



Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2003

BUSINESS STUDIES - ORDINARY LEVEL

SECTION B

(300 Marks)

WEDNESDAY, 11 JUNE 2003 - MORNING, 9.30 a.m. - 12.00 noon

All questions carry equal marks. **Attempt any Five questions.**

Marks will be awarded for layout and presentation. Dates should show the day, month and year.

Calculators may be used.

1. **Answer (A), (B) and (C). This is a Household Budget Question**

(To be completed on page 7 of Section A)

The following is a budget for the Byrne household for the last four months of 2003:

Opening Cash in Hand is €960.

Planned Income

- Liam Byrne earns €2,500 net per month and expects to receive a bonus of €800 net in October.
- Carol Byrne earns €2,750 net per month and expects to receive a Christmas bonus of €500 net in December.
- Child benefit is €530 net per month.

Planned Expenditure

- House Mortgage of €950 per month will increase by €50 per month from 1 November 2003.
- House insurance premium, €660 **per year**, is payable **monthly** from September.
- Liam's annual car insurance is €785. Carol's annual car insurance is €640. Both are payable in October.
- Household expenses are usually €1,200 per month except in December, when they are €1,000 **extra**.
- Car running costs will be €250 per month for Liam and €295 per month for Carol.
- School books for the family will cost €800 in September.
- ESB bills for light and heat are expected to amount to €340 in October and €570 in December, while a fill of heating oil, costing €850, will be needed in November.
- Telephone bills for the home are expected to be €250 in September **and** November, while bills for mobile phones for all the family will be €195 per month.
- Presents for birthday parties will cost €300 in September and €500 in October, while Christmas presents in December will cost €3,000.
- Entertainment will cost €600 each month except in December, when it will cost €950 **extra**.

- (A) Complete fully the blank household budget form (on page 7 of Section A) using all the above figures. (50)
- (B) Explain what “**House Mortgage**” means. Write your answer in the space provided. (5)
- (C) The Byrne family have purchased tickets for the All-Ireland Football Final. State whether this expenditure is fixed, irregular or discretionary. Write your answer in the space provided. (5)
- (60 marks)**

2. **Answer (A), (B) and (C). This is a Final Accounts & Balance Sheet Question**
(To be completed in your Answer Book)

Fenton Ltd. is a company with an Authorised Capital of 500,000 Ordinary Shares at €1 each. The following Trial Balance was taken from its books on 31 December 2002, the end of its financial year.

Trial Balance as at 31 December 2002	Dr	Cr
	€	€
Cash Sales		550,500
Cash Purchases for Resale	376,250	
Carriage Inwards	4,500	
Opening Stock at 1 January 2002	102,000	
Rent and Rates	33,250	
Telephone	4,380	
Wages	48,690	
Lighting and Heating	12,450	
Advertising	15,230	
Dividend Paid	37,500	
Bank Overdraft		9,500
Cash on Hand	7,750	
Issued Share Capital in €1 Shares		350,250
Machinery and Equipment	148,000	
Motor Vehicles	120,250	
	910,250	910,250

Closing Stock at 31 December 2002 was €97,400.

- (A) From the above figures, prepare a **Trading and Profit and Loss and Appropriation Account** for the year ended 31 December 2002 and a **Balance Sheet** as at that date. (45)
- (B) Explain what is meant by “Bank Overdraft”. (5)
- (C) What percentage of the Cash Sales is the Gross Profit? Show your workings. (10)
- (60 marks)**

3.

Answer (A), (B) and (C). This question is about consumers and writing a letter
(To be completed in your Answer Book)

Conor Evans is the owner of Evans Electrical Store, 22 Shop Street, Monaghan. On Saturday, 15 March 2003, he sold a new microwave oven to a customer for €250. The customer telephoned Conor three days later and informed him that the microwave oven was not working properly. “It switches off after 20 seconds and must be reset again”, she stated, “I’ll be bringing it back to your shop next Saturday”.

As Conor was not sure how to handle the complaint, he telephoned his friend, Kate Hogan, who lives at Castleshane, Co. Monaghan and asked her advice. Kate told him that she would think about it and write to him.

