



Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2008

BUSINESS STUDIES – HIGHER LEVEL – PAPER II

(160 marks)

TUESDAY, 10 JUNE – AFTERNOON, 2.00 p.m. - 4.00 p.m.

- All questions carry equal marks.
- Attempt any **FOUR** questions.
- Marks will be awarded for layout and presentation including, where appropriate, folios and dates.
- Dates should show the day, month and year.
- Calculators may be used.

1. **This is a Book of First Entry, Ledger and Trial Balance Question.**

Answer all parts of this question:

KELLY Ltd is a retail store.

- (A) Record the following Credit Transactions in the Purchases and Purchases Returns Books of KELLY Ltd for the month of April 2008. Post relevant figures from the books to the Ledger Accounts.

3/4/2008	Purchased goods on credit from NEE Ltd	Invoice No. 12	€16,000 + VAT 13.5%
9/4/2008	Purchased goods on credit from HAY Ltd	Invoice No. 67	€22,600 + VAT 13.5%
15/4/2008	Returned goods to NEE Ltd	Credit Note No. 5	€ 7,000 + VAT 13.5%

(16)

- (B) Record the following Bank Transactions for the month of April in the Analysed Cash Book of KELLY Ltd. Post relevant figures to the Ledger Accounts.

Note: Analyse the Bank Transactions using the following money headings:

Debit (Receipts) Side: Bank Sales VAT Share Capital

Credit (Payments) Side: Bank Purchases VAT Light and Heat Creditors

1/4/2008	Shareholder invested €150,000 and this was lodged	Receipt No. 24	
2/4/2008	Purchases for resale	(Cheque No. 45)	€70,000 + VAT 13.5%
13/4/2008	Paid electricity bill	(Cheque No. 46)	€1,700
19/4/2008	Cash Sales lodged		€90,800 (€80,000 + VAT €10,800)
28/4/2008	Paid HAY Ltd	(Cheque No. 47)	€17,500

(15)

- (C) Balance the accounts on 30 April 2008 and extract a Trial Balance as at that date.

(9)

(40 marks)

2. **This is a Sales, Business Documents and Bookkeeping Question.**

Answer all parts of this question:

- (A) (i) State **three** methods of communication that a business could use to make enquiries about goods and services.
- (ii) CARO Ltd purchased goods for €24,000. The mark-up on the goods when sold is 55%. All the goods were sold.

Calculate the Total Income to be made from the sale of all the goods.
(Show your workings).

(8)

- (B) On 28 May 2008, BRIGHT PAINTS Ltd received an Order No. 3 from MARTIN Ltd, 10 Green Valley, Loughrea, Co. Galway for the following goods:

50	Ten litre drums of white paint	@	€60 per drum
50	Five litre drums of cream paint	@	€80 per drum
15	Five litre drums of wood preservative	@	€50 per drum

All the goods ordered were in stock, except for the wood preservative.

BRIGHT PAINT Ltd issued Invoice No. 42 for the goods in stock on 1 June 2008.
The Invoice included the following terms: Trade Discount 30% and VAT 21%.

On receiving the goods and Invoice No. 42 on 4 June 2008, MARTIN Ltd paid the amount due in full.

BRIGHT PAINT Ltd issued Receipt No. 67 signed by Molly Bright, on today's date.

- (i) What procedures would you recommend to BRIGHT PAINTS Ltd when preparing and processing receipts?
- (ii) Complete Invoice No. 42 and Receipt No. 67 issued by BRIGHT PAINTS Ltd.
- (iii) Record the issue of the Invoice and Receipt in the Sales Book and Analysed Cash Book of BRIGHT PAINTS Ltd *on the sheet supplied with this paper.*

(32)

(40 marks)

3. **This is a question on Employment and Industrial Relations.**

Answer all parts of this question:

(A) State **three** rights and **three** responsibilities of employers.

(6)

(B) Study the newspaper extract below and answer the questions that follow.

Unions at Eircom are expected to serve strike notice on the company today after discussions to resolve a pay dispute collapsed. The unions must provide a week's notice of industrial action to management. The biggest union at the firm, the CWU, believes that the issue will go to the Labour Relations Commission when the notice is served. The CWU voted overwhelmingly in favour of industrial action after Eircom refused to pay workers a 2% increase due to them under the National Wage Agreement until they agreed to change their work practises.

(i) Name the **two** parties involved in the dispute.

(ii) What form of industrial action is being proposed?

(iii) Identify the third party who might help solve the dispute.

(10)

(C) (i) Other than pay, explain **three** possible reasons for industrial disputes.

(ii) Explain **three** of the following terms:

Arbitration
Conciliation
Shop Steward
Human Resource Manager.

