

AN ROINN OIDEACHAIS AGUS EOLAÍOCHTA

JUNIOR CERTIFICATE EXAMINATION, 2001

BUSINESS STUDIES – HIGHER LEVEL – PAPER II

(160 Marks)

WEDNESDAY, 13 JUNE 2001 – AFTERNOON, 2.00 to 4.00

All questions carry equal marks. Attempt any **FOUR** questions.
Marks will be awarded for layout and presentation including, where appropriate, Folios and dates showing the day, month and year. Calculators may be used.

1. **Answer ALL sections. This is a Book of First Entry and Ledger Question.**

THAEM Ltd. had the following balances in its General Journal on 1 May 2001:

GENERAL JOURNAL (Page 1)

Date	Details	F	Dr. IR£	Cr. IR£
1/5/2001	Buildings	GL1	120,000	
	Debtor SAM Ltd.	DL1	56,000	
	Bank Overdraft	CB1		25,000
	Ordinary Share Capital	GL2		151,000
	Assets, Liabilities and Share Capital of THAEM Ltd.		176,000	176,000

- (A) Post the balances in the above General Journal to the relevant ledger accounts. (5)
(B) Post the relevant figures from the Sales and Purchases Books below to the ledgers.

SALES BOOK (Page 1)

Date	Details	Invoice No.	F	Net IR£	VAT IR£	Total IR£
7/5/2001	MA Ltd.	53	DL2	24,000	3,000	27,000
				GL3	GL4	

PURCHASES BOOK (Page 1)

Date	Details	Invoice No.	F	Net IR£	VAT IR£	Total IR£
9/5/2001	GUIRE Ltd.	12	CL2	32,000	4,000	36,000
				GL5	GL4	

- (C) Record the following Bank Transactions for the month of May. Post relevant figures to the ledger. (7)

Note: Analyse the bank transactions using the following money column headings:

Debit (Receipts) Side: Bank; Sales; VAT; Debtors

Credit (Payments) Side: Bank; Purchases; VAT; Creditors; Insurance.

- 3/5/2001 Cash sales lodged IR£54,000 (IR£48,000 + IR£6,000 VAT)
4/5/2001 Purchases for resale (Cheque No. 1) IR£30,000 + VAT 12½%
13/5/2001 SAM Ltd. paid its account in full and this was lodged. Receipt No. 43.
19/5/2001 Paid GUIRE Ltd. (Cheque No. 2) IR£26,000
24/5/2001 MA Ltd. paid IR£7,000 and this was lodged. Receipt No. 44
28/5/2001 Paid for insurance (Cheque No. 3) IR£ 4,600 (19)

- (D) Balance the accounts on 31 May 2001 and extract a Trial Balance as at that date. (9)
(40 marks)

2. **Answer ALL sections. This is an Integrated Document and Bookkeeping Question.**

- (A) Give **two reasons** why businesses try to have few complaints about their goods or services. (6)
- (B) Set out a suitable procedure for dealing with customers' complaints. (6)
- (C) On 5 May 2001, WEST Ltd. a clothing manufacturer, received a letter of complaint from one of its customers, LIFE Ltd., Top Street, Sligo. In the letter from LIFE Ltd., it was stated that twenty shirts, which had just been delivered, were torn. The price per shirt was IR£20 excluding VAT.

WEST Ltd. issued a Credit Note, No. 16, on 25 May 2001.
Trade Discount was 25% and VAT was 20%.

Complete this **credit note** on the blank document sheet supplied with this paper. (11)

- (D) Record the credit note issued in the **Sales Returns Book** and in the **Sales Returns, VAT and LIFE Ltd.** accounts, provided on the separate sheet, supplied with this paper. (17)
- (40 marks)**

3. **This is an Integrated Marketing and Report Question.**

Oakfield Second Level School, situated three kilometres from the nearest town, has five hundred students. The school is considering providing students with hot meals at lunchtime, at a price of IR£1.50 per meal. The Board of Management of the school has asked P & M Marketing Ltd., Naas, Co. Kildare to carry out a survey to see if the idea will be successful. The survey findings were as follows:

Total number of students willing to buy the meals	350
Types of hot food preferred by students willing to purchase the meals:	
Burger and Chips	210
Chicken Curry and Rice	91
Lasagne and Salad	49
Cost of Meals	
Food	IR£0.95 per meal
Other Costs	IR£0.30 per meal.

Assume you are Patricia Moore, Marketing Consultant, P & M Marketing Ltd. Prepare a **report on today's date**, for the Board of Management of Oakfield Second Level School. Your report should include:

- (i) The percentage of students in the school willing to purchase hot meals;
- (ii) The percentage of students requiring the different types of meals;
- (iii) The daily profit to be made by the school if 350 meals are sold;
- (iv) **Three** suitable methods of promoting the hot meals in the school;
- (v) Recommendation, with reason, on whether or not to go ahead with the provision of hot meals. (40 marks)

4. **Answer A and B. This is a Final Accounts and Balance Sheet Question.**

The following Trial Balance was extracted from the books of MURPHY Ltd. on 31 May 2001. The Authorised Share Capital is 350,000 IR£1 ordinary shares.

