



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Junior Certificate 2016

Marking Scheme

Business Studies

Higher Level

Note to teachers and students on the use of published marking schemes

Marking schemes published by the State Examinations Commission are not intended to be standalone documents. They are an essential resource for examiners who receive training in the correct interpretation and application of the scheme. This training involves, among other things, marking samples of student work and discussing the marks awarded, so as to clarify the correct application of the scheme. The work of examiners is subsequently monitored by Advising Examiners to ensure consistent and accurate application of the marking scheme. This process is overseen by the Chief Examiner, usually assisted by a Chief Advising Examiner. The Chief Examiner is the final authority regarding whether or not the marking scheme has been correctly applied to any piece of candidate work.

Marking schemes are working documents. While a draft marking scheme is prepared in advance of the examination, the scheme is not finalised until examiners have applied it to candidates' work and the feedback from all examiners has been collated and considered in light of the full range of responses of candidates, the overall level of difficulty of the examination and the need to maintain consistency in standards from year to year. This published document contains the finalised scheme, as it was applied to all candidates' work.

In the case of marking schemes that include model solutions or answers, it should be noted that these are not intended to be exhaustive. Variations and alternatives may also be acceptable. Examiners must consider all answers on their merits, and will have consulted with their Advising Examiners when in doubt.

Future Marking Schemes

Assumptions about future marking schemes on the basis of past schemes should be avoided. While the underlying assessment principles remain the same, the details of the marking of a particular type of question may change in the context of the contribution of that question to the overall examination in a given year. The Chief Examiner in any given year has the responsibility to determine how best to ensure the fair and accurate assessment of candidates' work and to ensure consistency in the standard of the assessment from year to year. Accordingly, aspects of the structure, detail and application of the marking scheme for a particular examination are subject to change from one year to the next without notice.



**Coimisiún na Scrúduithe Stáit
State Examinations Commission**

JUNIOR CERTIFICATE EXAMINATION 2016

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

Marking Scheme and Suggested Solutions

SECTION A

Each question 4 marks
(80 marks)

1. The following initials are used in Banking. What do they stand for?

ATM	Automated Teller Machine
CT	Credit Transfer
DD	Direct Debit

2. Name **one** State-owned business involved in **each** of the following activities:

COMMUNICATION	RTE, An Post
TRANSPORT	Irish Rail, Bus Éireann, Dublin Bus, CIE, DART
PRODUCTION	Bord na Mona, ESB, Bord Gais, Coillte

3. Complete the Balance Sheet (extract) below by filling in the **three** unshaded areas, numbered (i) to (iii):

Balance Sheet (extract) as at 31-12-2015			
Fixed Assets	Cost	Depreciation	Net Book Value
	€	€	€
Machinery	165,000	(i) 33,000	132,000
Buildings	900,000	(ii) 54,000	846,000
	1,065,000	(iii) 87,000	978,000

4.

Answer
26 times

Workings			
Avg. Stock =	$\frac{32,000 + 16,000}{2}$	=	24,000
<u>Cost of Sales</u>	=	$\frac{624,000}{24,000}$	= 26
Average Stock			

5. Name **two** headings in a Business Plan.

(i)	Details of Key Personnel	(v)	Production Plan
(ii)	Financial Plan	(vi)	Fixed Assets
(iii)	Marketing Plan	(vii)	Ownership/Management structure
(iv)	Details of the Business		

6.

(i) J. McCarthy a/c

Dr			Cr		
Date	Details	€	Date	Details	€
2016 June 1	(ii) Sales	2,600			

(iii) Sales a/c

Dr			Cr		
Date	Details	€	Date	Details	€
			2016 June 1	(iv) J. McCarthy (Debtor)	2,600

7.

Dr		Creditors Control Account				Cr
Date	Details	€	Date	Details	€	
2016			2016			
May 31	Bank/Cash	5,500	May 1	Balance b/d	6,100	
May 31	Balance	6,500	May 31	Purchases	5,900	
		12,000			12,000	
			June 1	Balance b/d	6,500	

OR (Alternative Format)

Creditors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€
2016				
May 1	Balance			6,100
May 31	Purchases		5,900	12,000
May 31	Bank/Cash	5,500		6,500

8. Explain **one** method of reducing bad debts in an enterprise:

1.	Offer discounts for prompt payment.
2.	Check the credit worthiness of customers.
3.	Deal in cash only/reduce credit sales.
4.	Send out invoices and statements promptly as a reminder to customers.

