



# Coimisiún na Scrúduithe Stáit State Examinations Commission

**JUNIOR CERTIFICATE EXAMINATION 2017**

**BUSINESS STUDIES – ORDINARY LEVEL**

TUESDAY 13 JUNE 2017 – 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 Fahy household for four months, July to October, 2017:

Opening Cash in Hand is €750.

**Planned Income:**

- Maura Fahy earns €2,100 net per month.
- Seán Fahy earns €1,950 net per month and expects this to **increase** by €280 per month from 1 September 2017.
- Child benefit is €140 per month and will **increase** to €280 per month from 1 September 2017.

**Planned Expenditure:**

- House rental is €1,425 per month.
- House insurance premium is €480 per year, payable **monthly** from 1 July 2017.
- The Fahy household pays a health insurance premium of €290 per month. This will **increase** to €350 per month from 1 August 2017.
- Household costs are expected to be €650 per month but will **increase** by €100 per month from 1 October 2017.
- Motoring costs are expected to be €230 per month but will **increase** to €290 per month from 1 September 2017.
- Bills for light and heat are expected to be €135 in August and €285 in October.
- Education costs are expected to be €850 in August and €250 in September.
- Telephone bills for mobile phones will be €60 per month.
- Entertainment is expected to cost €350 per month but will **decrease** to €200 per month from 1 September 2017.
- Savings for a holiday in June 2018 are expected to be €200 per month, starting on 1 July 2017.

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

**(B)** Instead of renting, the Fahy household hopes to obtain a mortgage to buy a new house. On the basis of the completed four-month budget, can the household afford mortgage repayments of €1,700 per month? Explain your answer (*in the space provided on page 9 of the Booklet.*) (5)

**(C)** The Fahy household is saving for its holidays in June 2018. Calculate how much the household will have saved by 31 December 2017. Show your answer and workings. (*Answer on page 9 of the Booklet.*) (5)

**(60 marks)**

2.

**This is a Final Accounts and 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 Ash Ltd on 31 December 2016, the end of its financial year. The Authorised Share Capital is 550,000 ordinary shares at €1 each.

Trial Balance of Ash Ltd as at 31 December 2016	Dr	Cr
	€	€
Cash Sales		424,000
Cash Purchases	136,000	
Carriage Inwards	14,000	
Opening Stock at 1 January 2016	27,800	
Wages	72,000	
Advertising	14,700	
Insurance	8,500	
Interest on Bank Overdraft	2,400	
Telephone	2,900	
Dividend Paid	21,000	
Bank Overdraft		29,000
Cash in Hand	2,700	
Issued Share Capital		420,000
Buildings	260,000	
Machinery	125,000	
Motor Vehicles	186,000	
	873,000	873,000

Closing Stock at 31 December 2016 was €45,000.

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

- (i) A **Trading, Profit and Loss Appropriation Account** for Ash Ltd for the year ended 31 December 2016. *(Answer on page 10 of the Booklet.)*
- (ii) A **Balance Sheet** as at 31 December 2016. *(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 Rate of Dividend Paid as a percentage of Issued Share Capital using the formula provided:

$$\frac{\text{Dividend Paid}}{\text{Issued Share Capital}} \times \frac{100}{1}$$

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

(15)  
**(60 marks)**

3. **This is a question about setting up a New Business and Writing a Letter.**

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

**Answer all parts of this question:**

Tom and Sheila Hogan live in Grey Bog Road, Carlow. They have decided to set up a house cleaning business. Their research has told them that there are many people renting apartments and houses to workers, students and tourists who might require their service.

They would like to set up as a private limited company called **Pristine Ltd.**

They contacted Mary Kelly, Business Consultant, Dolmen View, Carlow, for advice on setting up as a private limited company.



Mary wrote back to Tom and Sheila on 13 June 2017. In the letter, she thanked them for asking her for advice. She listed **two** advantages of setting up as a private limited company. She also offered to meet Tom and Sheila in her office in Dolmen View at 10.00 am on 20 June 2017, to discuss the setting up of a company in greater detail. She stated that the fee for her advice would be €250.

**(A)** Write the letter that Mary Kelly sent to Tom and Sheila Hogan on 13 June 2017.  
*(Answer in the space provided on page 12 of the Booklet.)* (40)

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

- STATEMENT OF ACCOUNT
- ARTICLES OF ASSOCIATION
- PROPOSAL FORM
- MEMORANDUM OF ASSOCIATION
- QUOTATION

(8)

**(C)** When they set up as a company, Tom and Sheila plan to purchase a van costing €24,000, a set of ladders costing €1,750, an industrial hoover costing €2,850 and a power hose costing €1,400. They have saved €10,000 in a bank account for these.

