

**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 2018

### BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 12 JUNE 2018 – 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 Financial Services. What do they stand for?

<b>DIRT</b>	
<b>CAR</b>	
<b>APR</b>	

2. Identify **two** examples of input devices and **two** examples of output devices used in IT.

<b>INPUT DEVICES</b>	(i)
	(ii)
<b>OUTPUT DEVICES</b>	(i)
	(ii)

3. Complete the following trading account by filling in the **three** unshaded areas, numbered (i) to (iii):

<b>Trading Account of TAG Ltd for year ending 31-12-2017</b>			
	€	€	€
Sales			<b>(i)</b>
Stock (01/01/2017)		85,000	
<b>(ii)</b>	151,000		
Carriage Inwards	4,000	155,000	
Stock (31/12/2017)		240,000 50,000	190,000
<b>(iii)</b>			150,000

4. The following figures appear in a company's final accounts:

**Gross Profit €85,500      Capital Employed €950,000      Total Expenses €28,500**

Return on capital employed is calculated as follows:  $\frac{\text{net profit}}{\text{capital employed}} \times \frac{100}{1}$

Using the above figures, calculate the return on capital employed. Show your workings.

<b>Answer:</b>
%

Workings:

5. Explain why branding is important for a company.

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6. On 8 June 2018, E. Power, a retailer, purchased equipment for €2,100 by cash. There was no VAT on these goods.

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

(i) \_\_\_\_\_ A/c

Dr						Cr
Date	Details	€		Date	Details	€
2018 June 8	(ii)	2,100				

(iii) \_\_\_\_\_ A/c

Dr						Cr
Date	Details	€		Date	Details	€
				2018 June 8	(iv)	2,100

7. Complete **and** balance the debtors control account on 31 May 2018 from the following information:

	€
Debtors balance on 1 May 2018	5,700
Total cash received from debtors in May	5,400
Total credit sales for May	6,100

Debtors Control Account					
Dr					Cr
Date	Details	€	Date	Details	€

**OR (Alternative Format)**

Debtors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€

8. Explain the term 'free market/free enterprise economic system'.

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9. Tick (✓) the appropriate column(s) to indicate where in the final accounts of a farming business the following items should be entered on 31/12/2017:

	Operating Statement	Balance Sheet
Vet fees		
Tractor depreciation		
Sale of hay		

10. Explain **two** factors that a company would consider before deciding on a suitable delivery system for its goods:

- (i) \_\_\_\_\_  
 \_\_\_\_\_
- (ii) \_\_\_\_\_  
 \_\_\_\_\_

11. On 1 May 2018, a Petty Cashier in a busy hairdressing business, had an imprest of €225. During the month of May, she spent €57 on magazines, €59 on postage and €61 on refreshments.

- (i) Explain the term 'Imprest'.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

- (ii) Calculate the amount the Petty Cashier will require to restore the imprest. Show your workings.

<b>Answer:</b>
€

<b>Workings:</b>

12. The following data relates to the international trade of a country for 2017:

<b>Visible imports</b>	<b>€650 million</b>	<b>Invisible imports</b>	<b>€450 million</b>
<b>Invisible exports</b>	<b>€550 million</b>	<b>Visible exports</b>	<b>€700 million</b>

Using the above data, calculate the balance of trade.  
Show your workings.

<b>Answer:</b>
€ _____ million

Workings:

13. Complete the profit and loss appropriation account by filling in the **three** unshaded areas, numbered **(i)** to **(iii)**, from the following information:

Authorised share capital	€750,000
Issued share capital	€650,000
Dividends paid	5%

<b>Profit and Loss Appropriation Account of Kors Ltd for year ending 31-12-2017</b>		
		€
Net profit		<b>570,000</b>
Less dividends		<b>(i)</b>
<b>(ii)</b>		<b>(iii)</b>

14. Explain **two** reasons why stocktaking is essential in any business.

(i) \_\_\_\_\_

\_\_\_\_\_

(ii) \_\_\_\_\_

\_\_\_\_\_

15. (i) Enter the following balances in the partially completed general journal of Ophelia Ltd:

