statements are true or false.

- | | <u>True</u> | <u>False</u> |
|--|--------------------------|--------------------------|
| (a) The letters “Ltd” are written after the names of public companies. | <input type="checkbox"/> | <input type="checkbox"/> |
| (b) A Memorandum of Association contains the rules concerning a company’s dealings with outsiders. | <input type="checkbox"/> | <input type="checkbox"/> |

1. (A) Budget Comparison Statement for the Doyle family for the Year 2000.

<u>Income</u>	Budget IR£ Jan - Dec	Actual IR£	Difference IR£
Salaries	18,000		
Child Benefit	960		
Interest	150		
Other	-		
Total Income	19,110		
<u>Expenditure</u>			
<u>Fixed</u>			
Mortgage	4,320		
Car Insurance	397		
House Insurance	170		
Sub Total	4,887		
<u>Irregular</u>			
Household Costs	7,504		
Shoes and Clothes	1,740		
Car Costs	1,500		
Light & Heat	1,800		
Medical Expenses	200		
Sub Total	12,744		
<u>Discretionary</u>			
Entertainment	1,000		
Gifts	200		
Sub Total	1,200		
Total Expenditure	18,831		
Net Cash: Surplus/Deficit	279		

OVER →

For use with Question 1. (B) in Section B.

1. (B) (i) Did the Doyle family have a Surplus or Deficit at the end of the year? What was this figure?

Answer _____

(ii) How much money had the Doyles intended to save during the year?

Answer IR£ _____

(iii) By how much did they exceed their budgeted expenditure?

Answer IR£ _____

(iv) What was their actual closing cash balance at the end of the year?

Answer IR£ _____

Document for use with Question 1. (C) in SECTION B.

Date _____ 00475	Bank of Ireland Date _____ 90-01-13 TRIM, CO. MEATH												
Pay _____	Pay _____ or order												
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Balance b/f</td> <td style="width: 60%;">IR£3,276</td> <td style="width: 20%;">00</td> </tr> <tr> <td>Lodgement</td> <td></td> <td></td> </tr> <tr> <td>This cheque</td> <td></td> <td></td> </tr> <tr> <td>Balance c/f</td> <td></td> <td></td> </tr> </table>	Balance b/f	IR£3,276	00	Lodgement			This cheque			Balance c/f			<div style="border: 1px solid black; width: 150px; height: 30px; margin: 0 auto; text-align: center; line-height: 30px;">IR£</div> <div style="text-align: center; margin-top: 10px;">MICHAEL DOYLE</div>
Balance b/f	IR£3,276	00											
Lodgement													
This cheque													
Balance c/f													
00475 900113 3395134													

For use with Question 3. (B) in Section B.

(i)

Dr		Cash Book/Bank Account				Cr	
Date	Details	IR£	Date	Details	Ch No.	IR£	

(ii)

Bank Reconciliation Statement at 30 April 2001		
	IR£	IR£

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

AN ROINN OIDEACHAIS AGUS EOLAÍOCHTA

JUNIOR CERTIFICATE EXAMINATION, 2001

BUSINESS STUDIES – HIGHER LEVEL – PAPER I
SECTION B
(160 Marks)

WEDNESDAY, 13 JUNE, 2001 – MORNING, 9.30 to 12.00

All questions carry equal marks. Attempt any **FOUR** questions.
 Marks will be awarded for layout and presentation including, where appropriate, Folios and dates showing the day, month and year. Calculators may be used.

1. Answer ALL sections. This is a Household Budget Question.

When the Doyle family checked their Analysed Cash Book at the end of December 2000, they found that their actual income and expenditure for the 12 months differed from the budgeted figures (contained in the Budget Comparison Statement at the end of Section A, page 7) due to the following:

- their salaries had increased by 10% from 1 July.
- child benefit had increased by IR£10 per month from 1 April for each of the two children in the family.
- the actual interest received was IR£37 less than budgeted.
- they had won a prize of a holiday in USA which they did not wish to use and had sold it for IR£1,200.
- the mortgage had increased by IR£55 per month from 1 March and by another IR£25 per month from 1 November.
- they had lost their no claims bonus of IR£240 on their car insurance due to a car crash during the year.
- house insurance costs were 20% higher than budgeted.
- household costs were 12½% less than budgeted.
- the cost of shoes and clothes amounted to IR£1,635.
- they had changed their car so that car costs had increased by IR£4,270 over those budgeted.
- a saving of 8% had been made in the light & heat budget.
- the only medical expense for the year had resulted from monthly medication costs of IR£25 for the last three months of the year.
- entertainment costs had averaged IR£60 per month.
- gifts were IR£20 less than budgeted.

