



Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION 2018

BUSINESS STUDIES – ORDINARY LEVEL

TUESDAY 12 JUNE 2018 – 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 Kenny household for four months, July to October 2018:

Opening Cash in Hand is €480.

Planned Income:

- Laura Kenny earns €2,700 net per month and expects this to **increase** to €3,600 per month from 1 August 2018.
- Patrick Kenny earns €3,900 net per month and this will **decrease** to €2,200 per month when he retires on 1 September 2018.
- Child benefit €280 per month will **decrease** to €140 per month from 1 September 2018 due to a child reaching 18 years of age.

Planned Expenditure:

- House mortgage €840 per month will **increase** by €150 per month from 1 August 2018.
- House insurance premium is €1,140 per year, payable **monthly** from 1 July 2018.
- The Kenny household pays a health insurance premium of €120 per month. This premium will **increase** by €40 per month from 1 September 2018.
- Household costs are expected to be €1,600 per month except in August when they will be €300 **less**.
- Motoring costs are expected to be €440 per month for Patrick and €225 per month for Laura. Patrick's car is due for a service in September which is expected to cost an **extra** €320.
- Telephone costs will include landline telephone and broadband bills of €75 per month. In addition, bills for mobile phones will cost the household €50 per month.
- Light and heat bills are expected to be €140 in August and €220 in October. Home heating oil is expected to cost €900 in September.
- Education costs will include a French language school costing €800 in July, school books costing €280 in September and a school tour costing €750 in October.
- The Kenny household has booked a holiday costing €6,400. A deposit of €2,000 must be paid in July, and the balance paid in August.
- Entertainment and leisure activities for the family will cost €210 per month except in August, when the household will be on holidays. However, a birthday party in August will cost €100.

This question continues on the next page.

- (A) Complete the blank Household Budget form (*on page 9 of the Booklet*) using all the figures provided. (50)
- (B) Explain the term 'Discretionary Expenditure'.
(*Answer in the space provided on page 9 of the Booklet.*) (5)
- (C) Calculate the **annual** telephone cost for the Kenny household. Show your answer and workings. (*Answer in the space provided 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 Mart Ltd on 31 December 2017, the end of its financial year. The Authorised Share Capital is 430,000 ordinary shares at €1 each.

Trial Balance of Mart Ltd as at 31 December 2017	Dr	Cr
	€	€
Cash Sales		500,000
Cash Purchases	320,000	
Carriage Inwards	16,500	
Opening Stock at 1 January 2017	28,000	
Wages	56,200	
Insurance	12,400	
Light and Heat	7,600	
Telephone	5,100	
Advertising	14,200	
Dividend Paid	38,000	
Bank Overdraft		12,000
Cash in Hand	7,200	
Issued Share Capital		380,000
Buildings	280,000	
Motor Vehicles	44,300	
Machinery	62,500	
	892,000	892,000

Closing Stock at 31 December 2017 was €25,000.

This question continues on the next page.

(A) From the given figures, prepare:

(i) A **Trading, Profit and Loss Appropriation Account** for Mart Ltd for the year ended 31 December 2017.

(Answer on page 10 of the Booklet.)

(ii) A **Balance Sheet** as at 31 December 2017.

(Answer on page 11 of the Booklet.)

(45)

(B) (i) Explain the term 'Carriage Inwards' in the trial balance.

(Answer on page 11 of the Booklet.)

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

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

Show your answer and workings.

(Answer on page 11 of the Booklet.)

(15)

(60 marks)

3.

This is a question about Writing a Letter and People at Work.

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

Answer all parts of this question:

Sheila Burton lives at 12 Main Road, Milltownpass, Co. Westmeath. She has just started work in AT Insurance Ltd. She has been informed that she is employed on a time rate basis but that she may also earn commission. As she did not understand this, she contacted a friend, Tom Murphy, who works as a financial adviser in the Citizens Information Centre, Mount Street, Mullingar.

Tom wrote a letter to Sheila on 12 June 2018. In the letter, he thanked her for contacting the Citizens Information Centre and he explained **each** of the terms, time rate and commission. He wished her well in her new job and suggested that she should meet him in his office at 2.00 p.m. on Friday, 29 June 2018 to see if he could be of any further help.

