



Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2008

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY, 10 JUNE 2008 – MORNING, 9.30 a.m. - 12.00 p.m.

SECTION B

(160 marks)

- All questions carry equal marks.
- Attempt any **FOUR** questions.
- Marks will be awarded for 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 Burke household checked their Analysed Cash Book at the end of December 2007, 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 8 of Section A*) due to the following:

- The salaries of the Burke household increased by 4%.
- There are two children in the household. The monthly child benefit increased by €20 per child from 1 September 2007.
- The actual interest received for the year was €180.
- The Burke household received €400 from the sale of old furniture.
- Mortgage payments increased by €15 per month from 1 March 2007.
- The Burke household have a no claims bonus, so their car insurance was 15% less than budgeted.
- The house insurance was €325 for the year.
- Household costs were 7.5% greater than budgeted.
- Car costs were €375 greater than budgeted.
- Clothing and footwear costs were €300 less than budgeted.
- Light and heat costs were 6% less than budgeted.
- Medical expenses of €2,500 were incurred due to a serious illness to one of the children.
- Entertainment costs averaged €100 per month except for the three months of June, July and December, which averaged €170.
- Due to a wedding, presents cost an additional €190.
- Holidays were cancelled due to child's illness.

- (A) Using the Budget Comparison Statement *on page 8 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
	260	200	- 60
	470	490	+ 20
Total	730	690	- 40

(22)

Answer the following parts (B) and (C) in the spaces provided *on page 9 of Section A*.

- (B)
- (i) What was the budgeted closing cash at the end of 2007?
 - (ii) How much had the Burke household budgeted to save during 2007?
 - (iii) What was the actual closing cash at the end of 2007?
 - (iv) State by how much the Burke household exceeded their budgeted total expenditure.
 - (v) Explain **one** possible reason why the ‘Actual’ interest was less than the ‘Budget’ interest.
- (10)

- (C)
- (i) Explain the term ‘discretionary expenditure’.
 - (ii) Explain the term ‘health insurance’.
 - (iii) Give **two** examples of companies offering health insurance to the public in Ireland.
- (8)

(40 marks)

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

Answer all parts of this question:

City Football Club had an opening stock of €12,000 in the bar on 1 May 2007.

The following is a summary of the Club's financial transactions for the year ending 30 April 2008:

Receipts:	€
Club Lotto	24,400
Bar Sales	47,600
Subscriptions	52,000
Payments:	€
Groundsman's Wages	22,100
Light and Heat	5,960
Purchase of Tractor	25,000
Bar Purchases	30,960
Insurance	11,200
Club Lotto Prizes	8,140
Telephone	1,655
Repairs and Maintenance	17,895

Additional information on 30 April 2008:

- (i) Bar Stock €14,400
- (ii) Light and Heat due €345
- (iii) Subscriptions prepaid €2,500
- (iv) Insurance prepaid €2,800
- (v) Tractor to be depreciated by 20%.

(A) Prepare:

- (i) A Bar Trading Account for the year ending 30 April 2008.
- (ii) An Income and Expenditure Account for the year ending 30 April 2008.

(28)

(B) At the AGM, Mary Casey, the club officer who prepares the accounts, stated in her annual report that the Bar's gross profit percentage (gross margin) had improved this year.

- (i) Identify the officer who prepares the accounts in a club.
- (ii) Calculate the Bar's gross profit percentage.
- (iii) Explain **two other** reasons why Mary Casey would prepare an annual report.

(12)

(40 marks)

3. **This is a question on Factors of Production, National Budget and Opportunity Cost.**

Answer all parts of this question:

(A) State and explain the **four** Factors of Production, giving one example in **each** case. (12)

(B) The following figures were presented on Budget Day as projections for the year 2008:

Main items of Revenue and Expenditure	Estimated Figures in Millions €
Debt Servicing	290
PAYE	2,850
VAT	1,930
Health Services	1,960
Social Welfare	1,360
Education	1,490
Corporation Tax	260
Excise Duties	215
Agriculture	285

- (i) Draft the National Budget for 2008 from the above information. State whether it is a 'surplus' or 'deficit' Budget.
- (ii) Identify the Government Department responsible for preparing Ireland's National Budget.
- (iii) Distinguish between Capital Expenditure and Current Expenditure for the Government. Use **one** example of **each** type of expenditure to explain your answer.
- (iv) Explain, with an example, the term 'excise duties'.