(24)

(40 marks)

4. **This is a Final Accounts and Balance Sheet Question.**

Answer all parts of this question:

The following Trial Balance was extracted from the books of SCOTT Ltd on 31 May 2008.
The Authorised Share Capital is 550,000 €1 ordinary shares.

TRIAL BALANCE OF SCOTT Ltd as on 31 May 2008	Dr €	Cr €
Purchases and Sales	175,000	273,500
Opening Stock 1/6/2007	12,000	
Import Duty	6,700	
Carriage Outwards	4,000	
Debtors and Creditors	60,000	30,000
Insurance	2,900	
Interest Receivable		6,500
Wages	44,000	
Machinery	120,000	
Buildings	300,000	
Bank	5,000	
25 Year Loan		140,000
Cash	1,400	
Land	230,000	
Reserves (Profit and Loss Balance)		111,000
Issued Share Capital : 400,000 €1 Ordinary Shares		400,000
	961,000	961,000

- (A) You are required to prepare the company's **Trading, Profit and Loss Appropriation Account** for the year ending 31 May 2008 and a **Balance Sheet** as on that date.

You are given the following information as on 31 May 2008.

- (i) Closing Stock €17,500
- (ii) Import Duty due € 1,300
- (iii) Interest Receivable due € 600
- (iv) Insurance prepaid € 700
- (v) Depreciation: Machinery 15%
- (vi) Dividends declared 5%

(35)

- (B) Identify **two** suitable assets in the above TRIAL BALANCE which could be used as collateral for the 25 Year Loan.

(5)

(40 marks)

5. **This is an Integrated Delivery Systems Question.**

Answer all parts of this question:

- (A) Toll roads are being used more and more in Ireland.
State **one** advantage and **one** disadvantage for businesses that use them. (4)

- (B) Explain **two** reasons why a business might provide a delivery service for its customers. (6)

- (C) Calculate the cost of transport for **one day** from the following details provided by FAHY Ltd, a fruit distributor: (Show your workings.)

FAHY Ltd operates 330 working days per year

The diesel van used can do 33 kilometres per litre

The distance travelled per day is 660 kilometres

The cost of diesel is €1.10 per litre

Gross wage of driver €240 per day

Employer's PRSI is 12.5%

Annual Motor Tax is €1,320

Annual Motor Insurance is €2,640

Annual Motor Repairs is €1,650

Toll charges are €30 per day.

(16)

- (D) On 25 May 2008, FAHY Ltd purchased a new delivery van on credit from COX MOTORS Ltd for €56,000.

Record the purchase of the delivery van in the General Journal and appropriate Ledger accounts of FAHY Ltd *on the sheet supplied with this paper.*

(14)

(40 marks)

6. **This is an Analysed Cash Book and Monitoring of Overheads Question.**

Answer all parts of this question:

- (A) Identify **three** procedures a business should have in place to monitor its overheads. (6)
- (B) Prepare the Analysed Cash Book of LP PLUMBERS Ltd from the data set out below.
Note: Use the following money column headings:

Debit (Receipts) Side: Bank

Credit (Payments) Side: Bank Wages Advertising Van Telephone Interest.

					€
1/5/2008	Owed to the bank				1,200
2/5/2008	Paid for advertising		Cheque No. 1		3,000
4/5/2008	Received from WALSHE Ltd		Receipt No. 1		4,300
7/5/2008	Paid Eircom		Cheque No. 2		800
9/5/2008	Paid wages		Cheque No. 3		700
11/5/2008	Received from JONES Ltd		Receipt No. 2		6,700
14/5/2008	Paid diesel bill		Cheque No. 4		480
16/5/2008	Paid interest on loan		Cheque No. 5		500
18/5/2008	Paid wages		Cheque No. 6		550
22/5/2008	Received from St. Mary's GAA Club		Receipt No. 3		1,600
24/5/2008	Paid for advertising		Cheque No. 7		4,500
27/5/2008	Paid road tax for van		Cheque No. 8		800
29/5/2008	Paid insurance for van		Cheque No. 9		3,200
31/5/2008	Received from KELLY Ltd		Receipt No. 4		8,500

(17)

- (C) *On the sheet supplied with this paper* you will find a partially completed table showing Budgeted Overheads for May 2008.
- (i) Complete the **Actual** Column using the totals from the Analysed Cash Book.
- (ii) List the overheads whose actual figures are **greater than** the budgeted figures and give **one** possible reason for the difference in each case *in the relevant section of the sheet supplied with this paper.*
- (iii) List the overheads whose actual figures are **less than** the budgeted figures and give **one** possible reason for the difference in each case *in the relevant section of the sheet supplied with this paper.*

(17)

(40 marks)

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