

**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, 2002**

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

WEDNESDAY, 12 JUNE 2002 – MORNING, 9.30 to 12.00

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

1. Tick (✓) the correct answer below.

V.H.I. (Voluntary Health Insurance Board)

- |     |  |                          |
|-----|--|--------------------------|
| (a) | pays compensation when one is sick and unable to work. | <input type="checkbox"/> |
| (b) | pays a pension at a certain age.                       | <input type="checkbox"/> |
| (c) | pays expenses involved in staying in hospital.         | <input type="checkbox"/> |
| (d) | insures that one's health will not get bad.            | <input type="checkbox"/> |

2. Complete the sentence below by choosing the correct words from the following list.

**Creditors, Debtors, Credit Note, Debit Note, Receipt, Invoice.**

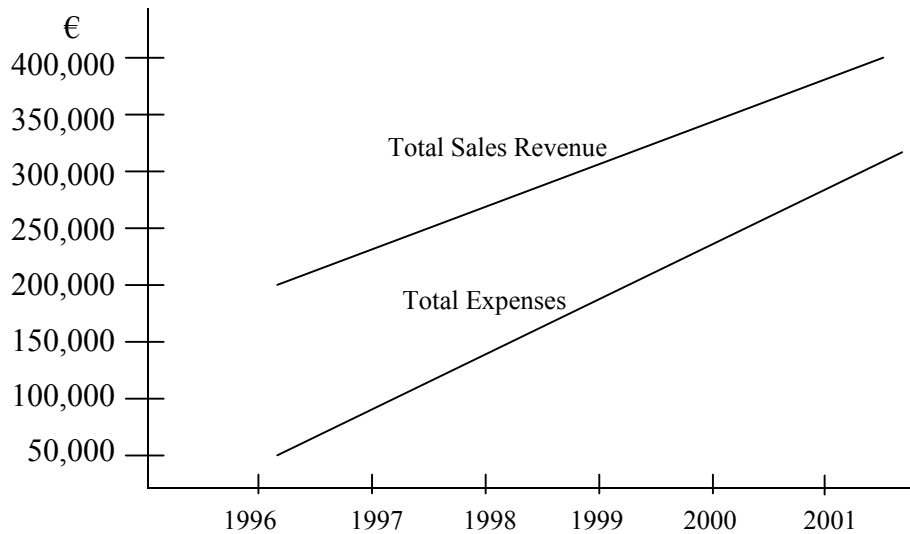
A firm accepts returns from its \_\_\_\_\_ and issues a document to them called \_\_\_\_\_.

3. Tick (✓) the correct answer below.

An Operating Statement is used to calculate

- |     |  |                          |
|-----|--|--------------------------|
| (a) | cash received and paid by a club for a period.                     | <input type="checkbox"/> |
| (b) | the Profit or Loss made by a service firm for a period.            | <input type="checkbox"/> |
| (c) | the Assets and Liabilities of a trading firm on a particular date. | <input type="checkbox"/> |
| (d) | the amount of a product made by a Manufacturer for a period.       | <input type="checkbox"/> |

4. The following is a line graph of a firm's Total Sales Revenue and Total Expenses for the years 1996 – 2001.



Tick (✓) the correct answer below.

In the past 6 years the firm's Net Margin (Net Profit Percentage) has

- Improved
- Disimproved
- Remained Unchanged

5. Name and briefly explain **TWO** methods of collecting information when undertaking Market Research.

1. \_\_\_\_\_  
\_\_\_\_\_

2. \_\_\_\_\_  
\_\_\_\_\_

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

- |  | True                     | False                    |
|--|--------------------------|--------------------------|
| (a) The purchase of stock for re-sale is an example of <b>Capital</b> Expenditure. | <input type="checkbox"/> | <input type="checkbox"/> |
| (b) The payment of insurance is an example of <b>Current</b> Expenditure.          | <input type="checkbox"/> | <input type="checkbox"/> |

7. Answer **ONE** only of the following:

(a) What is meant by stopping a cheque and who has the power to do so?

**Answer** \_\_\_\_\_

\_\_\_\_\_

**OR**

(b) What is meant by endorsing a cheque and when is it done?

