

**WARNING**

You must return this section with your answer book at the end of the examination, otherwise marks will be lost.

Candidate's Examination Number



# 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 A (80 marks)

Answer all 20 questions. Each question carries 4 marks.

Calculators may be used.  
Make and Model of Calculator Used:



1. Tick (✓) whether the following forms of communication are Oral, Written or Visual:

FORM OF COMMUNICATION	ORAL	WRITTEN	VISUAL
Telephone calls			
Report			
Bar Chart			
Radio			

2. The following initials relate to income and expenditure. What do they stand for?

PRSI	
PAYE	
VAT	
DIRT	

3. Outline **two** reasons why market research is important to a business:

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

\_\_\_\_\_

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

\_\_\_\_\_

4. Answer *either* (A) *or* (B):

(A) Enter the following transaction in the Sales Day Book of Harty Ltd:

On 8 June 2007, Harty Ltd sold goods on credit to Petrol Ltd (Invoice No. 26) for €45,000. The VAT rate on these goods is 21%.

Harty Ltd – Sales Day Book						
Date	Details	Inv No.	F	Net €	VAT €	Total €

**OR**

(B) Outline **two** reasons for Sales Returns:

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

\_\_\_\_\_

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

\_\_\_\_\_

5. Explain the term **Utmost Good Faith** in relation to insurance:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

6. **Column 1** is a list of legal documents. **Column 2** is a list of statements which can be matched to these documents. (*One statement does not refer to any of the documents.*)

Column 1 – Documents	Column 2 – Statements
1. Certificate of Incorporation	A. A document declaring that the tax situation in a company is in order
2. Articles of Association	B. A document stating that the directors agree to follow the rules of company law
3. Memorandum of Association	C. A document setting out the internal rules of a company
4. Declaration of Compliance	D. A document setting out the external rules of a company
	E. A document known as the birth certificate of a company

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

1.	2.	3.	4.

7. Explain the term **Chain of Distribution**:

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8. (i) What do the initials **GNP** stand for?

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- (ii) GNP in 2005 was €900 million. In 2006, it was €954 million.

Calculate the rate of economic growth from 2005 to 2006:  
(Show your workings.)

<b>Answer:</b>

Workings:

9. Complete and balance the Creditors Control Account on 30 April 2007 from the following information:

	€
Opening balance on 1 April 2007	400
Total credit purchases for April	8,600
Total payments to creditors during April	6,600

Creditors Control Account					
Dr					Cr
Date	Details	€	Date	Details	€

**OR (Alternative Format)**

Creditors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€

10. Use your knowledge of Industrial Relations to complete the following sentences:

A \_\_\_\_\_ is an organisation set up by employees to improve their interests. The employees elect a \_\_\_\_\_ to represent them.

11. Complete the Profit & Loss Appropriation Account by filling in the **three** unshaded areas, numbered (i) to (iii), from the following information:

Authorised Share Capital	€600,000
Issued Share Capital	€400,000
Dividends declared	10%

<b>Profit &amp; Loss Appropriation Account for year ending 31-05-2007</b>		
		€
Net Profit		150,000
Less Dividends		(i)
(ii)		(iii)

12. Distinguish between a **post-dated cheque** and a **stale cheque**:

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13. Kevin purchases an item on eBay for £36 Sterling. He goes to the bank to change his euro into a sterling draft and sees the following rates quoted on a display board:

CURRENCY	BANK SELLS	BANK BUYS
Sterling	0.64	0.72

Calculate the total amount in euro that Kevin will pay for £36 Sterling:  
(Show your workings.)

<b>Answer:</b>
€

Workings:

14. List **two** factors that a company would take into account before deciding on a suitable delivery system for goods:

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

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

15. (i) Enter the following balances in the partially completed General Journal of Finner Ltd:

1 January 2007	Premises	€120,000
	Creditor: Power Ltd	€8,000

(ii) Calculate the Ordinary Share Capital:

Finner Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
	Bank	CB1	13,000	
	Premises	GL1		
	Creditor: Power Ltd	CL1		
	Ordinary Share Capital	GL2		
	Assets, Liabilities and Share Capital of Finner Ltd on this date.			