1 January 2018	Buildings	€575,000
	Bank overdraft	€9,610

(ii) Calculate the ordinary share capital:

Ophelia Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
	Buildings	GL <sub>1</sub>		
	Creditors	CL <sub>1</sub>		10,000
	Bank	CB <sub>1</sub>		
	Ordinary share capital	GL <sub>2</sub>		
	<i>Assets, liabilities and share capital of Ophelia Ltd on this date.</i>			

16. Explain the term ‘unlimited liability’.

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17. Enter the following transaction in the sales returns book of Cannon Ltd:

On 3 June 2018, Fran Ltd returned goods €2,100 to Cannon Ltd (credit note no. 24).  
The VAT rate on these goods was 23%.

Cannon Ltd – Sales Returns Book						
Date	Details	CN No.	F	Net €	VAT €	Total €

18. Tick (✓) the correct columns to indicate whether the following sources of finance are short term, medium term or long term.

Source of Finance	Short Term	Medium Term	Long Term
Mortgage			
Creditors			
Hire purchase			

19. **Column 1** is a list of retailers. **Column 2** is a list of statements that can be matched to these retailers.

*(One statement does not refer to any of the retailer terms.)*

Retailers	Statements
1. Supermarket	A. Shop owned by one owner with many branches around the country.
2. Voluntary group	B. Self-service shop which provides a large variety of goods.
3. Multiple shop	C. Shop set up with the permission of the owner.
	D. Shops joining together to compete.

Match the two lists by placing the letter of the correct statement under the relevant number below:

1.	2.	3.

20. Distinguish between **conciliation** and **arbitration**.

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**Section B  
begins on page 10**

For use with Section B - Question 1 (A)

**Planned Budget for the Sheeran Household for 2019**

	Jan	Feb	Mar	Total Jan - Mar	Estimate Apr - Dec	Total for Year Jan - Dec
<b>PLANNED INCOME</b>	€	€	€	€	€	€
Margaret Sheeran salary	2200	2200	2200	6600		
Enda Sheeran wages	1800	1800	1800	5400		
Child benefit	280	280	280	840		
<b>TOTAL INCOME</b>	4280	4280	4280	12840		
<b>PLANNED EXPENDITURE</b>						
<i>Fixed</i>						
Annual house insurance			940	940		
Car loan and insurance	320	320	320	960		
Mortgage	950	950	950	2850		
<b>Subtotal</b>	1270	1270	2210	4750		
<i>Irregular</i>						
Telephone and broadband	130	130	130	390		
Light and heat costs	140		125	265		
Car running costs	160	160	160	480		
Household costs	890	890	890	2670		
<b>Subtotal</b>	1320	1180	1305	3805		
<i>Discretionary</i>						
Entertainment costs	100	120	130	350		
Holidays	290			290		
House decoration			3900	3900		
<b>Subtotal</b>	390	120	4030	4540		
<b>TOTAL EXPENDITURE</b>	2980	2570	7545	13095		
Net cash	1300	1710	(3265)	(255)		
Opening cash	80	1380	3090	80		
Closing cash	1380	3090	(175)	(175)		

**For use, if required, as rough work for Section B - Question 1 (A)**

<b>INCOME</b>	<b>FIXED EXPENDITURE</b>
<p><b>Margaret Sheeran salary:</b></p>   <p><b>Enda Sheeran wages:</b></p>   <p><b>Child benefit:</b></p>	<p><b>Annual house insurance:</b></p>   <p><b>Car loan and insurance:</b></p>   <p><b>Mortgage:</b></p>
<b>IRREGULAR EXPENDITURE</b>	<b>DISCRETIONARY EXPENDITURE</b>
<p><b>Telephone and broadband:</b></p>   <p><b>Light and heat costs:</b></p>   <p><b>Car running costs:</b></p>   <p><b>Household costs:</b></p>	<p><b>Entertainment costs:</b></p>   <p><b>Holidays:</b></p>   <p><b>House decoration:</b></p>

**For use in answering Section B - Question 1 (B)**

**(B)**

(i) Identify additional income in the Sheeran household budget.	For Office	
	Use Only	
<b>Answer:</b>		

