



# Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION 2014

## BUSINESS STUDIES – ORDINARY LEVEL

TUESDAY 10 JUNE 2014 – 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 Lee household for four months, September to December 2014:

Opening Cash in Hand is €425.

**Planned  
Income**

- Brian Lee earns €1,800 net per month and expects to receive a Christmas bonus of €400 net in December.
- Anna Lee earns €3,200 net per month and expects this to **decrease** by €300 per month from 1 November 2014.
- Child benefit is expected to be €250 per month.

**Planned  
Expenditure**

- House rental is €600 per month but this will **increase** to €650 per month from 1 October 2014.
- The Lee household pays a car insurance premium of €780 per year, payable **monthly** from 1 September 2014.
- The Lee household pays a health insurance premium of €190 per month. This premium will **increase** by €25 from 1 October 2014.
- Household costs are expected to be €1,900 per month, except in December, when they will be €500 **extra**.
- Car running costs are expected to be €230 per month for Brian and €150 per month for Anna. Anna's car is due for a service in September which is expected to cost an **extra** €120.
- Electricity bills for light and heat are expected to cost €150 in October and €190 in December while heating oil will cost €900 in November.
- The household pays €45 per month for television channels. The annual television licence will cost €160 in October.
- Education costs will include a new iPad costing €450 in September and a school tour costing €300 in November.
- Christmas presents will cost €850 in December.
- Entertainment will cost €120 per month except in December, when it will cost an **extra** €380 for a New Year's Eve party.
- The household has booked a holiday costing €2,800. A deposit of €800 must be paid in September and the balance in November.

- (A) Complete the blank Household Budget form (*on page 9 of the Booklet*) using all the above figures. (50)
- (B) Calculate the annual health insurance premium for the Lee household. Show your answer and workings. (*Answer in the space provided on page 9 of the Booklet.*) (5)
- (C) Does the Lee 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.*) (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 Ross Ltd on 31 December 2013, the end of its financial year. The Authorised Share Capital is 400,000 ordinary shares at €1 each.

<b>Trial Balance of Ross Ltd as at 31 December 2013</b>	<b>Dr</b>	<b>Cr</b>
	€	€
Cash Sales		420,000
Cash Purchases	275,000	
Carriage Inwards	4,150	
Opening Stock at 1 January 2013	42,350	
Wages	61,250	
Telephone	2,150	
Rent and Rates	19,450	
Insurance	7,800	
Advertising	1,350	
Dividend Paid	4,650	
Bank Overdraft		49,000
Cash in Hand	7,350	
Issued Share Capital in €1 Shares		270,000
Premises	185,000	
Fixtures and Fittings	47,500	
Motor Vehicles	81,000	
	<b>739,000</b>	<b>739,000</b>

Closing Stock at 31 December 2013 was €56,500.

**(A)** From the above figures, prepare:

- (i) A **Trading, Profit and Loss Appropriation Account** for Ross Ltd for the year ended 31 December 2013. *(Answer on page 10 of the Booklet.)*
- (ii) A **Balance Sheet** as at 31 December 2013. *(Answer on page 11 of the Booklet.)* (45)

**(B)** (i) Explain the term 'Bank Overdraft' in the above 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 question is about Insurance and Writing a Letter.**

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

**Answer all parts of this question:**

Cathal Kennedy lives at 14 Fern View, Callan, Co. Kilkenny. He wishes to insure his house and contents. His house is valued at €190,000 and the contents at €45,000. He has a burglar alarm installed.



On 3 June 2014, he received the following insurance quote from Michael Leonard, Manager, Highfield Insurance Co Ltd:

<b>Highfield Insurance Co Ltd</b> 16 Castle Street, Kilkenny	
<b>Insurance Quote – 30 May 2014</b>	
Buildings	€24.50 per €10,000
Contents	€6.50 per €1,000
Burglar Alarm Installed	10% discount

- (A) Using the information in the above insurance quote, calculate the total net cost of insuring Cathal Kennedy's house and contents. Show your answer and workings. *(Answer on page 12 of the Booklet.)* (12)

On 6 June 2014, Cathal wrote a letter to Michael Leonard, Manager, Highfield Insurance Co Ltd. In the letter, Cathal thanked him for the insurance quote. He stated that he was prepared to accept the quote in full and that he has a burglar alarm installed. He also stated that he was enclosing a cheque for the total net cost of the premium. He then stated that he would be interested in a quote for motor insurance for his 2012 Ford Focus car.



