



# Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2010

## BUSINESS STUDIES – ORDINARY LEVEL

TUESDAY, 15 JUNE 2010 – MORNING, 9.30-12.00

### SECTION B

(300 marks)

- All questions carry equal marks.
- Answer 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 9 of the Examination Booklet)*

**Answer all parts of this question:**

The following is a budget for the Walsh household for four months September to December 2010:

Opening Cash in Hand is €325.

**Planned  
Income**

- Jason Walsh earns €2,600 net per month and expects to receive a Christmas bonus of €400 net in December.
- Mary Walsh earns €2,150 net per month and expects this to **decrease** by €800 per month from 1 October 2010.
- Child Benefit is expected to be €330 per month.

**Planned  
Expenditure**

- The house mortgage of €920 per month will **increase** by €40 per month from 1 November 2010.
- House insurance premium is €720 **per year, payable monthly** from 1 September 2010.
- The Walsh household pays a health insurance premium of €140 per month. This premium will **increase** by €24 per month from 1 December 2010.
- Household costs are €1,300 per month, except in December, when they will be €600 **extra**.
- The Walsh household uses public transport to travel to work. Jason's bus ticket costs €136 per month and Mary's DART ticket costs €90 per month. They also expect to use taxis costing €50 for a concert in October.
- Bills for light and heat are expected to be €155 in September and €185 in November. Home heating oil is expected to cost €500 in December.
- Telephone bills for the landline are expected to be €100 in October and €110 in December. In addition, bills for mobile phones will cost the household €70 per month.
- Birthday presents will cost €150 in September and €200 in October while Christmas presents will cost €750 in December.
- Entertainment will cost €450 each month, except in October, when concert tickets will cost an **extra** €200.
- The Walsh family are going away for a weekend holiday in November at a cost of €865. They must pay a deposit of 20% of the total cost in September and the balance in November.

- (A) Complete the blank Household Budget form (*on page 9 of the Booklet*) using all the above figures. (50)
- (B) Name **one** company which provides health insurance to the general public in Ireland. (*Answer in the space provided on page 9 of the Booklet.*) (4)
- (C) Explain the term 'Discretionary Expenditure'. (*Answer on page 9 of the Booklet.*) (6)

**(60 marks)**

2.

**This is a Final Accounts & Balance Sheet Question.**

*(To be completed on pages 10 and 11 of the Examination Booklet)*

**Answer all parts of this question:**

The following Trial Balance was taken from the books of Corr Ltd on 31 December 2009, the end of its financial year. The Authorised Share Capital is 300,000 ordinary shares at €1 each.

Trial Balance as at 31 December 2009	Dr	Cr
	€	€
Cash Sales		195,000
Cash Purchases	123,650	
Carriage Inwards	2,850	
Opening Stock at 1 January 2009	12,650	
Insurance	7,550	
Wages	37,100	
Heat and Light	6,800	
Delivery Expenses	8,950	
Advertising	7,200	
Dividend Paid	1,250	
Bank Overdraft		16,500
Cash in Hand	12,500	
Issued Share Capital in €1 Shares		200,000
Premises	120,000	
Fixtures & Fittings	17,500	
Motor Vehicles	53,500	
	411,500	411,500

Closing Stock at 31 December 2009 was €21,500.

**(A)** From the above figures, prepare:

(i) A **Trading, Profit and Loss Appropriation Account** for Corr Ltd for the year ended 31 December 2009. *(Answer on Page 10 of the Booklet.)*

(ii) A **Balance Sheet** as at 31 December 2009. *(Answer on Page 11 of the Booklet.)* (44)

**(B)** Explain the term 'Bank Overdraft' in the above Trial Balance. *(Answer on Page 11 of the Booklet.)* (6)

**(C)** Net Profit as a percentage of Cash Sales is calculated as follows:

$$\frac{\text{Net Profit}}{\text{Cash Sales}} \times \frac{100}{1}$$

Calculate the percentage. Show your answer and workings.

