

**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 2017

### BUSINESS STUDIES – HIGHER LEVEL – PAPER I

TUESDAY 13 JUNE 2017 – 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?

<b>B/D</b>	
<b>GL</b>	
<b>Dr</b>	

2. Identify **one** example of Government Current Expenditure and **one** example of Government Capital Expenditure in the **Department of Education and Skills**.

<b>CURRENT EXPENDITURE</b>	
<b>CAPITAL EXPENDITURE</b>	

3. Complete the Balance Sheet (extract) below by filling in the **three** unshaded areas, numbered **(i)** to **(iii)**:

<b>Balance Sheet (extract) as at 31-12-2016</b>		
	€	€
Financed by		
<b>(i)</b>		440,000
Reserves		<b>(ii)</b>
		620,000
Long-Term Liabilities		150,000
<b>(iii)</b>		770,000

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

**Current Assets €110,000    Current Liabilities €55,000    Closing Stock €22,000**

The Acid Test/Quick ratio is calculated as follows:    Quick Assets : Current Liabilities

Calculate the Acid Test/Quick ratio:  
(Show your workings.)

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;"><b>Answer</b></td> </tr> <tr> <td style="text-align: center; padding: 20px 0;">:</td> </tr> </table>	<b>Answer</b>	:	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;">Workings</td> </tr> <tr> <td style="height: 80px;"></td> </tr> </table>	Workings	
<b>Answer</b>					
:					
Workings					

5. Explain the term 'centrally planned economic system'.

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6. On 6 June 2017, R. O' Connor, a retailer, purchased goods for €100 by cash. There was no VAT on these goods.

Complete the **ledger accounts of R. O'Connor** showing the names of the accounts and the relevant details, numbered (i) to (iv):

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

Dr			Cr		
Date	Details	€	Date	Details	€
2017 June 6	(ii)	100			

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

Dr			Cr		
Date	Details	€	Date	Details	€
			2017 June 6	(iv)	100

7. Complete **and** balance the Debtors Control Account on 31 May 2017 from the following information:

	€
Debtors balance on 1 May 2017	1,700
Total cash received from debtors in May	2,100
Total credit sales for May	9,400

Debtors Control Account					
Dr					Cr
Date	Details	€	Date	Details	€

**OR (Alternative Format)**

Debtors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€

8. Explain the term 'Limited Liability'.

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9. Tick (✓) the appropriate column(s) to indicate where in the final accounts of a hairdressing service business the following items should be entered on 31/12/2016:

	Operating Statement	Balance Sheet
Sale of Hair Products		
Equipment Depreciation		
Insurance		

10. Dolores had €20 pocket money and was undecided whether to spend it on phone credit or a visit to the cinema. She decided to purchase phone credit.

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

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

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

1 January 2017	Bank	€19,000
	Creditors	€61,000

- (ii) Calculate the Ordinary Share Capital:

Dolman Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
	Premises	GL <sub>1</sub>	555,900	
	Bank	CB <sub>1</sub>		
	Creditors	CL <sub>1</sub>		
	Ordinary Share Capital	GL <sub>2</sub>		
	<i>Assets, Liabilities and Share Capital of Dolman Ltd on this date.</i>			

12. Distinguish between a grant and a loan:

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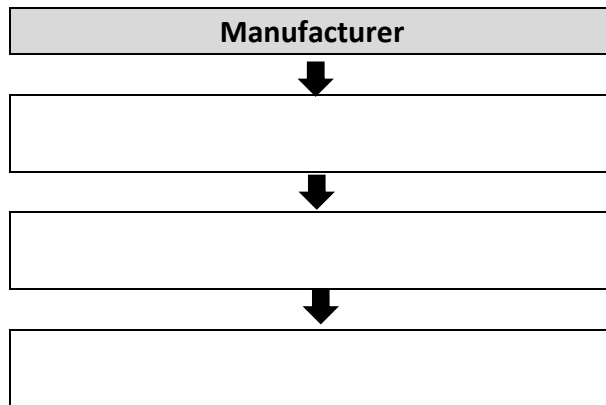


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13. Complete the following channel of distribution:



14. James White, who has a keen interest in reading and sport, saw the following promotion in his local bookstore: 3 for 2 (Cheapest Item Free).

Calculate the total cost of the following books for James: The GAA County by County (€29.99), The Battle (€18.99) and Walking Tall (€19.99).

Promotion	Title	€
	The GAA County by County	
	The Battle	
	Walking Tall	
	<b>Total Cost</b>	

Workings

15. A company van travels 667 kilometres to deliver goods.

The diesel van can do 29 kilometres per litre. The cost of diesel is €1.22 per litre.

Calculate the cost of diesel to deliver these goods.

Show your workings.

<b>Answer:</b>
€

Workings:

16. Outline **two** rewards of self-employment:

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

\_\_\_\_\_

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

\_\_\_\_\_

17. **Column 1** is a list of Consumer Terms. **Column 2** is a list of Statements that can be matched to these Consumer Terms.

