



Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2007

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

WEDNESDAY, 13 JUNE 2007 – 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 an Original Budget and a Revised Budget form for the Galvin household from July to September 2007. After preparing the Original Budget, Mr Galvin changed jobs and his salary increased. However, Ms Galvin lost her job in the local factory after it closed down in June. The Galvin household decided to revise their Budget due to the changed circumstances.

You are required to complete the Revised Budget, taking the following into account:

- Mr Galvin's annual salary will be €25,800 net payable monthly. He also expects to receive a bonus of €1,000 net in September.
- Ms Galvin will receive €660 net monthly in unemployment benefit.
- The Galvins will sell one of their two cars and expect to receive €6,800 for it in August.
- Mortgage repayments will increase by 8% from 1 September 2007.
- The Galvin household will make one loan repayment in July and will repay the balance of the loan, €3,500, in August.
- Car insurance will reduce by €30 per month from 1 August 2007.
- Household costs will reduce by 12% per month from 1 July 2007.
- Car costs will reduce to €70 per month from 1 August 2007.
- Entertainment costs will be reduced by 50%.
- Due to their changed circumstances, the holiday planned for September will be postponed.
- All other income and expenditure will remain the same.

(28)

- (B) (i) In the Original Budget, name a month in which planned income is greater than planned expenditure. (*Answer in the space provided on page 10 of Section A.*)
- (ii) In the Original Budget, by how much did the Galvin household expect to overspend in the three months? (*Answer on page 10 of Section A.*)
- (iii) Give **one** reason why the repayments on the mortgage might increase. (*Answer on page 10 of Section A.*)
- (iv) Is the Revised Budget a good one?
Give **two** reasons for your answer. (*Answer on page 10 of Section A.*)

(12)

(40 marks)

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

Answer all parts of this question:

On 1 June 2006, Greenfield Golf Club had an Accumulated Fund of €305,770.

The following is a summary of the Club's financial transactions for the year ended 31 May 2007:

Receipts:	€
Competition Fees	34,400
Subscriptions	89,550
Annual Sponsorship	17,650
Payments:	€
Repairs	1,850
Stationery	2,460
Wages	27,800
Competition Expenses	6,200
Insurance	1,440
General Expenses	25,000

Additional information at 31 May 2007:

(i)	Subscriptions prepaid	€1,450
(ii)	Stationery on hand	€240
(iii)	Wages due	€2,400
(iv)	Cash at Bank	€15,620
(v)	Depreciation:	
	Clubhouse	2% of €252,000
	Equipment	15% of €115,000

(A) Prepare:

(i) An Income and Expenditure Account for the year ended 31 May 2007.

(ii) A Balance Sheet as at 31 May 2007.

(31)

(B) Explain **three** functions of a club treasurer.

(9)

(40 marks)

3. **This is a National Budget and Economic Awareness Question.**

Answer all parts of this question:

(A) The following figures were produced by the Government on Budget Day for the year 2007:

Summary of Revenue and Expenditure	Projected Figures in millions €
Capital Income	5,961
Capital Expenditure	5,812
Current Income	2,621
Current Expenditure	1,910

- (i) From the above information, draft the National Budget for 2007, clearly indicating whether it is a Surplus or Deficit Budget. Show your workings.
- (ii) Identify **two** examples of Current Income for the Government.
- (iii) Identify **one** example of Capital Income for the Government.

(18)

(B) (i) It is Government policy to increase spending on motorways throughout the country.

Explain **two** economic benefits and **one** economic drawback of this policy.

(ii) During 2007, many households will have to decide what will be done with money saved under the Government's SSIA (Special Savings Incentive Account) scheme.

(a) Household 'X' plans to invest the money for their five-year-old child's third level education.

Identify **two** types of financial institution where the household may invest the money.

(b) Household 'Y' plans either to buy a new car or build a house extension.

Explain the opportunity cost of deciding to buy the car.

(c) Household 'Z' plans to spend the money on a foreign holiday.

Outline **one** effect that this would have on the Balance of Payments.

(18)

(C) 'Ireland has a mixed economic system.'

Explain the above statement.

(4)

(40 marks)

4. **This is a Consumer Question.**

Answer all parts of this question:

John and Laura Ryan live at 16 Allen View, Rahan, Co. Offaly. They booked a family holiday costing €1,200 with Sunshine Travel Ltd, Newtown Road, Tullamore, Co. Offaly for a week in Greece from 1 June 2007 to 8 June 2007. The holiday brochure clearly stated that the beach was five minutes walk from their apartment.

On arrival at their apartment, the Ryans discovered that the closest beach was five kilometres away. 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 11 June 2007, after they returned home, Laura Ryan wrote a letter of complaint to the Manager of Sunshine Travel Ltd requesting suitable redress.

Write the letter that Laura Ryan sent to Sunshine Travel Ltd.

- (ii) On 12 June 2007, Sunshine Travel Ltd contacted Laura requesting proof of payment for the holiday.

Give **two** methods that the Ryans could have used in paying for the holiday. (24)

- (C) If the Ryans are dissatisfied with the response, there are agencies who can assist them.

Name **two** such agencies and explain **one** service offered by each.

(10)

(40 marks)

5. **This is a Personal Banking Question.**

Answer all parts of this question:

Andy Mullen, who will be 25 years of age on 28 August 2007, lives at 28 Finbarr Road, Newbridge, Co. Kildare (his native county). His home telephone number is 045-633712 and his mobile phone number is 087-7867855. His e-mail address is andymullen@matteng.ie. He is not married.

On 1 June 2007, Andy commenced full-time employment as an engineer with Matthews Engineering Ltd, Main Street, Newbridge, Co. Kildare. His gross salary is €36,000 per year, payable monthly. His PPSN (Personal Public Service Number) is 3967892F.

As his new employer wants to pay his salary by Paypath, he has decided to open a Current Account. On 8 June 2007, he calls into the local branch of Bank of Ireland and completes an application form.

- (A) (i) Complete the blank application form *on page 11 of Section A*.
- (ii) Name **three** legal requirements that must be satisfied when opening a bank account.
- (iii) Outline **two** differences between a current account and a deposit account.
- (iv) Andy has been informed that he can request an overdraft.
- (a) Explain what an overdraft means.
- (b) Identify **three** requirements that Andy must satisfy before the bank will grant him an overdraft.
- (30)

- (B) Andy is considering borrowing money to buy a car.
- (i) Identify **two** suitable sources of finance available to him for this purpose.
- (ii) Outline **two** rights he would have as a borrower.
- (10)

(40 marks)

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

Answer all parts of this question:

Margaret Farrell has recently become self-employed as an accountant. She has employed Anne Power who has an expertise in ICT (Information and Communications Technology). Anne has recommended the purchase of suitable hardware and software for use in the business and by clients.

- (A) (i) Outline **two** rewards for Margaret of being self-employed.
- (ii) Explain **two** risks of being self-employed.
- (iii) Outline **three** responsibilities Anne Power has to her employer.
- (iv) Explain the difference between hardware and software.
Identify **two** examples of each.

(30)

- (B) The following information is available about Anne Power's earnings:

- Her basic wage is €792 for a 36-hour week.
- Overtime is paid at time-and-a-half for the first ten hours and double-time for work in excess of that.
- She pays income tax (PAYE) at the rate of 41% and PRSI at 8%.
- Her annual tax credits are €3,640.

Anne worked a total of 48 hours in the week ending 8 June 2007.

Calculate her net wage for that week. Show your workings.

(10)

(40 marks)

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