On 19 March 2003, Kate wrote a letter to Conor. She pointed out that he could offer the customer a credit note for €250 but it was likely that this would not be acceptable to the customer. She then listed **three** other methods of dealing with the problem and informed Conor that the customer would have to accept one of them. She concluded by reminding Conor to be polite to the customer at all times.

- (A) Write the letter that Kate Hogan sent to Conor Evans on 19 March 2003. (40)
- (B) Explain briefly what **Impulse Buying** means. (5)
- (C) There are people and agencies whose job it is to protect consumers and offer help and advice when they have a problem. Name **three** of these people or agencies and write a brief account (one sentence in each case) of how they help the consumer. (15)
- (60 marks)**

4.

Answer all parts (A, B, C, D, E). This is a question on using a bank account
(To be completed on pages 8 and 9 of Section A)

Edel Scanlon lives at 12 Highfield Lawns, Arklow, Co. Wicklow. She has a Current Account (No. 33428157) at AIB Bank, Main Street, Arklow. The Sorting Code Number of the branch is 93-94-95. On 24 April 2003, Edel's wages of €370.64 were paid directly into her Current Account by her employer.

- (A) What name is given to the system of paying wages directly into employees' bank accounts? (6)
Answer in the space provided on page 8 of Section A.

On 25 April 2003, Edel received €175 in cash as a birthday present. She went to her bank and lodged it all into her Current Account on the same day.

- (B) Complete the Lodgment Slip on page 8 of Section A. (13)

On 26 April 2003, Edel paid €30.00 by cheque to the Arklow branch of the St. Vincent de Paul Society as she wanted to help local people in need. The secretary, Michael Finn, gave her a receipt.

- (C) Complete the Receipt on page 8 of Section A. (10)

On 29 April 2003, Edel went to her bank, completed a Withdrawal Slip and withdrew €100.00 in cash from her Current Account.

- (D) Complete the Withdrawal Slip on page 8 of Section A. (16)

Edel is planning to buy a new computer and printer which would cost about €1,500.00. She has two choices:

- (i) Borrow the money from the bank.
- (ii) Save up for it.

- (E) What advice would you give her? Write **two** reasons for your answer in the space provided on page 9 of Section A. (15)

(60 marks)

5. **Answer all parts (A, B, C, D). This is a question on Business Documents**
(To be completed on pages 10 and 11 of Section A)

Angela Boland is employed in the Sales Department of Soft Drink Wholesalers Ltd., Corrib Industrial Park, Galway. On 7 May 2003 she receives the following order:

Sweeney's Superstore Ltd.		ORDER No. 4821
15 Hyde Road, Roscommon		
Telephone: 0903-92466	VAT Reg. No.: IE 733425	
Fax: 0903-92477		
e-mail: sweeneyss@green.ie	6 May 2003	
The Sales Manager Soft Drink Wholesalers Ltd. Corrib Industrial Park Galway		
Please supply the following goods:		
QUANTITY	DESCRIPTION	PRICE EACH (€)
500	Cidona (1 litre) (List No. CD 101)	1.40
250	Cidona (2 litre) (List No. CD 201)	2.60
1,500	Coca Cola (small) (List No. CC 521)	0.75
400	Fanta Orange (1 litre) (List No. FA 442)	0.90
	Signed: <i>John Sweeney</i>	
	Title: Purchasing Manager	

The goods ordered are in stock, except for the Fanta Orange. Angela gets all the other items packed for sending out. An Invoice (No. 2836) is then made out.

Angela informs John Sweeney at Sweeney's Superstore Ltd. that they are out of Fanta Orange at the moment but that the rest of the goods ordered would be delivered next morning (8 May 2003). She also informs John of the total cost of the goods being delivered.

The goods arrive at Sweeney's Superstore Ltd. next day in a delivery van. The driver also hands John the Invoice (No. 2836) and a Delivery Note.

