



Coimisiún na Scrúduithe Stáit
State Examinations Commission

JUNIOR CERTIFICATE 2008

MARKING SCHEME

BUSINESS STUDIES

HIGHER LEVEL – PAPER 2

Junior Certificate Examination 2008

Business Studies

Higher Level – Paper 2

Marking Scheme and Support Notes for use with the Marking Scheme

In considering this marking scheme the following points should be noted:

- The support notes presented are not exclusive or definitive and alternative answers may be acceptable if deemed valid;
- They are support notes and not model or suggested answers;
- The book-keeping layout as presented in the support notes may be accepted as best practice. However, in some book-keeping questions there can be a number of alternative approaches and formats that can be validly used by candidates;
- Further relevant points of information presented by candidates are marked and rewarded on their merits;
- The detail required in any answer is determined by the context and the manner in which the question is asked and by the number of marks assigned to the answer on the examination paper. Requirements and mark allocations may therefore vary from year to year.

JUNIOR CERTIFICATE EXAMINATION 2008

BUSINESS STUDIES – HIGHER LEVEL

PAPER 11

(160 MARKS)

- All questions carry equal marks (40 marks)

MARKING SCHEME

Q. 1 Books of First Entry, Ledger and Trial Balance

(A) Purchases Book

6 entries @ ½marks 3 marks

Invoice @1 mark 1 mark 4 marks

Purchases Returns Book

3 entries @ ½ marks 1½ marks

Credit Note @ 1 1 mark 2½ marks 6½ marks

(B) Analysed Cash Book

12 entries @ ½ marks 6 marks

Closing Balance @ 1 mark 1 mark

Receipt No @ 1 mark 1 mark

Cheque No @ 1 mark 1 mark 9 marks

(A~C) Ledger

17 entries @ 1 mark 17 marks

(C) Trial Balance

9 entries @ ½ mark 4½ marks

(A~D) Presentation

Dates 2 marks

Folios 1 mark 3 marks

(40 marks)

Q. 2	Sales, Business Documents and Bookkeeping		
(A)	(i)	Three methods @ 1 mark each	3 marks
	(ii)	Three figures 3+ 1 + 1	<u>5 marks</u>
			8 marks
(B)	(i)	Two suitable procedures @ 2 marks each	4 marks
	(ii)	<u>Invoice</u> Eleven correct entries @ 1 mark each	11 marks
		Correct Date, Correct Order No., Correct Name and Address of Recipient, Description, Quantity, Price per Unit, Total (ex VAT), Trade Discount, Subtotal, VAT, Total (incl VAT).	
		<u>Receipt</u> Five correct entries @1 mark each	5 marks
		Correct Name and Address of Recipient, Correct Date, Correct Signature, Correct Amount in figures, Correct Amount in words.	
	(iii)	<u>Sales Book</u> 6 pieces of information	6 marks
		<u>Analysed Cash Book</u> 5 pieces of information	5 marks
		Folio	<u>1 mark</u>
			32 marks
			(40 marks)

Q. 3 Employment and Industrial Relations

(A)		Three rights and three responsibilities of employers @ 1 mark each	6 marks
(B)	(i)	Two parties in the dispute @ 2 marks each	4 marks
	(ii)	Correct action proposed @ 3 marks	3 marks
	(iii)	Correct third party identified @ 3 marks	<u>3 marks</u>
			10 marks
(C)	(i)	Three other possible reasons @ 4 marks each	12 marks
	(ii)	Three terms explained @ 4 marks each	<u>12 marks</u>
			24 marks
			(40 marks)

Q. 4 Final Accounts and Balance Sheet

(A)	<u>Trading, Profit and Loss Appropriation Account</u>			
	Headings (including Name of Company)	3½ marks		
	24 figures @ ½ mark each	12 marks		
	2 figures @ 1 mark each	<u>2 marks</u>	17 ½marks	
	<u>Balance Sheet</u>			
	Heading (including Name of Company)	1½ mark		
	25 figures @ ½ marks each	12½ marks		
	3 figures @ 1 mark each	3 marks		
	Neatness	<u>½ mark</u>	<u>17½ marks</u>	35 marks
(B)	Two suitable assets identified (3 + 2)			5 marks
				(40 marks)

