



Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2009

BUSINESS STUDIES – HIGHER LEVEL – PAPER II

(160 Marks)

Tuesday, 9 JUNE – 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.
- Dates should show the day, month and year.
- Calculators may be used.

1.

This is a Book of First Entry, Ledger and Trial Balance Question.

Answer all parts of this question:

CLARKE Ltd is a furniture store.

(A) Record the following Credit Transactions in the Sales and Purchases Books of CLARKE Ltd for the month of March 2009. Post relevant figures from the books to the Ledger Accounts.

| | | | |
|----------|---|----------------|---------------------|
| 1/3/2009 | Sold goods on credit to TREE Ltd | Invoice No. 4 | €24,000 + VAT 21½ % |
| 2/3/2009 | Sold goods on credit to BARK Ltd | Invoice No. 5 | €19,000 + VAT 21½ % |
| 3/3/2009 | Purchased goods on credit from WOOD Ltd | Invoice No. 74 | €15,000 + VAT 21½ % |

(15)

(B) Record the following Bank Transactions for the month of March 2009 in the Analysed Cash Book of CLARKE Ltd. Post relevant figures to the Ledger Accounts.

Note: Analyse the Bank Transactions using the following money headings:

Debit (Receipts) Side: Bank Sales VAT Debtors

Credit (Payments) Side: Bank Purchases VAT Creditors Insurance

| | | | |
|----------|--|----------------|---------------------------------|
| 2/3/2009 | Paid insurance | Cheque No. 56 | €7,500 |
| 4/3/2009 | Cash Sales lodged | | €78,975 (€65,000 + VAT €13,975) |
| 5/3/2009 | Purchases for resale | Cheque No. 57 | €33,000 + VAT 21½ % |
| 8/3/2009 | Received €16,000 from BARK Ltd and this was lodged | Receipt No. 34 | |
| 9/3/2009 | Paid WOOD Ltd | Cheque No. 58 | €12,000 |

(16)

(C) Balance the accounts on 31 March 2009 and extract a Trial Balance as at that date.

(9)

(40 marks)

2.

This is a Purchasing, Business Documents and Bookkeeping Question.

Answer all parts of this question:

- (A) (i) Other than the price of goods, trade discount and the rate of VAT, name **three** pieces of information the purchaser would expect to find in a quotation.
- (ii) What **two** procedures would you recommend to a business when processing quotations received?

(10)

- (B) CASEY FOOTWEAR Ltd, 19 Dublin Street, Sligo, received a quotation No. 72 from FEETRIGHT Ltd, 30 Castlebar Rd, Ballina, Co. Mayo for the following goods on 1 May 2009.

| | |
|--|-----------------|
| 60 pairs of White Trainers assorted sizes | @ €50 per pair |
| 30 pairs of Green Wellingtons assorted sizes | @ €20 per pair |
| 10 pairs of House Shoes assorted sizes | @ €10 per pair |
| 35 pairs of Football Boots assorted sizes | @ €56 per pair. |

The quotation stated that Trade Discount was 20% and VAT was 21½%.

The quotation for the white trainers, green wellingtons and house shoes was accepted and CASEY FOOTWEAR Ltd placed an order for these on 19 May 2009.

Assume that you are Matilda Casey, purchasing manager. Complete the Order Form No. 45 *on the sheet supplied with this paper.*

(11)

- (C) CASEY FOOTWEAR Ltd received the footwear on 1 June 2009. On examining the footwear Matilda Casey found that ten pairs of trainers were yellow.

She complained to FEETRIGHT Ltd who agreed to send her a Credit Note No. 32.

- (i) Complete the Credit Note No. 32 on 4 June 2009 *on the sheet supplied with this paper.*
- (ii) Record the issue of the Credit Note in the Sales Returns Book of FEETRIGHT Ltd *on the sheet supplied with this paper.*

(19)

(40 marks)

3.

This is a Marketing Question.

Answer all parts of this question:

Due to the proposed introduction of a tax on parking spaces in the workplace ONYOURBIKE Ltd, a bicycle manufacturer, decided to carry out market research to see if there was an opening for a new type of bicycle.

The market research findings were as follows:

- the bicycle should be capable of being folded up and stored easily when not in use;
- the bicycle should come in five different colours and in three different sizes.

ONYOURBIKE Ltd decided to launch a new fold-up bicycle called the FUB4U on 1 July 2009. It will come in five colours and in three sizes. It will also have a bag in which the bicycle can be stored. The bicycle can be assembled in twenty seconds and will weigh 8 kilos. The FUB4U will cost €390 to manufacture. The selling price will be cost plus 30%. It can be purchased at all good bicycle shops from 2 July 2009.

Note: A competitor BREAKDOWNBIKES Ltd has a fold-up bicycle selling at €600 and is available in only one size and colour.