9. Tick (✓) the appropriate column(s) to indicate where in the final accounts the following items should be entered on 31/12/2015:

	Trading a/c	Profit & Loss a/c	Balance Sheet
Advertising		✓	
Stock (31/12/2015)	✓		✓
Issued Share Capital			✓

10. Explain **two** duties of a Shop Steward in any organisation:

- To collect subscriptions from members.

- To recruit new members for their trade union.

- To represent members in dealings with management.

- To call union meetings in their work place/to pass on information received from H.Q.

- To inform members of their rights as employees.

- 11.

Taylor Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
01/01/2016	Bank Overdraft	CB ₁		6,600
	Buildings	GL ₁	211,100	
	Debtors	DL ₁	44,800	
	Ordinary Share Capital	GL ₂		249,300
	<i>Assets, Liabilities and Share Capital of Taylor Ltd on this date.</i>		255,900	255,900

12. Explain the term **Franchise** in relation to retailing:

The original owner of the business gives other entrepreneurs permission to sell goods or services in a particular area. A fee is paid to the original business/selling goods/service under licence in return for a fee or a percentage of sales.

Give **one** example of a well - known franchise:

Supermacs, McDonalds, Body Shop, Costa Coffee

13.

Answer:
€758.93

Workings:		
$\frac{850}{1.12}$	=	758.93

14. Outline **two** reasons why farmers prepare accounts:

- To see if their farm/enterprise made a profit/loss.
- To accompany an application form for a loan/grant/social welfare/subsidies.
- To find out how much the farm is worth.
- To assess tax liability.
- To help with decision making, financial planning and budgeting/comparison purposes.

15.

(i)

Answer
2 %

Workings			
$\frac{196}{9,800}$	×	$\frac{100}{1}$	= 2%

(ii)

Consumer Price Index

16. Outline **two** ways a business could check the credit worthiness of a new customer.

- Ask the customer to supply you with a reference from a bank/financial institution.

- Get a credit agency to investigate the customer.

- Ask the customer to supply you with a reference from other businesses who have traded with the customer.

- Look up Stubb's Gazette etc. to investigate.

17.

1.	2.	3.
C	A	D

18.

Sapphire Ltd – Purchases Returns Book						
Date	Details	CN No.	F	Net €	VAT €	Total €
09/05/2016	Blue Ltd	10	CL ₁	2,100	483	2,583

19.

Profit & Loss Appropriation Account for year ending 31-12-2015		
		€
	Net Profit	74,500
	Less Dividends	(i) 12,000
(ii)	Revenue reserves/Retained Profit/P and L Balance	(iii) 62,500

20.

- (i) Primary (ii) Tertiary/Services (iii) Secondary

Total 80 marks

Section B

Question 1 Household Budget

(A) Budget Comparison Statement for the Walters household for the year 2015

INCOME	Budget Jan – Dec €	Actual €	Difference €	
Salaries	54,000	55,620	+ 1,620	10 figures @ ½ mark each
Child benefit	4,680	4,815	+ 135	
Interest	240	228	- 12	
Other		600	+ 600	
TOTAL INCOME	58,920	61,263	+ 2,343	
EXPENDITURE				24 figures @ ½ mark each (excluding subtotals)
<i>Fixed</i>				
Mortgage	8,040	7,865	- 175	
Car insurance	560	490	- 70	
House insurance	695	775	+ 80	
Subtotal	9,295	9,130	- 165	
<i>Irregular</i>				
Household costs	8,450	9,126	+ 676	
Car costs	3,600	3,456	- 144	
Clothing and footwear costs	1,900	1,900	0	
Light and heat costs	2,900	2,972	+ 72	
Medical insurance	2,400	2,592	+ 192	
Subtotal	19,250	20,046	+ 796	
<i>Discretionary</i>				
Entertainment costs	1,380	1,180	- 200	
Presents	950	1,070	+ 120	
Holidays	7,800	7,488	- 312	
Subtotal	10,130	9,738	- 392	
TOTAL EXPENDITURE	38,675	38,914	+ 239	
Net Cash	20,245	22,349	+ 2,104	2 figures @ 1 mark each
Opening Cash	800	800		1 mark
Closing Cash	21,045	23,149		2 marks

(22 marks)

1. (B)

(i)	What was the budgeted closing cash at the end of 2015?	Answer:	€ 21,045	[2]
(ii)	How much had the Walters household budgeted to save during 2015?	Answer:	€ 20,245	[2]
(iii)	State by how much the Walters household exceeded their budgeted total expenditure.	Answer:	€ 239 or OF	[2]
(iv)	What was the actual closing cash at the end of 2015?	Answer:	€ 23,149 OF	[2]

(v) Explain **one** reason why mortgage payments decreased in August.

