



Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION 2012

BUSINESS STUDIES – ORDINARY LEVEL

TUESDAY 12 JUNE 2012 – 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 Ryan household for four months, June to September 2012:

Opening Cash in Hand is €245.

**Planned
Income**

- John Ryan earns €2,700 net per month and expects to receive a holiday bonus of €500 net in September.
- Mary Ryan earns €1,850 net per month and expects this to **decrease** by €400 per month from 1 July 2012.
- Child benefit is expected to be €280 per month.

**Planned
Expenditure**

- The house mortgage of €670 per month will **increase** by €100 per month from 1 July 2012.
- House insurance premium is €720 **per year, payable monthly** from 1 June 2012.
- John's annual car insurance is €350. Mary's annual car insurance is €475. Both are payable in July.
- Household costs are €1,100 per month, except in July, when they will be €700 **extra**.
- Car running costs are expected to be €200 per month for John and €150 per month for Mary. John's car is due for a service in June which is expected to cost an **extra** €250.
- Electricity bills for light and heat are expected to cost €180 in June and €200 in August, while heating oil will cost €900 in September.
- School uniforms will cost €400 in August and schoolbooks will cost €500 in September.
- The household pays €45 per month for television channels. The annual television licence will cost €160 in June.
- Birthday presents will cost €750 in September.
- Entertainment will cost €200 each month, except in June, when tickets to Westlife's final concert will cost an **extra** €150.
- The Ryan household have booked a holiday costing €3,200. They must pay a deposit of €800 in June and the balance in August.

- (A) Complete the blank Household Budget form (*on page 9 of the Booklet*) using all the above figures. (50)
- (B) Explain the term 'Discretionary Expenditure'.
(*Answer in the space provided on page 9 of the Booklet.*) (5)
- (C) Calculate how much the household expects to pay for their house mortgage in the full year (2012) if there is no further change in the monthly payments. 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 & 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 Daly Ltd on 31 December 2011, the end of its financial year. The Authorised Share Capital is 350,000 ordinary shares at €1 each.

Trial Balance as at 31 December 2011	Dr	Cr
	€	€
Cash Sales		237,000
Cash Purchases	160,400	
Carriage Inwards	4,800	
Opening Stock at 1 January 2011	32,750	
Insurance	14,600	
Telephone	4,950	
Rent and Rates	15,700	
Interest on Overdraft	3,700	
Advertising	19,650	
Dividend Paid	21,100	
Bank Overdraft		37,000
Cash in Hand	15,350	
Issued Share Capital in €1 Shares		220,000
Premises	89,500	
Equipment	47,500	
Motor Vehicles	64,000	
	494,000	494,000

Closing Stock at 31 December 2011 was €43,250.

(A) From the above figures, prepare:

- (i) A **Trading, Profit and Loss Appropriation Account** for Daly Ltd for the year ended 31 December 2011. *(Answer on page 10 of the Booklet.)*
- (ii) A **Balance Sheet** as at 31 December 2011. *(Answer on page 11 of the Booklet.)* (45)

(B) (i) Explain the term 'Closing Stock'.
(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 question is about Forms of Business and Writing a Letter.

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

Answer all parts of this question:

John Burke, who lives at 32 Mountain View, Mitchelstown, Co. Cork is planning on setting up his own business. On 23 February 2012, he made a telephone call to Mary Delaney. Mary is the manager of Enterprise Ireland, Dawson Street, Dublin 2. John explained that he was setting up his own business as a Sole Trader and asked if she could give him some information about it.



The following day, Mary wrote a letter to John. In her letter she listed **two** advantages and **two** disadvantages of a Sole Trader. She said that she hoped her information would be helpful to him and she wished him well with his new business.

(A) Write the letter that Mary Delaney sent to John Burke on 24 February 2012.

(Answer on page 12 of the Booklet.)

(40)

(B) John could have set up a Private Limited Company instead of a Sole Trader. Give **two** advantages of a Private Limited Company.

