



# Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2008

## BUSINESS STUDIES – ORDINARY LEVEL

TUESDAY, 10 JUNE 2008 – MORNING, 9.30 a.m. - 12.00 p.m.

### 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 Hayes household for four months, July to October, 2008:

Opening Cash in Hand is €495.

**Planned  
Income**

- Jim Hayes earns €2,400 net per month and expects to receive a holiday bonus of €500 net in August.
- Carol Hayes earns €1,950 net per month and expects to receive an increase of €250 net in October.
- Child Benefit is expected to be €450 per month.

**Planned  
Expenditure**

- House mortgage of €750 per month will **increase** by €100 per month from 1 August 2008.
- House insurance premium, €600 **per year**, will be payable **monthly** from 1 July 2008.
- The Hayes household pays a health insurance premium of €150 per month. This premium will **increase** by €25 per month from 1 September 2008.
- Household expenses are €1,200 per month, except in August, when they will be €500 **less**.
- The Hayes household uses public transport to travel to work. Jim's train ticket costs €165 per month and Carol's Luas ticket costs €95 per month.
- Education costs will be as follows: Irish college fees will cost €800 in July, school uniforms will cost €850 in August and school books and bus tickets will cost €650 in September.
- Household bills for light and heat are expected to be €100 in August and €160 in October.
- Telephone bills for the landline are expected to be €125 in July and €140 in September. In addition, bills for mobile phones will cost the household €90 per month.
- Presents for birthday parties will cost €500 in September and €700 in October.
- Entertainment will cost €550 each month, except in September, when All-Ireland football final tickets will cost an **extra** €250.
- The Hayes have booked a holiday costing €3,000. They must pay the travel agent a deposit of €800 in July and the balance in August.

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

(B) Explain the term 'Insurance Premium'. (*Answer in the space provided on page 7 of Section A.*) (5)

(C) Give **one** example of a company which provides health insurance in Ireland. (*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 Hanson Ltd on 31 December 2007, the end of its financial year. The Authorised Share Capital is 250,000 ordinary shares at €1 each.

| Trial Balance as at 31 December 2007 | Dr      | Cr      |
|--------------------------------------|---------|---------|
|                                      | €       | €       |
| Cash Sales                           |         | 170,000 |
| Cash Purchases                       | 114,550 |         |
| Carriage Inwards                     | 1,800   |         |
| Opening Stock at 1 January 2007      | 23,750  |         |
| Insurance                            | 7,450   |         |
| Wages                                | 33,250  |         |
| Heating and Lighting                 | 9,800   |         |
| Rent                                 | 12,150  |         |
| Advertising                          | 1,250   |         |
| Dividend Paid                        | 2,200   |         |
| Bank Overdraft                       |         | 21,750  |
| Cash in Hand                         | 3,550   |         |
| Issued Share Capital in €1 Shares    |         | 200,000 |
| Furniture and Fittings               | 30,000  |         |
| Motor Vehicles                       | 152,000 |         |
|                                      | 391,750 | 391,750 |

Closing Stock at 31 December 2007 was €42,500.

- (A) From the above figures, prepare a **Trading, Profit and Loss Appropriation Account** for the year ended 31 December 2007 and a **Balance Sheet** as at that date. (45)
- (B) Explain the term 'Rent' in the above Trial Balance. (5)
- (C) Find what percentage of the Cash Sales is the Net Profit. Show your answer and workings. (10)

**(60 marks)**

3. **This question is about a Consumer and Writing a Letter of Complaint.**  
(To be completed on pages 8 and 9 of Section A)

*Answer all parts of this question:*

On Saturday, 1 March 2008, Raymond O’Driscoll of 24 Ross Road, Enniscrone, Co. Sligo, bought a new Sonic 36 inch flat screen television from Michael Byrne, Manager, MB Electrics Ltd, 19 Main Street, Sligo. The full price was €950.00. Raymond used his Credit Card rather than his Laser to pay for the television.