**Answer** \_\_\_\_\_

\_\_\_\_\_

8. Indicate, by means of a tick (✓), the category to which each good or service belongs.

	<b>Visible Exports</b>	<b>Invisible Exports</b>	<b>Visible Imports</b>	<b>Invisible Imports</b>
Irish lobster sold in Paris				
Irish people going to the World Cup finals				
Earnings by Irish bands on a world tour				
Foreign tourists travelling on Aer Lingus planes				

9. State **TWO** advantages of air transport over sea transport.

1. \_\_\_\_\_

2. \_\_\_\_\_

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

1. Promoting Exports \_\_\_\_\_

2. Communications \_\_\_\_\_

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

- |   | <b>True</b>              | <b>False</b>             |
|---|--------------------------|--------------------------|
| (a) In a Co-Operative, shareholders have limited liability. | <input type="checkbox"/> | <input type="checkbox"/> |
| (b) In a Co-Operative, each shareholder has only one vote.  | <input type="checkbox"/> | <input type="checkbox"/> |

12. **Column 1** is a list of business professions.  
**Column 2** is a list of duties performed by these professions.

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 – Professions	Column 2 - Duties
<b>1</b> Actuary	<b>A</b> Responsible for keeping the financial records of a firm.
<b>2</b> Accountant	<b>B</b> Calculates the amount of insurance premium.
<b>3</b> Assessor	<b>C</b> Sells on behalf of one firm only.
<b>4</b> Auditor	<b>D</b> Recommends the amount of compensation.
	<b>E</b> Appointed by the shareholders to check the accuracy of the firm's accounts.

1	2	3	4

13. The following account appeared in the ledger of T. Hannon.

<b>DR</b>		<b>Sales Account</b>				<b>CR</b>	
Date	Details	F	€	Date	Details	F	€
				May 29	Bank	C.B.6	9,500
				May 30	Sundry Debtors	S.B.3	860

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

On May 29, T. Hannon \_\_\_\_\_  
 \_\_\_\_\_

On May 30, T. Hannon \_\_\_\_\_  
 \_\_\_\_\_





17.

Trading Account for year ending 31 December 2001		
	€	€
Sales.....		120,000
Less Cost of Sales		
Opening Stock.....	12,000	
Purchases.....	94,000	
	106,000	
Closing Stock.....	?	
		90,000
Gross Profit.....		30,000

Calculate:

- (a) **Closing Stock** figure omitted.

Answer

**Workings**

<b>Workings</b>

- (b) **Mark Up** (percentage)

Answer

**Workings**

<b>Workings</b>

18. Tick (✓) the correct box to complete the following statements.

The total cost, to an employer, of employing a worker is

- (a) the worker's gross pay.
- (b) the worker's net pay.
- (c) the worker's gross pay plus employer's P.R.S.I. contribution.
- (d) the worker's net pay plus employer's P.R.S.I. contribution.

19. Name **TWO** documents to be completed and sent to the Registrar of Companies when forming a limited company.

(a) \_\_\_\_\_

(b) \_\_\_\_\_

20.

<b>Balance Sheet as at 31 May 2002</b>		
	€	€
Fixed Assets.....		250,000
Current Assets.....	64,000	
Current Liabilities.....	74,000	
		(10,000)
		240,000
<b>Financed by:</b>		
Long term Liabilities.....		60,000
Capital	Authorised      Issued	
Ordinary Shares €1 each.....	<u>200,000</u> <u>130,000</u>	130,000
Reserves.....	50,000	
		180,000
		240,000

Answer **ONE** only of the following:

- (a) Is the firm **liquid**? Give a reason for your answer.

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**OR**

- (b) The Net Profit for the year was €36,000. Calculate the **Return on Capital Employed**.

Answer  %

Workings



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

**The O’Leary Family Budget Summary, January to April.**

	<b>Jan.</b>	<b>Feb.</b>	<b>March</b>	<b>April</b>	<b>Total</b>
<b>Total Income</b>	1,250	1,250	1,350	1,375	
<b>Total Expenditure</b>	875	1,438	1,421	1,079	
Savings	100	100	100	100	
[Expenditure plus savings] <b>Total Outgoings</b>	975				
<b>Net Cash</b>					
<b>Opening Cash</b>					
<b>Closing Cash</b>					

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


- (i) What is a Budget?  
**Answer** \_\_\_\_\_
  
- (ii) What information can be got from preparing a budget?  
**Answer** \_\_\_\_\_
  
- (iii) Name any month in which the O’Leary family plan to borrow/overdraw and the amount of the borrowing.  
**Answer** \_\_\_\_\_
  
- (iv) Name any month in which the O’Leary family plan to have a deficit and the amount of the deficit.  
**Answer** \_\_\_\_\_
  
- (v) Did the O’Leary family plan to live within their income for the period January to April?  
Give a reason for your answer.  
**Answer** \_\_\_\_\_

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

Tick (✓) the appropriate box to indicate whether each of the car expenses listed below is Fixed, Irregular or Discretionary.