- They may have paid a lump sum off their mortgage.
- The interest rates may have decreased.
- They may have opted for interest only payments.
- They may have negotiated a reduction in payments due to difficulties in paying the mortgage.
- They may have switched to another financial institution.

[2]

(10 marks)

1. (C)

(i) Outline **two** pieces of financial advice you would give the Walters household in light of the 'Actual' 2015 Budget.

1. Invest the closing cash to earn interest.

2. Reduce discretionary expenditure.

3. Shop to decrease costs which have increased e.g. light and heat, household insurance, medical insurance, household costs.

[2, 2]

(ii) Explain the term 'no claim bonus'.

This is a discount on the cost of insurance and is a reward from the insurer to its customers who make no claims on their policy over a number of years.

[2, 2]

(8 marks)

Total 40 marks

For use with Section B Question 4 (B)

REPORT TITLE:	Report on Examination of Solar Panels and Consumer Law	[1]
FROM:	Lisa O'Shea, DMM Consultants Ltd, Tralee	[1]
TO:	Margaret Parker, Oak Avenue, Killarney, Co. Kerry	[1]
DATE:	10 June 2016	[1]
INTRODUCTION:	I have reviewed the questions you asked me and set out my answers below, together with my findings.	[1, 1]
ANSWERS TO QUESTIONS (i) and (ii)	(i) Sale of Goods and Supply of Services Act 1980	[3, 1]
	(ii) <ul style="list-style-type: none"> • The panels were not <u>fit for purpose</u> and did not perform the task expected. • The quality of the installation was not of good standard. • The wiring was not of <u>merchantable quality</u>. 	[4, 4]
FINDINGS:	1. Faulty wiring was located which has led to corrosion.	[1, 1]
	2. The electrical system as a result has been compromised.	
RECOMMENDATIONS:	1. Removal of the faulty parts.	[1, 1]
	2. Installation of new metal parts and correct wiring.	
FOLLOW UP:	I am available to discuss any questions you may have.	[1]
SIGNATURE:	Lisa O'Shea	[1]
TITLE OF THE REPORT WRITER:	Consultant Engineer	[1]
Total		[25 marks]

Section B

Question 2 Club Account Question

(A) (i)

Income and Expenditure Account of Celts Soccer Club for year ended 31/12/2015 [2]				
Income	€	€	€	
Club lotto receipts	32,600 [1]			5 figures @ 1 mark each
Less expenditure	14,250 [1]	18,350		
Subscriptions	42,800 [1]			
Less subscriptions prepaid	1,600	41,200 [1]		
Gate receipts		26,700 [1]	86,250	
Less Expenditure				10 figures @ 1 mark each
Pitch maintenance		5,240 [1]		
Stationery	1,790 [1]			
Less stock of stationery (31/12/2015)	170	1,620 [1]		
General expenses		15,740 [1]		
Insurance	4,460 [1]			
Less insurance prepaid	580	3,880 [1]		
Light and heat	2,230 [1]			
Add light and heat due	420	2,650 [1]		
Depreciation:				
Clubhouse and pitch	9,600 [1]			
Equipment	11,250 [1]	20,850		
			49,980	
Excess/Surplus of income over expenditure [1]			36,270 [1]	[2 × 1]
Income and Expenditure A/C total				[19 marks]

(A) (ii)

Balance Sheet of Celts Soccer Club as at 31/12/2015				[2]
	€	€	€	
Fixed Assets	Cost	Depreciation	Net Book Value	6 figures @ 1 mark each
Clubhouse and pitch	480,000 [1]	9,600 [1]	470,400 [1]	
Equipment	75,000 [1]	11,250 [1]	63,750 [1]	
	555,000	20,850	534,150	
Current Assets				3 figures @ 1 mark each
Cash at bank	5,812 [1]			
Stock of stationery (31/12/2015)	170 [1]			
Insurance prepaid	580 [1]	6,562		
Less Current Liabilities				2 figures @ 1 mark each
Subscriptions prepaid	1,600 [1]			
Light and heat due	420 [1]	2,020		
Working capital			4,542	
Total net assets			538,692	
Financed by				2 figures @ 1 mark each
Accumulated fund		502,422 [1]		
Excess of income		36,270 [1]		
Funds employed			538,692	
Balance Sheet Total				[15]

(34 marks)

(B) (i) Treasurer [2]

(ii) Explain **two** purposes of this report.

- To inform members if the club has a surplus or deficit/income and expenditure.
- To give members the details of the club's assets/cash/bank at the end of year.
- To give members details of the clubs liabilities/borrowings/loans.
- To assist members with future decisions/planning/capital expenditure.

