

**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 2014

### BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 10 JUNE 2014 – 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 Bookkeeping. What do they stand for?

A/C	
Cr	
GL	

2. Identify **one** example of a Statutory Deduction and **one** example of a Voluntary Deduction from an employee's wages.

<b>STATUTORY DEDUCTION</b>	
<b>VOLUNTARY DEDUCTION</b>	

3. Complete the following Trading Account by filling in the **three** unshaded areas, numbered (i) to (iii):

<b>Trading Account for year ending 31/12/2013</b>			
	€	€	€
Sales			480,000
Stock (01/01/13)		(ii)	
(i)	346,000		
Carriage Inwards	4,000	350,000	
Stock (31/12/13)		390,000	
		60,000	330,000
(iii)			150,000

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

**Gross Profit €120,000**

**Cost of Sales €480,000**

Gross Profit Percentage is calculated as follows:  $\frac{\text{Gross Profit}}{\text{Sales}} \times \frac{100}{1}$

Using the above figures, calculate the Gross Profit Percentage.  
Show your workings.

<b>Answer:</b>
%

Workings:

5. Explain the term 'Mixed Economic System'.

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6. On 8 June 2014, D. Kelly, a restaurant owner, sold equipment for €3,300 cash.

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

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

Dr					Cr
Date	Details	€	Date	Details	€
2014 June 8	(ii)	3,300			

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

Dr					Cr
Date	Details	€	Date	Details	€
			2014 June 8	(iv)	3,300

7. Complete **and** balance the Debtors Control Account on 31 May 2014 from the following information:

	€
Debtors balance on 1 May 2014	2,100
Total credit sales for May	8,500
Total cash received from debtors in May	9,120

Debtors Control Account					
Dr					Cr
Date	Details	€	Date	Details	€

**OR (Alternative Format)**

Debtors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€

8. Explain the term 'Market Research'.

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9. Tick (✓) the appropriate columns to indicate where in the final accounts the following items should be entered on 31/12/2013:

	Trading A/C	Profit & Loss A/C	Balance Sheet
Creditors			
Import Duties			
Motor Vehicles Depreciation			

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

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

\_\_\_\_\_

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

\_\_\_\_\_

11. Enter the following balances in the partially completed General Journal of Nelson Ltd:

1 January 2014	Buildings	€370,600
	Debtors	€8,800
	Ordinary Share Capital	€377,300

Nelson Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
	Bank Overdraft	CB <sub>1</sub>		2,100
	Buildings	GL <sub>1</sub>		
	Debtors	DL <sub>1</sub>		
	Ordinary Share Capital	GL <sub>2</sub>		
	<i>Assets, Liabilities and Share Capital of Nelson Ltd on this date.</i>			

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

SIZE	PRICE	WEIGHT	UNIT PRICE
SMALL	€1.74	280 g	
MEDIUM	€4.47	750 g	
LARGE	€5.80	1 kg	

Workings:

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

13. Explain **two** reasons why a Government prepares a National Budget.

- (i) \_\_\_\_\_  
\_\_\_\_\_
- (ii) \_\_\_\_\_  
\_\_\_\_\_

14. A company van travels 684 kilometres to deliver goods.

Their diesel van can do 38 kilometres per litre. The cost of diesel is €1.46 per litre.

Calculate the cost of diesel to deliver these goods.

Show your workings.

<b>Answer:</b>
€

Workings:

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

(ii) GNP in 2012 was €1,100 million. In 2013, it was €1,122 million.

Calculate the rate of economic growth from 2012 to 2013:  
(Show your workings.)

<b>Answer:</b>

Workings:

16. 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
Leasing			
Bank overdraft			
Mortgage			

17. 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 2012-2013		
	2012	2013
Opening Reserves Balance	(15,000)	(i)
Add Annual Transfer to Reserves	5,000	6,000
Closing Reserves Balance	(10,000)	(ii)

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

Column 1 – Insurance Terms	Column 2 – Statements
1. Actuary	A. Cannot make a profit from insurance
2. Indemnity	B. Calculates the amount of compensation
3. Principle of Contribution	C. Calculates the amount of premium
	D. Applies in the case where there are two or more insurers

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

1.	2.	3.

19. Enter the following transaction in the Sales Returns Book of Macy Ltd:

On 9 May 2014, Dolly Ltd returned goods €5,200 to Macy Ltd (Credit Note No. 5).  
The VAT rate on these goods is 23%.

Macy Ltd – Sales Returns Book						
Date	Details	CN No.	F	Net €	VAT €	Total €

20. Explain the term 'Entrepreneur'.

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**For use with Section B - Question 1(A)**  
**Planned Budget for the Power Household for 2015**

	Jan	Feb	Mar	Total Jan-Mar	Estimate Apr-Dec	Total for Year Jan-Dec
<b>PLANNED INCOME</b>	€	€	€	€	€	€
Margaret Power Salary	1700	1700	1700	5100		
Patrick Power Wages	1200	1200	1200	3600		
Child Benefit	280	280	280	840		
<b>TOTAL INCOME</b>	3180	3180	3180	9540		
<b>PLANNED EXPENDITURE</b>						
<i>Fixed</i>						
Annual house insurance		720		720		
Car insurance	60	60	60	180		
Mortgage	900	900	900	2700		
<b>Subtotal</b>	960	1680	960	3600		
<i>Irregular</i>						
Telephone	60	210	60	330		
Light and heat costs	135		135	270		
Car running costs	140	140	140	420		
Household costs	620	620	620	1860		
<b>Subtotal</b>	955	970	955	2880		
<i>Discretionary</i>						
Entertainment costs	90	120	110	320		
Holidays			1000	1000		
House decoration			2200	2200		
<b>Subtotal</b>	90	120	3310	3520		
<b>TOTAL EXPENDITURE</b>	2005	2770	5225	10000		
Net Cash	1175	410	(2045)	(460)		
Opening Cash	50	1225	1635	50		
Closing Cash	1225	1635	(410)	(410)		

**For use, if required, as rough work for Section B - Question 1(A)**

<b>INCOME</b>	<b>FIXED EXPENDITURE</b>
<p><b>Margaret Power Salary:</b></p>       <p><b>Patrick Power Wages:</b></p>       <p><b>Child Benefit:</b></p>	<p><b>Annual house insurance:</b></p>       <p><b>Car insurance:</b></p>       <p><b>Mortgage:</b></p>
<b>IRREGULAR EXPENDITURE</b>	<b>DISCRETIONARY EXPENDITURE</b>
<p><b>Telephone:</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) Explain the difference between 'salary' and 'wages' in the Power Household Budget.	For Office Use Only
<b>Answer:</b>	

(ii) At the end of March 2015, what will be the expected closing cash balance for the Power household?	For Office Use Only
<b>Balance: €</b>	

(iii) Outline <b>one</b> method of dealing with this temporary situation at the end of March 2015, if an overdraft facility is not available to the Power household.	For Office Use Only
<b>Method:</b>	

**For use in answering Section B - Question 4(A)(iv)**

**Receipt**

<b>BAY VIEW HOTEL</b>	<b>Achill, Co. Mayo</b> Telephone: (098) 591961	<b>RECEIPT</b> <b>No.</b>	
<b>Date:</b>			
<b>Received From:</b>			
<b>The Sum Of:</b>			€
<div style="display: flex; justify-content: space-between;"> <span><b>With Thanks</b></span> <span>Signed: _____</span> <span><b>Finance Department</b></span> </div>			

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