(ii) What is the expected closing cash balance for the Sheeran household at the end of March 2019?	For Office	
	Use Only	
<b>Balance: €</b>		

(iii) Outline <b>two</b> methods of dealing with this temporary situation at the end of March 2019, if an overdraft facility is not available to the Sheeran household.	For Office	
	Use Only	
<b>Method 1:</b>		
<b>Method 2:</b>		

**REMEMBER TO INCLUDE SECTION 'A' WITH YOUR ANSWER BOOK**



# Coimisiún na Scrúduithe Stáit State Examinations Commission

## JUNIOR CERTIFICATE EXAMINATION 2018

### BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 12 JUNE 2018 – 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:**

**(A)** On page 10 of Section A is a partially completed Budget Form for the Sheeran household for 2019. You are required to complete this form by filling in the figures for the 'Estimate Apr - Dec' column, and the 'Total for Year Jan - Dec' column.

*(Please note: a page for rough work is provided on page 11 of Section A, if required.)*

The following should be taken into account:

- Margaret expects a 15 % **increase** in salary from 1 August.
- Enda expects to earn an extra €150 for overtime in October and November. He will get a Christmas bonus of €500 in December.
- There will be three children in the Sheeran household, with the birth of their third child in November.
- Car loan and insurance are payable monthly and will **increase** by €275 per month from 1 November with the purchase of a new car.
- The house mortgage will **increase** by €35 per month from 1 May.
- Telephone and broadband costs are estimated to be €160 per month from 1 June.
- Light and heat costs for the twelve months (Jan – Dec 2019) are expected to be €890.
- Car running costs are expected to **increase** by €100 per month from 1 November.
- Household costs are expected to remain at the same level, except for the month of July, when they will **decrease** by 30%.
- Entertainment will average at €120 per month, except in December when it will **increase** by 50%.
- The Sheeran household holiday, in June, is expected to cost €2,900. The balance must be paid in May.
- There is no further house decoration planned in 2019.

(30)

**(B)** Answer the following on page 12 of Section A:

- (i) Identify additional income in the Sheeran household budget.
- (ii) What is the expected closing cash balance for the Sheeran household at the end of March 2019?
- (iii) Outline **two** methods of dealing with this temporary situation at the end of March 2019, if an overdraft facility is not available to the Sheeran household.

(10)

**(40 marks)**

2. This is a Club Account question.

**Answer all parts of this question:**

Windtree Tennis Club, Redcastle, Co. Donegal, had the following Assets and Liabilities on 01/01/2017:

Clubhouse €230,000; Cash €27,000; Term Loan €80,000; Bank €3,000; Floodlights €45,000.

Below is a summary of the club's financial transactions for the year ending 31/12/2017:

<b>Receipts:</b>	<b>€</b>
Subscriptions	18,000
Competition Fees	5,300
Club Lotto	27,700
Annual Sponsorship	24,000
<b>Payments:</b>	<b>€</b>
Floodlight Repairs	2,740
Lotto Expenses	11,200
Court Maintenance	6,517
Competition Prizes	3,070
General Expenses	2,150
Purchase of Equipment	9,600
Insurance	1,950

Additional information on 31/12/2017:

- (i) Subscriptions prepaid €730
- (ii) General Expenses due €160
- (iii) Insurance prepaid €325
- (iv) Equipment to be depreciated by 15%
- (v) Floodlights to be depreciated by 10%

- (A) Prepare a statement calculating the Club's Accumulated Fund on 01/01/2017. (8)
  - (B) Prepare an Income and Expenditure Account for the year ending 31/12/2017. (27)
  - (C) Calculate the percentage of income made up by sponsorship. Comment on your answer. (5)
- (40 marks)**

3. This is a question on National Budget, Inflation and Economic Awareness.

Answer all parts of this question:

(A) The following figures were presented on Budget Day as projections for the year 2018:

Main items of Revenue and Expenditure	Estimated Figures in Millions €
Corporation Tax	540
Health Services	1,870
Excise Duties	285
PAYE	3,150
Social Protection	1,440
Education and Skills	1,680
Debt Servicing	780
VAT	2,250
Agriculture, Food and the Marine	250

- (i) Draft the National Budget for 2018 from the above information.  
State whether it is a 'surplus' or 'deficit' Budget.
- (ii) Explain the term 'corporation tax'.
- (iii) The US government has recently reduced the rate of corporation tax.  
Outline the effect of this change on Ireland's National Budget.

