



Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2004

BUSINESS STUDIES - ORDINARY LEVEL

SECTION B

(300 Marks)

WEDNESDAY, 16 JUNE 2004 - MORNING, 9.30 a.m. - 12.00 noon

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

SECTION B (300 Marks)

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

(To be completed on page 6 of Section A)

The following is a budget for the Casey household for the first four months of 2004:

Opening Cash in Hand is €170.

Planned Income

- Brian Casey earns €1,900 net per month and expects to receive a tax refund of €800 net in February.
- Deirdre Casey earns €1,750 net per month and expects to receive an increase of €400 net per month from 1st March.
- Child benefit is €550 net per month.
- The family expects to receive a dividend on shares of €1,200 net in February.

Planned Expenditure

- House Rental is €550 per month but will increase to €650 per month from 1st February.
- House Contents insurance premium, €600 **per year**, is payable **monthly** from 1st January.
- The annual insurance on the family car is €550, payable in March.
- Household expenses are usually €2,100 per month except in February, when they are €1,000 **less**.
- ESB bills for light and heat are expected to amount to €250 in January and €300 in March, while a fill of heating oil, costing €600, will be needed in February.
- Car running costs will be €400 per month except in April when a car service will cost an **extra** €300.
- The Casey family pay a monthly subscription of €30 to their telephone company for the use of the Internet (World Wide Web). As well as that, the ordinary telephone bill for the home is expected to be €150 in February and €200 in April.
- The family have booked a holiday costing €2,500 during the school break in February.
- Entertainment will cost €800 each month except in February, when it will cost €300.

(A) Complete the blank household budget form (on page 6 of Section A) using all the above figures. (50)

(B) Does the Casey family own the house in which they live? State **one** reason for your answer. Write your answer in the space provided. (5)

(C) How much will Deirdre Casey earn in the full year (2004) if there is no further change in her salary? Write your answer in the space provided. (5)

(60 marks)

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

Blue Cabs Ltd is a firm that provides a taxi service in three different towns. The firm prepares an Operating Statement (Profit & Loss Account) and Balance Sheet at the end of each year. The following Trial Balance was taken from the books on 31 December 2003, the end of its financial year:

Trial Balance as at 31 December 2003	Dr	Cr
	€	€
Income from Naas		130,000
Income from Navan		125,700
Income from Mullingar		103,500
Insurance	35,920	
Light and heat	3,900	
Telephone.....	14,750	
Drivers' Wages	47,300	
Petrol and Car Service	28,180	
Road Tax.....	6,450	
Advertising.....	5,300	
Bank Overdraft.....		4,950
Cash on Hand.....	6,350	
Ordinary Share Capital (80,000 €1 Shares)		80,000
Premises and Equipment.....	70,000	
Motor Vehicles	226,000	
	444,150	444,150

- (A) Prepare an **Operating Statement** for Blue Cabs Ltd for the year ended 31 December 2003 and a **Balance Sheet** as at that date. (36)
- (B) What percentage of the Total Income is Insurance? Show your workings. (12)
- (C) Firms have Assets, Liabilities and Capital in their Balance Sheet. Explain what is meant by any **two** of the underlined terms. (12)
- (60 marks)**

3.

Answer (A), (B) and (C). This Question is about People at Work and Writing a Letter
(To be completed in your Answer Book)

Tom Spencer plans to open a new shop, which will be called Tom's Convenience Store, at Well Road, Athenry, Co. Galway. He intends to sell groceries, snacks, magazines and ice cream. He expects to employ a staff of five. On 2 April 2004, he writes a letter to Catherine Doyle, Secretary, IBEC Office, Corrib Street, Galway, for advice on the responsibilities of employers and employees.

On 6 April 2004, Catherine writes a letter to Tom in reply. She thanks him for his enquiry and then points out **three** responsibilities he would have as an **employer** towards his staff. She also lists **three** responsibilities that his **employees** would have. She concludes by wishing Tom success with his new business.