(Answer on page 13 of the Booklet.)

(12)

(C) In the spaces provided on page 13 of the Examination Booklet, name which **two** of the following documents are required when setting up a Private Limited Company:

LODGEMENT SLIP
ARTICLES OF ASSOCIATION
PROPOSAL FORM
MEMORANDUM OF ASSOCIATION
QUOTATION

(8)

(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:

Una Murphy received the following Bank Statement by post:

Bank of Ireland		Statement No. 578		
Castle Street, Limerick				
Ms Una Murphy 21 Oakview Road Limerick		Account Name:	UNA MURPHY	
		Account Number:	75987536	
		Date:	31 March 2012	
Date	Details	Dr	Cr	Balance
		€	€	€
01 March 2012	Balance forward			550.00
05 March 2012	Credit Transfer		250.00	800.00
08 March 2012	ATM – BOI Roxboro Branch	300.00		500.00
10 March 2012	Cheque No. 3585	125.00		375.00
16 March 2012	Direct Debit – Bord Gais	180.00		195.00
25 March 2012	Cheque No. 3587	60.00		135.00

(Answer Parts (A) and (B) on page 14 of the Booklet.)

- (A) (i) In what bank and branch does Una have her account?
- (ii) Is Una's bank account a deposit account or current account? Give **one** reason for your answer.
- (iii) According to Bank of Ireland, how much money does Una have in her account on 31 March 2012? (20)
- (B) (i) Explain the entry of 8 March 2012.
- (ii) Una noticed that cheque No. 3586, for €70, which she had paid to her vet on 21 March 2012, did not appear on her Bank Statement. Explain **one** reason for this. (20)
- (C) A Business Studies teacher gave her students a test on Banking. One student had all the correct explanations but put them in the wrong sentences. This is what the student wrote:
- (i) Paypath is *an instruction given by a customer to a bank to pay a fixed sum of money from the customer's account to a certain person or company on a regular basis.*
- (ii) A standing order is *a cheque that the bank refuses to accept because there is not enough money in the account.*
- (iii) A stale cheque is *a system where an employer pays an employee's wages into the employee's bank account electronically.*
- (iv) A dishonoured cheque is *an instruction from a customer to a bank which allows a named company to withdraw varied sums of money from the customer's account at regular intervals.*
- (v) A direct debit is *a cheque that is more than six months old.*

Complete, in full, **each** sentence correctly *(in the space provided on page 15 of the Booklet)* using the above information. (20)

(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:

Henry Walsh is employed in the Sales Department of Kitchen Supplies Ltd, Rosslands Industrial Estate, Tullamore, Co. Offaly. On 17 April 2012, he receives the following order:

House Electricals Ltd		ORDER No. 4785
Waterhill Shopping Centre Athlone, Co. Westmeath		
Telephone: 090 6446652		VAT Reg No. IE 5472365
Fax: 090 6446574		
e-mail: helectricals@athlone.ie		
		16 April 2012
The Manager Kitchen Supplies Ltd Rosslands Industrial Estate Tullamore Co. Offaly		
Please supply the following goods:		
QUANTITY	DESCRIPTION	PRICE EACH (€)
10	Hotpoint Dishwashers (Model No. SX234)	250.00
25	Whirlpool Washing Machines (Model No. ED125)	320.00
40	Indesit Tumble Driers (Model No. XX541)	275.00
35	Creda Ovens (Model No. BC798)	240.00
Signed: <i>Kate O'Connor</i> Title: Purchasing Manager		

The goods ordered are in stock, except for the Creda Ovens. All the other items (**dishwashers, washing machines and tumble driers**) are available. Henry Walsh ensures that they are packed for delivery. An invoice (No. 7968) is then completed.

The goods are delivered to House Electricals Ltd. The truck driver also delivers the Invoice (No. 7968), dated 17 April 2012.

