



Coimisiún na Scrúduithe Stáit
State Examinations Commission

S.44

JUNIOR CERTIFICATE EXAMINATION, 2004

BUSINESS STUDIES – HIGHER LEVEL – PAPER 11

(160 Marks)

WEDNESDAY, 16 JUNE 2004 – AFTERNOON, 2.00 to 4.00

- All questions carry equal marks.
- Attempt any **FOUR** questions.
- Marks will be awarded for layout and presentation including, where appropriate, Folios and Dates showing the day, month and year.
- Calculators may be used.

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1. Answer ALL sections. This is a Book of First Entry and Ledger Question.

MAHCEB Ltd had the following balances in its General Journal on 1 May 2004:

GENERAL JOURNAL (Page 1)

Date	Details	F	Dr. €	Cr. €
1/5/2004	Buildings	GL1	230,000	
	Creditor DIRDAM Ltd	CL1		23,000
	Bank	CB1	11,000	
	Ordinary Share Capital	GL2		218,000
	Assets, Liabilities and Share Capital of MAHCEB Ltd		241,000	241,000

(A) Post the balances in the above General Journal to the relevant ledger accounts. (5)

(B) Post the relevant figures from the Purchases and Sales Books below to the ledger. (9)

PURCHASES BOOK (Page 1)

Date	Details	Invoice No.	F	Net €	VAT €	Total €
3/5/2004	DIRDAM Ltd	1	CL1	32,000	6,720	38,720
15/5/2004	UNAM Ltd	2	CL2	19,000	3,990	22,990
				51,000	10,710	61,710
				GL3	GL4	

SALES BOOK (Page 1)

Date	Details	Invoice No.	F	Net €	VAT €	Total €
11/5/2004	FFUD Ltd	1	DL1	13,000	2,730	15,730
				GL5	GL4	

(C) Record the following Bank Transactions for the month of May. Post relevant figures to the ledger.

Note: Analyse the bank transactions using the following money column headings:

Debit (Receipts) Side: Bank; Sales; VAT; Debtors; Share Capital

Credit (Payments) Side: Bank; Purchases; VAT; Creditors; Insurance

2/5/2004 Paid insurance (Cheque No. 1) €3,400
 3/5/2004 Cash Sales lodged €62,920 (€52,000 + €10,920 VAT)
 16/5/2004 Paid DIRDAM Ltd in full (Cheque No. 2)
 23/5/2004 FFUD Ltd paid €13,700 and this was lodged. Receipt No. 1
 26/5/2004 Shareholders invested €80,000 and this was lodged.
 30/5/2004 Purchases for resale (Cheque No. 3) €47,000 + VAT 21% (18)

(D) Balance the accounts on 31 May 2004 and extract a Trial Balance as at that date. (8)

(40 marks)

2. **Answer ALL sections. This is an Integrated Document and Bookkeeping Question.**

On 5 May 2004, AFLA Ltd issued an invoice for €3,200, for bicycles sold on credit, to NOLAN Ltd, Portlaoise, Co. Laois. On 8 May 2004 NOLAN Ltd sent a letter of complaint to AFLA Ltd stating that ten of the bicycles were damaged in transit. The price per bicycle was €160 excluding VAT.

AFLA Ltd issued a Credit Note No. 12 on 13 May 2004.
Trade discount was 25% and VAT was 21%.

On receiving the Credit Note NOLAN Ltd issued a cheque for the amount outstanding and AFLA Ltd issued a Receipt No. 5 signed by Andy Allen on 30 May 2004.

- (A) Outline how AFLA Ltd should treat :
- (i) Credit Notes issued;
 - (ii) Receipts issued. (12)
- (B) From the above details complete the Credit Note No. 12 and Receipt No. 5 *on the blank document sheet supplied with this paper.* (15)
- (C) Record the Credit Note and Receipt issued in the Sales Returns and Analysed Cash Books of AFLA Ltd, *on the separate sheet supplied with this paper.* (13)
- (40 marks)**

3. **Answer ALL sections. This is a Marketing Question.**

- (A) State **four** factors that a business should consider before deciding to produce a new product. (8)
- (B) Explain **two** methods of obtaining information about a market. (8)
- (C) Knockair is a low cost airline flying from Knock Airport to ten European capitals. The Company is launching a new route from Knock to Paris. Flights, available seven days a week, will depart at 6.30 a.m. This new route will commence on 1 June 2004 and will cost €15, one way, plus government taxes. Booking is on line at www.knockair.com.
- (i) Draft a suitable advertisement, for this new route, that could be inserted in a national newspaper.
 - (ii) State **three** methods, other than newspapers and the internet, of advertising a low cost airline. (24)

(40 marks)

4.

Answer ALL sections. This is a Final Accounts and Balance Sheet Question.

The following Trial Balance was extracted from the books of KELLY Ltd on 31 May 2004.
The Authorised Share Capital is 350,000 €1 ordinary shares.

TRIAL BALANCE OF KELLY Ltd as on 31 May 2004	Dr. €	Cr. €
Purchases and Sales	130,000	350,000
Sales Returns	10,000	
Opening Stock 1/6/03	18,000	
Carriage Inwards	3,000	
Debtors and Creditors	15,000	18,000
Advertising	2,000	
Wages	52,000	
Delivery Van	78,000	
Equipment	110,000	
Rent Receivable		8,000
Cash	4,000	
Reserves (Profit and Loss Balance)		26,000
10 Year Loan		20,000
Bad Debts	5,000	
Buildings	245,000	
Issued Share Capital : 250,000 €1 Ordinary Shares		250,000
	672,000	672,000

(A) You are required to prepare the company's **Trading, Profit and Loss and Appropriation Accounts** for the year ending 31 May 2004 and a **Balance Sheet** as on that date.

