

**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, 2004

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

WEDNESDAY, 16 JUNE 2004 – MORNING, 9.30 to 12.00

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

1. Tick (✓) the appropriate box.

The share of profit which each shareholder in a company receives is called a:

Bonus	<input type="checkbox"/>	Dividend	<input type="checkbox"/>
Commission	<input type="checkbox"/>	Premium	<input type="checkbox"/>

2. Tick (✓) the most suitable activity for each of the following people at work in a large manufacturing firm.

PEOPLE AT WORK	ACTIVITY			
	Recruits union members	Hires new staff	Makes the product	Makes sure work is on time
Personnel Manager				
Shop Steward				
Supervisor				
Worker				

**3. Answer A or B.**

**A** A firm is selling a product for €200. The product costs €150. Calculate the percentage mark-up.

**Answer**  %

<b>Workings</b>

**OR**

**B** Summary Trading, Profit and Loss Account for the year ending 31-12-2003.

	€	
Sales	360,000	
Cost of Sales	?	
	?	
Gross Profit	?	
Total Expenses	80,000	
	30,000	
Net Profit		

Calculate the figures for:

**(i)** Gross Profit

**Answer** €

<b>Workings</b>
<b>(i)</b>

**(ii)** Cost of Sales

**Answer** €

<b>Workings</b>
<b>(ii)</b>

**4.** Name **two** documents required to be completed in forming a limited company.

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

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

5. In the spaces provided, write the names of the currencies used in the following countries.

COUNTRY	CURRENCY
Italy	
United Kingdom	
United States	
Denmark	

6. Answer A or B.

Write a brief note on:

A Collateral \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

OR

B Hire Purchase \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

7. The following entries appeared in the bank columns of B. Brosnan’s cash book.

DR		Cash Book						CR	
Date	Details	F	Bank	Date	Details	F	Bank		
2004 May 10	T. Cronin	DL	€ 940	2004 May 1	Balance	b/d	€ 500		

Complete the sentences below to explain the entries in the Cash Book.

On May 1, B. Brosnan \_\_\_\_\_  
 \_\_\_\_\_

On May 10, B. Brosnan \_\_\_\_\_  
 \_\_\_\_\_

8. Tick (✓) the correct box to show whether the following statements are True or False.

	True	False
(i) Money is anything which is acceptable by people in exchange for goods and services.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) Legal tender is the official currency of a country.	<input type="checkbox"/>	<input type="checkbox"/>

9. A debtor owed a business €1,000. The debtor was declared bankrupt and paid 25 cent in the euro. The balance was written off as a bad debt. Calculate the amount written off as a bad debt.

Answer €

<b>Workings</b>

10. Outline **two** ways a business could check the credit worthiness of a new customer.

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

\_\_\_\_\_

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

\_\_\_\_\_

11. Show how the following transaction would be recorded in the accounts of Dolan Ltd., a retail grocer.

*Dolan Ltd purchased goods on credit from B. Giles*

Debit \_\_\_\_\_ Account.

Credit \_\_\_\_\_ Account.

12. **Answer A or B.**

**A** What do the following initials stand for?

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

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

(iii) CAR \_\_\_\_\_

(iv) VAT \_\_\_\_\_

**OR**

**B** List **four** different **types** of financial institutions where a person can save money.

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

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

(iii) \_\_\_\_\_

(iv) \_\_\_\_\_

13. Tick (✓) the appropriate box.

In which of the following Books of First Entry would a firm record the purchase of Fixed Assets on credit.

Cash Book	<input type="checkbox"/>
Purchases Book	<input type="checkbox"/>
General Journal	<input type="checkbox"/>
Sales Book	<input type="checkbox"/>

14. Tick (✓) the appropriate box.

What is the name given to the difference between a company's current assets and current liabilities?

Capital Employed	<input type="checkbox"/>
Working Capital	<input type="checkbox"/>
Total Net Assets	<input type="checkbox"/>

15. Complete the extract from the invoice below, using the following data:

*Total (Ex. VAT) €1,000; VAT 21%; Trade Discount 20%.*

Total (Ex. VAT)	€
Trade Discount	€
	€
VAT	€
Total (Incl. VAT)	€

16. The following is an extract from a Profit and Loss account of a firm for the year ending 31/12/2003.

Profit & Loss Account		
	€	€
Insurance	1,500	
Less insurance pre-paid	500	1,000

(i) What is the figure for insurance **used** during the year? **Answer** €

(ii) What is the figure for insurance **paid** during the year? **Answer** €

17. Dylan had €1 pocket money and was undecided whether to spend it on a bar of chocolate or a can of orange. He eventually bought the bar of chocolate.

(i) What was the opportunity cost involved? \_\_\_\_\_

(ii) What was the financial cost involved? \_\_\_\_\_

18. Explain why a company may retain profits at the end of a financial year.

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19. Complete the sentences (i) and (ii) below by selecting the correct terms from the following list.

**Hardcopy, Software, Print Out, Bar Code, Scanner.**

(i) Computer programs are also known as \_\_\_\_\_.

(ii) The computer input device which can read a special printed code is known as a

\_\_\_\_\_.

20. The following rent account is prepared using a continuous balance presentation.

Record the payment of €200 rent by cheque on April 5 2004.

