



# Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2009

## BUSINESS STUDIES – ORDINARY LEVEL

TUESDAY, 9 JUNE 2009 – MORNING, 9.30-12.00

### SECTION B

(300 marks)

- All questions carry equal marks.
- Attempt 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 Byrne household for the last four months of 2009:

Opening Cash in Hand is €280.

**Planned  
Income**

- Simon Byrne earns €2,800 net per month and expects to receive a Christmas bonus of €800 net in December.
- Lisa Byrne earns €1,800 net per month. She expects this to **decrease** by €750 net from 1 November 2009 as she will be working part-time.
- Child Benefit is expected to be €500 per month.

**Planned  
Expenditure**

- The house mortgage is €825 per month.
- House insurance is €840 **per year, payable monthly** from 1 September 2009.
- The Byrne household pays a health insurance premium of €120 per month. This premium will **increase** by €15 per month from 1 December 2009.
- Household costs are €1,500 per month, except in December, when they will be €400 **extra**.
- Car running costs are expected to be €80 per month for Simon and €70 per month for Lisa. Simon's car is due for a service in October which is expected to cost €350.
- ESB bills for light and heat are expected to amount to €125 in September and €210 in November, while heating oil will cost €400 in October.
- Telephone bills for the landline are expected to be €120 in October and €140 in December. In addition, bills for mobile phones will cost the household €80 per month.
- The annual digital TV subscription of €170 is due in October.
- Entertainment costs are expected to be €360 per month.
- Christmas presents are expected to cost €1,250 in December.
- The Byrne's have booked a holiday costing €2,500. They must pay a deposit of €600 in September, and the balance in October.

(A) Complete the blank Household Budget form (*on Page 9 of the Examination Booklet*) using all the above figures. (50)

(B) Apart from service costs, name **two** other costs associated with owning a car. (*Answer in the space provided on Page 9 of the Booklet.*) (4)

(C) Name **three** methods by which the Byrne household could pay ESB bills. (*Answer in the space provided 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 Dock Ltd on 31 December 2008, the end of its financial year. The Authorised Share Capital is 400,000 ordinary shares at €1 each.

Trial Balance as at 31 December 2008	Dr	Cr
	€	€
Cash Sales		471,000
Cash Purchases	291,250	
Carriage Inwards	5,100	
Opening Stock at 1 January 2008	76,300	
Wages and Salaries	56,790	
Heating and Lighting	9,180	
Advertising	6,000	
Rent	12,900	
Insurance	27,480	
Dividend Paid	15,000	
Premises	190,000	
Motor Vehicles	83,000	
Issued Share Capital in €1 Shares		300,000
Cash in Hand	5,200	
Bank Overdraft		7,200
	778,200	778,200

Closing Stock at 31 December 2008 was €66,500.

(A) From the above figures, prepare:

(i) A **Trading, Profit and Loss Appropriation Account** for Dock Ltd for the year ended 31 December 2008. *(Answer on Page 10 of the Booklet.)*

(ii) A **Balance Sheet** as at 31 December 2008. *(Answer on Page 11 of the Booklet.)* (45)

(B) Explain the term '**Dividend Paid**' in the above Trial Balance.

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

(5)

(C) Find what percentage of the Cash Sales is the Gross Profit. Show your answer and workings.

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

(10)

**(60 marks)**

3.

**This question is about Banking and Writing a Letter.**

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

**Answer all parts of this question:**

David O'Neill lives in Main Street, Rathnew, Co. Wicklow. On 26 April 2009, he enquired about opening a current account in AIB Bank, George Street, Wicklow Town.

On 28 April 2009, Linda Mahon, Branch Manager, AIB Bank, wrote to David. She thanked him for his enquiry. She also stated that she had made an appointment to meet him at 10.00 a.m. on Friday, 1 May 2009, in her office. In order to open an account, she asked him to bring with him proof of identity and address. Linda gave **one** example of **each** of these proofs. In conclusion, she said she looked forward to meeting David on Friday.

**(A)** Write the letter that Linda Mahon sent to David O' Neill on 28 April 2009.

*(Answer on Page 12 of the Booklet.)*

(40)

**(B)** Explain **three** reasons why a person would wish to open a current account in a bank.

*(Answer on Page 13 of the Booklet.)*

(12)

**(C)** When David called to the bank, he opened a current account and a deposit account. He lodged €5,000 to the deposit account at a fixed rate of interest of 4% per year. Interest earned on money in a deposit account is subject to DIRT (tax) of 23% which is deducted by the bank. If David withdrew all his money (with interest) from the deposit account exactly one year later, calculate the **total** amount he would receive. Show your answer and workings.

*(Answer on Page 13 of the Booklet.)*

(8)

**(60 marks)**

4.

**This is a question on Forms of Business Ownership.**

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

**Answer all parts of this question:**

- (A) Geraldine mixed up the answers in her homework on Business Ownership. She had all the correct explanations but she put them in the wrong sentences. This is what she wrote.
- (i) A sole trader is *a person who owns part of a limited company*.
  - (ii) A co-operative is *appointed by shareholders to run a company*.
  - (iii) A state owned company is *a business owned and run by one person*.
  - (iv) A shareholder is *the 'birth certificate of a company' and is written proof that a company has been registered as a limited company*.
  - (v) A board of directors is *a company that is owned and controlled by the Government*.
  - (vi) A certificate of incorporation is *an organisation such as a credit union which is formed by people to achieve a common objective in business*.