*(One statement does not refer to any of the Consumer Terms.)*

Consumer Terms	Statements
1. Merchantable Quality	A. Person who buys goods and services
2. Consumer	B. Form of compensation
3. Repair	C. Goods must conform to sample
	D. Goods must do what they are supposed to do

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

1.	2.	3.

18. Enter the following transaction in the Purchases Returns Book of Riviera Ltd:

On 31 May 2017, Slaney Ltd returned goods €1,700 to Riviera Ltd (Credit Note No. 56).  
The VAT rate on these goods was 23%.




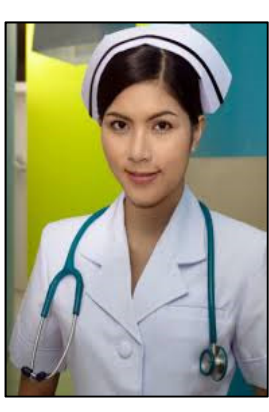
Riviera Ltd – Purchases Returns Book						
Date	Details	CN No.	F	Net €	VAT €	Total €

19. Complete the following extract from an invoice:

	€
Total (excluding VAT)	<b>2,800.00</b>
Trade Discount <b>30%</b>	
Subtotal	
VAT <b>23%</b>	
Total (including VAT)	

20. Identify **three** Factors of Production demonstrated below. Write your answers in the spaces provided.

*(One answer has been completed for you.)*

			
(i) <b>Enterprise:</b> Facebook (Mark Zuckerberg)	(ii)	(iii)	(iv)



For use with Section B - Question 1 (A)

O'DRISCOLL HOUSEHOLD	ORIGINAL BUDGET				REVISED BUDGET			
	JULY	AUG	SEPT	TOTAL	JULY	AUG	SEPT	TOTAL
PLANNED INCOME	€	€	€	€	€	€	€	€
Ms O' Driscoll	4,200	4,200	4,200	12,600				
Mr O' Driscoll	1,600	1,600	1,600	4,800				
Child Benefit	420	420	420	1,260				
Other								
<b>TOTAL INCOME</b>	6,220	6,220	6,220	18,660				
PLANNED EXPENDITURE								
<i>Fixed</i>								
Mortgage	750	750	750	2,250				
Loan Repayments	525	525	525	1,575				
Insurance	135	135	135	405				
Subtotal	1,410	1,410	1,410	4,230				
<i>Irregular</i>								
Household Costs	1,840	1,840	1,840	5,520				
Car Costs	225	225	225	675				
Light and Heat Costs	300		260	560				
Telephone Costs	110	110	110	330				
Subtotal	2,475	2,175	2,435	7,085				
<i>Discretionary</i>								
Entertainment Costs	300	300	300	900				
Presents	280		260	540				
Holiday		3,000		3,000				
Subtotal	580	3,300	560	4,440				
<b>TOTAL EXPENDITURE</b>	4,465	6,885	4,405	15,755				
Net Cash	1,755	(665)	1,815	2,905				
Opening Cash	(800)	955	290	(800)				
Closing Cash	955	290	2,105	2,105				

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

(i) Calculate what percentage increase Ms O’Driscoll will receive as result of her promotion. Show your workings.		For Office Use Only	
<b>Answer:</b>	<b>Workings:</b>		
%			

(ii) Explain the term ‘Discretionary Expenditure’.			
<b>Explanation:</b>			

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

(iv) In the Original Budget, how much did the O’ Driscoll household expect to save in the three months?			
<b>Answer:</b> €			

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

**Document for use with Section B - Question 4 (A) (ii)**

<b>Quad Life Insurance Limited Proposal Form</b>	
<i>Please answer all questions fully and truthfully</i>	
<b>Name</b>	
<b>Address</b>	
<b>Age</b>	Single <input type="checkbox"/> Married <input type="checkbox"/>
Sex      Male <input type="checkbox"/> Female <input type="checkbox"/>	<b>Occupation</b>
<b>Type of policy required (Please tick)</b>	
Endowment Policy <input type="checkbox"/>	Whole Life Policy <input type="checkbox"/>
<b>Value of Life Assurance required</b>	€ <input style="width: 150px;" type="text"/>
<i>Please tick the appropriate box</i>	
<b>1. Are you in good health?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>2. Do you smoke?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>3. Do you consume alcohol?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>4. Are you likely to engage in a hazardous occupation or hobby?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, give details _____ _____
<b>Method of Payment</b>	
<b>Declaration: I declare that all the information given above is true and complete.</b>	
<b>Signature:</b> _____	<b>Date:</b> _____

Document for use with Section B – Question 6 (A) (ii)

**Workings**

<b>Gross Pay</b>	<b>PAYE</b>
<b>Tax Credit</b>	<b>Other</b>

(ii)

<b>Wage Slip</b>		
Name:		
Week No:		
Basic Pay	€	
Overtime	€	
<b>Gross Pay</b>	—————▶	€
Tax Credit	€	
<b>Deductions</b>		
PAYE	€	
PRSI/USC	€	
Health Insurance	€	
Savings	€	
<b>Total Deductions</b>	—————▶	€
<b>Net Pay</b>	—————▶	€

**REMEMBER TO INCLUDE SECTION 'A' WITH YOUR ANSWER BOOK**