(19)

- (B) (i) The cost of living in a country in 2016 was €7,000. In 2017, it was €7,105.  
Calculate the rate of inflation. (Show your workings.)
- (ii) Explain the term 'inflation'.
- (iii) Identify the official measure of inflation in Ireland.
- (iv) State **two** causes of inflation.

(15)

(C) Ireland failed in its bid to host the 2023 Rugby World Cup.

Outline **two** economic effects for Ireland if this bid had been successful.

(6)

(40 marks)

4. **This is a Consumer question.**

**Answer all parts of this question:**

Andy and Kate Tuohy live at Lake View, Muckross, Co. Kerry. They booked a family holiday costing €2,400 with Kingdom Travel Ltd, Park View, Killarney, Co. Kerry for a week in Lanzarote from 24 May 2018 to 31 May 2018. The holiday brochure clearly stated that the apartment complex where they were staying had its own swimming pool.

On arrival at their apartment, the Tuohys discovered that there was no swimming pool. They were very disappointed.

- (A)** (i) Name the consumer law that applies in this situation.
- (ii) State the relevant principle of consumer law that has been broken. (6)

- (B)** (i) On 3 June 2018, after they returned home, Kate Tuohy wrote a letter of complaint to the Manager of Kingdom Travel Ltd requesting suitable redress.

Write the letter that Kate Tuohy sent to Kingdom Travel Ltd.

- (ii) On 5 June 2018, Kingdom Travel Ltd contacted Kate requesting proof of payment for the holiday.

State **two** methods that the Tuohys could have used in paying for the holiday. (26)

- (C)** (i) Explain, with an example, the term 'impulse buying'.
- (ii) Explain **two** characteristics of a good consumer. (8)

**(40 marks)**

5. **This is an Analysed Cash Book and Personal Banking question.**

**Answer all parts of this question:**

Michael O'Connor uses an analysed cash book to keep a record of his household accounts. He has no bank account.

**(A)** Prepare the analysed cash book of Michael O'Connor for the month of May 2018 from the details set out below:

Note: Use the following money column headings:

**Debit (Receipts) Side:** Cash    Wages    Other

**Credit (Payments) Side:** Cash    Groceries    Light and Heat    Rent    Other

<b>Date</b>	<b>Transactions</b>	<b>Amount €</b>
1 May 2018	Opening cash balance	1,160
5 May 2018	Paid for groceries	280
7 May 2018	Received fortnightly wages	780
11 May 2018	Paid electricity bill	125
12 May 2018	Paid entertainment	70
15 May 2018	Paid monthly rent bill	440
16 May 2018	Paid for groceries	290
18 May 2018	Paid gas bill	70
21 May 2018	Received fortnightly wages	780
23 May 2018	Paid monthly gym bill	55
25 May 2018	Paid phone bill	100
29 May 2018	Paid for groceries	320
30 May 2018	Lotto win	25

(17)

- (B)** Michael is returning to education as a mature student in September and is eligible for an education grant from the government. He asked his younger sister, who is studying Business Studies, for advice on holding a bank account.

What answers should his sister give to the following questions?

- (i) State **three** requirements that must be satisfied when opening a bank account.
- (ii) Outline **two** differences between a current account and a deposit account.
- (iii) State and explain how Michael's education grant would transfer into his bank account.
- (iv) Michael's analysed cash book shows the following three household bills:
  - Monthly rent
  - Groceries
  - Electricity

Explain **one different** method Michael might use to pay **each** of these bills using his new bank account.

