



# Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION 2016

## BUSINESS STUDIES – ORDINARY LEVEL

TUESDAY 14 JUNE 2016 – MORNING 9.30-12.00

### SECTION B

(300 marks)

- All questions carry equal marks.
- Answer any **five** questions.
- Marks will be awarded for workings, 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 Noone household for four months, September to December, 2016:

Opening Cash in Hand is €300.

**Planned  
Income**

- Peter Noone earns €3,400 net per month and expects this to **decrease** by €350 net per month from 1 November 2016.
- Aoife Noone earns €1,900 net per month and expects this to **increase** by €160 per month from 1 October 2016.
- Child benefit is expected to be €405 per month.

**Planned  
Expenditure**

- House mortgage is €630 per month but this will **increase** by €75 per month from 1 October 2016.
- The Noone household pays house insurance premium of €80 per month and this will **increase** to €95 per month from 1 November 2016.
- The Noone household pays a health insurance premium of €240 per month.
- Household costs are expected to be €2,100 per month, except in December, when they will be €200 **less**.
- Telephone costs for the landline and broadband are expected to be €180 in September and €160 in November. In addition, mobile phones will cost €110 per month.
- Electricity bills for light and heat are expected to cost €240 in October and €300 in December while heating oil will cost €670 in November.
- Car running costs are expected to be €280 per month for Peter and €200 per month for Aoife. Peter's car will have four new tyres fitted at €75 per tyre in November.
- Education costs will include new iPads costing €700 in September and a school tour costing €500 in December.
- Presents will cost €240 in October and €770 in December.
- Entertainment will cost €180 per month except in December, when it will cost an **extra** €100.
- The Noone household is planning a holiday. Flights costing €1,000 must be paid in September and accommodation costing €2,000 must be paid in November.

- (A) Complete the blank Household Budget form (*on page 9 of the Booklet*) using all the above figures. (50)
- (B) Calculate the annual child benefit for the Noone household. Show your answer and workings. (*Answer in the space provided on page 9 of the Booklet.*) (5)
- (C) If the Noone household had to take out a one-year loan at 9% per annum to purchase the iPads, calculate the total cost of the iPads. Show your answer and workings. (*Answer on page 9 of the Booklet.*) (5)

**(60 marks)**

2.

**This is a Final Accounts and 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 Turbo Ltd on 31 December 2015, the end of its financial year. The Authorised Share Capital is 450,000 ordinary shares at €1 each.

<b>Trial Balance of Turbo Ltd as at 31 December 2015</b>	<b>Dr</b>	<b>Cr</b>
	€	€
Cash Sales		480,000
Cash Purchases	285,000	
Carriage Inwards	3,170	
Opening Stock at 1 January 2015	34,150	
Wages	69,120	
Advertising	2,650	
Insurance	3,100	
Light and Heat	4,700	
Telephone	5,610	
Dividend Paid	16,000	
Premises	200,000	
Machinery	130,000	
Motor Vehicles	75,000	
Cash in Hand	8,500	
Bank Overdraft		37,000
Issued Share Capital in €1 Shares		320,000
	837,000	837,000

Closing Stock at 31 December 2015 was €58,320.

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

(i) A **Trading, Profit and Loss Appropriation Account** for Turbo Ltd for the year ended 31 December 2015. *(Answer on page 10 of the Booklet.)*

(ii) A **Balance Sheet** as at 31 December 2015. *(Answer on page 11 of the Booklet.)* (45)

**(B)** (i) Explain the term 'Cash in Hand' in the above Trial Balance. *(Answer on page 11 of the Booklet.)*

(ii) Calculate the Gross Profit as a percentage of Cash Sales using the formula provided:

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

Show your answer and workings. *(Answer on page 11 of the Booklet.)* (15)

**(60 marks)**

**3. This is a question about Clubs and Writing a Letter.**

*(To be completed on Pages 12 and 13 of the Examination Booklet)*

**Answer all parts of this question:**

Joan Cooney, lives in Lake Side View, Cavan. She has been elected as the treasurer of the BOD Ladies Rugby Club.

The aims of the Club are:

- (i) to increase club membership by getting more ladies to join
- (ii) to raise finance which is needed to complete its new clubhouse, to provide a training pitch and to purchase a minibus.



Joan was asked to take charge of this work as well as her other duties as club treasurer.

She contacted Paulette O'Connell, Financial Consultant, 5 Thomond Park, Limerick, to get advice.

Paulette wrote a letter to Joan on 14 June 2016. In the letter, she thanked Joan for asking her for advice. She gave **one** example of how to increase membership and **one** example of how to raise finance for the club. She also stated that she would like to meet Joan at 2.30 pm on 21 June 2016 at her Limerick office to talk about the club's aims.