[2, 2]
(6 marks)

Total 40 marks

Question 3 Economic Growth, Factors of Production and Economic Awareness

- (A) (i) Economic growth is the increase in the quantity/output of goods and services produced in an economy/country from one period/year to the next. 1 + [1 + 1]
- (ii) GNP/GDP [2]
- (iii) **Explain two economic implications for Ireland from this economic growth.**
- There is a decrease in unemployment/decrease in social protection payments.
 - There will be an increase in living standards.
 - The government will have more revenue from the collection of extra taxation.
 - The government will be able to provide better services.
 - More goods and services will be available for consumption.
 - There will be a decrease in the national debt as the government will have to borrow less money.
 - There will be a decrease in the number of business failures/increase in new businesses starting up.
 - There will be less emigration or more immigration.
- [2 × 3]
- (iv) European Union [1]
- (v) There are 28 member states in the E.U. [2]
- (14 marks)**
- (B) (i) **Land** is anything supplied by nature which is used in the production of goods and services. The payment/reward is **rent**.
- Labour** is all human effort used in the production of goods and services. The payment/reward is **wages**.
- Capital** is anything man made used in the production of goods and services. The payment/rewards is **interest**.
- Enterprise** is the factor which combines all the other factors of production and takes the risk/sets up a business. The payment/reward is **profit**.
- [4 × 1, 2, 1]
(16 marks)

- (C) (i) (a) Government capital income - selling the remaining part of Aer Lingus.
(b) Government current expenditure - increasing the spending on child benefit.
(c) Government current income - reducing USC rates.

[3 × 2]

- (ii) A **mixed economic system** has elements of both public and private enterprise providing goods and services e.g. Ireland.

A **centrally planned economy** is one where the government owns, operates and manages production facilities e.g. Cuba/North Korea/Russia/China

A **free market/enterprise economy** is a country in which the government places few restrictions on enterprise/business e.g. Hong Kong/Singapore/USA.

[3 + 1]

(10 marks)

Total 40 marks

Question 4 Consumer and Report Writing

- (A) (i) A grant is a non-repayable amount of money given by a government/organisation for a specific purpose.

[2, 1, 1]

A tax credit is a tax incentive which allows a taxpayer to reduce the amount of tax to be paid.

[1, 1]

(ii) Grant = €4,000 [1] × 30% [1] = €1,200 [2]

[4 marks]

Tax credit

Cost €4,000 [1]
Grant €1,200 OF = €2,800 [1]

Tax Credit = €2,800 × 13.5% [2] = €378 [1]

[5 marks]

(15 marks)

- (B) See page 10 of solutions for Report.

Question 5 Savings and Borrowing

- (A) (i) Commercial banks
Credit Union
An Post
Building Society [2, 2, 2]
- (ii) Explain **three** factors she considered when she decided on the financial institution to invest her money.
- Is the financial institution reliable and sound?
 - Is the interest earned subject to DIRT?
 - What is the rate of interest offered?
 - How accessible is the capital invested during the investment term/how easy is it to withdraw her money?
 - Will she be able to use her savings to help her to borrow in the future?
 - Convenience of opening hours/location. [3, 3, 3]
- (iii) A mortgage is a long-term loan used to purchase a private dwelling/house. Security is usually required such as the deeds of the house. [2, 1]
(18 marks)
- (B) (i) Maximum mortgage
- $$90\% [1] \times \text{€}220,000 [1] = \text{€}198,000 [1]$$
- $$80\% [1] \times \text{€}70,000 [1] = \frac{\text{€}56,000 [1]}{\text{€}254,000 [1]}$$
- [7 × 1]
- (ii) Deposit = €290,000 [1] - €254,000 [1] OF = €36,000 [1] [3 × 1]
- (iii) Why were the above rules imposed for first time buyers?
- To maintain economic stability.
 - To avoid house prices rising too quickly.
 - To encourage to save for a deposit.
 - To prevent people from over borrowing and excessive debt. [3]
- (iv) Outline **three** factors which Breda should consider before borrowing.
- The interest rate she needs to pay/the effect of interest changes on her finances.
 - How long the repayments will last.
 - Can she afford the repayments/does she have any other financial commitments?
 - Which financial institution will offer her the best mortgage?
 - Has she got job security?
 - Will she choose a fixed or variable or tracker interest rate?
 - Can she raise the deposit? [3, 3, 3]
- (22 marks)