**Rent Account**

<b>Date</b>	<b>Details</b>	<b>F.</b>	<b>Dr</b>	<b>Cr</b>	<b>Balance</b>
2004			€	€	€
April 1	Balance	b/d.	40		40
April 5					

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

	ORIGINAL BUDGET				REVISED BUDGET			
	JULY	AUG	SEPT	TOTAL	JULY	AUG	SEPT	TOTAL
<b>INCOME</b>								
Mr. O'Mahony Salary	1,700	1,700	1,700	5,100				
Ms. O'Mahony Salary	800	800	800	2,400				
Child Benefit	40	40	40	120				
<b>Total Income</b>	2,540	2,540	2,540	7,620				
<b>EXPENDITURE</b>								
<b>Fixed</b>								
House Mortgage	500	500	500	1,500				
Car Loan	230	230	230	690				
Car Insurance		510		510				
House Insurance			190	190				
<b>Sub Total</b>	730	1,240	920	2,890				
<b>Irregular</b>								
Household Costs	920	920	920	2,760				
Car Running Costs	115	115	115	345				
Light & Heat		60		60				
Telephone	75		75	150				
<b>Sub Total</b>	1,110	1,095	1,110	3,315				
<b>Discretionary</b>								
Holidays								
Entertainment	200	200	200	600				
Birthdays & Presents	40		40	80				
Household Decoration		175		175				
<b>Sub Total</b>	240	375	240	855				
<b>Total Expenditure</b>	2,080	2,710	2,270	7,060				
<b>Net Cash</b>	460	-170	270	560				
Opening Cash	-100	360	190	-100				
<b>Closing Cash</b>	360	190	460	460				

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

(i) In the original budget name a month in which planned income is greater than planned expenditure.

Answer \_\_\_\_\_

(ii) Comment on the O'Mahony's finances before July.

Answer \_\_\_\_\_

(iii) Is their revised budget a good one for their new circumstances? Give reasons for your answer.

Answer \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Section B Question 2A**

**Use this space for workings**

**Document for use in answering Section B Question 2A**

<b>LODGMET/BANK GIRO CREDIT TRANSFER</b>	<b>ONLY</b> <b>LODGMET/BANK GIRO CREDIT TRANSFER</b>	<b>Bank of Ireland</b>																																																														
To Bank of Ireland Branch Account Account Number <table border="1" style="width:100%; height: 20px; border-collapse: collapse;"> <tr> <td style="width:12.5%;"></td> <td style="width:12.5%;"></td> <td style="width:12.5%;"></td> <td style="width:12.5%;"></td> <td style="width:12.5%;"></td> <td style="width:12.5%;"></td> <td style="width:12.5%;"></td> <td style="width:12.5%;"></td> </tr> </table> € Brand/Initials									To Bank of Ireland Date Branch Account Paid In By Address/Ref. No. Brand/Initials <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:15%; text-align: center;"><b>FOR OFFICE USE</b></td> <td style="width:15%; text-align: center;">CASH LODG.</td> <td style="width:15%; text-align: center;">NO. REAMS.</td> <td style="width:15%; text-align: center;">CASH WITHDR.</td> <td style="width:15%; text-align: center;">1/3</td> </tr> <tr> <td style="text-align: center;">99</td> <td style="text-align: center;">98</td> <td style="text-align: center;">97</td> <td></td> <td></td> </tr> </table> € Sorting Code Number <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:12.5%; text-align: center;">9</td> <td style="width:12.5%; text-align: center;">0</td> <td style="width:12.5%; text-align: center;">1</td> <td style="width:12.5%; text-align: center;">7</td> <td style="width:12.5%; text-align: center;">2</td> <td style="width:12.5%; text-align: center;">1</td> </tr> </table> Account Number <table border="1" style="width:100%; height: 20px; border-collapse: collapse;"> <tr> <td style="width:12.5%;"></td> <td style="width:12.5%;"></td> <td style="width:12.5%;"></td> <td style="width:12.5%;"></td> <td style="width:12.5%;"></td> <td style="width:12.5%;"></td> <td style="width:12.5%;"></td> <td style="width:12.5%;"></td> </tr> </table> Tx <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:12.5%; text-align: center;">8</td> <td style="width:12.5%; text-align: center;">9</td> </tr> </table>	<b>FOR OFFICE USE</b>	CASH LODG.	NO. REAMS.	CASH WITHDR.	1/3	99	98	97			9	0	1	7	2	1									8	9	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:15%;">Notes</td> <td style="width:15%;">€</td> <td style="width:15%;"></td> <td style="width:15%;"></td> </tr> <tr> <td>Coin</td> <td>€</td> <td></td> <td></td> </tr> <tr> <td><b>Total Cash</b></td> <td>€</td> <td></td> <td></td> </tr> <tr> <td>€ Chq. Total</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>€</td> <td></td> <td></td> </tr> <tr> <td><b>Total</b></td> <td>€</td> <td></td> <td></td> </tr> <tr> <td></td> <td>euro</td> <td>euro</td> <td>euro</td> </tr> </table>	Notes	€			Coin	€			<b>Total Cash</b>	€			€ Chq. Total					€			<b>Total</b>	€				euro	euro	euro
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