



# Coimisiún na Scrúduithe Stáit State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION, 2003

## BUSINESS STUDIES – HIGHER LEVEL – PAPER 11 (160 Marks)

WEDNESDAY, 11 JUNE 2003 – 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.**

NILBUD Ltd had the following balances in its General Journal on 1 May 2003:

### GENERAL JOURNAL (Page 1)

Date	Details	F	Dr. €	Cr. €
1/5/2003	Machinery	GL1	150,000	
	Debtor OGILS Ltd	DL1	10,000	
	Bank Overdraft	CB1		5,000
	Ordinary Share Capital	GL2		155,000
	Assets, Liabilities and Share Capital of NILBUD Ltd		160,000	160,000

- (A) Post the balances in the above General Journal to the relevant ledger accounts. (5)  
(B) Post the relevant figures from the Sales and Sales Returns Books below to the ledger. (9)

### SALES BOOK (Page 1)

Date	Details	Invoice No.	F	Net €	VAT €	Total €
7/5/2003	OGILS Ltd	1	DL1	12,000	2,520	14,520
11/5/2003	NAVAC Ltd	2	DL2	8,000	1,680	9,680
				20,000	4,200	24,200
				GL3	GL4	

### SALES RETURNS BOOK (Page 1)

Date	Details	Credit Note No.	F	Net €	VAT €	Total €
17/5/2003	NAVAC Ltd	40	DL2	4,000	840	4,840
				GL5	GL4	

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

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

**Debit (Receipts) Side:** Bank; Sales; VAT; Debtors; Share Capital

**Credit (Payments) Side:** Bank; Purchases; VAT; Advertising.

- 2/5/2003 Shareholders of NILBUD Ltd invested €50,000 and this was lodged  
5/5/2003 Cash Sales lodged €48,400 (€40,000 + €8,400 VAT)  
11/5/2003 Paid advertising (Cheque No. 1) €1,500  
19/5/2003 OGILS Ltd paid its account in full and this lodged. Receipt No. 3  
24/5/2003 NAVAC Ltd paid €2,000 and this lodged Receipt No. 4  
28/5/2003 Purchases for resale (Cheque No. 2) €25,000 + VAT 21% (18)

- (D) Balance the accounts on 31 May 2003 and extract a Trial Balance as at that date. (8)  
**(40 marks)**

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

On 16 April 2003, COONEY FURNITURE Ltd, Athlone, Co. Westmeath sent an Order No. 3 to MUNSTER FURNITURE Ltd, Limerick, for the following goods:

20 Solid Pine Doors @ €50 each excluding VAT  
30 Bedroom lockers @ €20 each excluding VAT

The goods ordered are in stock and on 5 May 2003 are delivered by MUNSTER FURNITURE Ltd. An Invoice No. 55 accompanies the goods. Trade discount is 25% and furniture is subject to VAT at 21%.

COONEY FURNITURE Ltd paid for the goods, by cheque, on 20 May 2003. The cheque was signed by Hilary Cooney.

- (A) Outline how COONEY FURNITURE Ltd should treat incoming invoices and cheques issued. (12)
- (B) From the above details complete the Invoice No. 55 and the Cheque No.1 *on the blank document sheet supplied with this paper.* (15)
- (C) Record the invoice received and the cheque issued in the Purchases and Analysed Cash Books of COONEY FURNITURE Ltd, provided *on the separate sheet supplied with this paper.* (13)

(40 MARKS)

3. **Answer ALL sections. This is an Industrial Relations Question.**

- (A) What is the role of a trade union? (6)
- (B) Give **three** reasons why strikes take place. (6)
- (C) Set out **three** steps in the resolution of an industrial relations dispute. (12)
- (D) Study the following newspaper report below and answer the questions that follow:

**Patients first casualty of strike**

Nurses in accident and emergency departments will stage a two-hour country-wide strike today.

Doctors last night warned they may be left struggling to cope with emergency patients when nurses take to the picket lines between 12pm-2pm in protest at intolerable overcrowding and working conditions.

People have been urged not to turn up at casualty units in Dublin's main hospitals if possible.

All other services, including administration of waiting list patients, will go ahead as normal. From today nurses in casualty departments will operate a work to rule, refusing to carry out duties such as inserting intravenous drips.

- (i) What was the dispute about?
- (ii) Name the parties in dispute?
- (iii) Identify **two** parties other than in (ii) above who were affected by the dispute.
- (iv) Name **two** forms of industrial action taken. (16)

(40 marks)

4. **Answer ALL sections. This is a Final Accounts and Balance Sheet Question.**

The following Trial Balance was extracted from the books of SIOAL Ltd on 31 May 2003. The Authorised Share Capital is 300,000 €1 ordinary shares.

<b>TRIAL BALANCE of SIOAL Ltd as on 31 May 2003</b>	<b>Dr. €</b>	<b>Cr. €</b>
Purchases and Sales	110,000	250,000
Purchases Returns		5,000
Opening Stock 1/6/2002	14,000	
Import Duty	1,000	
Debtors and Creditors	18,000	13,000
Insurance	5,000	
Wages	40,000	
Delivery Vans	68,000	
Machinery	90,000	
Cash	2,000	
Commissionable Receivable		2,000
Reserves (Profit and Loss Balance)		16,000
Bank Overdraft		4,000
Bad Debts	2,000	
Buildings	190,000	
Issued Share Capital: 250,000 €1 Ordinary Shares		250,000
	540,000	540,000

(A) You are required to prepare the company's **Trading, Profit and Loss and Appropriation Accounts** for the year ending 31 May 2003 and a **Balance Sheet** as on that date.