(continued on next page)

OVER →

1. (A) Using the **Budget Comparison Statement**, provided on **Section A, page 7**, enter the appropriate figures into the ‘**Actual**’ column.

Then 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
	430	480	+ 50
	780	710	- 70
Total	1,210	1,190	- 20

(22)

- (B) Answer the following questions in the spaces provided on **Section A, page 8**.

- (i) Did the Doyle family have a Surplus or Deficit at the end of the year?
What was this figure?
- (ii) How much money had the Doyles intended to save during the year?
- (iii) By how much did they exceed their budgeted expenditure?
- (iv) If the Doyles had an opening cash balance of IR£2,000 on 1 January 2000, what was their actual closing cash balance at the end of the year?

(8)

- (C) When the Doyles purchased their car from Tara Motors Ltd on 26 March 2000, Michael Doyle paid for it by writing a cheque for IR£4,000. He crossed the cheque to make it as safe as possible.

Complete the cheque and counterfoil for this payment on **Section A, page 8**.

(10)

(40 marks)

2. **Answer ALL sections. This is an Insurance Question.**

The O’Sullivan family, Lucan, Co. Dublin, inherited a cottage in the West of Ireland which they intended to use for holidays and to rent to tourists during the summer months.

They consulted a **broker** to advise them on the appropriate level of cover. When completing the **proposal form** the O’Sullivans did not mention that the cottage was beside a river and was occasionally flooded, as it might result in a loading on the **premium**.

- (A) (i) Explain the three underlined terms above. (12)
- (ii) Why is a loading applied in some insurance situations? (4)
- (B) The O’Sullivans were going to insure the cottage for IR£100,000 against all risks but the broker advised that it would be overinsured and that the principle of indemnity would apply in the event of any damage.
- (i) Explain what is meant by the ‘principle of indemnity’. (4)
- (ii) Name the insurance principle they were breaking by not disclosing all the facts relating to the house on the proposal form. (2)
- (C) Mr and Mrs O’Sullivan have their own separate cars. She has **Comprehensive** insurance cover while he has **Third Party Fire and Theft**. After being involved in an accident last year he lost his **no claims bonus**.
- (i) Explain the two types of policy mentioned above. (6)
- (ii) What is meant by the term **no claims bonus**? (3)
- (iii) What name is given to the insurance official who recommends what compensation should be paid? (3)
- (iv) Name **TWO** factors which would influence the size of premium for car insurance cover. (6)

(40 marks)

3. Answer ALL sections. This is a Banking Question.

Sarah O'Mahony has an account with Allied Irish Banks plc. She received the following Bank Statement on 2 May 2001.

Statement of Account				
Allied Irish Banks plc				
Dungarvan				
Co Waterford				
Ms Sarah O'Mahony			Branch Code 93-21-33	
Lioscarrig			Account No 3965428	
Dungarvan			Date: 1 May 2001	
Date	Particulars	Debit IR£	Credit IR£	Balance IR£
2001				
1 April	Balance forward	.....	.....	.....579
3 April	Cheque 82	.....321	.....	.....258
5 April	ATM Clonmel	.....80	.....	.....178
8 April	Paypath	.....	.....863	.....1,041
12 April	Cheque 85	.....217	.....	.....824
13 April	SO - New Ireland	.....420	.....	.....404
15 April	Credit Transfer	.....	.....29	.....433
17 April	Bank Charges	.....5	.....	.....428
18 April	Cheque 84	.....819	.....	.....391 DR
20 April	Cheque 83	.....36	.....	.....427 DR
22 April	Paypath	.....	.....863	.....436
23 April	DD - ESB	.....72	.....	.....364
27 April	Cheque 86	.....120	.....	.....244
30 April	Interest	.....2	.....	.....242

(A) Study this Bank Statement and answer the following questions:

- (i) Is this a deposit account or a current account?
Give a reason for your answer. (3)
- (ii) Why are the cheque numbers not in sequence? (3)
- (iii) Explain the transaction of 5 April. (3)
- (iv) What was Sarah's financial position in the bank on 18 April? (3)
- (v) Why does "interest" appear on the Statement on 30 April? (3)
- (vi) Explain how Direct Debit works. (3)

(continued on next page)

OVER →

- (B) The following is Sarah's own record of her bank transactions. Compare her Cash Book/Bank Account with the Bank Statement she received and answer (i) and (ii) below in the spaces provided at the end of **Section A, page 9**.