*(Answer on Page 11 of the Booklet.)*

(10)

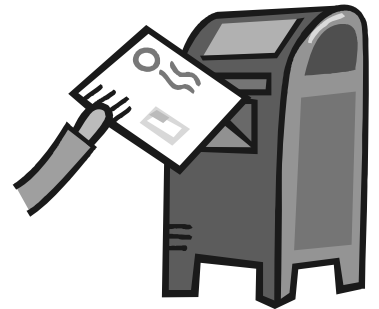
**(60 marks)**

3. **This question is about Borrowing and Writing a Letter.**  
(To be completed on pages 12 and 13 of the Examination Booklet)

**Answer all parts of this question:**

On 20 January 2010, Janet Redmond, 12 Waterside Avenue, Dungarvan, Co. Waterford purchased a laptop computer (Model TS 772) from Irish Computers Ltd, Unit 9, Southside Retail Park, Youghal, Co. Cork. It cost €999 and she bought it on Hire Purchase. She paid a deposit of €150 and agreed to pay the remainder in 12 monthly instalments of €86, commencing on 20 February 2010. Unfortunately, Janet lost her job on 16 April 2010 and was unable to pay any further instalments.

On 23 April 2010, she wrote to the manager of Irish Computers Ltd. In her letter, she gave details of the purchase of her laptop computer and how she was paying for it. She then explained that she was made redundant due to the closure of the firm where she was employed but that she was not entitled to any redundancy payment as she was employed there for only a year. As a result, she wrote that she was unable to pay further instalments to Irish Computers Ltd. She apologised for this and finished by asking the manager if she could please keep the laptop computer until she found a new job. She would then pay the remaining instalments.



- (A) (i) Write the letter that Janet Redmond sent to the manager of Irish Computers Ltd on 23 April 2010. (Answer on page 12 of the Booklet.)
- (ii) Calculate the total cost of the laptop computer for Janet if she had continued to pay all the instalments. Show your answer and workings. (Answer on page 13 of the Booklet.) (45)
- (B) If you were manager of Irish Computers Ltd, what reply would you make to Janet's letter? Give **one** reason for your answer. **Note:** There is no need to answer (B) in the form of a letter. (Answer on page 13 of the Booklet.) (10)
- (C) Consumers may purchase products from Irish Computers Ltd through their website, [www.irishcomputers.ie](http://www.irishcomputers.ie). Give **one** advantage to a consumer of purchasing goods online through the Internet. Explain your answer. (Answer on page 13 of the Booklet.) (5)

**(60 marks)**

4.

**This is a question on Wages and Employment.**

*(To be completed on pages 14 and 15 of the Examination Booklet)*

**Answer all parts of this question:**

Fiona Larkin is employed as a sales assistant by Fashion Store Ltd. Her normal working week is 37 hours. If she works any longer, she gets overtime pay at time and a half.

The following is Fiona's wage slip for 5 March 2010:

Employee No. 053	<b>Fiona Larkin</b>		Week 10	Date: 5 March 2010
PAY:	€	DEDUCTIONS:	€	<b>Fashion Store Ltd</b>
BASIC	592.00	PAYE	68.95	
OVERTIME	72.00	PRSI	26.56	
		SAVINGS	50.00	NET PAY
GROSS PAY	664.00	TOTAL DEDUCTIONS	145.51	€518.49

*Answer all the questions in Part (A) in the spaces provided on page 14 of the Booklet.*

- (A) (i) Calculate Fiona Larkin's basic pay per hour. Show your answer and workings.
- (ii) Calculate how much she earns for one hour's overtime. Show your answer and workings.
- (iii) Calculate the number of overtime hours she worked in Week 10. Show your answer and workings.
- (iv) Explain, with examples, the difference between work and employment.
- (v) Name **two** rights and **two** responsibilities that Fiona would have as an employee of Fashion Store Ltd. (39)
- (B) The following week, Fiona worked for 43 hours. Her PAYE deduction was €76.42 and her PRSI deduction was 4% of her Gross Pay. There was no change in her basic pay or savings deduction. Using this information, complete her Wage Slip for Week 11 (*on page 15 of the Booklet*). (21)

**(60 marks)**

5.