- (A) Calculate the selling price of the FUB4U. (4)
- (B) Explain, with examples, **two** methods of carrying out market research. (8)
- (C) Draft a suitable and attractive newspaper advertisement that could be used to launch the new fold up bicycle. (16)
- (D) Other than advertisements, explain **three** methods that ONYOURBIKE Ltd could use to promote the new FUB4U. (12)

(40 marks)

4. **This is a Final Accounts and Balance Sheet Question.**

Answer all parts of this question:

The following Trial Balance was extracted from the books of BROWN Ltd on 31 May 2009.
The Authorised Share Capital is 500,000 €1 ordinary shares.

| TRIAL BALANCE OF BROWN Ltd as on 31 May 2009 | Dr € | Cr € |
|---|-----------------|-----------------|
| Purchases and Sales | 116,000 | 280,000 |
| Opening Stock 1/6/2008 | 16,000 | |
| Purchases Returns | | 6,000 |
| Carriage Inwards | 2,500 | |
| Advertising | 8,000 | |
| Debtors and Creditors | 19,000 | 15,700 |
| Commission Receivable | | 3,200 |
| Wages | 28,000 | |
| Bad Debts | 3,600 | |
| 20 Year Loan | | 30,000 |
| Motor Vehicles | 80,000 | |
| Bank Overdraft | | 6,000 |
| Cash | 7,800 | |
| Equipment | 150,000 | |
| Buildings | 330,000 | |
| Issued Share Capital: 420,000 €1 Ordinary Shares | | 420,000 |
| | 760,900 | 760,900 |

(A) You are required to prepare the **Trading, Profit and Loss Appropriation Account** of BROWN Ltd for the year ending 31 May 2009 and a **Balance Sheet** as on that date.

You are given the following information as on 31 May 2009.

- (i) Closing Stock €19,000
- (ii) Advertising due € 1,600
- (iii) Commission Receivable due € 1,400
- (iv) Carriage Inwards prepaid € 500
- (v) Depreciation: Motor Vehicles 10%
Equipment 12%
- (vi) Dividends declared 8%

(35)

(B) State **two** methods by which BROWN Ltd could reduce its bad debts.

(5)

(40 marks)

5. **This is a question on Report Writing, Business Terms and Assessing a Business.**

Answer all parts of this question:

- (A) Martin Kelly of 10 Laoise Street, Carlow, was reading the financial pages of a daily newspaper when he noticed the following business terms:

Issued Share Capital; Collateral; Overtrading; Solvency.

Assume that you are Brenda Nolan, Finance Consultant, 14 Quay Street, Waterford.

Martin asks for your help in explaining any **three** of these terms.

Write a report, on today's date, to Martin Kelly explaining any **three** of the above terms.

(20)

- (B) JONES Ltd supply the following results for the year ending 31 May 2008.

| | |
|----------------------------|---------|
| Rate of Stock Turnover | 5 times |
| Net Profit Percentage | 12% |
| Acid Test Ratio | 3.5 : 1 |
| Return on Capital Employed | 4% |

JONES Ltd supply the following information for the year ending 31 May 2009:

| | |
|--|----------|
| Net Sales | €300,000 |
| Opening Stock | € 40,000 |
| Closing Stock | € 20,000 |
| Cost of Sales | €150,000 |
| Net Profit | € 45,000 |
| Current Assets (including closing stock) | €360,000 |
| Current Liabilities | €110,000 |
| Capital Employed | €750,000 |

- (i) Using the above 2009 information, calculate the following ratios:

Rate of Stock Turnover

Net Profit Percentage (margin)

Acid Test Ratio

Return on Capital Employed

- (ii) Compare the performance of JONES Ltd in 2009 with 2008

(20)
(40 marks)

6. **This is a Form of Ownership and Company Formation Question.**

Answer all parts of this question:

- (A) (i) Explain what a co-operative is.
(ii) Give an example of a co-operative in the financial sector. (5)
- (B) Compare Sole Traders and Private Limited Companies under the following headings:
(i) Ownership
(ii) Liability
(iii) Control
(iv) Profits (12)
- (C) On 1 June 2009 Nora Clarke, 26 Nutley Park, Galway and Patrick Canning, Portumna, Co. Galway formed a Private Limited Company called WESTHURL Ltd. They prepared a Memorandum of Association and sent it with all the necessary documents to the Registrar of Companies.
- The Objects of WESTHURL Ltd are the manufacture and sale of hurleys.
The Authorised Share Capital of WESTHURL Ltd is 300,000 €1 ordinary shares.
- On the 10 June 2009 Nora Clarke purchased 45,000 ordinary shares and Patrick Canning purchased 50,000 ordinary shares. The money received from the issue of shares was lodged to the company bank account.
- You are required to:
- (i) Name **two** documents, other than the Memorandum of Association, that WESTHURL Ltd would send to the Registrar of Companies when forming the company *on the sheet supplied with this paper*.
- (ii) Complete the Memorandum of Association *on the sheet supplied with this paper*.
- (iii) Record the issue of ordinary shares on 10 June 2009 in the Ordinary Share Capital and Bank Account of WESTHURL Ltd *on the sheet supplied with this paper*. (23)
- (40 marks)**

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