



Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2007

BUSINESS STUDIES – ORDINARY LEVEL

WEDNESDAY, 13 JUNE 2007 – MORNING, 9.30 a.m. - 12.00 noon

SECTION B

(300 marks)

- 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. **This is a Household Budget Question.**
(To be completed on page 7 of Section A)

Answer all parts of this question:

The following is a budget for the Whelan household for the first four months of 2008:

Opening Cash in Hand is €955.

**Planned
Income**

- Harry Whelan earns €3,800 net per month and expects to receive a tax refund of €800 net in February.
- Angela Whelan earns €3,200 net per month and expects to take a full month's leave without pay in March.
- Child Benefit is expected to be €400 per month.

**Planned
Expenditure**

- House mortgage of €1,250 per month will **increase** by €150 per month from 1 March 2008.
- House insurance premium, €1,200 **per year**, is payable **monthly** from 1 January 2008.
- Repayments on Angela's car loan (to be fully paid by the end of March) are €850 per month until then.
- Household expenses are €1,600 per month, except in March, when they will be €500 **less**.
- Car running costs are expected to be €250 per month for Harry and €100 per month for Angela.
- ESB bills for light and heat are expected to amount to €300 in January and €275 in March, while heating oil will cost €1,200 in February.
- The household is charged €50 per month for a Broadband internet connection. This will be payable on a **two-monthly** basis in February and April.
- 'Top-ups' for mobile phones will cost the household €120 per month.
- Presents for birthday parties will cost €900 in February.
- Entertainment will cost €850 each month, except in February, when it will be **double** the usual amount.
- The Whelans have booked a holiday costing €4,000. They must pay the travel agent a deposit of €700 in January, a further instalment of €1,000 in March and the balance in April.

(A) Complete the blank Household Budget form (*on page 7 of Section A*) using all the above figures. (50)

(B) Explain what is meant by 'Discretionary Expenditure'. (*Answer in the space provided on page 7 of Section A.*) (5)

(C) Apart from cash, name **two** other methods by which the Whelans could pay for their mobile phone 'top-ups'. (*Answer in the space provided on page 7 of Section A.*) (5)

(60 marks)

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

Answer all parts of this question:

The following Trial Balance was taken from the books of Jackson Ltd on 31 December 2006, the end of its financial year. The Authorised Share Capital is 500,000 ordinary shares at €1 each.

Trial Balance as at 31 December 2006	Dr	Cr
	€	€
Cash Sales		750,000
Cash Purchases	542,300	
Carriage Inwards	5,700	
Opening Stock at 1 January 2006	96,550	
Wages	47,900	
Telephone	3,260	
Heating and Lighting	15,590	
Interest on Overdraft	7,400	
Insurance	37,650	
Dividend Paid	35,400	
Bank Overdraft		92,750
Cash on Hand	13,500	
Issued Share Capital in €1 Shares		300,000
Premises and Equipment	245,000	
Delivery Vans	92,500	
	1,142,750	1,142,750

Closing Stock at 31 December 2006 was €119,550.

- (A) From the above figures, prepare a **Trading, Profit and Loss Appropriation Account** for the year ended 31 December 2006 and a **Balance Sheet** as at that date. (45)
- (B) Explain what is meant by 'Opening Stock' in the above Trial Balance. (5)
- (C) Find what percentage of the Cash Sales is the Gross Profit. Show your workings. (10)

(60 marks)

3. **This question is about Insurance and Writing a Letter.**
(To be completed in your Answer Book)

Answer all parts of this question:

Deirdre Walsh, who lives at 22 Clarin Road, Athenry, Co. Galway, wishes to insure her house and contents. Her house is valued at €300,000 and the contents at €100,000. She has a burglar alarm installed.

On 5 June 2007, she received the following insurance quote from John Glynn, Manager, Star Insurance Co Ltd, 44 Main Street, Galway:

Insurance Quote	
Buildings	€25 per €10,000
Contents	€7.50 per €1,000
Alarm Installed	10% discount

- (A) Using the information in the above insurance quote, calculate the total net cost of insuring Deirdre Walsh's house and contents. (12)
- (B) Name **two** risks that would be covered under the Buildings insurance. (8)
- (C) On 8 June 2007, Deirdre wrote a letter to John Glynn of Star Insurance Co Ltd. In the letter, she thanked him for the insurance quote. She stated that she was prepared to accept the quote in full as she has a burglar alarm installed. She also stated that she was enclosing a cheque for the total net cost. She ended her letter by asking when the insurance cover would commence.