TRIAL BALANCE as on 31 May 2001	Dr. IR£	Cr. IR£
Purchases and Sales	185,000	400,000
Sales Returns	50,000	
Opening Stock 1/6/2000	25,000	
Wages	36,000	
Interest Receivable		6,000
Insurance	8,000	
Carriage Inwards	15,000	
Bad Debts	5,000	
Buildings	169,000	
Equipment	60,000	
Debtors and Creditors	49,000	17,000
Motor Vans	35,000	
Cash	1,000	
Bank Overdraft		5,000
Reserves (Profit and Loss Balance)		10,000
Issued Share Capital: 200,000 IR£1 Ordinary Shares		200,000
	638,000	638,000

(A) You are required to prepare the company's **Trading, Profit and Loss and Appropriation Accounts** for the year ending 31 May 2001 and a **Balance Sheet** as on that date.

You are given the following information as on 31 May 2001.

- (i) Closing Stock IR£32,000
 - (ii) Carriage inwards due IR£ 3,000
 - (iii) Insurance prepaid IR£ 2,000
 - (iv) Dividends declared 12½%
 - (v) Depreciation: Equipment 12%; Motor Vans 10%
- (35)

(B) List three types of insurance MURPHY Ltd. should take out.

(5)
(40 marks)

5. **Answer ALL sections. This is an Integrated Question about Employment and Wages.**

- (A) Set out a procedure a business might use for employing new staff. (8)
- (B) CRISPY FAST FOOD is a rapidly expanding restaurant and requires an assistant chef. Draft a suitable advertisement for the vacant position of assistant chef, to be inserted in the local papers. (10)
- (C) CRISPY FAST FOOD has two employees who are paid on a monthly basis. Each employee pays PRSI at the rate of 8%. The employer's rate of PRSI is 12%.
- (i) Complete the Wages Book, for the month of May 2001 *using the partially completed Wages Book on the separate sheet supplied with this paper.*
- (ii) Calculate the **total cost of wages** for the month of May 2001.
(Enter your answer in the box provided after the Wages Book on the separate sheet.) (16)
- (D) Record the **total cost of wages** for the month of May 2001 in the Wages and Bank accounts of CRISPY FAST FOOD, provided *on the separate sheet supplied with this paper.* (6)
- (40 marks)**

6. **Answer ALL sections. This is a Delivery Systems / Recordkeeping and Depreciation Question.**

- (A) List **three** costs to a business of owning delivery vans. (6)
- (B) Explain **three** suitable sources of finance which a business could use to obtain delivery vans. (12)
- (C) On 1 January 1999 BRADY Ltd. purchased a delivery van, by cheque for IR£23,000, from BLACKS Garage Ltd. BRADY Ltd. estimated that the delivery van would have a life of four years and an estimated scrap value of IR£5,000. BRADY Ltd's trading year ends on the 31st of December.
- (i) Record the purchase of the delivery van on 1 January 1999 and the annual depreciation written off for the years 1999 and 2000 in the relevant accounts.
- (ii) Show the relevant extract in the Balance Sheet as on 31 December 2000. (22)
- (40 marks)**

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EXAMINATION NUMBER

For use with QUESTION 2 (C)

CREDIT NOTE			No. 16
WEST Ltd. Joyce Street, Dublin		Tel. 01 23434565 VAT Reg. IE 234345	
To : _____ _____ _____	Date : _____		
Order No. 71			
Quantity	Description	Unit Price	Total (Ex. VAT)
Total (Ex. VAT)			
Trade Discount			
VAT			
Total			
E & OE			

For use with QUESTION 2 (D)

Sales Returns Book (Page 1)

Date	Details	Credit Note No.	F	NET IR£	VAT IR£	TOTAL IR£

Date	Details	F	Amount IR£	Date	Details	F	Amount IR£
			Sales Returns A/C (p.1)				
			VAT A/C (p. 2)				
			LIFE Ltd. A/C (p. 3)				

For use with QUESTION 5 (C) (i)

WAGES BOOK

Date	Name	Gross Wages	Deductions			Net Wages	Employers PRSI
			PAYE	PRSI	Total		
		IR£	IR£	IR£	IR£	IR£	IR£
31/5/2001	Mary Fish	1,800	600				
31/5/2001	Luke Curry	1,400	460				
	Total						

For use with QUESTION 5 (C) (ii)

TOTAL COST OF WAGES	IR£
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For use with QUESTION 5 (D)

Date	Details	F	Amount IR£	Date	Details	F	Amount IR£

PLEASE ENCLOSE WITH YOUR ANSWERBOOK