Coimisiún na Scrúduithe Stáit
State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2009

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY, 9 JUNE 2009 – MORNING, 9.30 - 12.00

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 Casey household checked their Analysed Cash Book at the end of December 2008, 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 Casey household decreased by 26%.
- There are two children in the household. The monthly child benefit increased by €15 per child from 1 March 2008.
- The actual interest received for the year was €260 less than budgeted.
- The Casey household received €4,200 from the sale of their second car.
- Mortgage payments increased from €850 to €955 per month from 1 July 2008 and then decreased by €75 per month from 1 October 2008.
- Car insurance was €210 less than budgeted.
- The Casey household installed smoke alarms, so their house insurance was 5% less than budgeted.
- Household costs were 12½ % greater than budgeted.
- Car costs were €25 per month less than budgeted.
- Clothing and footwear costs were €150 less than budgeted.
- Light and heat costs were 22% greater than budgeted.
- Health insurance was 13% greater than budgeted, due to an increase in charges by their insurance company.
- Entertainment costs averaged €150 per month except for the three months of April, August and December, which averaged €300.
- Due to a special birthday, presents cost an additional €300.
- Holiday plans were changed and cost €2,600 less than budgeted.

(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
	600	620	+ 20
	230	160	- 70
Total	830	780	- 50

(22)

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

(B) **(i)** How much had the Casey household budgeted to save during 2008?

(ii) What was the budgeted closing cash at the end of 2008?

(iii) What was the actual closing cash at the end of 2008?

(iv) State by how much the Casey household's Actual Total Expenditure differed from their Budgeted Total Expenditure.

(v) Explain **one** possible reason why the health insurance company increased its charges.

(10)

(C) **(i)** Outline **two** pieces of financial advice you would give the Casey household in light of the 'Actual' 2008 Budget.

(ii) Give **two** reasons why the Casey household would prepare a budget.

(8)

(40 marks)

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

Answer all parts of this question:

On 1 May 2008, Broadford GAA Club had an Accumulated Fund of €411,210.

The following is a summary of the Club's financial transactions for the year ended 30 April 2009:

Receipts:	**€**
Gate Receipts	23,940
Subscriptions	34,100
Club Lotto	53,700
Payments:	**€**
Maintenance Expenses	3,780
Stationery	1,730
General Expenses	34,610
Club Lotto Prizes	19,400
Insurance	9,330
Light and Heat	2,260

Additional information at 30 April 2009:

(i) Subscriptions prepaid €1,600

(ii) Stationery on hand €170

(iii) Light and Heat due €290

(iv) Cash at Bank €7,840

(v) Depreciation:
Clubhouse 3% of €364,000
Equipment 15% of €80,000

(A) Prepare:

(i) An Income and Expenditure Account for the year ended 30 April 2009.

(ii) A Balance Sheet as at 30 April 2009.

(33)

(B) **(i)** Explain the term **depreciation**.

(ii) State **two** causes of depreciation.

(7)

(40 marks)

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

Answer all parts of this question:

(A) **(i)** The Minister of Finance, because of limited resources, decided in his recent National Budget to:

- decrease spending on **roads**
- close and sell **army barracks**
- increase spending on **social welfare**
- increase **excise duties** on cigarettes and wine.

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

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

(ii) Explain **each** of the following terms:

- Limited resources
- National Budget.

(iii) Explain **two** effects of an increase in unemployment on the National Budget.

(18)

(B) **(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 2008:

	€
Visible Imports	750 million
Invisible Exports	820 million
Visible Exports	740 million
Invisible Imports	860 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) Explain **each** of the following terms:

- Inflation
- Debt Servicing.

(22)

(40 marks)

4. **This is a Banking Question.**

Answer all parts of this question:

Mary Buckley has an account with AIB, Killarney.

