



# Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2013

## BUSINESS STUDIES – ORDINARY LEVEL

TUESDAY 11 JUNE 2013 – MORNING 9.30-12.00

### SECTION B

(300 marks)

- All questions carry equal marks.
- Answer any **five** questions.
- Marks will be awarded for workings, layout and presentation.
- Dates should show the day, month and year.
- Calculators may be used.

1.

**This is a Household Budget question.**

*(To be completed on Page 9 of the Examination Booklet)*

**Answer all parts of this question:**

The following is a budget for the Power household for four months July to October 2013:

Opening Cash in Hand is €250.

**Planned  
Income**

- David Power earns €2,200 net per month and expects to receive an increase of €200 net per month from 1 August 2013.
- Rose Power earns €1,600 net per month and is expecting a bonus of €300 net in October.
- Child benefit is expected to be €360 per month.

**Planned  
Expenditure**

- House mortgage of €550 per month will **increase** by €50 per month from 1 August 2013.
- House insurance premium is €70 per month.
- The Power household pays a health insurance premium of €1,800 per year, payable **monthly** from 1 July 2013.
- Household costs are expected to be €1,200 per month except in August when they will be €300 **less**.
- The Power household uses public transport to travel to work. David's train ticket costs €150 per month and Rose's bus ticket costs €110 per month.
- Telephone bills for the landline are expected to be €115 in August and €130 in October. In addition, bills for mobile phones will cost the household €60 per month.
- Bills for light and heat are expected to be €180 in August and €250 in October. Home heating oil is expected to cost €950 in September.
- Education costs will be as follows: Irish college fees will cost €550 in July; school uniforms will cost €750 in August; school books will cost €450 in September and a school tour will cost €650 in October.
- Entertainment will cost €220 each month except in October, when it will cost an **extra** €600 for a family party.
- The Power household have booked a holiday costing €2,400. They must pay a deposit of €630 in July and the balance in August.

- (A) Complete the blank Household Budget form (*on page 9 of the Booklet*) using all the above figures. (50)
- (B) The Power household intends to decorate their living room in November at a cost of €3,000. State whether this expenditure will be fixed, irregular, or discretionary. Explain your answer. (*Answer in the space provided on page 9 of the Booklet.*) (5)
- (C) Calculate the annual house insurance premium of the Power household. Show your answer and workings. (*Answer on page 9 of the Booklet.*) (5)

**(60 marks)**

2.

**This is a Final Accounts & Balance Sheet question.***(To be completed on Pages 10 and 11 of the Examination Booklet)***Answer all parts of this question:**

The following Trial Balance was taken from the books of Lamb Ltd on 31 December 2012, the end of its financial year. The Authorised Share Capital is 500,000 ordinary shares at €1 each.

Trial Balance as at 31 December 2012	Dr	Cr
	€	€
Cash Sales		532,000
Cash Purchases	371,000	
Carriage Inwards	3,950	
Opening Stock at 1 January 2012	33,200	
Wages	69,600	
Light and Heat	23,600	
Telephone	6,950	
Rent	13,400	
Advertising	15,550	
Dividend Paid	25,500	
Bank Overdraft		39,000
Cash on Hand	17,500	
Issued Share Capital in €1 Shares		380,000
Equipment	101,750	
Machinery	120,000	
Motor Vehicles	149,000	
	951,000	951,000

Closing Stock at 31 December 2012 was €35,750.

**(A)** From the above figures, prepare:

- (i) A **Trading, Profit and Loss Appropriation Account** for Lamb Ltd for the year ended 31 December 2012. *(Answer on page 10 of the Booklet.)*
- (ii) A **Balance Sheet** as at 31 December 2012. *(Answer on page 11 of the Booklet.)* (45)

**(B)** (i) Explain the term '**Dividend Paid**' in the above Trial Balance.  
*(Answer on page 11 of the Booklet.)*

- (ii) Calculate the Gross Profit as a percentage of Cash Sales using the formula provided:

$$\frac{\text{Gross Profit}}{\text{Cash Sales}} \times \frac{100}{1}$$

Show your answer and workings. *(Answer on page 11 of the Booklet.)* (15)

**(60 marks)**

3. **This is a question about a Consumer and Writing a Letter.**

*(To be completed on Pages 12 and 13 of the Examination Booklet)*

**Answer all parts of this question:**

On Saturday, 6 April 2013, Séamus Madden, who lives in Carbury, Edenderry, Co. Offaly, purchased a new Cresta Cordless Electric Kettle (Model CCK 25) from Yvonne Dunne, Manager, The Electric Store Ltd, 10 Shop Street, Tullamore. It cost €54.

