



Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2011

BUSINESS STUDIES – ORDINARY LEVEL

TUESDAY 14 JUNE – MORNING 9.30-12.00

SECTION B

(300 marks)

- All questions carry equal marks.
- Answer 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 Smith household for the last four months of 2011:

Opening Cash in Hand is €250.

**Planned
Income**

- Jack Smith earns €2,500 net per month and expects a bonus of €600 net in December.
- Marie Smith earns €850 net per month.
- The household expects to receive a dividend on shares of €500 net in October.
- Child benefit is €300 per month.

**Planned
Expenditure**

- House rental is €750 per month but will **decrease** to €650 per month from 1 November 2011.
- House contents insurance is €324 **per year, payable monthly** from 1 September 2011.
- The Smith household pays a health insurance premium of €210 per month. This premium will **increase** by €30 per month from 1 November 2011.
- Household costs are €950 per month, except in December, when they will be €500 **extra**.
- Car running costs are expected to be €30 per month for Jack and €80 per month for Marie. Marie's car is due for a service in November which is expected to cost €250.
- Telephone bills for the landline are expected to be €120 in September and €150 in November. In addition, bills for mobile phones will cost the household €95 per month.
- Bills for light and heat are expected to be €150 in September and €180 in November, while a fill of home heating oil, costing €450, will be needed in October.
- School books for the family will cost €450 in September.
- Entertainment will cost €350 each month except in December, when it will cost an **extra** €400 for a Christmas party.
- The family have booked a holiday costing €3,200. They must pay a deposit of €1,000 in October and the balance in December.

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

(B) Does the Smith household own the house in which they live? State **one** reason for your answer. (*Answer in the space provided on page 9 of the Booklet.*) (6)

(C) How much will Marie Smith earn in the full year (2011) if there is no change in her salary? (*Answer on page 9 of the Booklet.*) (4)

(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 Gaff Ltd on 31 December 2010, the end of its financial year. The Authorised Share Capital is 500,000 ordinary shares at €1 each.

Trial Balance as at 31 December 2010	Dr	Cr
	€	€
Cash Sales		390,000
Cash Purchases	254,800	
Carriage Inwards	2,450	
Opening Stock at 1 January 2010	52,250	
Wages	78,600	
Light and Heat	16,400	
Telephone	5,950	
Insurance	14,800	
Advertising	8,750	
Dividend Paid	3,500	
Bank Overdraft		26,000
Cash on Hand	2,150	
Issued Share Capital in €1 Shares		252,150
Buildings	120,000	
Fixtures & Fittings	26,000	
Motor Vans	82,500	
	668,150	668,150

Closing Stock at 31 December 2010 was €75,500.

(A) From the above figures, prepare:

(i) **A Trading, Profit and Loss Appropriation Account** for Gaff Ltd for the year ended 31 December 2010. *(Answer on Page 10 of the Booklet.)*

(ii) **A Balance Sheet** as at 31 December 2010. *(Answer on Page 11 of the Booklet.)* (45)

(B) Explain the term 'Cash on Hand' in the above Trial Balance.

(Answer on Page 11 of the Booklet.) (5)

(C) Gross Profit as a percentage of Cash Sales is calculated as follows:

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

Calculate the Gross Profit as a percentage of Cash Sales. Show your answer and workings.

(Answer on Page 11 of the Booklet.) (10)

(60 marks)

3.

This is a question about Consumers and Writing a Letter.

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

Answer all parts of this question:

On 4 January 2011, Aoife O'Donnell, Kinkeel, Westport, Co Mayo, purchased a 'Zanu' Dishwasher, Model RT 87, from Sweeney Electrical Store Ltd, Main Street, Castlebar, Co Mayo. She paid €257 by credit card. On the following day the dishwasher was installed in her kitchen.

After three weeks, the dishwasher started to give trouble. It made a lot of noise when in use and she noticed that the dishes were not properly washed when emptying it.



She telephoned the shop manager, Henry Sweeney, and explained the problems she had with the dishwasher. The manager asked her to put the complaint in writing.

On 28 January 2011, Aoife wrote a letter of complaint to Mr Sweeney. In the letter, she pointed out that she bought the dishwasher in his shop and she also enclosed evidence of purchase. She then explained the problems she had with it. She felt she was now entitled to have the dishwasher replaced with a new one because it was not able to do its work. If that was not possible, she would expect a full refund.

(A) Write the letter that Aoife O'Donnell sent to Henry Sweeney, Manager of Sweeney Electrical Store Ltd on 28 January 2011.

