

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, 2003

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

WEDNESDAY 11th JUNE 2003 – MORNING, 9.30 to 12.00

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

1. Indicate by means of a tick (✓) whether each of the following payments by a business would be regarded as Revenue Expenditure or Capital Expenditure

	Revenue Expenditure	Capital Expenditure
New furniture		
Telephone calls		
Copying paper		
Computers		

2. Tick (✓) the appropriate box.

A computer program which can be used for book-keeping and accounts is known as a:

Spreadsheet

Graphics Program

Word Processing

Database Program

3. Tick (✓) the correct box after each of the following taxes to indicate if they are a tax on income or a tax on goods.

	Tax on Income	Tax on Goods
P.A.Y.E.		
V.A.T.		
D.I.R.T.		
Import Duty		

4. Name **two** factors which one would consider when choosing a delivery system.

1. _____

2. _____

5. (i) Give **one** example of a third party who can resolve an industrial relations dispute

Answer _____

OR

(ii) Name **two** financial institutions that provide mortgages for a house.

1. _____

2. _____

6. Column 1 is a list of insurance terms. Column 2 is a possible description for these terms. Match the two lists by placing the letter of the correct description under the relevant number below. One description does not refer to any one of the terms.

Column 1 – Terms		Column 2 – Descriptions	
1.	Premium	A.	Passes the legal right of insured to the insurer
2.	Proposal Form	B.	Must answer all questions truthfully.
3.	Subrogation	C.	Applies in cases where there are two or more insurers.
4.	Utmost Good Faith	D.	Money paid to an insurance company.
		E.	Application form for insurance or assurance.

1.	2.	3.	4.

7. The following figures appeared in a firm's Final Accounts.

	€
Sales:	600,000
Cost of Sales:	400,000
Net profit:	30,000

(a) Calculate Net Margin:

OR

(b) Identify **four** expenses that a business would have in a year

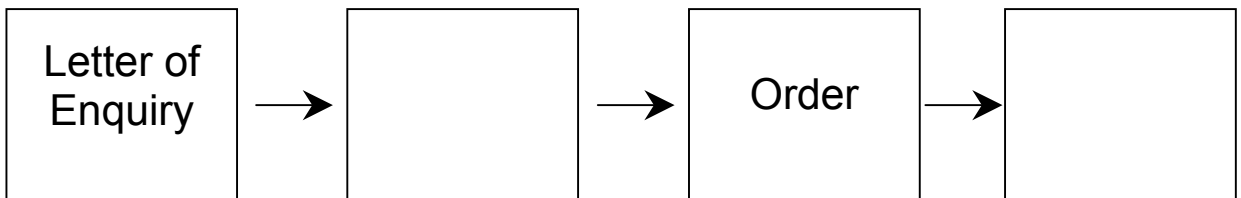
- | | |
|----------|----------|
| 1. _____ | 2. _____ |
| 3. _____ | 4. _____ |

Workings

8. An Post provides many ways of saving money. Name any **two**.

- (a) _____
- (b) _____

9. Complete the chart of documents used in purchasing below by writing the appropriate business documents in the blank spaces provided.



10. A firm had the following Assets and Liabilities on 1st January 2003.

Buildings:	120,000	Loan:	17,000
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Complete the General Journal below to record this and calculate the Share Capital.

General Journal (Page 1)				
Date	Details	F.	DR €	CR €
1/1/03	Buildings			
	Loan			
	Share Capital			
	Assets, Liabilities and Capital on 1/1/03			

11. A firm had Cash Sales of €121,000 (€100,000 + V.A.T. €21,000) for the month of May 2003. Show how this would be recorded in the Sales Account and the V.A.T. Account.

DR.				CR.			
Date	Details	F.	Amount €	Date	Details	F.	Amount €
			Sales A/C (p.1)				
			VAT A/C (p.2)				

12. The following account appeared in the ledger of Grant Ltd.

Rent Account							
24/12/02	Bank	CB	13,400	31/12/02	Profit & Loss	GL	13,150
				31/12/02	Balance	C/D	250
			13,400				13,400
31/12/02	Balance	b/d	250				

- (a) What does the balance in this account mean?

OR

- (b) Indicate by means of a tick (✓) where the balance will appear in the Balance Sheet.