<b>Car Expense</b>	<b>Fixed</b>	<b>Irregular</b>	<b>Discretionary</b>
<b>Repairs</b>			
<b>Road Tax</b>			
<b>New Seat Covers</b>			
<b>Petrol</b>			

**Document for use in answering Question 1(D) in Section B.**

Date _____ Pay _____ Bal. _____ Bt. Fwd. <u>€227-</u> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px 0;"></div> Other items _____ Bal. _____ Cd. Fwd. _____	<div style="display: flex; justify-content: space-between;"> <div style="background-color: black; color: white; padding: 5px; font-weight: bold;">Ulster Bank</div> <div style="text-align: right;">98-63-20</div> </div> <hr style="border: 1px solid black;"/> Gort Date _____ Pay _____ or order <hr style="border: 1px solid black;"/> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; width: 100px; height: 20px;"></div> <div style="font-size: 2em;">€</div> <div style="border: 1px solid black; width: 100px; height: 20px;"></div> </div> <hr style="border: 1px solid black;"/> <div style="text-align: center; margin: 10px 0;">  </div> <hr style="border: 1px solid black;"/> <div style="display: flex; justify-content: space-between; font-size: small;"> <div>Cheque No. 002192</div> <div>Branch Sort Code 98 6380</div> <div>Account No. 48749022 02</div> </div>
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**PLEASE REMEMBER TO RETURN THIS SECTION A  
WITH YOUR ANSWER BOOK**

**AN ROINN OIDEACHAIS AGUS EOLAÍOCHTA**

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**JUNIOR CERTIFICATE EXAMINATION, 2002**

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**BUSINESS STUDIES – HIGHER LEVEL – PAPER I**  
**SECTION B**

(160 Marks)

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WEDNESDAY, 12 JUNE 2002 – MORNING, 9.30 to 12.00

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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 and Cheque Question.**

**A.** At the end of Section A, Page 8, is a partially completed summary of the O’Leary family budget for the months, January to April. You are required to complete this budget by filling in the figures in the “Total” column and also the missing figures for “Total Outgoings, Net Cash, Opening Cash and Closing Cash”.  
On 1 January, the O’Leary family had cash in hand of €127. **(11)**

**B.** Answer the following questions in the space provided at the end of Section A, page 8.

- (i) What is a Budget?
- (ii) What information can be got from preparing a budget?
- (iii) Name any month in which the O’Leary family plan to borrow/overdraw and the amount of the borrowing.
- (iv) Name any month in which the O’Leary family plan to have a deficit and the amount of the deficit.
- (v) Did the O’Leary family plan to live within their income for the period January to April? Give a reason for your answer. **(15)**

**C.** Answer the following question in the space provided at the end of Section A, page 9.

The O’Learys own a car. Show, by ticking (✓) the appropriate box, whether the following expenses would be classified as Fixed, Irregular or Discretionary in their budget.

Car Repairs, Road Tax, New Seat Covers, Petrol. **(4)**

**D.** On 2 February 2002, Fiona O’Leary paid their house insurance €386 to Guardian Insurance Ltd. by cheque. Since the cheque was sent by post, she decided to make it as safe as possible.  
Complete the cheque and counterfoil of 2 February 2002, using the blank document supplied at the end of Section A, page 9. Make this cheque as safe as possible. **(10)**  
**(40 marks)**

2.

**Answer ALL sections. This is a Banking and Investment Question.**

- A. (i) List **THREE** methods for making payments provided by the Commercial Banks, excluding cheque payments. (6)
- (ii) Name **THREE** services provided by the Commercial Banks, other than the transfer of money/payments. (6)
- (iii) Name **THREE** other types of financial institution which operate in Ireland. (6)
- B. Siobhán Collins is a retired pensioner living on her own. She keeps her life savings of €22,500 in her home. You are asked to advise and encourage her to invest her savings in some financial institution.
- (i) Name **ONE** investment that you would recommend. (2)
- (ii) Give **TWO** advantages and **ONE** disadvantage of it. (6)
- C. Siobhán invested her €22,500 for four years earning 3% per annum simple interest. At the end of the four years, the return/interest was subject to D.I.R.T. at a rate of 15% on gross earnings.
- (i) What do the initials D.I.R.T. stand for? (2)
- (ii) Calculate the net return/interest on Siobhán's investment. (7)
- D. Siobhán read a leaflet on investments which referred to the C.A.R.
- (i) What do the initials C.A.R. stand for? (2)
- (ii) What use can be made of the information given by the C.A.R.? (3)

**(40 marks)**

3.

Answer ALL sections. This is a Consumer and Information Technology Question.