Complete, in full, each sentence (*in the space provided on Page 14 of the Booklet*) using the most appropriate explanation in **each** case. (24)

- (B) (i) Explain the term '**Limited Liability**'. (*Answer on Page 14 of the Booklet.*)
- (ii) Name **two** Irish state owned companies and give a brief explanation of their work. (*Answer on Page 14 of the Booklet.*) (12)

- (C) On 20 March 2009, Stephen Ryan of 16 Castle Road, Mullingar, Co. Westmeath and Denise Leahy of 22 Woodlands, Athlone, Co. Westmeath formed a private limited company called Denman Ltd and both became directors of the company. The registered address of the company is 17 Main Street, Athlone, Co. Westmeath. The objects of the company are to supply stationery to business firms and schools. The authorised share capital of Denman Ltd is 80,000 €1 ordinary shares. On the same date, Stephen Ryan purchased 30,000 ordinary shares and Denise Leahy purchased 20,000 ordinary shares in the company.

From the above details, complete the Memorandum of Association (*on Page 15 of the Booklet*). (24)

**(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:**

Martin Bailey is the Purchasing Manager at United Sports Ltd. On 26 May 2009, he received the following Quotation:

<b>Soccer Wholesale Ltd</b>		<b>QUOTATION No. 23778</b>	
Jefferson Retail Park, Kenmare, Co. Kerry			
Telephone:	066-9733415		
Fax:	066-9733668	VAT Reg. No. IE 1378659	
e-mail:	enquiries@soccerwholesale.ie		
			25 May 2009
The Purchasing Manager United Sports Ltd Unit 7, The Outlet Centre Killarney Co. Kerry			
CODE No.	DESCRIPTION	PRICE EACH €	DELIVERY
MUJ11	Manchester United Jersey	50.00	Ready
AFC23	Arsenal Jersey	35.00	Ready
CFC06	Chelsea Jersey	42.00	Ready
LFC34	Liverpool Jersey	45.00	Ready
Trade Discount 15% on all goods VAT 20% on all goods Carriage Paid For acceptance within 30 days			

Having carried out some market research, Martin decides that there will not be a great demand for Chelsea jerseys in his local area. He sends an Order (No. 2375) to Soccer Wholesale Ltd for **200 Manchester United jerseys, 120 Arsenal jerseys and 180 Liverpool jerseys**. These goods are delivered by van to United Sports Ltd on 29 May 2009. Martin checks the goods when they arrive and finds that everything he ordered has been delivered. He is then handed Invoice No. 88902, dated 29 May 2009, by the van driver.

- (A) From the above details, complete the blank Invoice No. 88902 (*on Page 16 of the Booklet*). (30)
- (B) Martin then writes out a cheque (No. 104790), dated 29 May 2009, and signed by himself, on behalf of United Sports Ltd in full payment for the goods. He hands it to the driver to bring back to Soccer Wholesale Ltd. Complete the cheque and counterfoil using the blank document provided (*on Page 17 of the Booklet*). (15)
- (C) Enter the cheque payment in the Bank Account of United Sports Ltd. (*Use only one of the Bank Accounts on Page 17 of the Booklet.*) (9)
- (D) Martin carried out some market research. Define the term ‘**market research**’. (*Answer on Page 17 of the Booklet.*) (6)

**(60 marks)**

6.

**This is a Farm Accounts Question.**

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

**Answer all parts of this question:**

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

On 1 April 2009, Nora had a balance in the bank of €5,600.

She had the following transactions during April, 2009:

April 2	Sold cattle at the mart for €11,450	(Receipt No. 855)
6	Purchased cattle feed for €1,850	(Cheque No. 321)
7	Purchased cattle (calves) for €6,000	(Cheque No. 322)
8	Paid for repairs to tractor €1,900	(Cheque No. 323)
9	Received an EU grant of €7,500	(Receipt No. 856)
15	Paid for repairs to machinery €2,450	(Cheque No. 324)
16	Sold cattle at the mart for €14,500	(Receipt No. 857)
20	Paid for fertilizers €900	(Cheque No. 325)
21	Purchased cattle feed for €3,650	(Cheque No. 326)
24	Received a state grant of €6,000	(Receipt No. 858)
27	Purchased cattle (calves) for €6,500	(Cheque No. 327)
28	Received a tax refund €750	(Receipt No. 859)
29	Paid farm insurance €3,500	(Cheque No. 328)

- (A) Write up the Analysed Receipts and Payments Book (Analysed Cash Book) of Nora Lydon for the month of April 2009, using the following analysis columns:

**Receipts Side:** Bank; Cattle; Grants; Other.

**Payments Side:** Bank; Cattle; Feed; Repairs; Other.

Total each analysis column and balance the bank columns at the end of April.