(23)

**(40 marks)**

6. This is an Insurance and People at Work question.

**Answer all parts of this question:**

Sarah White, who was born on 17 August 1994, lives at Main Street, Dundrum, Co. Dublin. She recently bought her first car after passing her driving test. She rang an insurance company and was quoted third party cover and comprehensive cover. The employee of the insurance company told Sarah there would be loadings on her premium as she does not have a no claims bonus.

- (A) (i) Explain the difference between third party and comprehensive insurance cover.
- (ii) State and explain the principles of insurance of which Sarah needs to be aware when taking out motor insurance.
- (iii) Explain the following terms, **with reference to Sarah**:
- (a) Loadings
  - (b) Premium
  - (c) No claims bonus.

(24)

As an employee of a local company Sarah is paid a basic wage of €320 per week plus 8% commission on her total sales. She also receives a tax credit and has statutory deductions taken from her gross wage.

- (B) (i) Explain the term 'tax credit'.
- (ii) State **two** statutory deductions that would be taken from her gross wage.
- (iii) Outline the purpose of **each** of these statutory deductions.
- (iv) If Sarah sold €870 worth of goods in a week, calculate her gross wage for that week. Show your workings.

(16)

**(40 marks)**

**BUSINESS STUDIES – PAPER II 2018**

Write your Examination Number here 

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**For use with Q.2 (A) (i)**

State <b>two</b> reasons why a business sells goods on credit.	
1	
2	

**For use with Q.2 (A) (ii)**

Explain <b>two</b> methods that a business could use to check the credit rating of new customers.	
1	
2	

**For use with Q.2 (B) (i)**

State <b>three</b> procedures that need to be followed when processing outgoing invoices.	
1	
2	
3	

**For use with Q.2 (B) (ii)**

<b>CHAIRS SUPREME Ltd, Dock Road, Sligo</b>		<b>INVOICE No. 56</b>	
Telephone: 071-9531560 e-mail: <a href="mailto:chairsupreme@sligo.ie">chairsupreme@sligo.ie</a>		VAT Reg. No. IE8567321	
		Date: _____	
		Your Order No: 300	
<b>QUANTITY</b>	<b>DESCRIPTION</b>	<b>PRICE EACH</b>	<b>TOTAL</b>
		<b>€</b>	<b>€</b>
		Total (Excluding VAT)	
		Trade Discount	
		Subtotal	
		VAT	
E & OE		Total (Including VAT)	

**For use with Q.2 (C) (i)**

<b>CHAIRS SUPREME Ltd, Dock Road, Sligo</b>		<b>Receipt No. 55</b>	
Date:			
Received from:			
The sum of:			€
Method of payment:			
Received with thanks:		<b>Accounts Manager</b>	

**For use with Q.2 (C) (ii)**

**Analysed Cash Book (Debit Side) of CHAIRS SUPREME Ltd**

Date	Details	Receipt No.	F	Total Bank €	Debtor €

**PLEASE RETURN THIS PAGE WITH YOUR ANSWER BOOK**

**BUSINESS STUDIES – PAPER II 2018**

Write your Examination Number here: 

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**For use with Q.3 (A)**

	April	May	June	July	August	Sept.	Total April to Sept.
	€	€	€	€	€	€	€
<b>Receipts</b>							
Cash Sales	120,000	120,000					
Share capital							
Loan	36,000						
<b>A. Total Receipts</b>	156,000	120,000					
<b>PAYMENTS</b>							
Wages	52,000	52,000					
Insurance	9,500						
Cash Purchases	40,000	40,000					
Advertising	10,000	10,000					
Loan Repayments	4,500	4,500					
Equipment	50,000						
<b>B. Total Payments</b>	166,000	106,500					
<b>C. Net cash (A - B)</b>	(10,000)	13,500					
<b>D. Opening Cash</b>	3,000	(7,000)	6,500				
<b>E. Closing Cash (C+D)</b>	(7,000)	6,500					

**For use with Q.3 (B) (i)**

State **three** costs for SOAP Ltd if it chooses to have its own fleet of delivery vans.

1	
2	
3	

**For use with Q.3 (B) (ii)**

State **three** benefits for SOAP Ltd if it chooses to have its own fleet of delivery vans.

1	
2	
3	