



Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2006

BUSINESS STUDIES – ORDINARY LEVEL

WEDNESDAY, 14 JUNE 2006 – MORNING, 9.30am - 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 Dolan household for the last four months of 2006.

Opening Cash in Hand is €830.

**Planned
Income**

- Michael Dolan earns €1,800 net per month and expects to receive a bonus of €200 net in December.
- Helen Dolan earns €2,000 net per month.
- Building Society interest of €1,900 net is expected in October.

**Planned
Expenditure**

- House rental of €530 per month will increase to €600 per month from 1 November 2006.
- House contents insurance, €720 per year, is payable monthly from 1 September 2006.
- Michael's annual car insurance of €650 is payable in September and Helen's annual car insurance of €540 is payable in November.
- Household expenses are €950 per month but will cost an extra €350 in December.
- Car running costs are expected to be €60 per month for Michael and €170 per month for Helen.
- The TV licence of €160 is payable in September and the annual fee of €230 for cable television is due in October.
- ESB bills for light and heat are expected to amount to €220 in October and €300 in December, while heating oil will cost €450 in September and €550 in November.
- The Dolan household have a home telephone and a mobile phone. The home telephone bill is expected to be €180 in October and €250 in December. The mobile phone bill is expected to be €80 per month.
- Entertainment will cost €200 each month, except in November, when it will be €90 less.
- The Dolan household expect to spend €5,000 on their daughter's wedding in November.
- Christmas presents will cost €750 in December.

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

(B) Do the Dolan household own the house in which they live? State one reason for your answer. Write your answer and reason in the spaces provided (on page 7 of Section A). (5)

(C) The Dolan household intend to spend €2,000 on a foreign holiday in January 2007. Indicate whether this expenditure will be fixed, irregular or discretionary. (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 Holby Ltd on 31 December 2005, the end of its financial year. The Authorised Share Capital is 400,000 ordinary shares at €1 each.

Trial Balance as at 31 December 2005	Dr	Cr
	€	€
Cash Sales		413,000
Cash Purchases	246,000	
Carriage Inwards	4,500	
Opening Stock at 1 January 2005	68,000	
Insurance	15,400	
Wages	42,150	
Rent and Rates	23,950	
Advertising	11,750	
Heating and Lighting	22,450	
Dividend Paid	19,700	
Bank Overdraft		58,000
Cash on Hand	9,600	
Issued Share Capital in €1 Shares		230,000
Equipment	77,500	
Motor Vehicles	160,000	
	701,000	701,000

Closing Stock at 31 December 2005 was €62,500.

- (A) From the above figures, prepare a **Trading, Profit and Loss Appropriation Account** for the year ended 31 December 2005 and a **Balance Sheet** as at that date. (45)
- (B) Explain what is meant by 'Dividend Paid' in the above Trial Balance. (5)
- (C) Find what percentage of the Cash Sales is the Net Profit. Show your workings. (10)

(60 marks)

3.

This question is about a Club and Writing a Letter.

(To be completed in your Answer Book)

Answer all parts of this question:

Paul Woods, a keen sportsman, lived at 20 Sea Road, Sligo. On 3 March 2006, he made a telephone call to Kate Rooney. Kate is the secretary of Greenhills Sport and Leisure Club, Strand Road, Wexford.

Paul explained that he was coming to live in Wexford at the end of March and wished to become a member of the club from 1 April 2006. He requested an application form and asked about a reduction in his membership fee for 2006 as he would not be joining the club until 1 April 2006.

The following day, Kate wrote a letter to Paul. She thanked him for his interest in the club and stated that she was enclosing a brochure and an application form. She also stated that the annual membership fee for 2006 was €720. He would only have to pay for the number of months he was a member in 2006. She reminded him to return his completed application form as soon as possible, together with a cheque for the agreed membership fee.

- (A) Calculate the amount of money Paul would have to pay for his membership fee to cover the period from 1 April to 31 December 2006. Show your workings. (5)
- (B) Write the letter that Kate Rooney sent to Paul Woods on 4 March 2006. (40)
- (C) Explain **three** items that might be shown in a club treasurer's report at the end of the year. (15)

(60 marks)

4.

This is a question on Wages and Documents.

(To be completed on pages 8 and 9 of Section A)

Answer all parts of this question:

Una Tully lives at 25 Oak Gardens, Mallow, Co. Cork. She is employed as an assistant manager in Barry's Retail Store Ltd, Mallow.