(Answer on Page 12 of the Booklet.)

(40)

(B) Explain **two** ways in which Aoife can prove that she paid for the dishwasher.

(Answer on Page 13 of the Booklet.)

(8)

(C) Name **two** agencies who could assist Aoife if she was unhappy with the response received from Sweeney Electrical Store Ltd. In **each** case, write **one** sentence to explain how the agency could help Aoife.

(Answer on Page 13 of the Booklet.)

(12)

(60 marks)

4.

This is a question on Wages and Trade Unions.

(To be completed on Page 14 of the Examination Booklet)

Answer all parts of this question:

Emma Hosty is employed as a Sales Assistant in Jake’s Toy Store Ltd. Her normal working week is 39 hours. If she works any longer, she gets overtime pay at time and a half.

The following is Emma’s wage slip for 7 May 2011:

Employee No. 014	Emma Hosty		Week 18	Date: 7 May 2011
PAY:	€	DEDUCTIONS:	€	Jake’s Toy Store Ltd
BASIC	468.00	PAYE	135.50	
OVERTIME	90.00	PRSI	39.10	
		TRADE UNION	15.50	
GROSS PAY	558.00	TOTAL DEDUCTIONS	190.10	NET PAY €367.90

Answer all the questions in Part (A) in the spaces provided on page 14 of the Booklet.

- (A) (i) Calculate Emma Hosty’s basic pay per hour. Show your answer and workings.
- (ii) Calculate how much she earns for one hour’s overtime. Show your answer and workings.
- (iii) Calculate the number of overtime hours she worked in Week 18. Show your answer and workings.
- (iv) Explain the term ‘Statutory Deductions’.
- (20)
- (B) The following week, Emma worked for 45 hours. Her PAYE deduction was €148.23 and her PRSI deduction was 7% of her gross pay. There was no change in her basic pay or trade union deduction. Using this information, complete her wage slip for Week 19 *(on page 14 of the Booklet)*.
- (20)
- (C) (i) Explain **three** ways in which Emma benefits from being a member of a trade union. *(Answer on Page 14 of the Booklet.)*
- (ii) All staff members at Jake’s Toy Store Ltd are trade union members. Jean Coyne is the staff member who represents the trade union in the workplace. What is Jean’s official title?
(Answer on Page 14 of the Booklet.)
- (20)

(60 marks)

5.

This is a question on Business Documents.

(To be completed on pages 15, 16 and 17 of the Examination Booklet)

Answer all parts of this question:

Seán Flood is the Purchasing Manager for Irwin Ltd., Retailers of Camera Equipment, Main Street, Boyle, Co Roscommon. On 16 May 2011, he sends an Order (No. 914) for the following goods to The Manager, Camera Wholesalers Ltd, Boyne Industrial Estate, Trim, Co Meath.



30	Canon Cameras	Model CF67	€145.00 each
25	Fuji Cameras	Model FG78	€170.00 each
40	Nikon Cameras	Model NY89	€250.00 each
15	Sony Cameras	Model SR12	€120.00 each

- (A) (i) What business document would Seán Flood have checked before sending the Order to Camera Wholesalers Ltd? *(Answer on Page 15 of the Booklet.)*
- (ii) From the above details complete the blank Order No 914 *(on page 15 of the Booklet)*. (21)
- (B) All the goods ordered are in stock, except for the Nikon Cameras. The **Canon Cameras, Fuji Cameras and Sony Cameras** are delivered by van to Irwin Ltd on 23 May 2011. Seán checks the goods and signs the Delivery Docket. He is then handed Invoice No. 7465, dated 23 May 2011, by the van driver.
- Trade Discount** on all cameras is **15%** and **VAT** on all cameras is **20%**.
From the above details, complete the blank Invoice No. 7465 *(on page 16 of the Booklet)*. (30)
- (C) After checking the Invoice, Seán writes a cheque on behalf of Irwin Ltd in full payment. The cheque is dated 23 May 2011. Seán hands it to the driver to bring back to Camera Wholesalers Ltd. On the same day, this transaction is entered in the Bank Account of Irwin Ltd.
- Enter the cheque payment in the Bank Account of Irwin 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:

Carmel Francis is the Office Manager in Baker Ltd. She uses a Petty Cash Book to keep an account of small office expenses. She begins each month with an imprest of €200.

On 1 March 2011, the Petty Cash Book had a balance on hand of €200.

The following were her petty cash transactions during March 2011.