Current Assets

Current Liabilities

Fixed Assets

13. List **four** methods of obtaining information about a market.

- (i) _____ (ii) _____
(iii) _____ (iv) _____

14. List **two** terms of trade that appear on a quotation.

- (i) _____
(ii) _____

15. From what source documents is the Sales Returns Day Book of a firm written up?

Tick (✓) the correct answer

Credit Notes issued by the firm.

Credit Notes received by the firm.

Copy of invoices issued.

16. The following is a list of methods of communication. Which **two** of these are visual communications?

Tick (✓) the **two** correct answers only.

Letter Line graph Telephone

Meeting Report Bar Chart

17. Tick (✓) the correct answer.

A firm's Trial Balance shows:

- (a) If its Assets equals its Liabilities.
- (b) If its Working Capital is adequate/sufficient.
- (c) If its ledger Debit Balances equals its Credit Balances.
- (d) If it made a profit for the year.

18.

Balance Sheet as on 31 December 2002		
	€	€
Fixed Assets.....		160,000
Current Assets.....	50,000	
Current Liabilities.....	60,000	
		(10,000)
		150,000
<u>Financed by:</u>		
Ordinary Shares.....	125,000	
Revenue Reserves.....	20,000	
Term Loan.....		145,000
		5,000
		150,000

* **This business made €20,000 Net Profit in 2002.**

(a) Calculate the Return on Capital Employed.

Answer %

Workings

OR

(b) If the firm went bankrupt how much would the shareholders receive?

Answer €

19. Show how the following transaction would be recorded in the Accounts of Jones Ltd., a newsagent.

Jones Ltd. purchased equipment by cheque from M. Whelan

Debit _____ Account.

Credit _____ Account.

20.

€

Year 1 Cost of living = 20,000

Year 2 Cost of living = 21,500

Calculate the rate of inflation to one decimal point.

Answer

%

Workings

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

Planned Budget for the Plunket household.

	Jan	Feb	Mar	Total Jan-Mar	Estimate Apr-Dec	Total for year Jan-Dec
PLANNED INCOME	€	€	€	€	€	€
Joseph Salary	900	900	900	2,700		
Maire Salary	1,200	1,200	1,200	3,600		
Child Benefit	100	100	100	300		
TOTAL INCOME	2,200	2,200	2,200	6,600		
PLANNED EXPENDITURE						
Fixed						
House Mortgage	735	735	735	2,205		
Car Insurance	40	40	40	120		
Annual Car Tax		315		315		
House Insurance			385	385		
Subtotal	775	1,090	1,160	3,025		
Irregular						
Household Expenses	810	810	810	2,430		
Car Running Costs	90	90	90	270		
Light and Heat Costs	140		120	260		
Telephone		155		155		
Subtotal	1,040	1,055	1,020	3,115		
Discretionary						
Presents	180			180		
Entertainment	150	150	150	450		
Holidays						
Subtotal	330	150	150	630		
TOTAL EXPENDITURE	2,145	2,295	2,330	6,770		
Net Cash	55	(95)	(130)	(170)		
Opening Cash	120	175	80	120		
Closing Cash	175	80	(50)	(50)		

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

- (i) From **the first three months of the year**, name any month in which they had to borrow and the amount borrowed.

Answer

Month		Amount	€
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- (ii) Name **two** reasons why a household might make a claim under their house insurance policy.

1. _____
2. _____

Document for use in answering Question 2(D) – Section B

 AIB <small>Allied Irish Banks p.l.c.</small>	Withdrawal	Branch Number 93 05 09	Account Number
	Branch	Bank use only B P T M N	
Current Deposit Cashsave 	Received from Allied Irish Banks, p.l.c. the sum of Signed		euro euro euro
Tick Account applicable	Address	€	
Brand/Initials	Narrative 		For joint Savings Accounts I certify that all parties in the account are alive on this date
		Date	Signed

Ledgers for use in answering question 3 (b) – Section B

Dr.				Postage Account (page 1)				Cr.			
Date	Details	F.	€	Date	Details	F.	€				

Dr.				Stationery Account (page 2)				Cr.			
Date	Details	F.	€	Date	Details	F.	€				

Dr.				Cleaning Account (page 3)				Cr.			
Date	Details	F.	€	Date	Details	F.	€				

Dr.				Other Expenses Account (page 4)				Cr.			
Date	Details	F.	€	Date	Details	F.	€				

For use in answering Question 3(c) – Section B

(i) What imprest does the Petty Cashier have for the month?

Answer

(ii) Explain what is meant by the imprest system and give **one** advantage of using it.

Answer _____

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

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