You are given the following information as on 31 May 2003.

- (i) Closing Stock €12,000
- (ii) Commission Receivable due € 500
- (iii) Wages due € 3,000
- (iv) Dividends declared 15%
- (v) Depreciation: Machinery 10%; Delivery Vans 12%. (35)

(B) Why is it important for SIOAL Ltd to have reserves? (5)  
(40 Marks)

5.

**Answer ALL sections. This is an Integrated Delivery Systems Question.**

- (A) Give **two reasons** why a business might use its own delivery vans. (6)
- (B) Explain **three sources** of finance which a business could use to obtain delivery vans. (12)
- (C) Calculate the cost of transport (**show workings**) for one day from the following details provided by AB Ltd:

AB Ltd operates 320 working days in the year;  
The diesel van can travel 20Km per litre;  
The distance travelled in one day is 700KM;  
The cost of diesel is 40 cent per litre;  
The van driver's wages is €120 per day;  
The van driver's helper's wages is €50 per day;  
The Annual Motor Tax is €700;  
The Annual Motor Insurance is €1,200;  
The Annual Repairs are €900.

(14)

- (D) On 1 May 2003 AB Ltd purchased a new delivery van on credit from NEVIN Motors Ltd for €35,000. Record the purchase of this delivery van in the General Journal of AB Ltd in the *blank sheet supplied with this paper*. (8)
- (40 marks)**

6.

**Answer ALL sections. This is a Cash Flow Forecast Question.**

- (A) State **two reasons** why a business would prepare a Cash Flow Forecast. (6)
- (B) On a *separate sheet supplied with this paper, is a partially completed Cash Flow Forecast* of YAM Ltd. You are required to complete this form for the months of March, April, May and June, as well as the total columns.

The following information should be taken into account:

Monthly sales are expected to increase by 20% beginning in May;

The shareholders are expected to invest an additional €40,000 in April;

Buildings are expected to be sold in June for €100,000;

An EU Grant of €100,000 is expected in May;

Monthly purchases are expected to increase by 30% beginning in May;

Wages and transport costs are expected to remain the same every month;

Light and heat expenses are expected to decrease by 25% in the months of March and May;

New buildings are expected to be purchased in May for €250,000;

Shareholders are expected to be paid a dividend of €20,000 in June. (28)

- (C) YAM Ltd forgot to allow for the purchase of new machinery of €30,000 during this period. Show the **new Closing Cash figure for June**, after taking this purchase into account, *in the box provided*. (6)
- (40 marks)**

# BUSINESS STUDIES – PAPER 11

Candidate's Examination No.

**For Use with Question 2 (B)**

Quantity	Description	Unit Price €	Total (Ex. VAT) €
Total (Ex VAT)			
Trade Discount			
VAT			
Total (Incl. VAT)			

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**For Use with Question 2 (B)**

<b>Bank of Ireland</b> Limerick	90-43-17 €
	Date _____
Pay _____	euro euro euro
	€
	H. COONEY
IRELAND "00001" 90-43-17 : 51222444 09	

**For Use with Question 2 (C)**

### PURCHASES BOOK (Page 1)

Date	Details	Invoice No.	F	Net €	VAT €	Total €

### ANALYSED CASH BOOK (CREDIT SIDE) page 1

Date	Details	Cheque No.	F	Bank	Creditor

**PLEASE ENCLOSE WITH YOUR ANSWERBOOK**

**BUSINESS STUDIES – PAPER 11, 2003**

Candidate's Examination No.

**For Use with Question 5 (D)**

**GENERAL JOURNAL (Page 1)**

Date	Details	F	Dr. €	Cr. €

**For Use with Question 6 (B)**

**CASH FLOW FORECAST OF YAM Ltd FOR THE PERIOD JANUARY TO JUNE 2003**

	January €	February €	March €	April €	May €	June €	Total for Jan. – June €
<b>Receipts</b>							
Sales	60,000	60,000					
Share Capital							
Buildings							
EU Grant							
<b>A – Total Receipts</b>	<b>60,000</b>	<b>60,000</b>					
<b>Payments</b>							
Purchases	24,000	24,000					
Wages	7,000	7,000					
Transport Costs	4,500	4,500					
Light and Heat	3,600	-----					
Delivery Vans		42,000					
Buildings							
Dividend							
<b>B – Total Payments</b>	<b>39,100</b>	<b>77,500</b>					
<b>C – Net Cash (A-B)</b>	<b>20,900</b>	<b>-17,500</b>					
<b>D – Opening Cash</b>	<b>2,500</b>	<b>23,400</b>	<b>5,900</b>				
<b>Closing Cash</b>	<b>23,400</b>	<b>5,900</b>					

**For Use with Question 6 (C)**

**New Closing Cash Figure for June**

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