- (A) Why is a Delivery Note used? Answer in the space provided on page 10 of Section A. (6)
- (B) From the above details complete the blank Invoice No. 2836 on page 10 of Section A. Note that Trade Discount on all the goods is 25% and VAT on all the goods is 20%. (30)

After he checks the goods, John Sweeney hands a cheque (No. 400916) for the total amount, signed by himself, to the driver to bring back to Soft Drink Wholesalers Ltd.

- (C) Complete Cheque No. 400916, using the blank cheque and counterfoil on page 11 of Section A. (18)
 - (D) Enter the cheque payment in the Bank Account of Sweeney's Superstore Ltd. *(Use only one of the bank accounts on page 11 of Section A.)* (6)
- (60 marks)**

6.

Answer all parts (A, B, C, D) This is a Club Accounts question
(To be completed in your Answer Book).

The members of the Downtown Swimming Club pay an annual subscription to the club. The club runs regular swimming competitions for its members and pays wages to the lifeguards. It also organises raffles to raise funds.

Here is what happened at the club during May, 2003 (All dealings are in cash):

2003

May 1	Cash on hand since last month €564
2	Paid for posters to advertise the raffle €100
3	Paid for trophies for swimming competition €125
4	Received competition entry fees €185
9	Paid wages to lifeguards €300
12	Received money from sale of raffle tickets €850
14	Received annual subscriptions from members €530
15	Paid for prizes for the raffle €295
16	Received money from sale of raffle tickets €750
17	Bought prizes for swimming competition €240
18	Received competition entry fees €5 each from 60 members
23	Paid wages to lifeguards €300
29	Received annual subscriptions from members €740

(A) You are treasurer of the Downtown Swimming Club. Write up and balance the Analysed Receipts and Payments Account of the club for the month of May 2003. Use the following headings for the analysis columns:

Receipts Side: Total, Subscriptions, Competitions and Raffle.

Payments Side: Total, Wages, Competitions and Raffle. (40)

(B) What profit (surplus) did the club make on swimming competitions for the month? (4)

(C) What profit (surplus) did the club make on the raffle? (4)

(D) State **three** of the duties of a club treasurer. (12)

(60 marks)

7.

Answer all parts (A, B, C, D). This is a Question on Insurance
(To be completed in your Answer Book)

(A) State **one** reason why people who own houses need to take out an insurance policy. (9)

When dealing with insurance, there are many terms involved, such as **proposal form**, **policy**, **risk**, **claim**, **compensation** and **average clause**.

(B) Explain **three** of the terms underlined above. (18)

(C) **Utmost Good Faith** is necessary in insurance. Explain what it means and state **one** reason why it is important. (15)

The Brogan family wish to insure their house for €250,000 and its contents for €90,000. They receive a quotation from an insurance company of €8 per €1,000 for the house and €15 per €1,000 for the contents.

(D) Calculate the total cost of the premium they would have to pay. Show your workings. (18)
(60 marks)

8.

Answer (A), (B) and (C) This is a Question on Credit Cards and Application Forms
(To be completed on pages 11 and 12 of Section A)

Andrew Daly lives in a rented house at 38 Shannon Road, Limerick, with his wife and family. Their telephone number is 061-962853. Andrew will be 40 years old on 26 August 2003.

Andrew is employed as a teacher in Treaty College, Shannon Street, Limerick for the past 18 years. He earns a Gross Salary of €3,500 per month.

He has a Current Account (No. 52537719) at the High Street, Limerick branch of the National Irish Bank since 1990.

Andrew wishes to use a **Credit Card** when purchasing goods or services.

(A) State **two** reasons why Andrew might wish to use a credit card when purchasing goods or services. Answer in the space provided on page 11 of Section A. (12)

Andrew decides to apply for a Credit Card. He gets an application form from ANBM Bank plc.

(B) Complete the Application Form (on page 12 of Section A) on **today's date**. (40)

(C) In the space provided, state **one** problem that Andrew might face if using his credit card very often. (8)
(60 marks)

REMEMBER TO RETURN SECTION 'A' WITH YOUR ANSWER BOOK.