She received the following Statement on 3 May 2009:

AIB **Main Street** **Killarney, Co. Kerry**	**Statement of Account**	Tel: 066-4366287 Fax: 066-4366299 Branch Code: 93-71-47 Branch ID Code: AIBKIE5H

Ms Mary Buckley Muckross Road Killarney Co. Kerry	**Account Name:**	Mary Buckley No. 1 Account
	Account Number:	25496813
	IBAN:	IE39 AIBK 9371 4725 4968 13
	Statement Date:	30 April 2009
	Statement Number:	495

Date	Transaction Details	Dr	Cr	Balance
		€	€	€
01 Apr 2009	Balance forward			626.00
06 Apr 2009	Paypath		1,670.00	2,296.00
09 Apr 2009	Cheque No. 50021	2,350.00		54.00 Dr
15 Apr 2009	DD – Eircom	124.00		178.00 Dr
18 Apr 2009	ATM – AIB, Dingle	160.00		338.00 Dr
20 Apr 2009	Paypath		1,670.00	1,332.00
22 Apr 2009	SO – Vodafone	33.00		1,299.00
29 Apr 2009	Bank charges	14.00		1,285.00
30 Apr 2009	INET – AIB Visa	308.00		977.00

(A) **(i)** Is Mary's Bank Account a deposit or current account? Give **one** reason for your answer.

(ii) Explain '**Paypath'** and state **two** advantages of Paypath to Mary.

(iii) Explain the difference between the transactions that occurred on 15 April 2009 and 22 April 2009.

(iv) What do the initials 'ATM' stand for? Explain **three** services that are available to Mary through the ATM.

(v) Explain why "Dr" appears in the Balance column after three transactions on the Statement.

(vi) State **two** possible items that may be included in the entry dated 29 April 2009.

(28)

(B) **(i)** Mary's Bank Statement does not include the following two items:

- a cheque (No. 50022) of €178.00 written by Mary on 12 April 2009
- a credit transfer of €95.00 on 30 April 2009.

Calculate her bank balance after taking **both** of the above items into consideration.

(ii) Explain the difference between **each** of the following:

- Stale cheque and dishonoured cheque
- General crossing and special crossing.

(12)

(40 marks)

Questions 5 and 6 are on the next page

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

Answer all parts of this question:

Kate Quinn, who lives at 47 Quay Lane, Dun Laoghaire, Co. Dublin, recently bought her first car. She rang an insurance company and was given a quote for third party cover and comprehensive cover. She contacted her friend, Michelle Hughes, Church View, Navan, Co. Meath, seeking her advice on which insurance cover to take out.

(A) **(i)** Write the letter, using today's date, that Michelle would send to Kate explaining the difference between third party and comprehensive insurance cover.

(ii) Name the document completed by Kate when taking out insurance.

(iii) State and explain the **two** principles of insurance most relevant to Kate when applying for car insurance.

(26)

Kate has a house worth €225,000 and contents worth €75,000. She receives a quotation of €12 per €15,000 for the house and €16 per €3,000 for the contents. She decides to insure her house for its full value and the contents to the value of €60,000.

(B) **(i)** Calculate the insurance premium that Kate will have to pay. Show your workings.

(ii) If a storm caused €35,000 damage to the house and €12,000 damage to the contents, calculate the amount of compensation to which Kate would be entitled, given that there is a policy excess of €150. Show your workings and explain your answer.

(14)

(40 marks)

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

Answer all parts of this question:

(A) Mark Ryan is employed as a supervisor at Sorrento Tiles Ltd. His basic wage rate is €592 for a 37 hour week. Overtime is paid at time and a half for the first eight hours and double time for hours in excess of that. In Week No 21, he worked 47 hours.

Mark pays income tax at the rate of 41% and PRSI at 8%. His annual tax credit is €7,280. Each week, he pays €7 to his Trade Union and invests €40 in a savings fund. His employer deducts both of these at source.

(i) Complete Mark's Wage Slip for Week No 21, using the blank document *on page10 of Section A*. Show your workings *(on the same page)*.

(ii) State **three** benefits that Mark may receive from his PRSI contributions.

(28)

(B) **(i)** Outline **three** responsibilities Mark has to his employer.

(ii) Mark is paid on a time rate basis.
State and explain **one** other method of calculating gross pay.

(12)

(40 marks)

REMEMBER TO INCLUDE SECTION 'A' WITH YOUR ANSWER BOOK