- (A) Write the letter that Tom Murphy sent to Sheila Burton on 12 June 2018.
(Answer in the space provided on page 12 of the Booklet.) (40)
- (B) Sheila has rights as an employee of AT Insurance Ltd. The company has responsibilities to all its employees, but it also has rights as an employer.
- (i) Explain **two** of Sheila's rights as an employee.
(Answer on page 13 of the Booklet.)
- (ii) Explain **two** rights of AT Insurance Ltd as Sheila's employer.
(Answer on page 13 of the Booklet.) (12)
- (C) Sheila has been asked by the shop steward at AT Insurance Ltd to join a trade union. Explain **two** benefits for Sheila of joining a trade union.
(Answer on page 13 of the Booklet.) (8)

(60 marks)

4. **This is a question on the National Budget and Economics.**
(To be completed on Pages 14 and 15 of the Examination Booklet)

Answer all parts of this question:

- (A) (i) Which government department is responsible for preparing the national budget? *(Answer on Page 14 of the Booklet.)*
- (ii) Give **two** examples of Justice expenditure.
(Answer on Page 14 of the Booklet.)
- (iii) Explain **one** reason the Government prepares a national budget.
(Answer on Page 14 of the Booklet.) (20)

(B) The following figures were presented on budget day as projections for 2019.

Planned Current Expenditure	€000
Health Services	6,000
Social Protection	4,000
Education and Skills	3,000
Justice	4,500
Debt Servicing	2,500
Planned Current Income	
PAYE	6,600
PRSI and USC	5,800
VAT	3,900
Corporation Tax	2,500
Other Income	1,400

- (i) Using all the above information, prepare the national budget for the year 2019.
(Answer on page 14 of the Booklet.)
- (ii) Indicate whether it is a 'surplus' or a 'deficit' budget.
(Answer on page 14 of the Booklet.)
- (iii) Show the Government's Planned Current Expenditure in the form of a **Bar Chart**. *(Answer on page 15 of the Booklet.)* (30)

(C) Ireland has experienced a rise in economic growth in recent years.

Explain **two** benefits of this rise for the Irish economy.
(Answer on Page 15 of the Booklet.)

(10)

(60 marks)

5.

This is a question on Business Documents.

(To be completed on Pages 16 and 17 of the Examination Booklet)

Answer all parts of this question:

Conor Canning is the Purchasing Manager of Bright Homes Ltd, Shop Street, Gorey Co. Wexford. He sent out enquiries to different lighting companies for quotations. After examining five quotations, he decided to place an order (No. 822) with Lights Ltd for the following goods:

10 External Security Lights	Code No. EL 007	@ €14.00 each
30 Table Lamps	Code No. TL 545	@ €21.00 each
45 Wall Lights	Code No. WL 850	@ €24.00 each
50 Floor Lamps	Code No. FL 223	@ €30.00 each



- (A) State **two** points that Conor should consider when choosing a supplier.
(Answer on page 16 of the Booklet). (6)
- (B) All the goods ordered are in stock, except for the External Security Lights. The **Table Lamps, Wall Lights and Floor Lamps** are delivered by courier to Bright Homes Ltd on 25 May 2018. Conor checks the goods when they arrive and signs the delivery docket. The courier then hands him Invoice No. 375, dated 25 May 2018.
Trade Discount on all goods is 25% and VAT on all goods is 20%.
From the above details, complete the blank Invoice No. 375 *(on page 16 of the Booklet).* (30)
- (C) Conor then writes a cheque (No. 74235) dated 25 May 2018, signed by himself, on behalf of Bright Homes Ltd, in full payment for the goods. He hands it to the courier to bring back to Lights Ltd.
Complete the blank cheque and counterfoil *(on page 17 of the Booklet).* (15)
- (D) Enter the cheque payment in the bank account of Bright Homes Ltd.
(Use only one of the bank accounts on page 17 of the booklet). (9)

(60 marks)

6. **This is a Petty Cash question.**
(To be completed on Pages 18 and 19 of the Examination Booklet)

Answer all parts of this question:

Sinéad Doran is the Office Manager in Flair Ltd. She uses a Petty Cash Book. She begins each month with an imprest of €400.

On 1 April 2018, the Petty Cash Book had a balance on hand of €400.

The following were her petty cash transactions during April 2018.