Write the letter that Deirdre Walsh sent to John Glynn of Star Insurance Co Ltd on 8 June 2007. (40)

(60 marks)

4. **This is a question on Banking and Banking Documents.**
(To be completed on pages 8 and 9 of Section A)

Answer all parts of this question:

Emily Duffy received the following Bank Statement by post:

AIB Shop Street, Mullingar		Current Account Statement No. 3226		
Ms Emily Duffy The Downs Co. Westmeath		Account Name: EMILY DUFFY		
		Account Number: 88261773		
		Date: 30 April 2007		
		Sorting Code: 93-14-62		
Date	Details	Dr	Cr	Balance
		€	€	€
01 April 2007	Balance forward			750.00
03 April 2007	ATM – AIB Navan Branch	220.00		530.00
05 April 2007	Cheque No. 60545	145.00		385.00
11 April 2007	ESB Direct Debit	160.00		225.00
20 April 2007	Lodgement		475.00	700.00
26 April 2007	Cheque No. 60547	330.00		370.00

Answer all the following questions in the spaces provided on pages 8 and 9 of Section A:

- (A) In what bank and branch does Emily have her Current Account? (10)
- (B) According to AIB, how much money did Emily have in her Current Account on 30 April 2007? (5)
- (C) Explain the entry of 3 April 2007. (10)
- (D) The lodgement of 20 April 2007 was made by Emily. It was made up of a cheque of €400.00 and the remainder in notes. Complete the Lodgement Slip and Counterfoil. (15)
- (E) Emily noticed that Cheque No. 60546, for €185, which she had sent on 19 April 2007 to her insurance company as payment for her annual home insurance premium, did not appear on her Bank Statement. Explain **one** possible reason for this. (5)
- (F) Explain **three** of the following terms which appear on the Bank Statement:
Current Account; Account Number; Sorting Code; Direct Debit. (15)

(60 marks)

5.

This is a question on Business Documents.
(To be completed on pages 10 and 11 of Section A)

Answer all parts of this question:

Michael Brady is the Purchasing Manager at The Bag Shop Ltd. On 22 May 2007, he received the following Quotation:

Travel Wholesale Ltd		QUOTATION No. 137762	
Hyde Business Park, Roscommon			
Telephone:	090-7661992	VAT Reg. No. IE 8181552	
Fax:	090-7771995		
e-mail:	travelwholesale@alo.net		
			21 May 2007
The Purchasing Manager The Bag Shop Ltd Park Road Boyle Co. Roscommon			
CODE No.	DESCRIPTION	PRICE EACH €	DELIVERY
CLS35	Carlton 5-piece Luggage Set	125.00	Ready
PSS48	Crown 3-piece Suitcase Set	55.00	Ready
HPL12	Puma Large Holdall	67.00	Ready
LBE76	Executive Leather Briefcase	85.00	Ready
Trade Discount 25% on all goods VAT 20% on all goods Carriage Paid For acceptance within 30 days			

Michael decides that the Puma Large Holdalls are too costly. He sends an Order (No. 31846) to Travel Wholesale Ltd for **20 Carlton 5-piece Luggage Sets, 80 Crown 3-piece Suitcase Sets and 40 Executive Leather Briefcases**. These goods are delivered by van to The Bag Shop Ltd on 24 May 2007. Michael checks the goods when they arrive and finds that everything he ordered has been delivered. He is then handed Invoice No. 72356, dated 24 May 2007, by the van driver.

- (A) From the above details, complete the blank Invoice No. 72356 (on page 10 of Section A). (30)
- (B) Michael then writes out a cheque (No. 600429), dated 24 May 2007, signed by himself, on behalf of The Bag Shop Ltd in full payment for the goods. He hands it to the driver to bring back to Travel Wholesale Ltd. Complete Cheque No. 600429, using the blank cheque and counterfoil provided (on page 11 of Section A). (15)
- (C) Enter the cheque payment in the Bank Account of The Bag Shop Ltd. (Use only **one** of the Bank Accounts provided on page 11 of Section A.) (9)
- (D) The term ‘Carriage Paid’ appears on the Quotation. Explain what this term means. (Answer on page 11 of Section A.) (6)

(60 marks)

6.

This is a Club Account Question.

