



Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION 2015

BUSINESS STUDIES – ORDINARY LEVEL

TUESDAY 9 JUNE 2015 – 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 Moran household for four months, June to September 2015:

Opening Cash in Hand is €370.

**Planned
Income**

- Timmy Moran earns €2,100 net per month and expects this to **increase** by €200 per month from 1 August 2015.
- Kate Moran earns €2,250 net per month.
- Child benefit is expected to be €280 per month.



**Planned
Expenditure**

- House mortgage of €620 per month will **increase** by €30 per month from 1 July 2015.
- House insurance premium is €480 per year, payable **monthly** from 1 June 2015.
- The Moran household pays a health insurance premium of €140 per month. This premium will **decrease** by €20 per month from 1 September 2015.
- Household costs are expected to be €1,900 per month except in August when they will be €200 **less**.
- The Moran household uses public transport to travel to work. Timmy's train ticket costs €175 per month and Kate's bus ticket costs €95 per month.
- Telephone bills for the landline are expected to be €110 in July and €80 in September. In addition, bills for mobile phones will cost the household €40 per month.
- Bills for light and heat are expected to be €130 in June and €90 in August. Home heating oil is expected to cost €900 in September.
- School uniforms will cost €260 in August and school books will cost €350 in September.
- The Moran household has booked a holiday costing €3,750. A deposit of €500 must be paid in June, a further instalment of €750 in July and the balance in August.
- Entertainment will cost €180 per month except in August, when it will cost an **extra** €90.

- (A) Complete the blank Household Budget form (*on page 9 of the Booklet*) using all the above figures. (50)
- (B) State **two** methods by which the Moran household could pay its electricity bills. (*Answer in the space provided on page 9 of the Booklet.*) (5)
- (C) Calculate the annual health insurance premium for the Moran household. Show your answer and workings. (*Answer 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 Swan Ltd on 31 December 2014, the end of its financial year. The Authorised Share Capital is 650,000 ordinary shares at €1 each.

Trial Balance of Swan Ltd as at 31 December 2014	Dr	Cr
	€	€
Cash Sales		380,000
Cash Purchases	222,850	
Carriage Inwards	3,140	
Opening Stock at 1 January 2014	36,750	
Light and Heat	17,480	
Insurance	4,160	
Wages	76,500	
Interest paid on overdraft	6,750	
Advertising	14,200	
Dividend Paid	19,600	
Bank Overdraft		41,500
Cash on Hand	7,620	
Issued Share Capital in €1 Shares		530,000
Fixtures and Fittings	189,450	
Machinery	102,000	
Buildings	251,000	
	951,500	951,500

Closing Stock at 31 December 2014 was €34,740.

(A) From the above figures, prepare:

- (i) A **Trading, Profit and Loss Appropriation Account** for Swan Ltd for the year ended 31 December 2014. *(Answer on page 10 of the Booklet.)*
- (ii) A **Balance Sheet** as at 31 December 2014. *(Answer on page 11 of the Booklet.)* (45)

(B) (i) Explain the term 'Opening Stock' in the above Trial Balance.
(Answer on page 11 of the Booklet.)

- (ii) Calculate the Gross Profit as a percentage of Cash Sales using the formula provided:

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

Show your answer and workings. *(Answer on page 11 of the Booklet.)* (15)

(60 marks)

3.

This is a question about People at Work and Writing a Letter.

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

Answer all parts of this question:

Paul Dunne, Irishtown, Athlone, Co. Westmeath, plans to open a new clothes shop, which will be called Topwear. He expects to employ a staff of three. On 17 January 2015, he writes a letter to Liam O'Donoghue, General Secretary, IBEC, Lower Baggot Street, Dublin 2, for advice on the responsibilities of employers and employees.

On 22 January 2015, Liam O'Donoghue writes a letter to Paul in reply. He thanks him for his enquiry and then points out three responsibilities he would have as an employer towards his staff. He also lists three responsibilities that his employees would have towards him. He concludes by wishing Paul success with his new business.

(A) Write the letter that Liam O'Donoghue sent to Paul Dunne on 22 January 2015.

(Answer on page 12 of the Booklet.)

(40)

(B) Gross pay can be calculated by using one or more of the following methods:

- Time rate
- Piece rate
- Flat rate
- Commission.

Explain any **two** of the above terms.

(Answer on page 13 of the Booklet.)

(12)

(C) Explain the difference between 'work' and 'employment'.

Give one example in **each** case.

(Answer on page 13 of the Booklet.)