The kettle worked perfectly when he used it on Sunday morning. He filled it again in the evening to boil water for his tea. When he switched it on, it would not work. He checked the plug, the fuse and the cable but could find no problem. He switched on the kettle again but it still would not work.



As he would not be in Tullamore for two weeks, he wrote a letter to Yvonne Dunne, dated 8 April 2013.

In the letter, Séamus pointed out that he bought the kettle in The Electric Store Ltd and explained what had happened to it. He said that he would be bringing it back to the shop in two weeks time together with his receipt. He finished by stating that, as the kettle was not working, he would expect it to be replaced with a new kettle under consumer law.

**(A)** Write the letter that Séamus Madden sent to Yvonne Dunne on 8 April 2013.

*(Answer in the space provided on page 12 of the Booklet.)*

**(40)**

**(B)** If you were Yvonne Dunne, what reply would you make to Séamus Madden's letter?

Explain **one** reason for your answer.

**Note:** There is no need to answer **(B)** in the form of a letter.

*(Answer on page 13 of the Booklet.)*

**(10)**

**(C)** Name **two** organisations which assist a consumer with a problem.

In **each** case, write **one** sentence to explain how the organisation could help the consumer.

*(Answer on page 13 of the Booklet.)*

**(10)**

**(60 marks)**

4. **This is a question on Insurance.**

*(To be completed on Pages 14 and 15 of the Examination Booklet)*

**Answer all parts of this question:**

Helen Sweeney, who lives in her own house at 24 Willow Park, Granard, Co. Longford, wishes to apply for motor insurance with Beta Insurances Ltd. Her telephone number is 043 7178332.

Helen is a marketing consultant who will be 34 years of age on 12 October 2013. She bought her first car in 2004 and has a full driving licence.

She now drives a Renault Clio car, valued at €9,500. Its registration number is 09 LD 3392. Helen wishes to buy comprehensive insurance commencing on 1 August 2013. She is currently insured with another company, Carr Insurance Ltd. She made a claim for damages of €3,000 to her car due to a skid on a snowy road in 2010. She has four penalty points due to speeding.



She completes a proposal form on 10 June 2013.

- (A) Complete Helen's proposal form for motor insurance (*using the blank proposal form provided on page 14 of the Booklet*). (24)
- (B) Helen's house is valued at €180,000 and the contents at €40,000. She has a burglar alarm installed. On 2 June 2013, she received the following insurance quote:

<b>Clarke Insurance Ltd</b> High Street, Longford	
<b>Insurance Quote – 31 May 2013</b>	
Buildings	€27.50 per €10,000
Contents	€8.25 per €1,000
Burglar Alarm Installed	5% discount

- (i) Using the information in the above insurance quote, calculate the total net cost of insuring Helen Sweeney's house and contents. Show your answer and workings. (*Answer on page 15 of the Booklet.*)
- (ii) Helen accepted the above quote and paid the total amount online by debit card to Clarke Insurance Ltd. On 6 June 2013, Clarke Insurance Ltd sent Helen a Receipt (No. 4438), signed by James Clarke. Complete the Receipt using the blank document provided (*on page 15 of the Booklet*). (24)
- (C) Answer **each** of the following questions (*on page 15 of the Booklet*):
- (i) When filling out a proposal form, all material facts must be truthfully written down by the person looking for insurance. What is this principle of insurance called?
- (ii) In the event of a loss, what can an insured person claim from the insurance company?
- (iii) What is the title of the person sent by an insurance company to calculate the amount of the loss suffered? (12)

**(60 marks)**

5.

**This is a question on Business Documents.**

*(To be completed on Pages 16 and 17 of the Examination Booklet)*

**Answer all parts of this question:**

Jack O'Brien is the Purchasing Manager at Munster Sports Ltd. On 15 February 2013, he received the following Quotation:

