

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 2012

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 12 JUNE 2012 – 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, 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 Economics. What do they stand for?

GNP	
EU	
CPI	

2. List **one** example of a fixed cost and **one** example of a variable cost in relation to road transport costs for a business:

Fixed Cost	Example:
Variable Cost	Example:

3. Complete the Balance Sheet (extract) below by filling in the **three** unshaded areas, numbered **(i)** to **(iii)**:

Balance Sheet (extract) as on 31-12-2011			
Fixed Assets	Cost	Depreciation	Net Book Value
	€	€	€
Equipment	51,000	8,000	(i)
Buildings	(ii)	12,800	196,000
	(iii)	20,800	239,000

4. List **two** third parties that can help resolve an industrial dispute:

(i) _____

(ii) _____

5. The following figures appear in a company's Final Accounts:

Gross Profit €150,000 Sales €600,000

Mark-up Percentage is calculated as follows: $\frac{\text{Gross Profit}}{\text{Cost of Sales}} \times \frac{100}{1}$

Using the above figures, calculate the Mark-up Percentage.
Show your workings.

Answer:
%

Workings:

6. Explain **two** risks of self-employment:

(i) _____

(ii) _____

7. On 5 June 2012, C. Byrne bought a delivery van by cheque for €24,800. There was no VAT on this delivery van.

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

(i) _____ A/c

Dr						Cr
Date	Details	€		Date	Details	€
2012 June 5	(ii)	24,800				

(iii) _____ A/c

Dr						Cr
Date	Details	€		Date	Details	€
				2012 June 5	(iv)	24,800

8. Complete **and** balance the Creditors Control Account on 31 May 2012 from the following information:

	€
Creditors balance on 1 May 2012	9,100
Total credit purchases for May	20,000
Total cash paid to creditors in May	5,400

Creditors Control Account					
Dr					Cr
Date	Details	€	Date	Details	€

OR (Alternative Format)

Creditors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€

9. Explain the principle 'Insurable Interest' in relation to purchasing insurance.

10. Tick (✓) the appropriate columns to indicate where in the final accounts the following items should be entered on 31/12/2011:

	Trading A/c	Profit & Loss A/c	Balance Sheet
Issued Share Capital			
Stock (31/12/2011)			
Import Duties			

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

(i) _____

(ii) _____

12. Enter the following balances in the partially completed General Journal of Joyce Ltd:

1 January 2012	Bank Overdraft	€6,100
	Debtors	€21,000
	Ordinary Share Capital	€520,800

Joyce Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
	Buildings	GL ₁	505,900	
	Bank Overdraft	CB ₁		
	Debtors	DL ₁		
	Ordinary Share Capital	GL ₂		
	<i>Assets, Liabilities and Share Capital of Joyce Ltd on this date.</i>			

13. Margaret Finley's house insurance is due for renewal. Her insurance company has given her a quote of €12 per €10,000 for the house and €20 per €5,000 for the contents.

She decides to insure her house for €180,000 and her contents for €90,000.

Calculate the insurance premium that Margaret will have to pay.
Show your workings.

Answer:
€

Workings:

14. Fill in the names of the drawer, drawee and payee from the following transaction in the correct spaces below:

John Dolan has a current account with AIB Bank, Killarney and on 31 May 2012, he paid a cheque of €200 to Andy Earley.

DRAWER	
DRAWEE	
PAYEE	

15. Explain **two** reasons why a business would advertise goods and services.

(i) _____

(ii) _____

16. The following data relates to the international trade of a country for 2011:

Visible Imports	€825 million	Invisible Imports	€525 million
Invisible Exports	€600 million	Visible Exports	€800 million

Using the above data, calculate the Balance of Trade.
Show your workings.

Answer:
€ _____ million

Workings:

17. Enter the following transaction in the Sales Book of Lemon Ltd:

On 9 June 2012, Lemon Ltd sold goods €5,000 to Lily Ltd (Invoice No. 5).
The VAT rate on these goods was 23%.