- March 3 She bought envelopes for €15 – Petty Cash Voucher No. 11.
4 She paid for window cleaning €23 – Petty Cash Voucher No. 12.
7 She purchased memory sticks €10 – Petty Cash Voucher No. 13.
8 She purchased photocopying paper for €12 – Petty Cash Voucher No. 14.
14 She paid for taxi €7 – Petty Cash Voucher No. 15.
15 She paid John Reilly for office cleaning €25 – Petty Cash Voucher No. 16.
16 She paid for postage €20 – Petty Cash Voucher No. 17.
18 She paid for repairs to office door lock €14 – Petty Cash Voucher No. 18.
21 She paid for cleaning materials €8 – Petty Cash Voucher No. 19.
23 She paid the train fare for business travel €16 – Petty Cash Voucher No. 20.
24 She paid for registration of parcel €10 – Petty Cash Voucher No. 21.
29 She paid for office cleaning €24 – Petty Cash Voucher No. 22.

- (A) Enter the transaction of 15 March 2011 in the Petty Cash Voucher *(on page 18 of the Booklet)*.
(12)
- (B) Write up the Petty Cash Book for the month of March *(on Page 19 of the Booklet)*, using the following analysis columns:

Postage, Stationery, Travel, Cleaning, Other.

Total each analysis column and balance the Petty Cash Book at the end of March.

(43)

- (C) How much money will Carmel receive from the Chief Cashier to enable her to start the following month with an imprest of €200? *(Answer on Page 19 of the Booklet.)*

(5)

(60 marks)

7.

This is a question on National Budget.

(To be completed on pages 20 and 21 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 20 of the Booklet.)
- (ii) Give **two** examples of Social Welfare expenditure.
(Answer on Page 20 of the Booklet.)

(14)

- (B) The following figures were presented on budget day as projections for the year 2011.

Current Expenditure	€000
Health	20,000
Social Welfare	18,000
Education	8,000
Debt Servicing	12,000
Agriculture	7,000
Justice	4,000
Current Income	
VAT	18,500
PAYE	24,000
Excise Duties	7,800
Other Revenue	3,900

- (i) Show the Government's Current Expenditure in the form of a bar chart
(on Page 20 of the Booklet).
- (ii) Using all the above information, prepare the National Budget for the year 2011
(on Page 21 of the Booklet).
- (iii) Indicate whether it is a 'surplus' or a 'deficit' budget *(on Page 21 of the Booklet).*
- (C) Ireland has experienced a fall in economic growth in recent years.
Explain **two** difficulties this fall has caused for the Irish Government.
(Answer on Page 21 of the Booklet.)

(36)

(10)

(60 marks)

8.

This is a question on Marketing, Sales Promotion and Exports.

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

Answer all parts of this question:

(A) Ciara mixed up the answers in her Business Studies test. She had all the correct answers but she put them in the wrong sentences. Here is what she wrote:

- (i) A Target Market is *where firms give money to a sports or cultural event to promote their products.*
- (ii) Market Research is *a list of prepared questions which consumers are asked as part of a survey.*
- (iii) A Brand Name is *collecting information about what consumers want to buy.*
- (iv) A Questionnaire is *made on certain products to boost their sales, e.g. "Buy a burger – get a drink free."*
- (v) Sponsorship is *the potential consumers for a product or service.*
- (vi) A Special Offer is *used to identify a particular product so that it becomes well known among the public.*

Complete, in full, **each** sentence correctly (*in the space provided on page 22 of the Booklet*) using the above information.

(24)

(B) Action Sports Ltd sells footballs throughout Munster. In 2010, sales of footballs in each county were as follows:

County:	CORK	KERRY	WATERFORD	CLARE	TIPPERARY	LIMERICK
Quantity:	5,500	7,500	1,600	2,900	1,800	2,700

The price of footballs is €25.00 each.

- (i) Calculate the total sales of footballs for Action Sports Ltd in County Cork in 2010.
Show your answer and workings (*on page 22 of the Booklet*).
- (ii) Calculate the total sales of footballs for Action Sports Ltd in Munster in 2010.
Show your answer and workings (*on page 22 of the Booklet*).



(16)

(C) (i) State **two** reasons why Action Sports Ltd would advertise its footballs (*on page 23 of the Booklet*).

- (ii) Action Sports Ltd is planning to export footballs to the UK.
Explain **two** difficulties the company might face in exporting footballs to the UK.
(*Answer on page 23 of the Booklet.*)

(20)

(60 marks)

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