<b>Gaelic Wholesalers Ltd</b>		<b>Quotation No. 5432</b>	
<b>Kennedy Retail Park, Nenagh, Co. Tipperary</b>			
Telephone:	067-541735		
Fax:	067-541777	VAT Reg No. IE7457939	
e-mail:	gaelic@tipp.com		
			14 February 2013
<p>The Purchasing Manager Munster Sports Ltd Main Street Dungarvan Co. Waterford</p>			
<b>CODE No.</b>	<b>DESCRIPTION</b>	<b>PRICE EACH</b> €	<b>DELIVERY</b>
CH718	Clare Hurling Jersey	60.00	Ready
WJ123	Waterford Hurling Jersey	52.00	Ready
CJ004	Cork Hurling Jersey	46.00	Ready
TJ564	Tipperary Hurling Jersey	54.00	Ready
<p>Trade Discount 15% on all goods VAT 25% on all goods Carriage Paid For acceptance within 30 days</p>			

Jack decides that the Clare Hurling Jerseys are too expensive. He sends an Order (No. 138) to Gaelic Wholesalers Ltd for **100 Waterford Hurling Jerseys, 50 Cork Hurling Jerseys and 150 Tipperary Hurling Jerseys.**

These goods are delivered by van to Munster Sports Ltd on 20 February 2013. Jack checks the goods when they arrive and finds that everything he ordered has been delivered. He is then handed Invoice No. 629, dated 20 February 2013, by the van driver.

- (A) (i) From the above details complete the blank Invoice No. 629 *(on page 16 of the Booklet)*.
- (ii) State **one** reason why an Invoice is an important document.  
*(Answer on Page 17 of the booklet.)* (36)
- (B) Jack then writes out a cheque (No. 25463), dated 20 February 2013, and signed by himself, on behalf of Munster Sports Ltd in full payment for the goods. He hands it to the driver to bring back to Gaelic Wholesalers Ltd. Complete the cheque and counterfoil using the blank document provided *(on page 17 of the booklet)*. (15)
- (C) Enter the cheque payment in the bank account of Munster Sports Ltd.  
*(Use only one of the Bank Accounts on page 17 of the booklet)*. (9)

**(60 marks)**

6.

**This is a Club Account question.**

*(To be completed on Pages 18 and 19 of the Examination Booklet)*

**Answer all parts of this question:**

The Lakeside Golf Club uses an Analysed Receipts and Payments Account (Analysed Cash Book).

- The club runs competitions for its members and organises a table quiz to raise funds.
- All money received is lodged in a bank current account on the same day.
- All payments are made by cheque.
- The annual membership fee is €150.



On 1 March 2013, the Club had a balance of €570 in the bank.

The club had the following transactions during March 2013.

March	2	Paid for competition prizes €270.	(Cheque No. 213)
	3	Received annual membership fee from 30 members.	
	7	Received competition entry fees €525.	
	9	Paid for posters to advertise table quiz €90.	(Cheque No. 214)
	11	Paid for prizes for table quiz €120.	(Cheque No. 215)
	12	Paid green keepers' wages €950.	(Cheque No. 216)
	13	Table quiz night: 15 tables took part at €30 per table.	
	16	Received annual membership fee from 20 members.	
	18	Paid for repairs to green mower €175.	(Cheque No. 217)
	19	Paid for trophies for competition €290.	(Cheque No. 218)
	21	Received competition entry fees €330.	
	26	Paid green keepers' wages €900.	(Cheque No. 219)
	29	Received annual membership fee from 10 members.	

**(A)** Write up the Analysed Receipts and Payments Account (Analysed Cash Book) of the Lakeside Golf Club for the month of March 2013 *(on page 18 of the Booklet)*.

Use the following money column headings:

<b>Debit (Receipts) side:</b>	Bank	Competitions	Table Quiz	Membership Fees	
<b>Credit (Payments) side:</b>	Bank	Competitions	Table Quiz	Wages	Other

Total each analysis column and balance the Bank Columns at the end of March. (43)

**(B)** Calculate the surplus or deficit that the club made during March on running a table quiz. Show your answer and workings *(on page 19 of the booklet)*. (7)