- (A) **Trade Discount** on all the goods is 25% and **VAT** on all the goods is 20%.
From the above details, complete the blank Invoice, No. 7968 (*on page 16 of the Booklet*). (30)
- (B) When the goods arrive at House Electricals Ltd, they are checked by Kate O'Connor. She then writes out a cheque (No. 76548) dated 18 April 2012, signed by herself, on behalf of House Electricals Ltd in full payment for the goods. She hands it to the truck driver to bring back to Kitchen Supplies Ltd.
Complete the blank cheque (No. 76548) and counterfoil (*on page 17 of the Booklet*). (15)
- (C) A Receipt (No. 213) for the payment arrives from Kitchen Supplies Ltd. The Receipt is dated 20 April 2012 and is signed by Emma Byrne, Cashier.
(i) Complete the blank Receipt No. 213 (*on page 17 of the Booklet*).
(ii) State **one** reason why a receipt is an important document (*on page 17 of the Booklet*). (15)

(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:

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

On 1 March 2012, the farmer had a balance of €3,500 in the bank.

He made the following transactions during March 2012:

March	2	Sold cattle for €9,000.	(Receipt No. 741)
	5	Purchased cattle feed for €1,750.	(Cheque No. 201)
	9	Received an EU grant of €2,400.	(Receipt No. 742)
	13	Purchased diesel for tractor €400.	(Cheque No. 202)
	14	Paid for repairs to barn €1,800.	(Cheque No. 203)
	16	Purchased fertilisers for €600.	(Cheque No. 204)
	20	Received milk cheque €2,000.	(Receipt No. 743)
	21	Sold cattle for €3,000.	(Receipt No. 744)
	22	Purchased cattle (calves) for €4,500.	(Cheque No. 205)
	26	Paid for repairs to machinery €800.	(Cheque No. 206)
	27	Paid vet fees €950.	(Cheque No. 207)
	29	Purchased cattle feed for €2,300	(Cheque No. 208)

(A) Write up the Analysed Receipts and Payments Book (Analysed Cash Book) of Tom Donoghue for the month of March 2012 using the following analysis columns:

Dr. Side (Receipts):	Bank	Cattle	Grants	Other	
Cr. Side (Payments):	Bank	Cattle	Feed	Repairs	Other

Total **each** analysis column and balance the Bank columns at the end of March.

(Answer on page 18 of the Booklet.)

(40)

(B) Explain **three** reasons why farmers should keep accounts *(on page 19 of the Booklet)*. (15)

(C) Tom wants to borrow €20,000 to purchase a new tractor. The rate of interest is 5% per year.

Calculate how much interest Tom will pay at the end of the first year.

Show your answer and workings.

(Answer on page 19 of the Booklet.)



(5)

(60 marks)

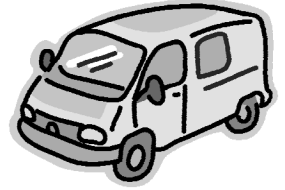
7.

This is a question on Delivery Systems.

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

Answer all parts of this question:

(A) Cian O'Brien drives a delivery van for Fast Couriers Ltd, Mullingar.



On 25 April 2012, he started work in Mullingar at 8.00 a.m.
His employer gave him the following instructions:

“Please deliver this packet to Athlone and then come back here. We will then have two large crates ready for delivery. Take both crates in your van. You are to deliver the first crate to Waterford before lunchtime. Have your lunch in Waterford and then bring the other crate to Limerick. Please be back here as soon as you can as we need the van for night deliveries.”

Cian followed all the instructions. In Mullingar, Waterford and Limerick, loading and unloading of crates as well as completion of business documents took 30 minutes in each place. There was no delay in Athlone. Cian took an hour for lunch in Waterford.