(24)

(C) Explain, with an example, the term 'opportunity cost'.

(4)

(40 marks)

4.

This is a Banking Question.

Answer all parts of this question:

John Murphy, Ashfield Park, Westport, Co. Mayo, has a Current Account Number 17940832 with AIB Bank, The Mall, Westport. The Branch Sorting Code Number is 93-26-05.

(A) In the past, John has paid his electricity bills by Laser Card (Debit Card). He has decided to pay future bills by Direct Debit.

His ESB Account Number is 753-889-462. His contact telephone number is 087-4536281.

On 5 June 2008, he completed a Direct Debit Instruction for the ESB.

- (i) Complete the Direct Debit Instruction using the blank document *on page 10 of Section A*.
- (ii) Explain **two** differences between Direct Debit and Standing Order.
- (iii) Explain how a Laser Card (Debit Card) operates.

(17)

(B) John is applying to his bank for a loan of €3,000 to finance new furniture.

- (i) Give **three** examples of relevant questions which the bank manager would ask John before granting the loan.
- (ii) Apart from Commercial Banks, name **two** other types of financial institution that offer loans to customers.

(13)

(C) John is going on holiday to Canada. He goes to his bank to change €850 into Canadian Dollars and sees the following rates quoted:

CURRENCY	BANK SELLS	BANK BUYS
Canadian Dollar	1.50	1.60

- (i) Calculate the total amount in Canadian Dollars that John will receive for his €850. Show your workings.
- (ii) Explain **two** suitable methods of payment, other than cash, that John could use while shopping in Canada.

(10)

(40 marks)

5. **This is a Consumer Question.**

Answer all parts of this question:

On 5 April 2008, Margaret Greally, High Street, Ballymote, Co. Sligo, bought a new microwave oven for €450 from Electric World Ltd, Port Road, Sligo. It was delivered the following day and while using it she discovered that it did not heat the food.

On 7 April 2008, Margaret wrote to the Sales Manager of Electric World Ltd outlining the problem, enclosing evidence of purchase and seeking **one** form of immediate redress.

- (A) Write the letter that Margaret sent to Electric World Ltd on 7 April 2008. (19)
- (B) (i) Explain **two other** forms of redress available to Margaret.
(ii) Name the consumer law which applies in this case.
(iii) State **two** relevant principles of consumer law which have been broken in this case. (13)
- (C) (i) Explain, with an example, the term 'impulse buying'.
(ii) Identify **two** characteristics of a good consumer. (8)
- (40 marks)**

6. **This is a People at Work and Information Technology Question.**

Answer all parts of this question:

The following advertisement appeared in a newspaper.

Roy Ltd
Main Road
Carlow

Staff required for Sales Department

Basic Pay: €425.50 for 37-hour week

Overtime and Flexitime available

IT skills required

Spreadsheet experience essential

Apply in writing or by e-mail to roy ltd@sipmail.com

Roy Ltd is an equal opportunities employer

- (A) (i) Explain the **six** underlined terms in the above advertisement.
- (ii) John Maguire applied for the position and forwarded his Curriculum Vitae (CV). List **three** pieces of information which John would give on his CV other than his name, address and telephone number. (24)
- (B) John's application for a job in Roy Ltd was successful. As an employee in the Sales Department, he may be entitled to commission. Experienced staff members often receive a benefit-in-kind from the company.
- (i) Explain, with an example in **each** case, the terms 'benefit-in kind' **and** 'commission'.
- (ii) Explain, with an example, how 'work' differs from 'employment'. (10)
- (C) Roy Ltd pays overtime on the basis that the first five hours are paid at time-and-a-half with double-time thereafter.
- Calculate John's gross wage if he works 49 hours in a week. Show your workings. (6)

(40 marks)

REMEMBER TO INCLUDE SECTION 'A' WITH YOUR ANSWER BOOK