

**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.

---



---



---



---

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'.

---



---



---

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’.

---



---



---

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**.

---



---



---



---



---



**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**