- (A) Write the letter that Paulette sent to Joan Cooney on 14 June 2016.  
*(Answer in the space provided on page 12 of the Booklet.)* (40)
- (B) Explain **two** duties of a club treasurer.  
*(Answer in the space provided on page 13 of the Booklet.)* (10)
- (C) State **two** examples of assets that a club might have.  
*(Answer on page 13 of the Booklet.)* (10)

**(60 marks)**

4. **This is a question on Banking.**

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

**Answer all parts of this question:**

Eamon Rice, who has been employed since 2008 as an assessor at Flynn Insurance Ltd, Long Road, Roscommon, received the following Bank Statement by post:

<b>AIB Bank</b>		Statement No. 3241		
Main Street, Roscommon				
Mr Eamon Rice 25 Highfield Road Roscommon		Account Name:	EAMON RICE	
		IBAN:	IE37AIBK76935453961274	
		Date:	31 May 2016	
Date	Details	Dr	Cr	Balance
		€	€	€
01 May 2016	Balance forward			236.00
03 May 2016	Paypath - monthly salary		1,862.00	2,098.00
10 May 2016	S/O – Roscommon Credit Union	95.00		2,003.00
17 May 2016	Credit transfer		225.00	2,228.00
23 May 2016	ATM – AIB Athlone Branch	150.00		2,078.00
26 May 2016	VDP – Spar Stores	635.00		1,443.00
27 May 2016	D/D – Vodafone	46.00		1,397.00

- (A) (i) In what bank and branch does Eamon have his account?  
*(Answer on page 14 of the Booklet.)*
- (ii) Is Eamon’s bank account a deposit account or current account? Give **one** reason for your answer. *(Answer on page 14 of the Booklet.)*
- (iii) According to AIB Bank, how much money does Eamon have in his account on 31 May 2016? *(Answer on page 14 of the Booklet.)*
- (iv) Explain the entry of 23 May 2016. *(Answer on page 14 of the Booklet.)*
- (v) Explain the term ‘Paypath’. *(Answer on page 14 of the Booklet.)*
- (30)

- (B) Eamon, who will be 32 years old on 17 July 2016, is planning to buy a new car. He needs to borrow €15,000 which he hopes to repay in monthly instalments of €410 over the next four years. He already has a loan of €3,000 from Roscommon Credit Union which he pays back by standing order on the 10<sup>th</sup> of each month. His telephone number is 086 5566992.



Calculate the total interest Eamon will have to pay on his car loan. Show your workings.  
*(Answer on page 14 of the Booklet.)*

(10)

- (C) Eamon gets a Loan Application Form from his AIB branch.  
Complete the Loan Application Form using today’s date. *(Answer on page 15 of the Booklet.)*
- (20)

**(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:**

Molly Malone is the Purchasing Manager at Garden Supplies Ltd, Ennis Co. Clare. She checks Quotations from three different suppliers. She decides to buy from ROG Equipment Ltd.



On 25 May 2016, she sends an order (No. 201) to Roger O’Gara, The Manager, ROG Equipment Ltd, Salthill Industrial Estate, Galway, for the following goods:

40	Green Plastic Wheelbarrows	Model GPW 13	@	€135.00 each
20	Ash Garden Seats	Model AGS 48	@	€90.00 each
100	Darby Garden Forks	Model DGF 02	@	€30.00 each
30	Ash Garden Trellis	Model AGT 32	@	€40.00 each

- (A) (i) Name **two** pieces of information in a Quotation that helped Molly to make her decision. *(Answer on page 16 of the Booklet.)*
- (ii) From the above details complete the blank Order No 201 *(on page 16 of the Booklet)*. (21)

- (B) All the goods ordered are in stock, except for the Ash Garden Trellis. The **Wheelbarrows, Garden Seats and Garden Forks** are delivered by courier to Garden Supplies Ltd on 30 May 2016. Molly checks the goods when they arrive and signs the Delivery Docket. The courier then hands her Invoice No. 977, dated 30 May 2016.

Trade Discount on all goods is 15% and VAT on all goods is 20%.

From the above details, complete the blank Invoice No. 977 *(on page 17 of the Booklet)*. (30)

- (C) On 5 June 2016, after receiving payment from Molly Malone, Roger O’Gara issues a receipt on behalf of ROG Equipment Ltd. On the same day, this transaction is entered into the Bank Account of ROG Equipment Ltd.

Enter the receipt of money from Garden Supplies Ltd in the Bank Account of ROG Equipment Ltd. *(Use only one of the bank accounts on page 18 of the Booklet.)* (9)

**(60 marks)**

6. **This is a question on Farm Accounts, Information Technology and Paying Bills.**

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

**Answer all parts of this question:**

Mary Moran is a farmer who keeps an Analysed Receipts and Payments Account Book (Analysed Cash Book). All money received is lodged to her bank current account on the same day and all payments are made by cheque.

On 1 April 2016, there was balance of €2,750 in the farm bank account.

Mary made the following transactions during April 2016:

2016	Transaction	Receipt No.	Cheque No.	Amount €
April 4	Sold livestock	53		13,700
5	Purchased feed for livestock		323	3,050
8	Paid for repairs to machinery		324	2,350
11	Received milk cheque	54		4,600
13	Paid for clerical work		325	1,400
15	Received an EU Payment (BPS)	55		9,000
18	Purchased feed for livestock		326	5,200
19	Sold livestock	56		6,500
22	Sold old machinery	57		1,800
25	Purchased livestock		327	7,500
28	Paid for repairs to hay barn		328	4,900
29	Purchased fertiliser		329	650

(A) The Bank told Mary that cheques will not be in use after 1 August 2016.