(A) Write the letter that Catherine Doyle sent to Tom Spencer on 6 April 2004. (40)

(B) IBEC is an organisation that represents employers. What type of organisation represents **employees** at work? State **one** example. (5)

(C) There are many terms connected with employment, such as **Labour Force, Job Description, Redundancy, Shop Steward, Double Pay, Strike.**

Explain clearly **three** of these terms (one sentence in each case). (15)
(60 marks)

4. **Answer all parts (A, B, C, D, E, F). This is a Banking Question**
(To be completed on page 7 of Section A)

Paul Geraghty received the following Bank Statement by post:

AIB Main Street, Wexford		Current Account Statement No. 384		
Mr Paul Geraghty 23 Slaney Road Wexford		Account Name: PAUL GERAGHTY		
		Account Number: 13249987		
		Date: 31 May 2004		
		Sorting Code: 93-25-37		
Date	Transaction Details	Dr	Cr	Balance
		€	€	€
01 May 2004	Balance forward			250.00
03 May 2004	Lodgment		850.00	1,100.00
05 May 2004	ATM – AIB Gorey Branch	200.00		900.00
12 May 2004	Cheque No. 20011	150.00		750.00
18 May 2004	Vodafone Direct Debit	60.00		690.00
24 May 2004	Cheque No. 20013	400.00		290.00

- (A) In what bank and branch does Paul have his Current Account? (10)
Answer in the space provided on page 7 of Section A.
- (B) According to AIB, how much money does Paul have in his Current Account on 31 May 2004? (6)
- (C) The lodgment of 3 May 2004 was made by Paul. It was made up of a cheque of €350.00 and the remainder in notes. Complete the AIB Lodgment Slip and counterfoil (*using the blank one provided on page 7 of Section A*). (14)
- (D) Explain the transaction of 5 May 2004. (10)
- (E) Explain the transaction of 18 May 2004. (10)
- (F) Paul noticed that Cheque No. 20012, for €100, which he had paid his doctor on 20 May 2004, did not appear on his Bank Statement. Explain **one** reason for this. (10)
- (60 marks)**

5. **Answer all parts (A, B, C, D). This is a question on Business Documents**
(To be completed on pages 8 and 9 of Section A)

Mike O’Shea is the purchasing manager at DIY Hardware Ltd. On 22 March 2004, he received the following quotation:

Kerry Hardware Supplies Ltd			QUOTATION No. 715
Windmill Industrial Estate, Tralee, Co. Kerry			
Telephone:	066-7991643		
Fax:	066-7996544		VAT Reg. No. IE 6492457
e-mail:	khs@loi.ie		
			19 March 2004
The Purchasing Manager DIY Hardware Ltd Dunloe Street Killarney Co. Kerry			
MODEL No.	DESCRIPTION	PRICE EACH €	DELIVERY
DH6	Decko Hammer Drill	140.00	Ready
AL3	Aluminium Step Ladder	25.00	Ready
PS9	Phillips Screwdriver Set	7.50	Ready
TB7	Sturdy Tool Box	12.75	Ready
Trade Discount 25% on all goods VAT 20% on all goods Carriage Paid; For acceptance within 30 days			

Mike decides that the Sturdy Tool Boxes are too costly. He sends an Order (No. 4923) to Kerry Hardware Supplies Ltd for **50 Decko Hammer Drills, 200 Aluminium Step Ladders and 400 Phillips Screwdriver Sets.**

These goods are delivered in a truck to DIY Hardware Ltd on 29 March 2004. After Mike signs the delivery note, he is handed Invoice No. 1623, dated 29 March 2004, by the truck driver.

(A) From the above details complete the blank Invoice No. 1623 *(on page 8 of Section A)*. (30)

After checking the Invoice against the Quotation, Mike then writes a cheque (No. 700552), signed by himself, on behalf of DIY Hardware Ltd in full payment for the goods. He hands it to the driver to bring back to Kerry Hardware Supplies Ltd.