- (B) Write the letter that Cathal Kennedy sent to Michael Leonard of Highfield Insurance Co Ltd on 6 June 2014. *(Answer in the space provided on pages 12 and 13 of the Booklet.)* (40)

(C) Answer **each** of the following questions *(on page 13 of the Booklet)*:

- (i) A person seeking insurance must first complete an application form showing details of what is to be insured. Name this form.
- (ii) Name the form which must be completed when seeking compensation from the insurance company in the event of a loss.

(8)

**(60 marks)**

4.

**This is a question on Work, Employment and Savings.**

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

**Answer all parts of this question:**

Aoife Lynch is employed as a Sales Assistant in Shannon Stores Ltd. Her normal working week is 35 hours. If she works any longer, she gets overtime pay at time and a half.

The following is Aoife's wage slip for 23 May 2014:

Employee No. 10	<b>Aoife Lynch</b>		Week 21	Date: 23 May 2014
PAY:	€	DEDUCTIONS:	€	<b>Shannon Stores Ltd</b>
BASIC	420.00	PAYE	79.20	
OVERTIME	108.00	PRSI	36.96	
		SAVINGS	20.00	NET PAY
GROSS PAY	528.00	TOTAL DEDUCTIONS	136.16	€391.84

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

- (A) (i) Calculate Aoife Lynch'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 21. Show your answer and workings.
- (iv) Explain the term 'Gross Pay'.
- (v) Aoife's employer deducts €20 each week from her wages for a savings scheme. State **two** different types of institution where this money could be placed to earn a return for Aoife.

(24)

The following week, Aoife worked for 39 hours. Her PAYE deduction was €75.80 and her PRSI deduction was 7% of her gross pay. There was no change in her basic pay or savings deduction.

- (B) Using this information, complete her wage slip for Week 22 *(on page 14 of the Booklet)*.

(20)

- (C) State **two** rights and **two** responsibilities Aoife has as an employee of Shannon Stores Ltd. *(Answer on page 14 of the Booklet.)*

(16)

**(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:**

Michael O'Brien is the purchasing manager at Computer World Ltd, Treaty Industrial Estate, Limerick. On 19 May 2014, he sends an order (No. 3678) to The Manager, Electronic Supplies Ltd, Blackwater Business Park, Mallow, Co. Cork for the following goods:

30	Toshiba Laptops	Model TL564	@	€350.00 each
15	Acer Icons	Model AI311	@	€415.00 each
85	Epson Printers	Model EP602	@	€120.00 each
50	Sony Tablets	Model ST232	@	€160.00 each

(A) (i) What business document would Michael O'Brien have checked before sending the Order to Electronic Supplies Ltd? *(Answer on page 15 of the Booklet.)*

(ii) From the above details complete the blank Order No 3678 *(on page 15 of the Booklet)*.  
(21)

(B) All the goods ordered are in stock, except for the Epson printers. The **Laptops, Icons and Tablets** are delivered by truck to Computer World Ltd on 22 May 2014. Michael checks the goods when they arrive and signs the Delivery Docket. The truck driver then hands him Invoice No. 1560, dated 22 May 2014.

Trade Discount on all goods is 15% and VAT on all goods is 20%.

From the above details, complete the blank Invoice No. 1560 *(on page 16 of the Booklet)*.  
(30)

(C) After checking the Invoice, Michael writes a cheque on behalf of Computer World Ltd in full payment for the goods. He then hands it to the truck driver to bring back to Electronic Supplies Ltd. On the same day, this transaction is entered into the Bank Account of Computer World Ltd.



Enter the cheque payment in the Bank Account of Computer World 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:**

Eileen Kelly is the Office Manager in Foster Ltd. She uses a Petty Cash Book. She begins each month with an imprest of €350.

On 1 February 2014, the Petty Cash Book had a balance on hand of €350.

The following were her petty cash transactions during February 2014.

- February 3 She bought envelopes (stationery) for €15 – Petty Cash Voucher 71.  
4 She paid for postage €21 – Petty Cash Voucher 72.  
6 She bought photocopier paper (stationery) for €20 – Petty Cash Voucher 73.  
10 She paid for cleaning materials for the office €16 – Petty Cash Voucher 74.  
11 She paid a local charity for raffle tickets €10 – Petty Cash Voucher 75.  
14 She paid for repairs to a computer €65 – Petty Cash Voucher 76.  
18 She paid for cleaning of office €40 – Petty Cash Voucher 77.  
19 She paid Fastcabs Ltd for a taxi for the Sales Manager €27 – Petty Cash Voucher 78.  
20 She bought ink for printer (stationery) for €28 – Petty Cash Voucher 79.  
21 She paid for repairs to office door €20 – Petty Cash Voucher 80.  
26 She paid for postage of a parcel €12 – Petty Cash Voucher 81.  
27 She paid for repairs to photocopier €30 – Petty Cash Voucher 82.