(i) Mary does not want to keep large amounts of cash in her house in case it is stolen. State **two** ways by which she could keep her cash secure.  
*(Answer on page 18 of the Booklet.)*

(ii) Mary will not be able to pay her farm bills by cash. List **one** method by which she could pay her farm bills in future.  
*(Answer on page 18 of the Booklet.)*

(9)

(B) Write up the Analysed Receipts and Payments Account (Analysed Cash Book) of Mary Moran for the month of April 2016 *(on page 19 of the Booklet)*. Please note that BPS stands for Basic Payment Scheme. Use the following analysis columns:

**Debit (Receipts) side:**      Livestock      BPS      Other

**Credit (Payments) side:**      Livestock      Repairs      Feed      Other

Total each analysis column **and** balance the Bank Columns at the end of April 2016. (43)

(C) Mary Moran is interested in purchasing a computer.

Explain **two** uses that Mary could make of the computer to help her manage the farm.  
*(Answer on page 19 of the Booklet.)*

(8)

**(60 marks)**

7. **This is a question on National Budget and Economics.**  
*(To be completed on Pages 20 and 21 of the Examination Booklet)*

**Answer all parts of this question:**

**(A)** The four factors of production are land, labour, capital and enterprise.

(i) State the rewards or payments for **each** factor of production.  
*(Answer on page 20 of the Booklet.)*

(ii) Explain **two** of the factors of production.  
*(Answer on page 20 of the Booklet.)*

(18)

**(B)** (i) Which Government Department prepares the National Budget?  
*(Answer on page 20 of the Booklet.)*

(ii) Give **one** reason why the Government prepares a National Budget.  
*(Answer on page 20 of the Booklet.)*

(iii) Give **one** example of Government current expenditure on Education.  
*(Answer on page 20 of the Booklet.)*

(iv) Give **one** example of Government capital expenditure on Education.  
*(Answer on page 20 of the Booklet.)*

(12)

**(C)** The following figures were presented on budget day as projections for 2017.

<b>Planned Current Expenditure</b>	<b>€000</b>
Health	35,000
Social Protection	15,000
Education	25,000
Justice	10,000
Debt Servicing	5,000
<b>Planned Current Income</b>	
PAYE	28,000
PRSI and USC	12,000
VAT	21,000
Corporation Tax	16,000
Other Income	3,000

(i) Using all the above information, prepare the National Budget for the year 2017.  
*(Answer on page 21 of the Booklet.)*

(ii) Indicate whether it is a 'surplus' or a 'deficit' budget.  
*(Answer on page 21 of the Booklet.)*

(iii) Show the Government's Planned Current Expenditure in the form of a **Bar Chart**.  
*(Answer on page 21 of the Booklet.)*

(30)

**(60 marks)**

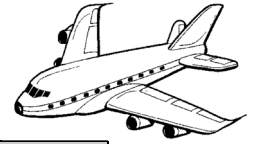


8. **This is a question on Delivery Systems and Marketing.**

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

**Answer all parts of this question:**

- (A) Martin Daly is a marketing manager. He wishes to fly from Shannon Airport to Rome on 19 July 2016. He checks the websites of two airlines for the cost of tickets. Their flight times are:



Airlines	Shannon - Departure	Rome - Arrival
Dine Air	06:40	09:30
Alpha	07:20	10:05

- (i) Calculate how long the flight from Shannon to Rome takes for **each** of the airlines. Show your answers and workings. *(Answer on page 22 of the Booklet.)*
- (ii) Explain **two** advantages and **two** disadvantages of using air transport. *(Answer on page 22 of the Booklet.)* (30)
- (B) The following are the charges for both airlines. Martin will be checking in online. He will be checking in **two** bags but will not be reserving a seat.

Airline Charges	Dine Air	Alpha Airlines
	€	€
Fare	35.00	82.00
Airport taxes	48.50	16.50
Booking charge	2.50	7.00
Reserved seat	10.00	5.00
Online check-in fee	5.00	12.50
Bag check-in charge	€15 per bag	€5 per bag

- (i) Calculate the total cost of the flight for Martin with **each** of the airlines. Show your answers and workings. *(Answer on page 22 of the Booklet.)*
- (ii) On the basis of cost, which airline would you recommend Martin to fly with? *(Answer on page 23 of the Booklet.)* (18)
- (C) In **each** space provided *(on page 23 of the Booklet)*, write the correct term for each explanation from the following list:

QUESTIONNAIRE    SPECIAL OFFER    MARKET    BRANDING    TEST MARKETING

*(One of the terms above does not refer to any of the explanations below.)*

	EXPLANATIONS
(i)	The use of a name or logo to identify products and make them well known.
(ii)	A list of prepared questions which consumers are asked as part of a survey.
(iii)	Trying out a new product on a small number of consumers.
(iv)	Giving extra value for money, like three for the price of two.

(12)  
(60 marks)

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