(B) State **one** reason why Mike should check the Invoice against the Quotation. (6)

(C) Complete Cheque No. 700552, using the blank cheque and counterfoil *(on page 9 of Section A)*. (18)

(D) Enter the cheque payment in the Bank Account of DIY Hardware Ltd. *(Use only one of the bank accounts on page 9 of Section A.)* (6)

(60 marks)

6. **Answer (A) and (B). This is a Farm Accounts Question**
(To be completed in your Answer Book).

Kate Sullivan is a farmer who keeps an Analysed Receipts and Payments Book. All money received is lodged in her bank current account on the same day and all payments are made by cheque.

She had the following transactions during May 2004:

2004

May 1	Balance in bank €3,500	
4	Sold cattle at the mart for €8,500	(Receipt No. 401)
5	Purchased cattle feed for €925	(Cheque No. 811)
6	Received an EU grant of €1,750	(Receipt No. 402)
11	Purchased cattle (calves) for €3,000	(Cheque No. 812)
12	Paid for repairs to tractor €850	(Cheque No. 813)
14	Purchased diesel oil for machinery €550	(Cheque No. 814)
17	Paid fees to vet €475	(Cheque No. 815)
18	Sold cattle at the mart for €7,500	(Receipt No. 403)
19	Purchased cattle feed for €2,400	(Cheque No. 816)
20	Received a state grant of €1,000	(Receipt No. 404)
25	Purchased cattle (calves) for €4,800	(Cheque No. 817)
28	Purchased diesel oil for machinery €700	(Cheque No. 818)

- (A) Write up the Analysed Receipts and Payments Book of Kate Sullivan for the month of May 2004, using the following money column headings:

Receipts Side: Total, Cattle, Grants, Other.

Payments Side: Total, Cattle, Feed, Diesel, Other.

Total **each** analysis column and balance the total columns at the end of May. (45)

- (B) State **three** reasons why farmers should keep accounts. (15)
(60 marks)

7. **Answer all parts (A, B, C, D, E). This is a Question on Marketing and Sales Promotion**
(To be completed on Pages 10 and 11 of Section A)

Sportstyle Ltd has a number of shops throughout Leinster. It sells football jerseys of the top county teams. In 2003, sales of jerseys were as follows:

Team Name:	MEATH	DUBLIN	LAOIS	KILDARE	OFFALY	WESTMEATH
Quantity:	4,000	5,000	2,500	3,000	1,500	2,000

Answer all the following questions in the spaces provided on pages 10 and 11 of Section A.

- (A) Show the above information in the form of a **Bar Chart** or **Pie Chart**. *(Use the graph paper on page 10 of Section A).* (20)
- (B) At a price of €50 per jersey, calculate the **Total Sales** for 2003. Show your workings. (8)
- (C) In which county would you expect to find the **target market** for the Laois football jerseys? (5)
- (D) Sportstyle Ltd uses shop window displays to promote the sale of football jerseys. If you were the sales manager of Sportstyle Ltd, which method (apart from shop window displays) would you choose to promote the jerseys and make them known to the public?
 State **two** reasons why you think your choice would be a success. (15)
- (E) Product, Price, Promotion and Place are often known as the **Four Ps of Marketing**. Explain briefly how **each** of the Four Ps apply to Sportstyle Ltd (one sentence in each case). (12)
- (60 marks)**

8. **Answer all parts (A, B, C, D, E). This is a Question on Production and Foreign Trade**
(To be completed on Page 12 of Section A)

The Chain of Production has three links – Primary, Secondary and Services.

- (A) Explain briefly what is meant by **each** of the **three** links. (18)
- (B) State whether **each** of the following is Primary, Secondary or Services:
 DOCTOR MINER BAKER HAIRDRESSER BUILDER (10)

Ireland is involved in buying from other countries (importing) and selling to other countries (exporting).

- (C) State **two** reasons why Ireland imports goods and services from other countries. (12)
- (D) State **two** examples of goods that Ireland imports in large quantities. (10)
- (E) State **two** reasons why Ireland exports goods and services to other countries. (10)
- (60 marks)**

REMEMBER TO RETURN SECTION ‘A’ WITH YOUR ANSWER BOOK.