Dr		Cash Book/Bank Account				Cr	
Date	Details	IR£	Date	Details	Ch No.	IR£	
2001			2001				
April			April				
1	Balance b/d	579	1	New TV	82	321	
8	Wages	863	5	Groceries - ATM		80	
28	Lottery Win	500	7	Entertainment	83	36	
30	Balance c/d	23	8	Smith's Garage	84	819	
			9	Oil	85	217	
			20	ESB - DD		72	
			24	Groceries	86	120	
			29	Hall's Stores	87	300	
		1,965				1,965	
			May 1	Balance b/d		23	

- (i) Make whatever adjustments are necessary to Sarah's Cash Book/Bank Account to bring her records up to date. (14)
- (ii) Prepare a Bank Reconciliation Statement at 30 April 2001. (8)
- (40 marks)**

4. **Answer ALL sections. This is a Government Finance Question.**

The following figures were produced by a Minister for Finance on Budget Day as projections for the year 2002.

Main items of Revenue and Expenditure	Estimated figures in millions IR£
Health & Social Welfare.....	.....275
PAYE .....	.....338
Education & Science.....	.....166
Customs Duty .....	.....18
DIRT .....	.....73
Excise Duty .....	.....129
Defence .....	.....49
VAT. ....	.....144
Debt Servicing .....	.....138
Agriculture .....	.....76
Corporation Tax .....	.....57

- (A) From the above information, draft the National Budget for 2002.
Is this budget a Surplus or Deficit Budget? (16)
- (B) Give **ONE** example of capital expenditure by
(i) the Dept. of Health & Children; (3)
(ii) the Dept of Education & Science. (3)
- (C) The Minister for Finance stated in the Budget speech that all Government Departments would have to keep within their budget limits because of **scarce resources**. He said that there was an **opportunity cost** involved in every item of expenditure and in pursuing any particular project.
Explain what the Minister meant by **EACH** of the underlined terms above. (6)
- (D) Suggest **TWO** effects each of the following would have on a National Budget:
(i) an increase in the birth rate; (6)
(ii) a decrease in the unemployment rate. (6)

(40 marks)

OVER →

5. **Answer ALL sections. This is a Club Account Question.**

The Knockbrack Mountaineering Club was formed on 1 May 2000. Officers were elected at its first meeting.

The Club had the following financial transactions for its first year to 30 April 2001.

	IR£
Payments	
Insurance	2,714
Rent	1,275
Purchase of Equipment	3,400
Canteen Purchases	2,647
Travel Expenses	1,688
Telephone	493
Receipts	
Subscriptions	2,418
Raffle Income	3,786
Canteen Sales	8,193
Flag Day Collection	1,959

The following additional information is available at the end of the financial year:

- (i) Telephone bill due IR£84.
- (ii) Rent prepaid IR£350.
- (iii) Subscriptions prepaid IR£180.
- (iv) Equipment to be depreciated by 15%.
- (v) Canteen Stock IR£575.

(A) From the information above, prepare:

- (i) A Canteen Trading Account and (8)
- (ii) An Income and Expenditure Account for the year ending 30 April 2001. (18)

(B) (i) Name and state the figure for

- (a) **TWO** of the Club's assets and (8)
- (b) **TWO** of its liabilities on 30 April 2001. (8)

- (ii) Name the **THREE** principal officers of a club. (6)

(40 marks)

OVER →

6. **Answer ALL sections. This is an Information Communications Technology Question.**

The Walsh family run a tourist business in Clonakilty, Co. Cork. Their daughter, Anne, studies Business at University and hopes to travel to Germany for summer employment. She is encouraging her parents to buy a new computer and to connect to the Internet, which she claims would be of immense benefit to the business. Anne's parents are not familiar with the terms used in IT.

- (A) (i) What do the initials IT above stand for? (3)
- (ii) Explain the difference between the terms **hardware** and **software**. (6)
- (iii) Explain briefly the function of a floppy disk. (3)
- (iv) What is the function of computer output devices?
Give **TWO** examples. (9)
- (B) (i) Explain what is meant by the term Internet. (3)
- (ii) What is sending a letter by computer called? (3)
- (iii) List **TWO** benefits to the Walsh's business of subscribing/connecting to the Internet. (6)
- (C) Anne's parents took her advice, purchased a computer and were connected to the Internet.
List **THREE** costs involved in operating their new system other than the price of the computer itself. (7)

(40 marks)