Lemon Ltd – Sales Book						
Date	Details	Invoice No.	F	Net €	VAT €	Total €

18. Select the correct document from the following list to complete the **three** unshaded areas in the table below:

Credit Note	Receipt	Quotation
--------------------	----------------	------------------

Buyer Sends	Seller Sends
1. Letter of Enquiry	2.
3. Order	4. Invoice
5. Returns	6.
	7. Statement
8. Cheque	9.

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

(One statement does not refer to any of the Forms of Business.)

Forms of Business	Statements
1. State Ownership	A. One vote per member
2. Private Limited Company	B. The Government is a shareholder
3. Sole Trader	C. Has the letters Ltd after its name
	D. Owner has unlimited liability

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

1.	2.	3.

20. Complete the Profit & Loss Appropriation Account by filling in the **two** unshaded areas, numbered **(i)** and **(ii)**, from the following information:

Profit & Loss Appropriation Accounts for years 2010-2011		
	2010	2011
Opening Reserves Balance	20,000	(i)
Add Annual Transfer to Reserves	5,000	8,000
Closing Reserves Balance	25,000	(ii)

For use with Section B – Question 1 (A)

HARTE HOUSEHOLD	ORIGINAL BUDGET				REVISED BUDGET			
	JULY	AUG	SEPT	TOTAL	JULY	AUG	SEPT	TOTAL
PLANNED INCOME	€	€	€	€	€	€	€	€
Mr Harte	3,000	3,000	3,000	9,000				
Ms Harte								
Child Benefit	374	374	374	1,122				
Other								
TOTAL INCOME	3,374	3,374	3,374	10,122				
PLANNED EXPENDITURE								
<i>Fixed</i>								
Mortgage	900	900	900	2,700				
Loan Repayments	450	450	450	1,350				
Insurance	85	85	85	255				
Subtotal	1,435	1,435	1,435	4,305				
<i>Irregular</i>								
Household Costs	900	900	900	2,700				
Car Costs	150	150	150	450				
Light & Heat Costs	215		180	395				
Telephone Costs	40	50	100	190				
Subtotal	1,305	1,100	1,330	3,735				
<i>Discretionary</i>								
Entertainment Costs	400	400	400	1,200				
Presents	310		240	550				
Holiday								
Subtotal	710	400	640	1,750				
TOTAL EXPENDITURE	3,450	2,935	3,405	9,790				
Net Cash	(76)	439	(31)	332				
Opening Cash	200	124	563	200				
Closing Cash	124	563	532	532				

For use in answering Section B – Question 1 (B)

(i) Explain the term ‘Fixed Expenditure’.	For Office Use Only	
Explanation:		

(ii) In the Original Budget, name a month in which planned income is greater than planned expenditure.		
Answer:		

(iii) In the Original Budget, how much did the Harte household expect to save in the three months?		
Answer: €		

(iv) Is the Revised Budget a good one?	YES		<i>(Please tick appropriate box.)</i>		
	NO				
Give two reasons for your answer.					
Reason 1:					
Reason 2:					

For use with Section B – Question 5 (A) (i)

Allied Irish Bank			
CURRENT ACCOUNT APPLICATION FORM			
PERSONAL DETAILS			
Surname		Mr, Mrs, Ms.	
First Name		Male/Female	
Home Address			
Date of Birth		<i>Please tick appropriate box. ➡</i>	Married
County of Birth			Single
EMPLOYMENT/ INCOME DETAILS			
Former Occupation			
Former Employer's Name & Address			
Gross income per month			
Length of time in your previous employment			
Will your income be paid into your bank account?	YES		<i>(Please tick appropriate box.)</i>
	NO		
CONTACT DETAILS			
Home Telephone Number			
Mobile Phone Number			
e-mail address			
Please open a Current Account in my name. I certify the accuracy of the information given above.			
SIGNATURE		DATE	

PLEASE REMEMBER TO RETURN THIS 'SECTION A' WITH YOUR ANSWER BOOK

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