(To be completed on page 12 of Section A or in your Answer Book)

Answer all parts of this question:

The Tiger Pitch and Putt Club use an Analysed Receipts and Payments Account (Analysed Cash Book). The club runs regular competitions for its members and organises a club lotto to raise funds. The annual membership fee is €75. All money received is lodged in a current account and all bills are paid by cheque.

On 1 March 2007, the club had a balance of €455 in the bank.

The club had the following transactions during March 2007.

March 2	Paid for trophies for competition €360. (Cheque No. 421)
4	Received competition entry fees €545.
6	Received annual membership fee from 20 members.
7	Paid for posters to advertise the club lotto €180. (Cheque No. 422)
9	Paid wages to ground staff €850. (Cheque No. 423)
12	Received money from sale of club lotto tickets €2,350.
13	Received annual membership fee from 25 members.
15	Received money from sale of club lotto tickets €1,650.
16	Bought prizes for competition €400. (Cheque No. 424)
17	Received competition entry fees €450.
22	Paid for repairs to greens mower €540. (Cheque No. 425)
23	Paid wages to ground staff €900. (Cheque No. 426)
29	Paid the winner of club lotto draw €3,000. (Cheque No. 427)

- (A) Write up the Analysed Receipts and Payments Account (Analysed Cash Book) of the Tiger Pitch and Putt Club for the month of March 2007. Use the following money column headings:

Debit (Receipts) Side: Bank Competitions Lotto Membership Fees

Credit (Payments) Side: Bank Competitions Lotto Wages Other

Total **each** analysis column and balance the Bank columns at the end of March.

(Answer on page 12 of Section A or in your Answer Book.) (45)

- (B) Calculate the surplus or deficit that the club made on the lotto during March. Show your answer and workings *(on page 12 of Section A or in your Answer Book)*. (7)

- (C) Apart from preparing the club's accounts, name **two** duties of a treasurer. *(Answer on page 12 of Section A or in your Answer Book.)* (8)

(60 marks)

7.

This is a question on Employment and Wages.
(To be completed on pages 13 and 14 of Section A)

Answer all parts of this question:

Mary Cronin is employed as a checkout assistant in a large supermarket. Her basic gross wage is €370 for a 37-hour week. If she works overtime, she is paid time-and-a-half for weekdays and double-time for Sundays and public holidays.

(A) Calculate Mary's gross wage per hour for a 37-hour week. (*Answer on page 13 of Section A.*) (5)

(B) In the week ending 10 June 2007, Mary worked a total of 46 hours. This included three hours overtime on Sunday, four hours overtime on Monday (a public holiday) and two hours overtime on Tuesday.

Calculate Mary's gross wage for the week. Show your answer and workings (*in the space provided on page 13 of Section A.*) (15)

(C) Name **three** rights and **three** responsibilities that Mary has as an employee of the supermarket. (*Answer on page 13 of Section A.*) (24)

(D) Mary hopes to become self-employed and set up her own business in the future. Name **two** rewards and **two** risks of being self-employed. (*Answer on page 14 of Section A.*) (16)

(60 marks)

8.

This is a question on Delivery Systems.

(To be completed on pages 15 and 16 of Section A)

Answer all parts of this question:

- (A) Name **three** factors which a business would consider when choosing a transport system to deliver goods to its customers. Explain the importance of each factor. *(Answer on page 15 of Section A.)* (12)

- (B) Most Irish companies use road transport to deliver goods.

(i) Give **two** advantages of using road transport.

(ii) Give **two** disadvantages of using road transport.

(Answer on page 15 of Section A.)

(16)

- (C) Express Couriers Ltd delivers goods overnight to firms around the country. Its vans travel at an average speed of 56 kilometres per hour. The van drivers must take one hour's rest after every four hours of driving.

A firm in Carlow has requested Express Couriers Ltd to deliver an urgent packet to a shop in Tralee, a distance of 252 kilometres. The packet must be delivered before 9.00am the following morning.

Calculate the latest time that a van driver from Express Couriers Ltd can set off from Carlow to deliver the packet by 9.00am in Tralee.

Show your answer and workings *(on page 15 of Section A)*.

(12)

- (D) Toll roads, quality bus corridors, distance tables, bypasses, bicycle lanes, tachographs, ferries, pipelines and fork-lift trucks are terms used with transport and delivery systems.

Explain **four** of these terms *(on page 16 of Section A)*.

(20)

(60 marks)

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