(8)

(60 marks)

4. **This is a question on Trade, Economics and the National Budget.**

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

Answer all parts of this question:

(A) (i) Explain the term ‘imports’. *(Answer on page 14 of the Booklet.)*

(ii) State **two** reasons why Ireland imports goods and services.

(Answer on page 14 of the Booklet.)

(15)

(B) (i) In Economics, explain the terms ‘needs’ and ‘wants’. Give **two** examples of each.

(Answer on page 14 of the Booklet.)

(ii) The four factors of production are land, labour, capital and enterprise.

Explain **two** of the factors of production.

(Answer on page 14 of the Booklet.)

(20)

(C) The following figures are the Sunshine Government’s National Budget projections for 2016:

Main items of Income and Expenditure	€000
Income from PAYE	5,550
Income from VAT	3,700
Social Welfare (Social Protection) Expenditure	2,750
Education and Skills Expenditure	2,020
Health Services Expenditure	3,380

(i) Prepare the National Budget of the Sunshine Government for 2016 from the above information. *(Answer on page 15 of the Booklet.)*

(ii) Indicate whether it is a ‘surplus’ or a ‘deficit’ budget. *(Answer on page 15 of the Booklet.)*

(iii) Every year the Irish Government spends large sums of money on Social Welfare (also called Social Protection).

Give **two** examples of Government spending on Social Welfare.

(Answer on page 15 of the Booklet.)

(25)

(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:

Peter Burke is employed in the Sales Department of Home Furniture Ltd, Heritage Industrial Estate, Wexford. On 11 February 2015, he receives the following order:

Pine Ltd		ORDER No. 1680	
Courtown Shopping Centre Gorey, Co. Wexford			
Telephone: 053 9537724		VAT Reg No. IE 4812798	
Fax: 053 9537712			
e-mail: pine@gmail.com		09 February 2015	
The Manager Home Furniture Ltd Heritage Industrial Estate Wexford			
Please supply the following goods:			
QUANTITY	DESCRIPTION	CODE No.	PRICE EACH (€)
10	Mexican pine king size beds	KS141	320.00
20	Mexican pine bedside lockers	BL263	90.00
15	Mexican pine wardrobes	WD563	450.00
5	Mexican pine dressing tables	DT758	220.00
Signed: <i>Karen Heffernan</i>		Title: Purchasing Manager	

The goods ordered are in stock, except for the Mexican pine king size beds. All the other items (**bedside lockers, wardrobes and dressing tables**) are available. Peter Burke ensures that they are packed for delivery. An invoice is then completed. Peter informs Karen Heffernan that he is out of king size beds and that the rest of the order would be delivered next morning.

The goods are delivered to Pine Ltd on the following day. The truck driver also delivers the Invoice (No. 5612), dated 12 February 2015.

- (A) State **three** ways Peter Burke could have informed Karen Heffernan that the goods were being delivered. *(Answer on page 16 of the Booklet.)* (6)
- (B) **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. 5612 *(on page 16 of the Booklet).* (30)
- (C) When the goods arrive at Pine Ltd, they are checked by Karen Heffernan. She then writes out a cheque dated 12 February 2015, signed by herself, on behalf of Pine Ltd in full payment for the goods. She hands it to the truck driver to bring back to Home Furniture Ltd.
Complete the blank cheque (No. 371526) and counterfoil *(on page 17 of the Booklet).* (15)
- (D) Enter the cheque payment in the bank account of Pine Ltd.
(Use only one of the Bank Accounts on page 17 of the booklet). (9)

(60 marks)

6.

This is a question on Farm Accounts and Sources of Finance.
(To be completed on Pages 18 and 19 of the Examination Booklet)

Answer all parts of this question:

Jack Murphy is a farmer who keeps an Analysed Receipts and Payments Account 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 May 2015, the farmer had a balance of €4,800 in the bank.

He made the following transactions during May 2015:

May	3	Sold cattle for €7,500	(Receipt No. 514)
	4	Purchased cattle feed for €1,200	(Cheque No. 101)
	7	Purchased diesel for tractor €350	(Cheque No. 102)
	8	Received an EU payment (SFP) of €2,600	(Receipt No. 515)
	10	Paid vet fees €770	(Cheque No. 103)
	13	Received milk cheque €1,800	(Receipt No. 516)
	14	Purchased fertiliser for €900	(Cheque No. 104)
	18	Paid for repairs to machinery €1,300	(Cheque No. 105)
	22	Purchased cattle (calves) for €4,400	(Cheque No. 106)
	25	Sold cattle for €2,700	(Receipt No. 517)
	26	Purchased cattle feed for €2,400	(Cheque No. 107)
	28	Paid for repairs to tractor €950	(Cheque No. 108)

- (A) Write up the Analysed Receipts and Payments Account (Analysed Cash Book) of Jack Murphy for the month of May 2015 *(on page 18 of the Booklet)*. Please note that SFP stands for Single Farm Payment.