When he switched it on at home that evening, the sound was perfect but he could not get a picture, even though he followed all the instructions in the manual enclosed with the television. As he would not be able to travel to Sligo until the following Saturday, he wrote a letter to Mr Michael Byrne, dated 1 March 2008.

In the letter, Raymond pointed out that he bought the television in MB Electrics Ltd and explained the problem he had with it. He said that he would be bringing it back to the shop next Saturday together with his receipt. He finished by stating what his rights were under consumer law.

- (A) Write the letter that Raymond O’Driscoll sent to Michael Byrne on 1 March 2008.  
(Answer in the space provided on page 8 of Section A.) (40)
- (B) Explain briefly what paying by Credit Card **or** by Laser means.  
(Answer on page 9 of Section A.) (8)
- (C) Name **two** agencies who could assist Raymond if he was unhappy with the response received from MB Electrics Ltd. In **each** case, write **one** sentence to explain how the agency could help Raymond.  
(Answer on page 9 of Section A.) (12)
- (60 marks)**

4.

**This is a question on Sending Money Abroad, Savings and An Post.**

*(To be completed on pages 10 and 11 of Section A)*

**Answer all parts of this question:**

John Joe Brown was on holidays in London. He stayed at Apartment 25, Chelsea Buildings, London W4 HFT, England. He missed his flight home on 5 June 2008 and had to stay an extra day. He rang his dad and asked him to send him £300 Sterling to help him out. John Joe's telephone number is 0044 875447226.

His dad, Michael Brown, of 12 Lake Road, Killarney, Co Kerry, decided to send the money through the money transfer service operated by An Post so that his son could get it the same day. He went to his local post office and was informed that he would have to send the money in euro. He was told that the current Rate of Exchange was €1 = £0.80.

- (A) Calculate the amount in euro that Michael Brown would have to send so that his son would receive £300 Sterling. Show your answer and workings. *(Answer on page 10 of Section A.)*

(6 marks)

- (B) Michael Brown then completed and signed the appropriate form to send money to his son on 5 June 2008. His telephone number is 064 71733. As his son would not have valid ID, he included the following Test Question and answer: 'Name your favourite team: Sunderland'.

Complete the 'To send money' Form *(on page 10 of Section A)*.

(21 marks)

- (C) Michael Brown handed in the completed form. He was told that there was a fee for sending the money. The fee was 10% for the first €200 plus 5% for any amount over that.

(i) Calculate the fee which he was charged.

(ii) Calculate the total amount he had to hand in to the cashier at An Post.

Show your answer and workings in each case.

*(Answer on page 11 of Section A.)*

(12 marks)

- (D) (i) Give **three** reasons why people should save money.

(ii) Name **two** services provided by An Post for saving money.

(iii) Name **two** types of financial institution, other than An Post, in which people may place the money they have saved.

*(Answer on page 11 of Section A.)*

(21 marks)

**(60 marks)**

5.

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

*(To be completed on pages 12 and 13 of Section A)*

**Answer all parts of this question:**

Patricia Blake is employed in the Sales Department of Time Wholesalers Ltd, Carlton Industrial Estate, Drogheda, Co. Louth. On 10 March 2008, she receives the following Order.

| <b>Dolmen Ltd</b>   |   | <b>ORDER No. 219</b>                       |
|---|---|--|
| <b>Department Store</b>   |   |  |
| <b>12-18 Main Street, Dundalk, Co. Louth</b>  |   |  |
| Telephone:  | 042-5127671                               |  |
| Fax:  | 042-5127679                               | VAT Reg No. IE 7793314                     |
| e-mail:   | dolmen@louth.ie                           |  |
|   |   | 7 March 2008                               |
| The Sales Manager<br>Time Wholesalers Ltd<br>Carlton Industrial Estate<br>Drogheda<br>Co. Louth |   |  |
| <b>Please supply the following goods:</b>   |   |  |
| QUANTITY  | DESCRIPTION                               | PRICE EACH (€)                             |
| 90  | Timex Mens Watches (Code No. WTM 74)      | 40.00                                      |
| 70  | Timex Ladies Watches (Code No. WTL 92)    | 60.00                                      |
| 30  | Timemaster Alarm Clocks (Code No. CTA 58) | 26.50                                      |
| 80  | Casio Digital Watches (Code No. WCD 36)   | 22.50                                      |
| Signed: <i>Sarah Parsons</i>  |   | Title: Purchasing Manager, Jewellery Dept. |