Q 5 Integrated Delivery Systems

(A)	One advantage and one disadvantage @ 2 marks each			4 Marks
(B)	Two suitable reasons explained @ 3 marks			6 marks
(C)	Cost of transport for one day			
	Cost of Diesel	4 marks		
	Cost of Wages	4 marks		
	Annual Costs	4 marks		
	Cost of Toll	1 mark		
	Total Costs	<u>3 marks</u>		16 marks
(D)	<u>General Journal</u>			
	(Seven pieces of information)	7 marks		
	<u>Ledger</u>			
	Two Account Names @ 1 mark each			
	Two correct Details @ 1 mark each			
	Six other pieces of information @ ½ marks each	<u>7 marks</u>		14 marks
				(40 marks)

Q 6 Analysed Cash Book and Monitoring of Overheads

(A)	Three procedures	@ 2 marks each		6 marks
(B)	22 figures	@ ½ marks each	11 marks	
	2 balances	@ 1 mark each	2 marks	
	Receipt No. and Cheque No.	@ 1 mark each	2 marks	
	Dates and Folios	@ 1 mark each	<u>2 marks</u>	17 marks
(C)	Five entries in Actual column @ 1 marks each		5 marks	
	(as per Analysed Cash Book)			
	Four Overheads correctly identified @ 1 mark		4 marks	
	Four suitable reasons stated @ 2 marks each		<u>8 marks</u>	17 marks
				(40 marks)

SUPPORT NOTES

Q 1

Books of First Entry, Ledger and Trial Balance Question

(A)

PURCHASES BOOK (page 1)

Date	Details	Invoice	F	Net €	VAT €	Total €
3/4/2008	NEE Ltd	12	CL	16,000	2,160	18,160
9/4/2008	HAY Ltd	67	CL	22,600	3,051	25,651
				38,600	5,211	43,811
				GL	GL	

(A)

PURCHASES RETURNS BOOK (page 1)

Date	Details	Credit Note No.	F	Net €	VAT €	Total €
15/4/2008	NEE Ltd	5	CL	7,000	945	7,945
				GL	GL	

(B)

ANALYSED CASH BOOK (Debit Side) (page 1)

Date	Details	Rec. No.	F	Bank €	Sales €	VAT €	Share Capital €
1/4/2008	Shareholder	24	GL	150,000			150,000
19/4/2008	Sales		GL	90,800	80,000	10,800	
				240,800	80,000	10,800	150,000
1/5/2008	Balance B/D			142,150			

(B)

ANALYSED CASH BOOK (Credit Side) (page 1)

Date	Details	Ch. No.	F	Bank €	Purchases €	VAT €	L & H €	Creditors €
2/4/2008	Purchases	45	GL	79,450	70,000	9,450		
13/4/2008	Electricity	46	GL	1,700			1,700	
28/4/2008	HAY Ltd	47	CL	17,500				17,500
				98,650	70,000	9,450	1,700	17,500
30/4/2008	Balance C/D			142,150				
				240,800				

ALTERNATIVE BANK ACCOUNT in LEDGER if Separate Cash Books are used

Date	Details	F	Total €	Date	Details	F	Total €
			Bank A/C (P1)				
30/4/2008	Receipts	ACB	240,800	30/4/2008	Payments	ACB	98,650
			240,800	30/4/2008	Balance C/D		142,150
			142,150				240,800
1/5/2008	Balance B/D		142,150				142,150

Q 1 LEDGER FOR (A, B and C)

Date	Details	F	Total €	Date	Details	F	Total €
2008				2008			
CREDITORS LEDGER							
NEE Ltd A/C (p1)							
15/4	Purchases Returns	PRB	7,945	3/4	Purchases	PB	18,160
30/4	Balance C/D		10,215				
			18,160				18,160
				1/5	Balance B/D		10,215
HAY Ltd A/C (p2)							
28/4	Bank	ACB	17,500	9/4	Purchases	PRB	25,651
30/4	Balance C/D		8,151				
			25,651				25,651
				1/5	Balance B/D		8,151
GENERAL LEDGER							
Purchases A/C (p1)							
30/4	Total Net Purchases	PB	38,600				
30/4	Bank	ACB	70,000				
			108,600				
Purchases Returns A/C (p2)							
				30/4	Total Net Purchases Returns	PRB	7,000
VAT A/C (p3)							
30/4	Credit Purchases	PB	5,211	30/4	Cash Sales	ACB	10,800
30/4	Cash Purchases	ACB	9,450	30/4	Purchases Returns	PRB	945
			14,661	30/4	Balance C/D		2,916
							14,661
1/5	Balance B/D		2,916				
Share Capital A/C (p4)							
				1/4	Bank	ACB	150,000
Light and Heat A/C (p5)							
13/4	Bank	ACB	1,700				
Sales A/C (p6)							
				30/4	Bank	ACB	80,000

