



Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2006

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

WEDNESDAY, 14 JUNE 2006 – MORNING 9.30am - 12.00 noon

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:

(A) On *page 9 of Section A* is a partially completed Budget form for the Maguire household for 2007. You are required to complete this form by filling in the figures for the 'Estimate April to December' column, and the 'Total for year' column. The following information should be taken into account:

- Tom expects to get a promotion in July and this will result in a rise of 30% in salary from 1 July.
- Breda expects to earn an extra €350 for overtime in August and will get a Christmas bonus of €500 in December.
- The Maguire household expect to receive €2,000 in dividends in May.
- The house mortgage will increase by €27 per month from 1 June.
- The car loan will be fully paid off following the August payment.
- House insurance is payable monthly and will decrease by 20% from 1 June.
- Household costs will remain at the same level, except for the month of August, when they will decrease by 50%.
- Light and heat for the 12 months (January – December 2007) is expected to be €850.
- Mobile phone costs are estimated to be €70 per month from 1 April and the house phone costs to be €100 every second month from 1 May.
- Car running costs are expected to remain at the same level each month.
- Tom and Breda plan to go to France on a holiday which will cost €2,500. The balance must be paid in July.
- The household expect to spend €150 on presents in July and another €450 in December.
- There is no further household decoration planned for 2007. (30)

(B) Answer the following questions in the spaces provided on *page 10 of Section A*:

- (i) Explain the term 'Dividends' in the Maguire Household Budget.
- (ii) At the end of March 2007, what will the expected closing cash balance be for the Maguire household?
- (iii) The expected closing cash balance has changed from February to March. Explain **two** major reasons for this change.
- (iv) Identify **one** method of dealing with this temporary situation at the end of March.

(10)

(40 marks)

2.

This is a Club Account and Information Technology Question.

Answer all parts of this question:

Killarney Tennis Club had an opening stock of €4,500 in the shop on 1 June 2005.

The following is a summary of the Club's financial transactions for the year ending 31 May 2006:

Receipts:	€
Subscriptions	30,600
Shop Sales	20,000
Disco Receipts	6,750
Payments:	€
Shop Purchases	10,500
Disco Expenses	3,750
Light and Heat	4,460
Court Maintenance	3,900
Caretaker's Wages	6,500
Loan Interest	4,000
Insurance	6,890
Purchase of Equipment	10,000

Additional information on 31 May 2006:

(i)	Shop Stock	€3,080
(ii)	Insurance prepaid	€95
(iii)	Subscriptions prepaid	€350
(iv)	Loan Interest due	€150
(v)	Equipment to be depreciated by 15%.	

(A) Prepare:

(i) A Shop Trading Account for the year ending 31 May 2006.

(ii) An Income and Expenditure Account for the year ending 31 May 2006. (28)

(B) At the AGM, the club officer who prepares the accounts suggested the need to buy a computer and computerise the accounts.

(i) Identify the officer who prepares the accounts in a club.

(ii) Suggest **one** suitable software program for preparing computerised accounts.

(iii) State and explain **two** suitable sources of finance that Killarney Tennis Club might use to acquire the computer.

(12)

(40 marks)

3.

This is a Factors of Production, Economic Growth and Trade Question.

Answer all parts of this question:

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

Name the **four** factors of production and the reward/payment associated with each. (8)

(B) Many countries have achieved high levels of economic growth in recent years.

(i) Explain the term 'economic growth'.

(ii) Outline **one** advantage of economic growth to a country.

(iii) From the following data, calculate the percentage of economic growth for a country from 2004 to 2005. Show your workings.

	€
2004	800 million
2005	850 million

(10)

(C) (i) Explain the difference between visible and invisible imports and give **one** example in each case.

(ii) The following data relates to the international trade of a country for 2005:

	€
Visible Imports	400 million
Invisible Exports	620 million
Visible Exports	540 million
Invisible Imports	260 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.

(iii) (a) Explain the term 'import substitution'.

(b) Outline **one** effect of import substitution on the Balance of Trade of a country.

(22)

(40 marks)

4.

This is a People at Work and Industrial Relations Question.

Answer all parts of this question:

- (A) On 24 May 2006, James Donnellan started a new job as a salesperson at Conlon Ltd. On his first day, he was invited by the local union representative to join the trade union in case he had a dispute with his employer.
- (i) What title is normally used to identify the local union representative in Conlon Ltd? Outline **two** services this person can offer to James.
 - (ii) Outline **three** possible reasons why James could be in dispute with Conlon Ltd.
 - (iii) Identify **three** steps in the resolution of an industrial dispute in Conlon Ltd. (24)
- (B) James is paid a weekly flat wage plus commission by Conlon Ltd. Senior staff also receive a benefit-in-kind from the company.
- (i) Explain the term 'commission'.
 - (ii) Outline **one** advantage and **one** disadvantage to James of receiving a weekly flat wage plus commission.
 - (iii) Explain the term 'benefit-in-kind' and give **two** examples. (16)
- (40 marks)**

5. **This is an Insurance Question.**

Answer all parts of this question:

- (A) On 1 March 2006, Patricia Power, 14 Sea Road, Westport had her laptop computer and printer stolen while she was working in Mallow. She reported them stolen that day to Garda John Casey at the local Garda Station. She told him that she had bought the computer and printer on 24 February 2006 when she started her new job as a sales representative. The laptop computer was insured for €2,000 and the printer for €500 with Duggan Insurances Ltd (Policy No. 050926DM).

On 5 March 2006, Patricia completed a claim form for her insurance company.

- (i) Complete the Claim Form for Duggan Insurances Ltd, using the blank document on *page 11 of Section A*.
- (ii) How much compensation is Patricia entitled to receive?
- (iii) State and explain the principle of insurance most relevant to the compensation she will receive.
- (iv) State and explain **one** other principle of insurance that would be relevant to the above situation.

(23)

- (B) Kevin McCarthy wishes to insure the family house worth €200,000 and its contents worth €60,000. He receives a quotation of €15 per €10,000 for the house and €19 per €5,000 for the contents. Kevin decides to insure the house to the value of €150,000 and the contents to their full value.

- (i) Calculate the insurance premium that Kevin will have to pay. Show your workings.
- (ii) What is the title of the person in an insurance company who calculates the premium?
- (iii) If a fire occurred causing €60,000 damage to the house and €10,000 damage to the contents, calculate the amount of compensation to which Kevin would be entitled. Show your workings and explain your answer.

(17)

(40 marks)

6.

This is a Banking and Borrowing Question.

Answer all parts of this question:

(A) Helen O'Dwyer, a teacher who lives in Tullamore, has decided that she should save some money and has chosen to open a Deposit Account with An Post. The cashier informs her that she will have to pay tax on the interest earned.

(i) Outline **two** factors Helen may have considered before deciding to save with An Post.

(ii) Name the tax that must be paid on the interest that Helen will earn.

(iii) Identify **two** separate legal requirements that Helen must meet when opening a deposit account with An Post.

(iv) Apart from Deposit Accounts, name **two** other methods of saving with An Post which are available to Helen.

(18)

(B) On 10 March 2006, Helen O'Dwyer went into Wogan Travel Ltd to book a holiday. She paid a deposit of €300 by cheque, crossing it to make it as safe as possible.

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

(6)

(C) Helen's brother Tom wishes to borrow in order to purchase some household appliances costing €6,000. He has the following options:

Option 1: Hire Purchase: €400 deposit and 36 instalments of €215 each.

Option 2: Loan: €6,000 at 7.5% APR over 3 years, with the loan amount to reduce by €2,000 **each** year.

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

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

(16)

(40 marks)

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