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

*(To be completed on pages 16, 17 and 18 of the Examination Booklet)*

**Answer all parts of this question:**

Tim Farrell is the purchasing manager at Homelights Ltd, 14 Oak Shopping Centre, Castlebar, Co. Mayo. On 8 March 2010, he sends an Order (No 2635) for the following goods to The Manager, Bracken Wholesalers Ltd, Moy Industrial Estate, Ballina, Co. Mayo:

95	Table Lamps	Code No. TL 027	@	€12.00 each
60	Floor Lamps	Code No. FL 195	@	€73.00 each
75	Ceiling Lamps	Code No. CL 722	@	€45.00 each
100	Wall Lamps	Code No. WL 404	@	€35.00 each

(A) From the above details, complete the blank Order, No 2635 *(on page 16 of the Booklet)*. (16)

(B) All the goods ordered are in stock, except for the Ceiling Lamps. The **Table Lamps, Floor Lamps and Wall Lamps** are delivered by truck to Homelights Ltd on 15 March 2010. Tim checks the goods and signs the Delivery Docket. He is then handed Invoice No 4128, dated 12 March 2010, by the truck driver.



(i) State **one** reason why a Delivery Docket is used *(on page 16 of the Booklet)*.

(ii) From the above details, complete the blank Invoice No. 4128 *(on page 17 of the Booklet)*. Note that **Trade Discount** on all items is 25% and **VAT** is 20%. (35)

(C) After checking the Invoice, Tim writes a cheque on behalf of Homelights Ltd in full payment. The cheque is dated 15 March 2010. Tim hands it to the driver to bring back to Bracken Wholesalers Ltd. On the same day, this transaction is entered in the Bank Account of Homelights Ltd.

Enter the cheque payment in the Bank Account of Homelights Ltd. *(Use only one of the bank accounts on page 18 of the Booklet.)* (9)

**(60 marks)**

6.

**This is a Club Account Question.**

*(To be completed on pages 18 and 19 of the Examination Booklet)*

**Answer all parts of this question:**

The Pals Youth Club uses an Analysed Receipts and Payments Account (Analysed Cash Book). The club runs regular disco nights and competitions for its members. The annual membership fee is €25. All money received is lodged in a current account and all bills are paid by cheque.

On 1 January 2010, the club had a balance of €175 in the bank.

The club had the following transactions during January 2010.

- January 4 Paid for posters to advertise disco €25. (Cheque No. 1531)  
6 Received annual membership fee from 35 members.  
7 Bought prizes for chess competition €100. (Cheque No. 1532)  
8 Received annual membership fee from another 30 members.  
11 Received €2 each from 48 entrants for chess competition.  
15 Paid for hire of disco equipment €150. (Cheque No. 1533)  
16 Disco night: received €275 at the door.  
20 Paid local radio to advertise the next disco €40. (Cheque No. 1534)  
21 Paid for repairs to furniture €325. (Cheque No. 1535)  
22 Paid for hire of coach for day trip €90. (Cheque No. 1536)  
25 Received annual membership fee from another 20 members.  
26 Paid rent for use of hall €250. (Cheque No. 1537)  
30 Disco night: 70 members attended and paid €4 each.  
30 Paid disc-jockey (DJ) for running the disco €60. (Cheque No. 1538)

(A) If you were Treasurer of the Pals Youth Club, name **three** of the duties you would have. (12)  
*(Answer at the bottom of page 18 of the Booklet.)*

(B) Write up the Analysed Receipts and Payments Account (Analysed Cash Book) of the Pals Youth Club for the month of January 2010. Use the following money column headings:

**Debit (Receipts) Side:** Bank    Membership Fees    Disco    Competitions

**Credit (Payments) Side:** Bank    Disco    Competitions    Rent    Other

Total **each** analysis column and balance the Bank columns at the end of January. (38)  
*(Answer on page 19 of the Booklet.)*

(C) Calculate the surplus or deficit that the club made on running disco nights during January. Show your answer and workings *(on page 19 of the Booklet)*. (10)  
**(60 marks)**

7.