Q 1 (C)

Trial Balance of KELLY Ltd as on 30 April 2008

	Dr. €	Cr. €
NEE Ltd		10,215
HAY Ltd		8,151
Purchases	108,600	
Purchases Returns		7,000
VAT	2,916	
Share Capital		150,000
Light and Heat	1,700	
Sales		80,000
Bank	142,150	
	255,366	255,366

Q 2.

Sales, Business Document and Bookkeeping Question
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(A) (i) Any **three** from :
Letter; Telephone; E-mail; Text; Trade Journal; Chamber of Commerce; Personal Call.

(ii)

Total Income =	Cost	+	Mark up
Total Income =	€24,000	+	55%
€37,200 =	€24,000	+	€13,200

(B) (i) Procedures to be followed when preparing and processing receipts.

Examples:

Check amount received against invoice / credit note / statement;

Check accuracy of Name and Address of purchaser / debtor;

Insert correct date;

Insert amount in figures and in words;

Sign receipt;

File copy of receipt;

Record amount received in Analysed Cash Book and Debtors Ledger (if appropriate)

(B) (ii) & (iii) See next page.

Q 2 (B) (ii)

BRIGHT PAINT Ltd		INVOICE No. 42	
Décor Avenue, Brush Row, Galway			
Telephone: 091-520779			VAT Reg. No. IE 4432171G
e-mail: brightp@eircom.net			
		Date: <u>1 June 2008</u>	
MARTIN Ltd,	Your Order No.:		3
10 Green Valley			
Loughrea			
Co. Galway			
QUANTITY	DESCRIPTION	PRICE EACH €	TOTAL €
50	Ten Litre Drums of White Paint	60	3,000
50	Five Litre Drums of Cream Paint	80	4,000
Total (Excluding VAT)			7,000
Trade Discount			2,100
Subtotal			4,900
VAT			1,029
Total (Including VAT)			5,929
Carriage Paid			
E & O E			

BRIGHT PAINT Ltd	Décor Avenue, Brush Row, Galway Telephone: 091-520779	RECEIPT No. 67
Date:	<i>11 June 2008</i>	
Received From:	<i>MARTIN Ltd</i>	
The Sum of:	<i>Five thousand, nine hundred and twenty nine euro</i>	€ 5,929.00
<i>With Thanks</i>	Signed: <u>Molly Bright</u> Accounts Dept	

Q 2 (B) (iii)

Sales Book of BRIGHT PAINT Ltd						
Date	Details	Invoice No.	F	NET €	VAT €	TOTAL €
1/6/2008	MARTIN Ltd	42	DL	4,900	1,029	5,929

Analysed Cash Book of BRIGHT PAINT Ltd					
Date	Details	Receipt No.	F	Bank €	Debtor €
11/6/2008	MARTIN Ltd	67	DL	5,929	5,929

(A) Three rights of employers include:

To set up in business;
 Select suitable employees;
 Dismiss dishonest employees

Three responsibilities of employers include:

Pay agreed wage / minimum wage;
 Provide safe and healthy working conditions;
 Obey all employment laws;
 Keep all necessary employee records.

