

JUNIOR CERTIFICATE EXAMINATION 2010
BUSINESS STUDIES HIGHER LEVEL - PAPER I
SUGGESTED SOLUTIONS

Section A:

Q.1 Dr = Debit B/D = Brought down Cr = Credit (2 + 1 + 1)

Q.2 (i) **Hardware:** The physical/visible parts of the computer.
(ii) **Software:** The program which controls and operates it. (2 + 2)

Q.3 (i) €37500 (2 + 1 + 1)
(ii) Profit retained/retained earnings/P & L/Reserves
(iii) €2,500

Q.4

	Operating Statement	Balance Sheet
Vet fees	√	
Land		√
Stock of feedstuff 31/03/10	√	√

Q.5 Box (ii) ticked: Repaying the interest on the National Debt. (4)

Q.6 (i) Cash/Bank (1 + 1 + 1 + 1)
(ii) Equipment
(iii) Equipment
(iv) Cash/Bank.

Q.7

(1 + 1 + 1 + 1)

1.	2.	3.	4.
C	D	E	A

Q.8

(1 + 1 + 1 + 1)

Dr			Creditors Control Account			Cr		
Date	Details	€		Date	Details	€		
	Payments/Bank/Cash	17,100		01/05/10	Balance	6,700		
31/05/10	Balance c/d	<u>3,800</u>			Purchases	<u>14,200</u>		
		20,900				20,900		
					Balance b/d	3,800		

Or

Creditors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€
01/05/10	Balance			6,700
	Purchases		14,200	20,900
	Payments/Bank/Cash	17,100		3,800

Q.9 Two reasons for preparing a National Budget:

(2 + 2)

- To estimate their income/revenue/taxation
- To estimate their expenditure/to put limits on the total to be spent by each Government Department.
- To estimate if there will be a deficit.
- To estimate if there will be a surplus
- To calculate the amount of borrowing required.

Q.10 Invoice Extract:

(1 + 1 + 1 + 1)

	€
Total (excluding VAT)	400.00
Trade Discount 12½ %	50.00
Subtotal	350.00
VAT 21%	73.50
Total (including VAT)	423.50

Q.11 Missing elements of the organisational chart:

(1 + 1 + 1 + 1)

- Shareholders
- General Manager/Chief Executive/Managing Director/CEO
- Purchasing Department/ Production Department / Finance Department/
Packaging Department/Transport, Delivery Department/HR/Marketing.

Note: For Irish version of paper accept Board of Directors for second answer

Q.12 Explanation of Import Substitution: Encouraging Irish consumers to purchase Irish goods & services instead of imports (2)

Example: Wood pellets from native trees to replace heating oil.
Taking holidays in Ireland instead of going abroad. (2)

Q.13 Proof of address or example e.g. phone bill, electricity bill
Proof of identity or example e.g. passport, driving licence (2 + 2)

Q.14 Acid Test/Quick Ratio: (4)

Answer:
1.3 : 1

Workings: (2)
Current Assets – Stock : Current Liabilities
78,000 - 36,000 : 31,500
42,000 : 31,500

Q.15 **Harty Ltd - Sales Return Book** (1 + 1 + 1 + 1)

Date	Details	CN No.	F	Net €	VAT €	Total €
01/06/10	Williams Ltd	48	DL	2,400	504	2,904

Q.16 Rights of an employee: (2 + 2)

- (i) To join a trade union.
- (ii) To be paid the minimum wage/fair wage.
- (iii) Safe working conditions.
- (iv) Annual holidays.
- (v) To be treated equally/no discrimination.
- (vi) Maternity leave.
- (vii) Written contract of employment
- (viii) Protection from unfair dismissal

Q.17

Crowe Ltd - General Journal (2 + 1 + 1)				
Date	Details	F	Dr	Cr
			€	€
	Premises	GL1	605,000	
	Debtors	DL1	54,000	
	Bank overdraft	CB1		25,500
	Ordinary Share Capital	GL2		633,500
	Assets, Liabilities & Share Capital of Crowe Ltd on this date.		659,000	659,000

Q.18

- (i) **Proposal Form:** Application form to be completed when applying for (2)
insurance.
- (ii) **Policy:** A document issued by the insurance company to the insured
showing details of the cover provided/contract of insurance (2)

Q.19

<i>Business Need</i>	<i>Source of Finance</i>
(i) <i>New van</i>	<i>Hire Purchase</i>
(ii) <i>New computer</i>	<i>Leasing/HirePurchase</i>
(iii) <i>New Stationery</i>	<i>Bank Overdraft</i>
(iv) <i>New Warehouse</i>	<i>Long term loan</i>

(2 + 1 + 1)

Q.20 Limited Liability: The owners/shareholders can't be held responsible for the debts of a company; they can only lose their original investment. (4)