- A. (i) Explain the difference between a trader and a consumer. (6)
- (ii) Which of the above parties is “The Sale of Goods and Supply of Services Act 1980” designed to protect? (3)
- (iii) List **THREE** provisions/sections of “The Sale of Goods and Supply of Services Act 1980”. (9)
- (iv) What is meant by the term **Caveat Emptor**? (3)
- B. Elaine bought a new personal computer from her local “Technology Store”. Six weeks later the C.P.U. of the computer developed a fault and became very slow.
- (i) What do the letters C.P.U. represent? (3)
- (ii) What function does the C.P.U. perform? (3)
- C. Elaine contacted the “Technology Store” outlining her complaint. She requested an immediate resolution to the problem.
- (i) List **TWO** possible remedies which you would consider reasonable and acceptable to Elaine. (6)
- (ii) What are the benefits of a guarantee? (3)
- (iii) Elaine paid €2,220 for the computer which included V.A.T. of 20%. What would it cost without the V.A.T. charge? (4)

**(40 marks)**

4. **Answer ALL sections. This is a Wages and Trade Union Question.**

- A. Workers sometimes receive additional rewards of a non-cash form from their employment.
- (i) What are these rewards known as? (3)
  - (ii) Name **TWO** methods for calculating the wages of workers. (6)
  - (iii) Name **TWO** voluntary deductions from workers' wages. (6)
- B. Fintan Lawlor is the Shop Steward at Machinery Engineering Ltd. He and all the other workers are members of the trade union, S.I.P.T.U. At a recent meeting, they discussed the stance/position they should take regarding future National Wage Agreements/Collective Agreements.
- (i) List **TWO** duties of a Shop Steward. (6)
  - (ii) List **TWO** problems which a worker might bring to the attention of his/her union. (6)
  - (iii) State **ONE** course of industrial action, other than strike, which a union could follow in pursuit of a claim and in resolving a problem. (3)
  - (iv) What is meant by the term National Wage Agreement? (3)
- C. It is considered that National Wage Agreements give rise to good industrial relations.
- (i) Explain what is meant by the term **good industrial relations**. (3)
  - (ii) Fintan is also involved each weekend as a volunteer with St. Vincent de Paul repairing and painting houses for old people.  
Is this work or employment? Give a reason for your answer. (4)

**(40 marks)**

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

The Hibernian Hurling Club kept a record of its finances in an Analysed Cash Book. On 1 January 2001, it had an overdraft of €781 in the bank. The following transactions took place during 2001.

Jan 8	Paid Caledonian Ltd. for insurance.	Chq No 70	€1,648
Feb 15	Lodged membership fees.		€1,500
Mar 7	Paid Sportswear Ltd. for jerseys.	Chq No 71	€ 700
Mar 19	Deposited gate receipts of St. Patrick's Day game.		€ 516
Apr 13	Paid caretaker's wages.	Chq No 72	€ 240
May 9	Paid Bus Éireann for bus hire.	Chq No 73	€ 325
June 21	Lodged proceeds of Church gate collection.		€2,347
July 4	Purchased hurley sticks.	Chq No 74	€ 470
Aug 15	Lodged membership fees.		€ 500
Sept 3	Paid cleaner's wages.	Chq No 75	€ 160
Oct 19	Lodged gate receipts of game.		€1,200
Nov 6	Paid Bus Éireann.	Chq No 76	€1,700
Dec 10	Lodged proceeds of flag day collection.		€ 849

- A. Record the above transactions for the year in the Club's Analysed Cash Book using the following money column headings:

Debit (Receipts) side: Total, Membership fees, Game receipts, Collections.  
 Credit (Payments) side: Total, Travel, Insurance, Equipment, Wages.

Complete and balance the Analysed Cash Book on 31 December 2001. **(22)**

- B. Prepare a Summary Receipts and Payments Account for the year from the figures you compiled in the Analysed Cash Book. **(12)**

- C. (i) Name the club official whose duty it is to keep the financial records. **(2)**

- (ii) Name the final accounts which this official should present to the Club's A.G.M. **(4)**

**(40 marks)**

6. **Answer ALL sections. This is a Government Finances and Economic Growth Question.**

- A. (i) Which Government Department prepares the National Budget? (3)
- (ii) In what month is the Irish National Budget presented in the Dáil? (3)
- (iv) Did the National Budget for the last three years plan for a surplus or deficit in current account? (3)
- B. List **TWO** options open to the Government when they have a budget surplus in current account other than increasing current expenditure. (6)
- C. The Government receives income from sources other than from taxation, which is known as non tax revenue/income.
- (i) Give **TWO** examples of non tax revenue/income. (6)
- (ii) What is meant by the term **Privatisation**? (3)
- (iii) Name a State Company which was privatised in recent years. (3)
- D. Ireland has achieved very high levels of economic growth in the past ten years.
- (i) What is meant by the term **economic growth**? (3)
- (ii) What is the official measure of economic growth called? (3)
- (iii) Name **TWO** economic consequences resulting from this growth in the economy. (7)

**(40 marks)**