



# Coimisiún na Scrúduithe Stáit State Examinations Commission

S.44

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JUNIOR CERTIFICATE EXAMINATION, 2005

## **BUSINESS STUDIES – HIGHER LEVEL – PAPER 11**

**(160 Marks)**

WEDNESDAY, 15 JUNE – AFTERNOON, 2.00 to 4.00

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- 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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**Answer All Sections. This is a Book of First Entry and Ledger Question.**

1.

DUFFY Ltd had the following balances in the General Journal on 1 March 2005:

**GENERAL JOURNAL ( Page 1)**

| Date     | Details   | F   | Dr.<br>€ | Cr.<br>€ |
|----------|---|-----|----------|----------|
| 1/3/2005 | Buildings                                       | GL1 | 300,000  |          |
|          | Creditor COYLE Ltd                              | CL1 |          | 50,000   |
|          | Ordinary Share Capital                          | GL2 |          | 250,000  |
|          | Asset, Liability and Share Capital of DUFFY Ltd |     | 300,000  | 300,000  |

(A) Post the balances in the above General Journal to the relevant ledger accounts. (4)

(B) Record the following Credit Transactions in the Purchases and Purchases Returns Books.

Post relevant figures to the ledger accounts.

5/3/2005 Purchased goods on credit from DOYLE Ltd Invoice No.12 €80,000 + VAT 21%

9/3/2005 Returned goods to COYLE Ltd Credit Note No.30 €15,000 + VAT 21%

(12)

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

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

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

**Credit ( Payments)Side:** Bank; Purchases; VAT; Creditors; Advertising

2/3/2005 Shareholder invested €50,000 and this was lodged. Receipt No. 1

8/3/2005 Paid advertising (Cheque No. 1) €6,000

16/3/2005 Cash Sales lodged €72,600 ( €60,000 + €12,600 VAT)

21/3/2005 Paid COYLE Ltd in full. (Cheque No. 2)

30/3/2005 Purchases for resale (Cheque No. 3) €30,000 + VAT 21% (17)

(D) Balance the accounts on 31 March 2005 and extract a Trial Balance as at that date. (7)

**(40 marks)**

2.

**Answer ALL Sections. This is a Stocktaking, Document and Bookkeeping Question.**

- (A) (i) State **two** reasons why a business should carry out stocktaking.  
(ii) Outline a suitable procedure for carrying out stocktaking. (10)

(B) The following goods were ordered, Order No. 45, from OFFICE SUPPLIES Ltd, by KELLY Ltd, Nass, Co. Kildare.

12 Four Door Filing Cabinets @ €100 each  
10 Office Chairs @ € 80 each

All the goods were in stock and were delivered to KELLY Ltd. On 10 May 2005 OFFICE SUPPLIES Ltd issued a Delivery Docket No. 23 with the goods. This Delivery Docket was signed by Maureen McDann, Purchasing Manager, on behalf of KELLY Ltd.

- (i) Outline how OFFICE SUPPLIES Ltd should treat outgoing Delivery Dockets.  
(ii) Complete the Delivery Docket *on the blank document sheet supplied with this paper.* (12)

(C) On 30 May 2005 OFFICE SUPPLIES Ltd issued an Invoice No. 47 for the goods delivered. Trade Discount was 30% and VAT was 21%.

- (i) Complete the Invoice No. 47 *on the blank document sheet supplied with this paper.*  
(ii) Record the Invoice sent in the Sales Book of OFFICE SUPPLIES Ltd, *on the separate sheet supplied with this paper.* (18)  
**(40 marks)**

**Answer ALL Sections. This is a Report Writing and Insurance Question.**

3.

NPD ELECTRIC Ltd, 34 Live Wire Drive, Galway manufactures and distributes electrical appliances for the home. It sells its products in Ireland.

NPD ELECTRIC Ltd wishes to review its insurance policies and requires advice on its insurance requirements. It supplies the following information :

Its assets include : Premises; Equipment; Motor Vehicles; Stock of electrical appliances.

It has eighty employees.

NPD ELECTRIC Ltd lodges its cash twice weekly in a bank ten kilometres away.

- (A) Assume you are Martina Toban, Insurance Consultant, 10 Castle View, Roscommon. Prepare a report, on today's date, for the directors of NPD ELECTRIC Ltd, setting out the following :
- (i) **Two** types of insurance that NPD ELECTRIC Ltd is required to have by law;
  - (ii) **Four other** relevant types of insurance you would advise it to have and the reasons for having these;
  - (iii) The importance of having adequate insurance for NPD ELECTRIC Ltd. (32)
- (B) Martina advised the directors of NPD ELECTRIC Ltd that when calculating their insurance premium they must take into account, the basic premium, loadings and deductions. The basic premium was €25,000, loadings were 30% of basic and deductions were 12% of basic plus loadings.
- (i) List **one** example of a loading and **one** example of a deduction that NPD ELECTRIC Ltd might have to take into account when calculating its premium.
  - (ii) Calculate the total premium for NPD ELECTRIC Ltd (show workings). (8)
- (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 KERRY Ltd on 31 March 2005. The Authorised Share Capital is 420,000 €1 ordinary Shares.