**(A)** Enter the transaction of 19 February 2014 in the Petty Cash Voucher.

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

(12)

**(B)** (i) State **one** reason why a business uses a Petty Cash Book.

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

(ii) Write up the Petty Cash Book for the month of February 2014.

Use the following analysis columns:

Postage	Stationery	Repairs	Cleaning	Other
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Total **each** analysis column and balance the Petty Cash Book at the end of February.

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

(48)

**(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:**

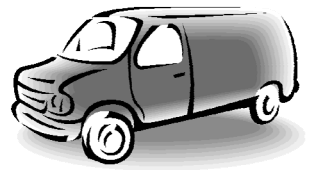
**(A)** Most Irish companies use road transport to deliver goods.

- (i) Explain **two** advantages of using road transport.
- (ii) Explain **two** disadvantages of using road transport.

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

(16)

**(B)** Prompt Couriers Ltd delivers goods overnight to firms around the country. Its delivery vans travel at an average speed of 50 kilometres per hour. The delivery van drivers must take one hour's rest after every four hours of driving.



A firm in Galway has requested Prompt Couriers Ltd to deliver an urgent packet to a shop in Wexford, a distance of 275 kilometres. The packet must be delivered before 11.00 a.m. the following morning.

- (i) Calculate the latest time that a van driver from Prompt Couriers Ltd can set off from Galway to deliver the packet by 11.00 a.m. in Wexford. Show your answer and workings *(on page 20 of the Booklet)*.
- (ii) If the delivery van travels 25 kilometres for every litre of diesel, calculate how many litres of diesel were used for the **return journey** to Wexford and back. Show your answer and workings *(on page 20 of the Booklet)*.
- (iii) If the price of diesel was €1.50 per litre, calculate the total cost of diesel used. Show your answer and workings *(on page 20 of the Booklet)*.

(32)

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

Bicycle Lanes

Toll Roads

Motorways

Tunnels.

*(Answer on page 21 of the Booklet.)*

(12)

**(60 marks)**

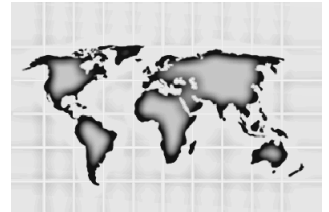


**8. This is a question on International Trade, Rates of Exchange and Sales Promotion.**  
*(To be completed on Pages 22 and 23 of the Examination Booklet)*

**Answer all parts of this question:**

Farfoods Ltd exports agricultural products from Ireland to different countries.  
 In 2013, the company had the following exports (the figures shown are in thousands):

Exports	€000
Brazil	20
USA	60
Spain	40
India	30
China	70
Germany	40



**(A)** Using the above information:

- (i) Show the above figures in the form of a **Bar Chart** or **Histogram**.  
*(Answer on page 22 of the Booklet.)*
  - (ii) Calculate the total exports of Farfoods Ltd for the year 2013. Show your answer and workings. *(Answer on page 22 of the Booklet.)*
  - (iii) Two of the above countries are in the eurozone, which means that the euro is their currency. Name the **two** countries. *(Answer on page 22 of the Booklet.)*
  - (iv) Name **two** other countries in the eurozone. *(Answer on page 22 of the Booklet.)*
- (34)**

**(B)** (i) State **two** reasons why Ireland exports goods and services to other countries.  
*(Answer on page 23 of the Booklet.)*

- (ii) Explain **two** difficulties Farfoods Ltd might face if they wish to export agricultural products to the UK. *(Answer on page 23 of the Booklet.)*
- (16)**

**(C)** Gerard Carroll is the Sales Manager in Farfoods Ltd. He is going on a sales promotion visit to the UK. He books a hotel for a week which costs £630.00 (Sterling).

- (i) If the Rate of Exchange is €1 = £0.84, calculate the amount of euro he will have to pay for his hotel bill. Show your answer and workings.  
*(Answer on page 23 of the Booklet.)*



- (ii) State **two** examples of sales promotion. *(Answer on page 23 of the Booklet.)*

**(10)**

**(60 marks)**

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