2018	Transaction	Amount	Voucher No.
April 4	She bought photocopier paper (stationery)	€35	11
5	She paid for postage	€27	12
9	She paid for cleaning materials for the office	€36	13
10	She paid for a taxi for the sales manager	€20	14
12	She paid for repairs to filing cabinet	€18	15
13	She paid for repairs to photocopier	€47	16
16	She paid Extras Ltd for plastic pockets (stationery)	€32	17
19	She paid train fare for the HR Manager	€45	18
23	She bought ink for printer (stationery)	€34	19
24	She paid the office cleaner	€35	20
25	She paid for postage of a parcel	€16	21
27	She paid for repairs to a printer	€39	22

- (A) Enter the transaction of 16 April 2018 in the Petty Cash Voucher.
(Answer on page 18 of the Booklet.) (12)

- (B) (i) Explain the term 'imprest'.
(Answer on page 18 of the Booklet.)
- (ii) Write up the Petty Cash Book for the month of April 2018.
 Use the following analysis columns:

Postage Stationery Repairs Cleaning Travel

Total **each** analysis column and balance the Petty Cash Book at the end of April.
(Answer on page 19 of the Booklet.) (48)

(60 marks)

7. This is a question on Sales, Marketing and Exports.
(To be completed on Pages 20 and 21 of the Examination Booklet)

Answer all parts of this question:

- (A)** Stayfit Ltd sells fitness armbands throughout Connacht.
 In 2017, sales of fitness armbands in each county were as follows:

County:	MAYO	GALWAY	ROSCOMMON	LEITRIM	SLIGO
Quantity:	550	1,300	400	250	300

The selling price of fitness armbands is €125.00 each.

- (i) Calculate the total sales value of fitness armbands for Stayfit Ltd in County Galway in 2017. Show your answer and workings *(on page 20 of the Booklet)*.
- (ii) Calculate the total sales value of fitness armbands for Stayfit Ltd in Connacht in 2017. Show your answer and workings *(on page 20 of the Booklet)*.
- (iii) Give **one** example of the target market of Stayfit Ltd.
(Answer on page 20 of the Booklet.) (20)



- (B)**
- (i) State **two** reasons why Stayfit Ltd would advertise fitness armbands *(on page 20 of the Booklet)*.
 - (ii) Stayfit Ltd is planning to export fitness armbands to the UK.
 Explain **two** difficulties Stayfit Ltd might face in exporting to the UK.
(Answer on page 20 of the Booklet.) (20)

- (C)** Stayfit Ltd uses all the following to promote its products.

In **each** space provided *(on page 21 of the Booklet)*, write the correct term for each explanation from the following list:

- | | | |
|------------|-----------------|---------------|
| COUPONS | QUESTIONNAIRE | SPECIAL OFFER |
| BRAND NAME | MARKET RESEARCH | SPONSORSHIP |

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

	EXPLANATIONS
(i)	A list of prepared questions which consumers are asked as part of a survey.
(ii)	A shop notice stating "two for the price of one".
(iii)	Firms give money to a sports or cultural event to promote their products.
(iv)	Used to identify a product to make it well known among the public.
(v)	Can be collected when purchasing and exchanged for free gifts.

(20)
(60 marks)

8.

This is a question on Forms of Business.

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

Answer all parts of this question:

(A) Connie O'Shea of 18 Brandon Street, Tralee, Co. Kerry, has set up her own fashion design business.

(i) State **three** advantages that Connie gains from running her own business.
(Answer on page 22 of the Booklet.)

(ii) State **two** disadvantages that Connie might have in running her own business.
(Answer on page 22 of the Booklet.) (20)

(B) Connie feels the need to expand her business. She asks her friend, Teresa Potter of 36 Station Road, Ardfert, Co. Kerry, to join her.

On 12 June 2018, Connie and Teresa form a private limited company called Contessa Designs Ltd.

The objects of the company are to make fashionable clothes for its customers. The share capital of the company is €100,000, divided into 100,000 ordinary shares of €1 each. Connie purchased 40,000 shares and Teresa purchased 25,000 shares.

(i) State **two** advantages of a private limited company.
(Answer on page 22 of the Booklet.)

(ii) From the above details, complete the Memorandum of Association *(on page 23 of the Booklet)*. (30)

(C) From the following list, complete the Form of Business column *(on page 23 of the Booklet)* for **each** of the four businesses shown below:

Sole trader	Private Limited Company	Co-operative	Semi-State Company
1.	An Post		
2.	Philip Lynch, Carpenter		
3.	Harvey Glazing Ltd		
4.	Credit Union		

(10)

(60 marks)

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