| <b>TRIAL BALANCE OF KERRY Ltd as on 31 March 2005</b> | <b>Dr.<br/>€</b> | <b>Cr.<br/>€</b> |
|---|------------------|------------------|
| Purchases and Sales                                   | 110,000          | 260,000          |
| Purchases returns                                     |                  | 12,000           |
| Opening Stock 1/4/04                                  | 38,500           |                  |
| Import Duty   | 4,500            |                  |
| Debtors and Creditors                                 | 60,000           | 32,000           |
| Carriage Outwards                                     | 17,000           |                  |
| Insurance   | 8,000            |                  |
| Light and Heat  | 13,800           |                  |
| Machinery   | 140,000          |                  |
| Premises  | 300,000          |                  |
| Interest Receivable                                   |                  | 7,500            |
| Cash  | 1,700            |                  |
| Reserves (Profit and Loss Balance)                    |                  | 40,000           |
| Issued Share Capital : 350,000 €1 Ordinary Shares     |                  | 350,000          |
| 15 Year Loan  |                  | 60,000           |
| Motor Vehicles  | 68,000           |                  |
|   | <b>761,500</b>   | <b>761,500</b>   |

(A) You are required to prepare the company's **Trading, Profit and Loss Appropriation Account** for the year ending 31 March 2005 and a **Balance Sheet** as on that date.

You are given the following information as on 31 March 2005.

- (i) Closing Stock €13,500
  - (ii) Light and Heat due € 3,200
  - (iii) Interest Receivable due € 2,000
  - (iv) Dividends declared 8%
  - (v) Depreciation : Machinery 16%; Motor Vehicles 20%
- (35)

(B) State **three** costs associated with delivering goods, other than the cost of the vehicles. (5)  
(40 marks)

5.

**Answer ALL Sections. This is a Business Finance and Loan Application Question.**

(A) Study the following advertisement for loans and answer the question below.

***Let M & M Finance Ltd Lend You A Financial Hand***

Loans available on the following conditions :

Capital Repayments are distributed evenly over the period of the loan;

Interest 9% APR.

MURPHY Ltd obtained a **three year** loan of €12,000 from M & M Finance Ltd.  
Calculate the total interest payable (show workings). (12)

(B) S&R CONCRETE Ltd is a manufacturer of concrete products operating from Quarry Lane, Sligo. It has two directors, Maura Stone and Paddy Rock. S&R CONCRETE Ltd owns quarries worth €2,000,000 and machinery and trucks valued at €250,000. It has a monthly income of €60,000 and it forecasts that this will increase by 20% if it obtains new buildings costing €85,000, machinery costing €120,000 and purchases five new trucks costing €50,000 each.

S&R CONCRETE Ltd has reserves of €35,000. The directors will invest €40,000 each and it will receive a grant of €75,000.

On 1 June 2005 it applied for a ten year loan from the M & M Finance Ltd.  
The loan was granted on 15 June 2005.

You are required to :

- (i) Calculate the amount of the loan required (show workings);
- (ii) Complete the Loan Application Form *using the blank loan application form supplied with this paper*;
- (iii) Record the receipt of the loan in the *M & M Finance Ltd Loan and Bank Accounts supplied with this paper*. (28)

**(40 marks)**

6.

**Answer ALL Sections. This is a Forms of Business Ownership and Assessing a Business Question.**

The following information, on forms of business ownership in a county, was obtained from a survey.

| <b>Form of Business Ownership</b> | State Owned | Cooperatives | Sole Traders | Private Limited Companies |
|-----------------------------------|-------------|--------------|--------------|---------------------------|
| <b>Number</b>                     | 4           | 2            | 28           | 16                        |

- (A) Illustrate this information on a bar chart. (10)
- (B) (i) State **four** examples of state owned businesses.  
(ii) Explain **two** reasons why state owned businesses exist in Ireland (10)
- (C) Compare Sole Traders and Private Limited Companies under the following headings:  
(i) Ownership;  
(ii) Formation Procedures;  
(iii) Profits;  
(iv) Liability. (10)
- (D) LOGJAM Ltd supplies the following figures for the year 2004 :  
Sales € 180,000; Closing Stock €12,000; Net Profit €66,000;  
Current Assets €61,000; Current Liabilities €32,000; Capital Employed €420,000.
- Calculate the following ratios (to the nearest **two** decimal points) :
- (i) Net Profit Percentage;  
(ii) Acid Test Ratio;  
(iii) Return on Capital Employed. (10)

**(40 marks)**

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