Use the following money column headings:

Debit (Receipts) side:	Bank	Cattle	SFP	Other
Credit (Payments) side:	Bank	Cattle	Feed	Repairs Other

Total each analysis column and balance the bank columns at the end of May. (43)

- (B) Explain **two** reasons why farmers should keep accounts *(on page 19 of the Booklet)*. (8)

- (C) Jack Murphy plans to build a new milking barn costing €250,000. He can use only one of the following sources of finance:

Hire Purchase Bank Overdraft Long Term Loan



- (i) Explain **two** of the above sources of finance.
(Answer on page 19 of the Booklet.)
- (ii) Which one of the above is the most suitable source of finance for building the new milking barn? *(Answer on page 19 of the Booklet.)*

(9)

(60 marks)

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

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

Answer all parts of this question:

(A) Seán Delaney of 25 High Street, Carlow, has set up his own carpentry business.

(i) State **three** advantages that Seán gains from running his own business.
(Answer on page 20 of the Booklet.)

(ii) State **two** disadvantages that Seán might have in running his own business. *(Answer on page 20 of the Booklet.)*



(20)

(B) Seán feels the need to expand his business. He asks his friend, William Hosty of 12 Hazel Grove, Tullow, Co. Carlow to join him.

On 3 June 2015, Seán and William form a private limited company called Woodcraft Ltd.

The object of the company is to make designer furniture for its customers. The share capital of the company is €150,000, divided into 150,000 ordinary shares of €1 each. Seán purchased 30,000 shares and William purchased 20,000 shares.

(i) State **two** advantages of a private limited company.
(Answer on page 20 of the Booklet.)

(ii) From the above details, complete the Memorandum of Association of Woodcraft Ltd *(on page 21 of the Booklet)*.

(30)

(C) From the following list, complete the Form of Business column *(on page 21 of the Booklet)* for **each** of the five businesses shown below.

Sole trader Private Limited Company Co-operative State owned company

1. Bus Éireann
2. Foley Construction Ltd
3. Paul O'Connor, Butcher
4. Credit Union
5. Fáilte Ireland

(10)

(60 marks)

8. **This is a question on Marketing and Information Technology.**
(To be completed on pages 22 and 23 of the Examination Booklet)

Answer all parts of this question:

World of Laptops Ltd has stores throughout Ireland. In 2014 sales in each county were as follows:

County	MAYO	DUBLIN	CORK	KILDARE	GALWAY	LIMERICK
Sales €000	50	225	175	75	125	150

- (A) (i) Show the above information in the form of a **Bar Chart** or **Histogram**.
(Answer on page 22 of the Booklet.)
- (ii) Calculate the total sales for World of Laptops Ltd in 2014.
 Show your answer and workings *(on page 22 of the Booklet)*. (28)
- (B) World of Laptops Ltd placed the following advertisement in the newspapers. Kate Ryan, a first year Business student in university, saw it and is thinking of buying the laptop.

WORLD OF LAPTOPS LTD SALE!

LV LAPTOP

Up to the minute specification
 Wi-Fi enabled
 Operating system: Windows 8
 Microsoft Office installed, including the following packages: Word (word processing), Excel (spreadsheet), Access (database) and PowerPoint (presentation).



Sale Price: €459.00

- (i) State **two** uses that Kate could make of a Spreadsheet package *(on page 23 of the Booklet)*.
- (ii) State **one** use that she could make of a Word Processing package *(on page 23 of the Booklet)*.
- (iii) Explain **three** advantages for Kate of using the internet if she bought the laptop.
(Answer on page 23 of the Booklet.) (24)
- (C) In **each** space provided *(on page 23 of the Booklet)*, write the correct term for each explanation from the following list:

SOFTWARE DATABASE MEMORY HARDWARE KEYBOARD

(One of the terms above does not refer to any of the explanations below.)

	EXPLANATION
(i)	Used for organising and filing information on a computer or laptop.
(ii)	The physical part of a computer or laptop. The parts which you can see.
(iii)	Used for putting information into the computer or laptop.
(iv)	Programs which instruct a computer or laptop how to perform tasks. The computer will not work without them.

(8)

(60 marks)

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