- (A) On 5 January 2006, she received her wages of €298.63 in cash. Her employer used the least number of notes and coins possible when putting the cash in Una's pay envelope.

Fill in the Note/Coin Analysis Slip (*on page 8 of Section A*) showing how many notes and coins of each amount were in Una's pay envelope. (10)

- (B) Una kept one €50 note for herself and lodged the rest of her wages to her Current Account at AIB Bank, Main Street, Mallow on 6 January 2006. Her Account Number is 75336412. The National Sorting Code for the branch is 93-79-12.

Complete the Lodgement Slip and Counterfoil (*on page 8 of Section A*). (16)

- (C) On 9 January 2006, Una went to her bank, completed a withdrawal slip and withdrew €150 cash from her Current Account.

Complete the Withdrawal Slip (*on page 8 of Section A*). (8)

- (D) On 10 January 2006, Una paid her membership fee of €120.00 to Mallow Tennis Club. She was given a receipt (No. 2158) by Liam Hogan, the club treasurer.

Complete the Receipt (*on page 9 of Section A*). (12)

- (E) On 12 January 2006, Una received her wages. Her basic pay was €350.00 and she earned €40 for overtime. Her deductions were:

PAYE	€72.50
PRSI	10% of her Gross Pay
VHI	€27.35

Complete Una's Wage Slip of 12 January 2006 (*on page 9 of Section A*). (14)

(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:

Ann Mullen is employed in the Sales Department of Furnish Ltd, Boyne Industrial Estate, Navan, Co. Meath. On 5 April 2006, she receives the following Order.

Troscán Ltd		ORDER No. 624
Retailers of Quality Furniture		
11 Shop Street, Portlaoise		
Telephone: 0502-97683		
Fax: 0502-97789		VAT Reg No. IE 4382719
e-mail: troscan@loi.ie		
<p>The Manager Furnish Ltd Boyne Industrial Estate Navan Co. Meath</p>		4 April 2006
Please supply the following goods:		
QUANTITY	DESCRIPTION	PRICE EACH (€)
40	Coffee Tables (Code No. CT 123)	120.00
30	Dining Tables (Code No. DT 324)	250.00
80	Standard Chairs (Code No. SC 751)	25.00
12	Telephone Tables (Code No. TT 822)	50.00
Signed: <i>Maeve Long</i>		Title: Purchasing Manager

The goods ordered are in stock, except for the Telephone Tables. All the other items (**Coffee Tables**, **Dining Tables** and **Standard Chairs**) are available. Ann Mullen ensures that they are loaded onto a lorry for delivery. An Invoice (No. 2891) is then completed.

The goods are delivered to Troscán Ltd on the following day. The lorry driver also delivers the Invoice (No. 2891).

- (A) What business document would Maeve Long have checked before sending the Order to Furnish Ltd?
(Answer on page 10 of Section A.) (6)
- (B) From the above details, complete the blank Invoice No. 2891 *(on page 10 of Section A)*.
 Note that **Trade Discount** on all the goods is 10% and **VAT** on all the goods is 20%. (30)
- (C) After she checks the goods, Maeve Long hands a Cheque (No. 300863) for the total amount, signed by herself and dated 6 April 2006, to the driver to bring back to Furnish Ltd. Complete Cheque No. 300863, using the blank cheque and counterfoil provided *(on page 11 of Section A)*. (15)
- (D) Enter the cheque payment in the Bank Account of Troscán Ltd. *(Use only one of the Bank Accounts provided on page 11 of Section A.)* (9)

(60 marks)

6. **This is a Household Analysed Cash Book and Money/Banking Question.**
(To be completed on pages 12 and 13 of Section A or in your Answer Book)

Answer all parts of this question:

The Quinn household use an Analysed Cash Book to record receipts and payments. All money received is lodged in a current account and all bills are paid by cheque.

On 1 February 2006, the Quinn household had a balance of €250 in the bank.

The household had the following transactions during February 2006.