16. Complete the following Balance Sheet extract by filling in the **four** unshaded areas, numbered (i) to (iv):

<b>Balance Sheet (extract) as on 31-12-2006</b>			
<b>Fixed Assets</b>	<b>Cost</b>	<b>Depreciation</b>	<b>Net Book Value</b>
	€	€	€
Vehicles	30,000	2,000	(i)
Buildings	(ii)	7,900	132,100
	(iii)	9,900	(iv)

17. Complete the following extract from a credit note:

	€
Total (excluding VAT)	
Trade Discount <b>25%</b>	
Subtotal	300.00
VAT <b>12.5%</b>	
Total (including VAT)	

18. Complete the sentence below by selecting the **two** correct terms from the following list:

<b>Debtor</b>	<b>Creditor</b>	<b>Delivery Note</b>	<b>Credit Note</b>	<b>Statement</b>
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A firm purchases goods on credit from a \_\_\_\_\_ and receives a document at the end of the month called a \_\_\_\_\_.

19. Answer *either* (A) or (B):

(A) (i) Calculate the unit price for **each** of the following boxes of cereal:

SIZE	PRICE	WEIGHT	UNIT PRICE
SMALL	€1.58	400 g	
MEDIUM	€2.70	750 g	
LARGE	€3.90	1 kg	

Workings:

(ii) Which size represents the best value for money?

**OR**

(B) Explain the term **False Economy**:

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20. On 17 February 2007, Margaret Burke bought goods on credit from Ann Harte for €2,100. There was no VAT chargeable on these goods.

Complete the following ledger accounts of Margaret Burke showing the names of the accounts and the relevant details, numbered (i) to (iv):

(i) \_\_\_\_\_ A/c

Dr			Cr		
Date	Details	€	Date	Details	€
2007 Feb 17	(ii)	2,100			

(iii) \_\_\_\_\_ A/c

Dr			Cr		
Date	Details	€	Date	Details	€
			2007 Feb 17	(iv)	2,100



For use with Section B – Question 1 (A)

GALVIN HOUSEHOLD	ORIGINAL BUDGET				REVISED BUDGET			
	JULY	AUG	SEPT	TOTAL	JULY	AUG	SEPT	TOTAL
	€	€	€	€	€	€	€	€
PLANNED INCOME	€	€	€	€	€	€	€	€
Mr Galvin – Salary	1,500	1,500	1,500	4,500				
Ms Galvin	1,120	1,120	1,120	3,360				
Child Benefit	160	160	160	480				
Other								
<b>TOTAL INCOME</b>	2,780	2,780	2,780	8,340				
PLANNED EXPENDITURE								
<i>Fixed</i>								
Mortgage	800	800	800	2,400				
Loan Repayments	400	400	400	1,200				
Car Insurance	65	65	65	195				
Subtotal	1,265	1,265	1,265	3,795				
<i>Irregular</i>								
Household Costs	750	750	750	2,250				
Car Costs	150	150	150	450				
Light & Heat Costs	245		190	435				
Telephone Costs	50	50	140	240				
Subtotal	1,195	950	1,230	3,375				
<i>Discretionary</i>								
Entertainment Costs	200	200	200	600				
Presents	300		250	550				
Holiday			5,000	5,000				
Subtotal	500	200	5,450	6,150				
<b>TOTAL EXPENDITURE</b>	2,960	2,415	7,945	13,320				
Net Cash	(180)	365	(5,165)	(4,980)				
Opening Cash	500	320	685	500				
Closing Cash	320	685	(4,480)	(4,480)				

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

<b>(i)</b> In the Original Budget, name a month in which planned income is greater than planned expenditure.	For Office Use Only	
<b>Answer:</b>		

<b>(ii)</b> In the Original Budget, by how much did the Galvin household expect to overspend in the three months?		
<b>Answer:</b> €		

<b>(iii)</b> Give <b>one</b> reason why the repayments on the mortgage might increase.		
<b>Reason:</b>		

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

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

<b>Bank of Ireland</b>			
<b>CURRENT ACCOUNT APPLICATION FORM</b>			
<b>PERSONAL DETAILS</b>			
Surname		Mr, Mrs, Ms.	
First Name		Male/Female	
Home Address			
Date of Birth		<i>Please tick appropriate box. ➡</i>	Married
Country of Birth			Single
<b>EMPLOYMENT DETAILS</b>			
Occupation			
Employer's Name & Address			
Gross salary per month			
Length of time in your present employment			
Will your income be paid into your bank account?	YES		<i>(Please tick appropriate box.)</i>
	NO		
<b>CONTACT DETAILS</b>			
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	

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