(B) (i) Eircom and the eircom employees / unions/CWU**(ii) Strike – withdrawal from work****(iii) The Labour Relations Commission****(C) (i) Examples of disputes that can arise for reasons other than pay :****Working Conditions** -- Employees look for better and safer places to work and eat in**Dismissal of Workers** – Employees feel that some workers are unfairly sacked**Unequal treatment** - Employees feel that the employer favours one employee over another**Redundancy** -- When employees are been let go because there is no work disputes can arise as to who should be let go first. The normal way is **Last In First Out****Demarcation Disputes** –These are disputes arising when an employer asks some employees to do the work of other employees, thus endangering the other employees jobs.**Union Recognition** – These are disputes over the employer refusing to accept that employees are in a trade union.**(C) (ii) Explanation of terms (examples):****Arbitration** is where an acceptable third party is asked, by both parties in dispute, to examine why a dispute has taken place and to make a recommendation as to how the dispute can be settled.**Conciliation** is the use of an acceptable third party to help the parties in a dispute reach an agreement. E. G. in (B) above the Labour Relations Commission can help eircom and the employees reach a settlement.**A Shop Steward** is the local union representative, elected by union members, who negotiates with management and ensures that agreements are kept. S/he organises meetings of union members to kept them up to date with developments. S/he also recruits new members for the union.**The Human Resource Manager**, also known as the personnel manager, is employed by the employer to recruit new employees, organise their training and deal with their problems. S/he tries to sort out problems with unions before industrial action takes place.

(A)

Trading, Profit and Loss Appropriation Account of SCOTT Ltd for the year ended 31/May 2008

		€	€	€
	Sales			273,500
	Less Cost of Sales			
1/6/07	Opening Stock		12,000	
	Purchases		175,000	
	Import Duty	6,700		
	Add Import Duty due	1,300	8,000	
	Cost of Goods Available for Sale		195,000	
31/5/08	Less Closing Stock		17,500	
	Cost of Actual Sales			177,500
	Gross Profit			96,000
	Add Gains			
	Interest Receivable		6,500	
	Add Interest Receivable due		600	7,100
				103,100
	Less Expenses			
	Carriage Outwards		4,000	
	Insurance	2,900		
	Less Insurance prepaid	700	2,200	
	Wages		44,000	
	Depreciation : Machinery		18,000	68,200
	Net Profit			34,900
	Less Dividends declared			20,000
				14,900
	Add Opening Profit and Loss Account			111,000
	Reserves			125,900

Alternative Presentation of Figures where Expenses are Deducted Before Adding Gains		Alternative Presentation of Figures Where Opening Profit is added Back Before Deducting Dividends	
Gross Profit	96,000	Net Profit	34,900
Less Expenses	68,200	Add Opening Profit and Loss Balance	111,000
	27,800		145,900
Add Gains	7,100	Less Dividends declared	20,000
Net Profit	34,900	Reserves	125,900

Balance Sheet of SCOTT Ltd as on 31 May 2008

	€	€	€
Fixed Assets	Cost	Depreciation	NBV
Machinery	120,000	18,000	102,000
Buildings	300,000	-----	300,000
Land	230,000	-----	230,000
Total Fixed Assets	650,000	18,000	632,000
Less Current Assets			
Closing Stock	17,500		
Debtors	60,000		
Bank	5,000		
Cash	1,400		
Interest Receivable due	600		
Insurance prepaid	700	85,200	
Less Current Liabilities			
Creditors	30,000		
Import Duty due	1,300		
Dividends Declared due	20,000	51,300	
Working Capital			33,900
Total Net Assets			665,900
Financed By	Authorised *	Issued	
550,000 €1 ordinary shares	550,000	400,000	
Add Reserves		125,900	
Long Term Liabilities			
25 Year Loan		140,000	
Capital Employed			665,900

* Authorised may also be shown as a note to the Balance Sheet.

Alternative Presentation of Financed By Section Extract of Balance Sheet if Opening Profit and Loss Balance was not added in TPLA Account.

Issued Share Capital	400,000
Add Opening Profit and Loss Balance	111,000
Add Profit and Loss Balance for 2008 after dividends	14,900
	525,900
Add 25 Year Loan	140,000
Capital Employed	665,900

(B) Two suitable Assets for securing the 25 Year Loan are: **Land and Buildings.**

Q 5

Integrated Delivery System Question

(A) Advantage : Lets traffic move quicker by avoiding traffic jams as towns are bypassed thus reducing time lost in delivering goods

Disadvantage : Adds to the cost of transporting goods.