- February 2 Mr. Quinn received his salary of €1,240.
- 3 They paid €35 for petrol for the car. (Cheque No. 151)
- 6 They bought heating oil for €260. (Cheque No. 152)
- 8 They went shopping for groceries which cost €175. (Cheque No. 153)
- 9 They received child benefit of €460.
- 14 They bought tickets for a concert costing €95. (Cheque No. 154)
- 15 They paid the ESB bill of €125. (Cheque No. 155)
- 20 Repairs and service for the car cost €150. (Cheque No. 156)
- 23 Mrs. Quinn received her salary of €830.
- 22 Groceries cost €195. (Cheque No. 157)
- 23 They had a birthday party which cost €90. (Cheque No. 158)
- 27 Petrol for the car cost €45. (Cheque No. 159)

(A) Write up the Analysed Cash Book of the Quinn household for the month of February 2006. Use the following money column headings:

Debit (Receipts) Side: Bank Salary Child Benefit

Credit (Payments) Side: Bank Groceries Light and Heat Car Entertainment

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

(Answer on page 12 of Section A or in your Answer Book.) (40)

(B) Child Benefit has been increased by 25% from June 2006. Calculate the new monthly amount that the Quinn household will receive. Show your answer and workings *(on page 12 of Section A or in your Answer Book)*. (5)

(C) The Quinn household is considering the use of ATM, credit cards, credit unions, travellers' cheques and paypath.

Explain clearly **three** of the underlined terms, giving an example where possible.

(Answer on page 13 of Section A or in your Answer Book.) (15)

(60 marks)

7.

This is a question on Forms of Business.

(To be completed on pages 14 and 15 of Section A)

Answer all parts of this question:

- (A) James mixed up the answers in his Business Studies test. He had all the correct explanations but he put them in the wrong sentences. This is what he wrote.
- (i) A sole trader is *a safeguard that shareholders can only lose what they invested in a business.*
 - (ii) A board of directors is *a business owned and run by its members.*
 - (iii) Limited liability is *a business owned and controlled by the government.*
 - (iv) A co-operative is *appointed by shareholders to run a company.*
 - (v) A state-owned company is *a chance that all money invested could be lost if a business fails.*
 - (vi) Unlimited liability is *a business owned and run by one person.*

Complete, in full, each sentence (*in the space provided on page 14 of Section A*) showing the most appropriate explanation in **each** case. (24)

- (B) On 1 June 2006, John Regan of 22 Moy Road, Ballina, Co. Mayo and Nuala Murray of 31 Straide Road, Castlebar, Co. Mayo formed a private limited company called Castina Ltd. The objects of the company are to create websites for customers. The share capital of the company is 100,000 ordinary shares of €1 each. John purchased 20,000 shares and Nuala purchased 10,000 shares.

From the above details, complete the Memorandum of Association (*on page 14 of Section A*). (18)

- (C) Gandor Ltd is a private limited company with four departments: Finance, Production, Purchasing and Marketing.

Fill in the **six** blank spaces on the Organisational Chart of Gandor Ltd (*on page 15 of Section A*). (18)

(60 marks)

8. This is a question on Trade, the Economic Framework and Budgeting.
(To be completed on Pages 16 and 17 of Section A)

Answer all parts of this question:

- (A) Explain the difference between **importing** and **exporting**. *(Answer on page 16 of Section A.)* (12)
- (B) Explain **one** reason why importing is important to Ireland. *(Answer on page 16 of Section A.)* (6)
- (C) Nessa Ryan checked the cost of hotel rooms for a weekend break. The rates she was quoted were:
- | | |
|----------------------|-------|
| Carlton Hotel, Rome | €510 |
| Ritz Hotel, New York | \$588 |
- If the rate of exchange is **€1 = \$1.20**, calculate which hotel is the cheaper. Show your answer and workings *(on page 16 of Section A)*. (12)
- (D) Explain what **inflation** means. *(Answer on page 16 of Section A.)* (6)
- (E) Ireland has experienced economic growth in recent years. Give **one** benefit of economic growth for the people of Ireland. *(Answer on page 16 of Section A.)* (6)
- (F) The following figures were presented by the Frostland Government on Budget Day 2006.

Main items of Income and Expenditure	Millions €
Income from PAYE	3,750
Income from VAT	2,940
Health Services Expenditure	2,350
Social Welfare Expenditure	2,120
Education and Science Expenditure	2,480

- (i) Draft the National Budget of the Frostland Government for 2006 from the above information. *(Answer on page 17 of Section A.)*
- (ii) Indicate whether it is a ‘surplus’ or a ‘deficit’ budget. *(Answer on page 17 of Section A.)* (18)

(60 marks)

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