The following are the distances between the towns he visited:

Mullingar to Athlone	49 km
Mullingar to Waterford	170 km
Waterford to Limerick	130 km
Limerick to Mullingar	148 km

- (i) Calculate the total number of kilometres that Cian travelled that day. Show your answer and workings *(on page 20 of the Booklet)*.
- (ii) Cian travelled at an average speed of 78 kilometres per hour. Calculate how many hours driving he completed that day. Show your answer and workings *(on page 20 of the Booklet)*.
- (iii) If the van travels 14 kilometres for every litre of diesel, calculate how many litres of diesel were used? Show your answer and workings *(on page 20 of the Booklet)*.
- (iv) If the price of diesel was €1.55 per litre, calculate the total cost of diesel used. Show your answer and workings *(on page 20 of the Booklet)*.
- (v) Using all the above information, calculate the exact time Cian arrived back in Mullingar. Show your answer and workings *(on page 20 of the Booklet)*. (33)
- (B)** Name **three** factors which a business would consider when choosing a transport system to deliver goods to customers around the country. Explain the importance of **each** factor. *(Answer on page 20 of the Booklet.)* (15)

(C) Explain **two** of the following terms relating to transport in Ireland:

Toll Roads
Roll-on Roll-off
Motorways
DART System
Tunnels.

(Answer on page 21 of the Booklet.)

(12)

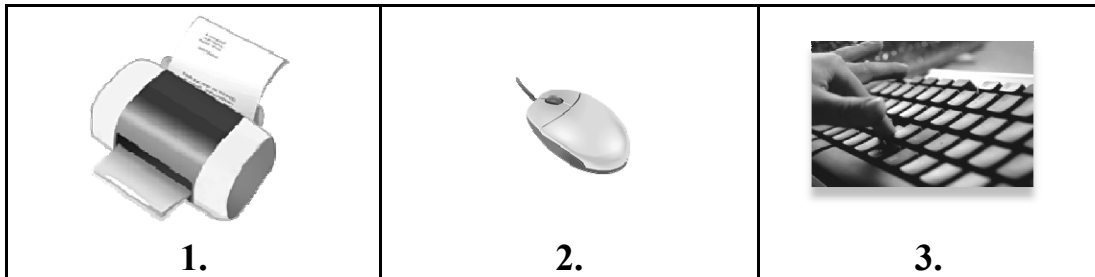
(60 marks)

8.

This is a question on Information Technology and People at Work.

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

Answer all parts of this question:



- (A) (i) In the space provided on page 22 of the Examination Booklet, identify **each** of the above computer components numbered 1, 2, 3.
- (ii) State whether **each** of the above components is an input or output device.
(Answer on page 22 of the Booklet.)
- (iii) **Column 1** shows a list of Information Technology terms. **Column 2** is a list of possible explanations for these terms.

Column 1 – Terms	Column 2 – Explanations
1. Word Processing	A. Used for mathematical calculations, financial records, preparation of accounts and budgets.
2. Database	B. Used for typing and amending letters and documents on a computer.
3. Desk Top Publishing	C. Used for organising and filing information on a computer.
4. Spreadsheet	D. Used for gathering text and pictures from many sources and organising them for printing as posters, booklets or leaflets.

In the space provided on page 22 of the Examination Booklet, match the two lists by placing the letter of the most appropriate explanation under the relevant number.

(26)

(B) Siobhán Hogan is employed as a Sales Assistant in Pricerite Computers Ltd.

- (i) Last week, she worked 39 hours at €9.65 per hour.
- (a) Calculate her gross pay for the week.
- (b) State whether she is paid on a ‘time rate’ or ‘piece rate’. Explain your answer.
(Answer on page 22 of the Booklet.)
- (ii) Name **two** rights and **two** responsibilities Siobhán has as an employee of Pricerite Computers Ltd. *(Answer on page 23 of the Booklet.)*
- (iii) Name **two** rights and **two** responsibilities Pricerite Computers Ltd have as Siobhán’s employer. *(Answer on page 23 of the Booklet.)*

(34)

(60 marks)

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