(i) In order to purchase them, how much will they need to borrow?  
Show your answer and workings. *(Answer on page 13 of the Booklet.)*

(ii) If the bank grants them a loan at 8% per annum, calculate how much interest they will have to pay in the first year of the loan.  
Show your answer and workings. *(Answer on page 13 of the Booklet.)*

(12)

**(60 marks)**

4. This is a question on Wages and Employment.

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

Answer all parts of this question:

(A) The following terms are all associated with wages:

- Statutory Deductions
- Piece Rate
- Commission
- Benefit-in-kind
- Time Rate

Explain **three** of the above terms.

(Answer on page 14 of the Booklet.)

(18)

(B) Mona Walsh is employed as an Accounts Officer in Fashion World Ltd. Her normal working week is 34 hours. If she does extra work, she receives overtime pay at time and a half.

The following is Mona's wage slip for 19 May 2017:

Employee No. 15	<b>Mona Walsh</b>		Week 20	Date: 19 May 2017
PAY:	€	DEDUCTIONS:	€	<b>Fashion World Ltd</b>
BASIC	544.00	PAYE	77.07	
OVERTIME	168.00	PRSI	49.84	
		CYCLE TO WORK SCHEME	15.00	
GROSS PAY	712.00	TOTAL DEDUCTIONS	141.91	NET PAY €570.09

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

Show your answer and workings in each case.

(i) From the above wage slip, calculate Mona Walsh's basic pay per hour.

(ii) Calculate how much she earns for one hour's overtime.

(iii) Calculate the number of overtime hours she worked in Week 20.

(10)

(C) The following week, Mona worked for 42 hours. Her PAYE deduction was €94.86 and her PRSI deduction was 7% of her gross pay. There was no change in her Basic Pay or Cycle to Work Scheme deduction.

Using this information, complete her wage slip for Week 21 (on page 15 of the Booklet).

(20)

(D) Explain **two** rights and **two** responsibilities Mona has as an employee of Fashion World Ltd.

(Answer on page 15 of the Booklet.)

(12)

**(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:**

Rita Murray is the Purchasing Manager at Kitchens Ltd, a kitchen equipment shop.

On 23 March 2017, she received the following Quotation from Houseware Ltd:

<b>Houseware Ltd</b>		<b>Quotation No. 663</b>	
Nice View Estate, Mallow, Co. Cork			
Telephone:	021-4831758	VAT Reg. No. IE6239745	
e-mail:	houseware@gmail.com		
Purchasing Manager Kitchens Ltd Main Street Nenagh Co. Tipperary			21 March 2017
MODEL No.	DESCRIPTION	PRICE EACH	DELIVERY
MO255	Microwave Ovens	€55.00	Ready
ST177	Sandwich Toasters	€20.00	Ready
SC413	Slow Cookers	€25.00	Ready
DF820	Deep Fat Fryers	€40.00	Ready
Trade Discount 30% on all products			
VAT 20% on all products			
Carriage Paid			
Quote lasts for 30 days			

Rita decides to order the following goods (Order No. 230) from Houseware Ltd on 24 March 2017:

**40 Microwave Ovens**

**80 Slow Cookers**

**60 Deep Fat Fryers**

These goods are delivered by truck on 26 March 2017. The driver hands Rita Invoice no. 420.

- (A) (i) From the above details complete the blank Invoice No. 420 *(on page 16 of the Booklet)*.
- (ii) State **one** reason why an invoice is an important document.  
*(Answer on Page 17 of the booklet.)* (36)
- (B) Rita then writes out a cheque (No. 74325), dated 26 March 2017, and signed by herself, on behalf of Kitchens Ltd in full payment for the goods. She hands it to the driver to bring back to Houseware Ltd. Complete the cheque and counterfoil using the blank document provided *(on page 17 of the booklet)*. (15)
- (C) Enter the cheque payment in the bank account of Kitchens Ltd.  
*(Use only one of the Bank Accounts on page 17 of the booklet)*. (9)

**(60 marks)**

6. **This is a Club Account question.**

*(To be completed on Pages 18 and 19 of the Examination Booklet)*

**Answer all parts of this question:**

Play Pitch and Putt Club uses an Analysed Receipts and Payments Account (Analysed Cash Book).

- The Club runs competitions for its members and organises a raffle to raise funds.
- All money received is lodged in a bank current account on the same day.
- All payments are made by cheque.
- The Club's sponsor, Putter Ltd, is a golf club manufacturer.
- The Club's annual membership fee is €150.



On 1 May 2017, the Club had a balance of €860 in its bank account.

The club had the following transactions during May 2017:

May 2	Received annual membership fee from 40 members		
4	Paid for competition prizes	€600	<i>Cheque No. 34</i>
5	Sponsorship from Putter Ltd	€1,000	
7	Received competition entry fees	€825	
8	Paid for raffle prizes	€1,400	<i>Cheque No. 35</i>
9	Paid for posters to advertise raffle	€190	<i>Cheque No. 36</i>
10	Received for sale of raffle tickets	€785	
12	Paid green keepers' wages	€1,150	<i>Cheque No. 37</i>
16	Received annual membership fee from 60 members		
17	Paid for repairs to green mower	€400	<i>Cheque No. 38</i>
19	Paid for trophies for competition	€650	<i>Cheque No. 39</i>
21	Received competition entry fees	€950	
23	Received for sale of raffle tickets	€925	
26	Paid green keepers' wages	€1,200	<i>Cheque No. 40</i>

- (A)** Write up the Analysed Receipts and Payments Account (Analysed Cash Book) of Play Pitch and Putt Club for the month of May 2017 *(on page 18 of the Booklet)*.