**(C)** Explain **two** duties of a club treasurer *(on page 19 of the Booklet)*. (10)

**(60 marks)**

7. **This is a question on Foreign Trade, Inflation and National Budget.**

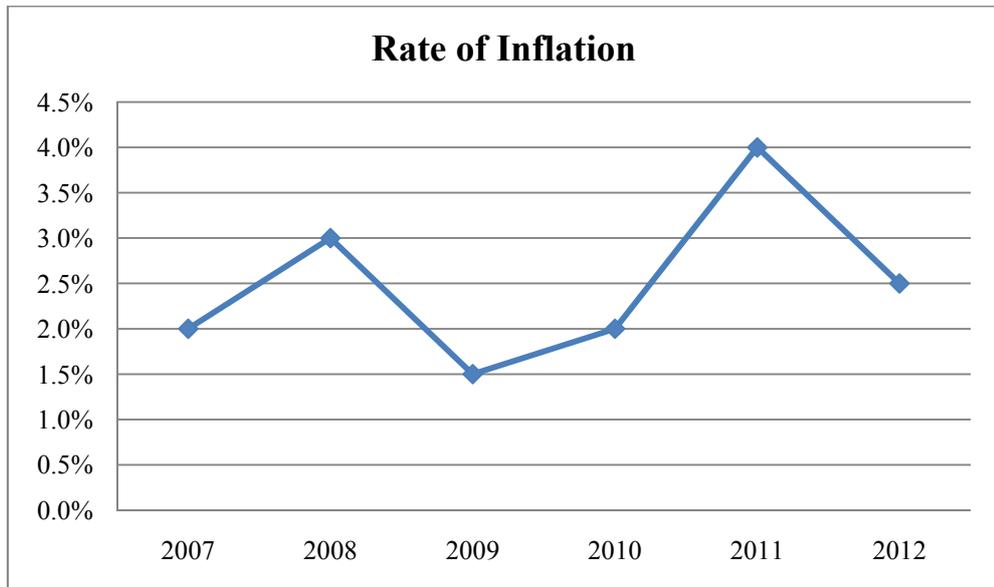
*(To be completed on Pages 20 and 21 of the Examination Booklet)*

**Answer all parts of this question:**

**(A)** (i) Explain the term ‘**imports**’. *(Answer on page 20 of the Booklet.)*

(ii) Explain **two** benefits of imports for Ireland *(on page 20 of the Booklet)*. (12)

**(B)** The following graph shows the **rate of inflation** in a country for the years 2007-2012:



Using the above graph, answer the following questions:

(i) Identify the year that had the highest rate of inflation *(on page 20 of the Booklet)*.

(ii) Identify the year that had the lowest rate of inflation *(on page 20 of the Booklet)*.

(iii) Calculate the average rate of inflation over the six years. Show your answer and workings *(on page 20 of the Booklet)*.

(iv) If a person's wages in 2010 were €450 per week, calculate how much that person would need to receive per week in 2011 to keep up with inflation.

Show your answer and workings *(on page 20 of the Booklet)*. (18)

**Part (C) of this question is on the next page**

7 – Continued

(C) The following figures were the Rainbow Government’s National Budget projections for 2013:

<b>Planned Expenditure</b>	<b>€ Millions</b>
Education	4,500
Health Services	8,200
Social Welfare	3,900
Justice	1,500
<b>Planned Income</b>	
PAYE	6,250
Excise Duties	3,700
VAT	4,150
Corporation Tax	2,500

- (i) Prepare the National Budget for 2013 from the above information (*on page 21 of the Booklet*).
- (ii) Indicate whether it is a ‘surplus’ or a ‘deficit’ budget (*on page 21 of the Booklet*).
- (iii) Which Government Department prepares the National Budget?  
(*Answer on page 21 of the Booklet.*)
- (iv) Every year the Irish Government spends large sums of money on Education.  
Give **two** examples of Government spending on Education.  
(*Answer on page 21 of the Booklet.*)

(30)

**(60 marks)**



8. **This is a question on Marketing and Sales Promotion.**

*(To be completed on pages 22 and 23 of the Examination Booklet)*

*Answer all parts of this question:*

Getintouch Ltd sells mobile phones in western counties. In 2012, sales of mobile phones in each county were as follows:

County:	MAYO	SLIGO	GALWAY	CLARE	LEITRIM	ROSCOMMON
Quantity:	4,500	3,000	6,500	2,500	1,000	2,000

The company sells their mobile phones at €40.00 each.

- (A) Show the above information in the form of a **Bar Chart**. *(Use the graph paper on page 22 of the Booklet.)* (23)
- (B) (i) Calculate the value of total sales of mobile phones for Getintouch Ltd in County Galway in 2012. Show your answer and workings *(on page 22 of the Booklet)*.
- (ii) Calculate the value of total sales of mobile phones for Getintouch Ltd in all western counties in 2012. Show your answer and workings *(on page 23 of the Booklet)*. (16)
- (C) All the mobile phones sold by Getintouch Ltd have brand names. The company uses sponsorship, special offers and questionnaires on a regular basis.
- Explain clearly **three** of the underlined terms *(on page 23 of the Booklet)*. (21)

**(60 marks)**

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