The goods ordered are in stock, except for the Alarm Clocks. All the other items (**Mens Watches, Ladies Watches and Digital Watches**) are available. Patricia Blake ensures that they are packed for delivery. An Invoice (No. 1477) is then completed.

The goods are delivered to Dolmen Ltd on the following day in a delivery van. The van driver also delivers Invoice No. 1477, dated 10 March 2008.

- (A) From the above details, complete the blank Invoice No. 1477 (*on page 12 of Section A*). Note that **Trade Discount** on all the goods is 15% and **VAT** on all the goods is 20%. (30)
- (B) When the goods arrive at Dolmen Ltd, they are checked by Sarah Parsons. She then writes out a cheque (No. 800573), dated 11 March 2008, signed by herself, on behalf of Dolmen Ltd in full payment for the goods. She hands it to the van driver to bring back to Time Wholesalers Ltd. Complete Cheque No. 800573, using the blank cheque and counterfoil provided (*on page 13 of Section A*). (15)
- (C) Enter the cheque payment in the Bank Account of Dolmen Ltd. (*Use only one of the Bank Accounts on page 13 of Section A.*) (9)
- (D) Dolmen Ltd is a Department Store. Explain clearly the term 'Department Store'. (*Answer on page 13 of Section A.*) (6)

**(60 marks)**

6.

**This is a Petty Cash Question.**

*(To be completed on pages 14 and 15 of Section A or in your Answer Book)*

**Answer all parts of this question:**

Rita Whyte is the office manager in Quinlan Ltd. She uses a Petty Cash Book to keep an account of small office expenses. She begins each month with an imprest of €250.

On 1 April 2008, the Petty Cash Book had a balance on hand of €250.

The following were her petty cash transactions during April 2008.

- April 2 She paid €15 for postage – Petty Cash Voucher No. 31.
- 4 She bought writing paper (stationery) for €11 – Petty Cash Voucher No. 32.
- 8 She paid €20 to a local charity for raffle tickets – Petty Cash Voucher No. 33.
- 9 She bought envelopes (stationery) for €18 – Petty Cash Voucher No. 34.
- 11 She paid €17 to the window cleaner – Petty Cash Voucher No. 35.
- 16 She paid €16 for cleaning materials for the office – Petty Cash Voucher No. 36.
- 18 She paid €14 for repairs to a filing cabinet – Petty Cash Voucher No. 37.
- 21 She paid €25 for cleaning of office – Petty Cash Voucher No. 38.
- 22 She paid €32 for repairs to an office desk – Petty Cash Voucher No. 39.
- 25 She paid €8 to post a large packet to a customer – Petty Cash Voucher No. 40.
- 28 She paid €15 for toll charges – Petty Cash Voucher No. 41.
- 29 She bought copying paper (stationery) for €23 – Petty Cash Voucher No. 42.

- (A) Write up the Petty Cash Book for the month of April (*on page 14 of Section A or in your Answer Book*), using the following analysis columns:

**Postage, Stationery, Cleaning, Repairs, Other.**

Total each analysis column and balance the Petty Cash Book at the end of April. (40)

- (B) How much money will Rita receive from the chief cashier to enable her to start the following month with an imprest of €250? (*Answer on page 15 of Section A or in your Answer Book.*) (6)

- (C) Explain **two** of the following terms:

Petty Cash Voucher  
Imprest  
Overheads  
Toll Charges.