**This is a question on Insurance.**

*(To be completed on pages 20 and 21 of the Examination Booklet)*

**Answer all parts of this question:**

Gary McIntyre, who lives in his own house at 17 Rosemount Avenue, Athy, Co Kildare, wishes to apply for motor insurance with Ace Insurance Ltd. Gary is a carpenter who will be 42 years of age on 17 September 2010. He bought his first car in 1990 and has a full driving licence. He now drives a Ford Focus car, valued at €7,500. Its registration number is 06 KE 4245. Gary wishes to get comprehensive insurance commencing on 1 July 2010. He has been insured with another company, King Insurances Ltd, for five years without making any claims. His telephone number is 045 717332. He completes a proposal form on 28 May 2010.

- (A) Complete Gary's proposal form for motor insurance (*using the blank proposal form provided on page 20 of the Booklet*). (20)
- (B) Gary's house is valued at €190,000 and the contents at €40,000. He has a burglar alarm installed. On 1 June 2010, he received the following insurance quote:

<b>Crown Insurances Ltd</b>	
<b>Insurance Quote – 31 May 2010</b>	
Buildings	€13.00 per €10,000
Contents	€5.75 per €1,000
Burglar Alarm Installed	7% discount

- (i) Using the information in the above insurance quote, calculate the total net cost of insuring Gary McIntyre's house and contents. Show your answer and workings. (*Answer on page 20 of the Booklet.*)
- (ii) Gary accepted the above quote and paid the total amount by cheque to Crown Insurances Ltd on 2 June 2010. Complete the cheque and counterfoil using the blank document provided (*on page 21 of the Booklet*). (24)
- (C) Explain **two** of the following insurance terms:

Utmost Good Faith  
Premium  
No Claims Bonus  
Indemnity  
Average Clause

*(Answer on page 21 of the Booklet.)*

(16)

**(60 marks)**



8.

**This is a question on International Trade and Rates of Exchange.**

*(To be completed on pages 22 and 23 of the Examination Booklet)*

**Answer all parts of this question:**

Checkers Ltd exports computer software to different countries. In 2009, it had the following exports (the figures shown are in thousands):

<b>Exports</b>	<b>€000's</b>
France	40
USA	60
Portugal	50
Germany	40
Italy	70
Finland	20

**(A)** Using the above information

- (i) Show the above figures in the form of a Bar Chart. *(Answer on page 22 of the Booklet.)*
- (ii) Calculate the total exports of Checkers Ltd for the year 2009. Show your answer and workings. *(Answer on page 22 of the Booklet.)*
- (iii) Apart from the USA, all the above countries are in the eurozone, which means that the euro is their currency. Name **three** other countries in the eurozone. *(Answer on page 22 of the Booklet.)* (30)

**(B)** (i) State **two** reasons why Ireland exports goods and services to other countries. *(Answer on page 23 of the Booklet.)*

(ii) Name **two** of the main types of goods other than computer hardware and software which are exported from Ireland. *(Answer on page 23 of the Booklet.)*

(iii) Explain **two** difficulties Checkers Ltd might face if they wish to export goods to China. *(Answer on page 23 of the Booklet.)* (24)

**(C)** Liam Mullen is sales manager in Checkers Ltd. He receives a cheque of \$2,576.00 (dollars) from an American customer. If the Rate of Exchange is €1 = \$1.40, calculate the amount of euro he would receive when he cashes the cheque at his local bank. Show your answer and workings. *(Answer on page 23 of the Booklet.)* (6)

**(60 marks)**

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