You are given the following information as on 31 May 2004.

- (i) Closing Stock €21,000
- (ii) Rent Receivable prepaid € 2,000
- (iii) Wages due € 5,000
- (iv) Dividends declared 20%
- (v) Depreciation: Equipment 15%; Delivery Vans 12%. (35)

(B) Calculate the average stock for the year. (5)

(40 Marks)

5.

Answer ALL sections. This is a Private Limited Company Assessment, and Business Plan Question.

(A) What is the maximum number of shareholders a private limited company can have? (4)

(B) H M Ltd is located at Hit Parade Avenue, Kiltamagh, Co. Mayo. It produces and distributes musical T-shirts for the Irish and European market. The shareholders and directors are Samanta Harte and Michael Joseph Mumba. The managing director is Samanta Harte.

H M Ltd has its bank account in the **permanent tsb**. It promotes its T-shirts on the internet and in music magazines.

Market research has provided the following information:
there are twenty million potential customers;
there are five main competitors.

H M Ltd provides the following financial information for the year ending 31/5/2004:
Sales (30,000 T-shirts) €600,000; Net Profit €200,000; Capital Employed €1,400,000.

H M Ltd wishes to expand the company at a total cost of €2,000,000. It has reserves of €300,000 and will receive a grant of €500,000. It hopes to raise the remaining finance by issuing shares to friends of the company.

H M Ltd seeks your assistance in:

- (i) Calculating the Net Profit Margin and the Return on Capital Employed, (answers to the nearest two decimal points) for the year ending 31/5/2004;
- (ii) Calculating the finance it will need to raise by issuing shares;
- (iii) Completing the Business Plan *on the blank document sheet supplied with this paper*, using today's date. (36)

(40 marks)

6. **Answer ALL sections. This is a Monitoring of Overheads and Analysed Cash Book Question.**

- (A) State **two reasons** why it is important for a business to monitor its overheads. (4)
- (B) The following table shows the Budgeted and Actual figures for a business's overheads for 2003.

Business Overheads for 2003

Overheads	Budgeted €	Actual €
Wages	75,000	60,000
Bad Debts	25,000	15,000
Carriage Outwards	14,000	14,000
Telephone	17,000	21,000
Light and Heat	12,000	9,200
Loan Interest	900	1,400

- (i) List the overheads whose actual figures are **greater than** the budgeted figures and give **one** possible reason for the difference in each case.
- (ii) List the overheads whose actual figures are **less than** the budgeted figures and give **one** possible reason for the difference in each case. (15)
- (C) Complete and balance the Analysed Cash Book (Analysed Receipts and Payments Book) of Doctor Ann Healall, for the month of May 2004 from the data below:
Use the following money column headings:

Debit (Receipts) side: **Bank; Private Patients; Medical Card Patients; Other.**
Credit (Payments) side: **Bank; Light; Wages; Telephone; Other.**

			€
1/5/04	Balance at bank		3,400
2/5/04	Paid receptionist's wages	Cheque No. 1	600
3/5/04	Purchased new office furniture	Cheque No. 2	3,100
5/5/04	Sold second hand office furniture	Receipt No. 1	400
7/5/04	Paid ESB	Cheque No. 3	200
9/5/04	Paul Jones paid his medical bill	Receipt No. 2	80
13/5/04	Department of Health and Children paid for medical card patients	Receipt No. 3	1,000
20/5/04	Paid wages of practise nurse	Cheque No. 4	1,200
22/5/04	Paid Eircom	Cheque No. 5	750
23/5/04	Peggy Gordan paid her medical bill	Receipt No. 4	90
25/5/04	Michael Martin paid his medical bill	Receipt No. 5	100
27/5/04	Paid cleaner's wages	Cheque No. 6	200
31/5/04	Department of Health and Children paid for medical card patients	Receipt No. 6	2,000
31/5/04	Ann withdrew for her own use	Cheque No. 7	3,000

(40 marks)

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Candidate's Examination No.

For Use with Question 2 (B)

	CREDIT NOTE	No. 12	
	AFLA Ltd, Main Street, Waterford Tel No 051-378751 VAT Reg. IE 423165		
To:	_____	Date : _____	

Order No. 78			
Quantity	Description	Unit Price €	Total (Ex. VAT) €
E & OE		Total (Ex. VAT)	
		Trade Discount	
		VAT	
		Total (Incl. VAT)	

For Use with Question 2 (B)

	No. 5
RECEIPT	
AFLA Ltd, Main Street, Waterford	
Date: _____	
Received From :	€
The Sum Of:	
With Thanks	Signed: _____ (Accounts Department)

For Use with Question 2 (C)

SALES RETURNS BOOK (Page 1)

Date	Details	Credit Note No.	F	Net €	VAT €	Total €

ANALYSED CASH BOOK (DEBIT SIDE) (Page 1)

Date	Details	Receipt No.	F	Bank	DEBTOR

PLEASE ENCLOSE WITH YOUR ANSWERBOOK

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Candidate's Examination No.

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For use with question (5) (B) (iii)

BUSINESS PLAN

COMPANY DETAILS	
Name of Company	
Address of Company	
Shareholders/Directors	
Managing Director	
Company Bank	
PRODUCT	
Description of Product	
MARKET RESEARCH	
Size of Market	
Competition	
Price per T-shirt	€
SALES PROMOTION	
Methods	
FINANCE	
Total Required	€
Amount Available	€
Share Investment Required	€
SIGNED	(i)
	(ii)
DATE	

PLEASE ENCLOSE WITH YOUR ANSWERBOOK