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

(14)  
**(60 marks)**

7.

**This is a question on Delivery Systems and Marketing.**  
*(To be completed on pages 16 and 17 of Section A)*

**Answer all parts of this question:**

- (A) Linda Carr is a marketing manager. She wishes to fly to Brussels on 18 September 2008. She checks the cost of tickets on the internet for Fine Air and Wing Airlines. Their flight times are:

| Airlines             | Dublin - Departure    | Brussels - Arrival    |
|----------------------|-----------------------|-----------------------|
| <b>Fine Air</b>      | 06:50 Thu 18 Sep 2008 | 09:30 Thu 18 Sep 2008 |
| <b>Wing Airlines</b> | 07:30 Thu 18 Sep 2008 | 10:20 Thu 18 Sep 2008 |

- (i) Give **three** reasons why a business person would use air transport.  
*(Answer on page 16 of Section A.)*
- (ii) Calculate how long the flight from Dublin to Brussels takes for **each** of the airlines. Show your answers and workings. *(Answer on page 16 of Section A.)* (20)
- (B) The following are the charges for both airlines. Linda will be checking in **two** bags.

| Airline Charges     | Fine Air    | Wing Airlines |
|---------------------|-------------|---------------|
|                     | €           | €             |
| Fare                | 30.00       | 65.00         |
| Airport taxes       | 32.75       | 14.80         |
| Booking charge      | 7.50        | 1.00          |
| Check in fee        | 5.00        | 2.50          |
| Travel insurance    | 15.00       | 9.50          |
| Bag check-in charge | €10 per bag | €3 par bag    |

- (i) Calculate the total cost of the flight for Linda with **each** of the airlines. Show your answers and workings. *(Answer on page 16 of Section A.)*
- (ii) On the basis of cost, which Airline would you recommend Linda to fly with?  
*(Answer on page 16 of Section A.)* (20)
- (C) A Business Studies teacher gave the students an exercise on marketing. One student had all the correct explanations but put them in the wrong sentences. This is what the student wrote.
- (i) A market is *a list of prepared questions which consumers are asked as part of a survey.*
- (ii) Market research is *trying out a new product on a small number of consumers.*
- (iii) A questionnaire is *the use of a name or logo to identify products.*
- (iv) Test marketing is *all the people involved in buying and selling a good or service.*
- (v) Branding is *collecting information about what customers want to buy.*

Complete, in full, **each** sentence *(in the space provided on page 17 of Section A)* using the most appropriate explanation. (20)

**(60 marks)**

8.

**This is a question on the Chain of Production and Economics.**

*(To be completed on pages 18 and 19 of Section A)*

**Answer all parts of this question:**

- (A) (i) Primary Production involves the extraction of raw materials.  
Give **three** examples of Primary Production.
- (ii) Explain, with the use of an example, what is meant by Secondary Production.
- (iii) The Service industry provides much employment in Ireland.  
Give **four** examples of the Service industry.

*(Answer on page 18 of Section A.)* (22)

- (B) (i) In Economics, explain the difference between needs and wants. Give **two** examples of each.  
*(Answer on page 18 of Section A.)*
- (ii) The four factors of production are land, labour, capital and enterprise.  
Explain **two** of the factors of production.  
*(Answer on page 19 of Section A.)* (20)

- (C) The following figures were presented by the Rainland Government on Budget Day 2008.

| Main items of Income and Expenditure | Millions<br>€ |
|--------------------------------------|---------------|
| Income from PAYE and VAT             | 5,150         |
| Income from Excise Duty              | 3,750         |
| Health Services Expenditure          | 3,800         |
| Education and Science Expenditure    | 3,350         |
| Social Welfare Expenditure           | 2,950         |

- (i) Draft the National Budget of the Rainland Government for 2008 from the above information.
- (ii) Indicate whether it is a 'surplus' or a 'deficit' budget.

*(Answer on page 19 of Section A.)* (18)

**(60 marks)**

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