(B) Reasons for providing a delivery service include:

Some customers are unable to transport goods purchased;

To compete with businesses who either provide a delivery service or who do not provide a delivery service;

To allow for online shopping;

To provide a personal service.

(C) Cost of Transport = Cost of Diesel + Wages + Annual Costs + Toll Charges

Cost of Diesel

$$\frac{\text{Distance travelled in kms}}{\text{Kilometres per litre}} = \frac{660 \text{ kms}}{33} = 20 \text{ litres @ } \text{€}1.10 = \text{€} 22$$

Cost of Wages

$$\text{Drivers wages + Employers PRSI} = \text{€}240 + \text{€}30 = \text{€}270$$

Annual Costs

Working days per 330 day year

$$\frac{\text{Motor Tax}}{330} = \frac{\text{€}1,320}{330} = \text{€}4$$

$$\frac{\text{Motor Insurance}}{330} = \frac{\text{€}2,640}{330} = \text{€}8$$

$$\frac{\text{Motor Repairs}}{330} = \frac{\text{€}1,650}{330} = \text{€}5 \quad \text{€} 17$$

$$\text{Toll charges} \quad \text{€} 30$$

$$\text{Total Cost of Transport} \quad \text{€}429$$

(D) See next page.

Q 5 (D)

GENERAL JOURNAL of FAHY Ltd

Date	Details	F	Dr €	Cr €
25/5/2008	Delivery Van	GL	56,000	
	COX MOTORS Ltd	GL		56,000
	Purchase of delivery van on credit from			

LEDGER of FAHY Ltd

Date	Details	F	Total €	Date	Details	F	Total €
					<u>Delivery Van A/c</u>		
25/5/2008	COX MOTORS Ltd	GJ	56,000				
					<u>COX MOTORS Ltd A/c</u>		
				25/5/2008	Delivery Van	GJ	56,000

Analysed Cash Book and Monitoring of Overheads Question

Q 6

- (A) Three examples of procedures** to be in place to monitor overheads include:
 Prepare Budgets /Targets for each overhead;
 Record Actual overheads in Accounts / Analysed Cash Book;
 Compare the Actual overhead with the Budgeted overhead to see if they differ;
 Find out reasons for any difference found and take necessary action.

(B)

Analysed Cash Book (Debit Side)

Date	Details	Receipt No.	F	Bank €
4/5/08	WALSHE Ltd	1	DL	4,300
11/5/08	JONES Ltd	2	DL	6,700
22/5/08	St. Mary's NS	3	DL	1,600
31/5/08	KELLY Ltd	4	DL	8,500
				21,100
1/6/08	Balance B/D			5,370

Analysed Cash Book (Credit Side)

Date	Details	Ch. No.	F	Bank €	Wages €	Advertising €	Van €	Telephone €	Interest €
1/5/08	Balance B/D			1,200					
2/5/08	Advertising	1	GL	3,000		3,000			
7/5/08	Eircom	2	CL	800				800	
9/5/08	Wages	3	GL	700	700				
14/5/08	Diesel bill	4	CL	480			480		
16/5/08	Loan Interest	5	GL	500					500
18/5/08	Wages	6	GL	550	550				
24/5/08	Advertising	7	GL	4,500		4,500			
27/5/08	Road Tax	8	GL	800			800		
29/5/08	Van Insurance	9	GL	3,200			3,200		
				15,730	1,250	7,500	4,480	800	500
31/5/08	Balance C/D			5,370					
				21,100					

(C) See next page.

Q 6 (C)

Business Overheads for May 2008

(i)

Overheads	Budgeted €	Actual €
Wages	2,000	1,250
Advertising	6,200	7,500
Van	3,700	4,480
Telephone	800	800
Interest	610	500

(ii)

Actual Overheads Greater than Budgeted Overheads	Examples of Possible Reasons
<i>Advertising</i>	<i>Higher charges for advertising</i>
<i>Van</i>	<i>Increase in price of diesel / insurance / motor tax</i>

(iii)

Actual Overheads Less than Budgeted Overheads	Examples of Possible Reasons
<i>Wages</i>	<i>Less overtime / people let go / cheaper workers</i>
<i>Interest</i>	<i>Fall in interest rate / amount of loan reducing</i>