Use the following money column headings:

**Debit (Receipts) side:** Bank Competitions Raffle Sponsors Membership Fees

**Credit (Payments) side:** Bank Competitions Raffle Wages Repairs

Total each analysis column and balance the Bank Columns at the end of May. (44)

- (B)** Calculate the surplus or deficit that the club made during May on running the raffle. Show your answer and workings *(on page 19 of the Booklet)*. (8)

- (C)** (i) Explain the term 'sponsorship'.  
 (ii) State **one** reason why Putter Ltd might sponsor Play Pitch and Putt Club. *(Answer on page 19 of the Booklet)*. (8)

**(60 marks)**

7. **This is a question on National Budget and Economics.**

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

**Answer all parts of this question:**

Agriproducts Ltd exports packed vegetables to hotels in six cities in the UK. In 2016, it had the following exports (the figures shown are in thousands):

Exports	€'000
Leeds	6
Manchester	12
Liverpool	8
London	18
Birmingham	10



- (A) (i) Show the above figures in the form of a Bar Chart.  
*(Answer on page 20 of the Booklet.)*
- (ii) Calculate the total exports of Agriproducts Ltd to the UK for the year 2016. Show your answer and workings. *(Answer on page 20 of the Booklet.)*
- (iii) Apart from Ireland, name **three** countries that are in the eurozone.  
*(Answer on page 20 of the Booklet.)* (30)
- (B) (i) State **two** reasons why Ireland trades with other countries.  
*(Answer on page 21 of the Booklet.)*
- (ii) Name **two** types of goods other than food products which are exported from Ireland.  
*(Answer on page 21 of the Booklet.)*
- (iii) Explain **two** difficulties Agriproducts Ltd might face if it wishes to export packed vegetables to Japan. *(Answer on page 21 of the Booklet.)* (24)
- (C) John Kenny is sales manager in Agriproducts Ltd. He receives a bank draft of £1,790.46 (sterling) from a customer in Leeds. If the Rate of Exchange is €1 = £0.87, calculate the number of euro he would receive when he cashes the bank draft at his local bank. Show your answer and workings. *(Answer on page 21 of the Booklet.)* (6)
- (60 marks)**



**8. This is a question on Insurance.**  
*(To be completed on Pages 22 and 23 of the Examination Booklet)*

**Answer all parts of this question:**

Frank Mooney lives in 12 Riverstown Lane, Kilkenny. His telephone number is 056 643421. Frank is a dentist who will be 37 years of age on 13 August 2017. He has a full driving licence since 2012 but has been driving a car since he was 21. He now drives a Nissan Pulsar valued at €18,000. Its registration number is 141 KK 3940. Frank wishes to purchase comprehensive motor insurance from Shield Insurance Ltd, commencing on 1 July 2017. He is currently insured with Fast Quote Car Insurance Ltd. In 2013, he made a claim for damages of €4,500 to his car due to a collision with a deer on a dark road. He has three penalty points due to using his mobile phone while driving. He completes a proposal form on 8 June 2017.

**(A)** Complete Frank’s proposal form for motor insurance.  
*(Use the blank proposal form provided on page 22 of the Booklet).* (22)

**(B)** Frank’s house is valued at €290,000 and the contents at €60,000. He has a burglar alarm installed. On 5 June 2017, he received the following insurance quote from Asset Insurances Ltd:

Buildings	€35.00 per €10,000
Contents	€9.00 per €1,000
Burglar Alarm Installed	8% discount



- (i) Using the information in the above insurance quote, calculate the total net cost of insuring Frank Mooney’s house and contents. Show your answer and workings.  
*(Answer on page 23 of the Booklet.)*
- (ii) Name the title of the insurance person who calculates the premium *(in the space provided on page 23 of the Booklet)*.
- (iii) Frank accepted the above quote and paid the total amount online by Visa Debit card to Asset Insurances Ltd. On 8 June 2017, Asset Insurances Ltd sent Frank a Receipt (No. 612), signed by Michelle White. Complete the Receipt using the blank document provided *(on page 23 of the Booklet)*. (30)

**(C)** In **each** space provided *(on page 23 of the Booklet)*, write the correct term for each explanation from the following list:

COMPENSATION      POLICY      ASSESSOR      RISK      INDEMNITY

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

	EXPLANATION
(i)	It contains details of the insurance contract.
(ii)	The likelihood of a loss occurring.
(iii)	A person cannot make a profit from insurance.
(iv)	The money paid when a claim is made.

(8)

**(60 marks)**

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