*(Answer on Page 18 of the Booklet.)*

(44)

- (B) State **three** reasons why farmers should keep accounts.

*(Answer on Page 19 of the Booklet.)*

(9)

- (C) Nora received some grants during the month. Explain the term 'grant'.

*(Answer on Page 19 of the Booklet.)*

(7)

**(60 marks)**

7.

**This is a question on Delivery Systems and Transport.**

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

**Answer all parts of this question:**

**(A)** Camp Ltd uses rail transport to send goods to its customers.

**(i)** State **two** advantages for Camp Ltd of using rail transport.

**(ii)** State **two** disadvantages for Camp Ltd of using rail transport.

*(Answer on Page 20 of the Booklet.)*

(16)

**(B)** Name **three** factors which a business would consider when choosing a transport system to deliver goods around the country. Explain the importance of **each** factor. *(Answer on Page 20 of the Booklet.)*

(12)

**(C)** Seán Flood drives a delivery truck for Prompt Couriers Ltd, Sligo.

On 7 May 2009, he collected two large crates from a warehouse in Sligo at 9.30 a.m. He delivered one to a shop in Roscommon and went on to deliver the second one to an office in Galway. In each case, unloading of crates and completion of business documents took 30 minutes. Seán then took an hour for lunch before driving back to Sligo. Following are the distances between the towns he visited:

Sligo to Galway	138 km
Sligo to Roscommon	84 km
Galway to Roscommon	78 km

**(i)** Calculate the total number of kilometres that Seán travelled that day. Show your answer and workings *(on Page 21 of the Booklet)*.

**(ii)** Seán travelled at an average speed of 60 km per hour. Calculate how many hours driving he completed that day. Show your answer and workings *(on Page 21 of the Booklet)*.

**(iii)** Using all the above information, calculate the exact time Seán arrived back in Sligo. Show your answer and workings *(on Page 21 of the Booklet)*.

**(iv)** If the van travels 15 km for every litre of diesel used, calculate how many litres of diesel were used. Show your answer and workings *(on Page 21 of the Booklet)*.

**(v)** If the price of diesel was €1.10 per litre, calculate the total cost of diesel used. Show your answer and workings *(on Page 21 of the Booklet)*. (24)

**(D)** Some of the modern developments in transport in Ireland include **motorways**, **regional airports**, **tunnels**, **toll roads** and the **Luas system**.

Explain **two** of the underlined words (or terms). In **both** cases, show how they help to improve transport in Ireland. *(Answer on Page 21 of the Booklet.)* (8)

**(60 marks)**

8.

**This is a question on the National Budget and Inflation.**

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

*Answer all parts of this question:*

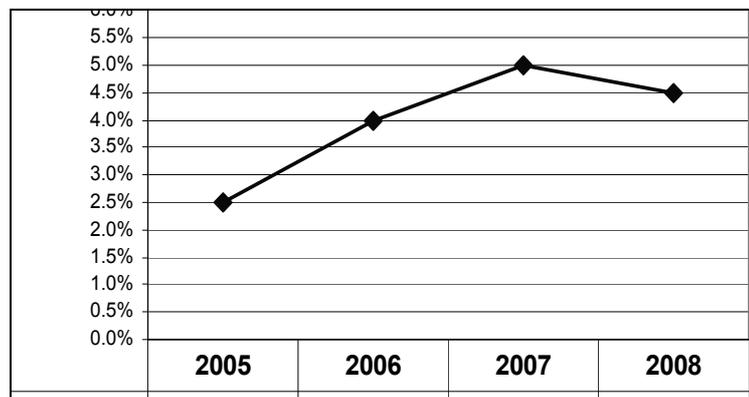
(A) The following figures were presented by the Minister for Finance for the National Budget of 2010.

Planned Expenditure	€ Millions
Education	10,250
Health Services	19,750
Social Welfare	15,500
Justice	9,500
Transport	4,500
Planned Income	
PAYE	16,750
DIRT	3,750
Excise Duties	7,500
VAT	17,250
Corporation Tax	8,750

- (i) Draft the National Budget for 2010 from the above information *(on Page 22 of the Booklet)*.
- (ii) Indicate whether it is a 'surplus' or a 'deficit' budget *(on Page 22 of the Booklet)*.
- (iii) Every year the Irish Government spends large sums of money on Health. Give **three** examples of Government spending on Health *(on Page 22 of the Booklet)*.

(30)

(B) The following chart shows the **rate of inflation** in Ireland for the years 2005-2008:



- (i) Explain the term '**inflation**'. *(Answer on Page 23 of the Booklet.)*
- (ii) Identify the year that had the highest rate of inflation *(on Page 23 of the Booklet)*.
- (iii) Identify the year that had the lowest rate of inflation *(on Page 23 of the Booklet)*.
- (iv) Calculate the average rate of inflation over the four years *(on Page 23 of the Booklet)*.
- (v) If your pocket money was €20 per week in 2006, calculate how much you would need to receive per week in 2007 to keep up with inflation. Show your answer and workings *(on Page 23 of the Booklet)*.

(30)

**(60 marks)**

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