Total 40 marks

Question 6 People at Work and ICT

- (A) (i) Gross pay €400.00 [1]
+ €4,280 [1] × 3% [1] €128.40 [1]
€528.40 [1] [5 × 1]
- (ii) **Basic pay** is the amount of money earned for working a normal/usual/standard/contracted working week. [3]
- (iii) Outline **three** responsibilities Sean has to his employer. [3]
- He must be respectful to his employer's property/reputation/no bullying.
 - He must obey instructions given by his employer/cooperate with other workers/comply with health and safety instructions.
 - He must do an honest day's work.
 - He must be punctual.
 - He must be confidential in relation to business matters.
- [3, 3, 3]
- (17 marks)
- (B) (i) **Work** is human effort without payment e.g. voluntary work, housework etc.
Employment is when a person is paid for effort e.g. an occupation [(2 + 1) × 2]
- (ii) **Hardware** is the physical parts of the computer e.g. VDU, scanner, printer etc. [2]
Software refers to the programmes which provide instructions to the computer e.g. spreadsheet, word processing etc. [3]
- (iii) Explain **two** reasons why Sean might want to become self-employed. [3, 3]
- He may have greater job satisfaction if working for himself.
 - He will be able to make all decisions/choose his own working hours/he will be his own boss.
 - He can keep all profits earned.
 - He has a good business idea/hobby which he hopes to turn into a successful business.
- (iv) Explain **two** risks of being self-employed. [3, 3]
- He could lose the money he invested/private assets/he has unlimited liability.
 - He may have to work long hours which may be stressful resulting in health and social consequences.
 - He may not have all the skills and qualifications to run the business successfully.
 - Income levels may vary/he has no guarantee of making profit.

[3, 3]
(23 marks)

Total 40 marks



**Coimisiún na Scrúduithe Stáit
State Examinations Commission**

JUNIOR CERTIFICATE EXAMINATION 2016

BUSINESS STUDIES – HIGHER LEVEL – PAPER II

Marking Scheme and Suggested Solutions

Q.1 This is a Books of First Entry, Ledger and Trial Balance Question

PURCHASES BOOK of GOLD Ltd							Marks
Date 2016	DETAILS	INVOICE (1)	F	NET €	VAT €	TOTAL €	
01/05	HAND Ltd	6	CL	60,000	13,800	73,800	½ + ½ + ½
23/05	HAND Ltd	17	CL	16,000	3,680	19,680	½ + ½ + ½
				76,000	17,480	93,480	3 + 1 = (4)

SALES BOOK of GOLD Ltd							Marks
Date 2016	DETAILS	INVOICE (1)	F	NET €	VAT €	TOTAL €	
12/05	SUM Ltd	94	DL	48,000	11,040	59,040	½ + ½ + ½
							1½ + 1 (2½)

ANALYSED CASH BOOK of GOLD Ltd (Debit Side)								Marks
Date 2016	Details	Receipt (1)	F	Total Bank €	Sales €	VAT €	Share Capital €	
06/05	Share Capital	1	GL	110,000			110,000	½ + ½
10/05	Sales		GL	55,350	45,000	10,350		½ + ½ + ½
				165,350	45,000	10,350	110,000	
	Balance c/d			52,610				2½ + 1
								(3½)

ANALYSED CASH BOOK of GOLD Ltd (Credit Side)									Marks
Date 2016	Details	Ch. No (1)	F	Total Bank €	Purchases €	VAT €	Insurance €	Creditors €	
16/05	HAND Ltd	20	CL	54,000				54,000	½ + ½
27/05	Purchases	21	GL	46,740	38,000	8,740			½+½+½
31/05	Insurance	22	GL	12,000			12,000		½ + ½
				112,740	38,000	8,740	12,000	54,000	
	Balance c/d			52,610					1
				165,350					3½+1 + 1
									(5½)

Q.1 contd.

Date	Details	F	Total Bank	Date	Details	F	Total Bank	Marks
2016			€	2016			€	
GENERAL JOURNAL								
			Share Capital A/C					[1]
				06/05	Bank	ACB	110,000	1
			Sales A/C					[2]
				31/05	Total Net Debtors	SB	48,000	1
				31/05	Bank	ACB	45,000	1
							93,000	
			Insurance A/C					[1]
31/05	Bank	ACB	12,000					1
			Purchases A/C					[2]
31/05	Total Net Creditors	PB	76,000					1
31/05	Bank	ACB	38,000					1
			114,000					
			VAT A/C					[5]
31/05	Cash Purchases	ACB	8,740	31/05	Cash Sales	ACB	10,350	1 + 1
31/05	Credit Purchases	PB	17,480	31/05	Credit Sales	SB	11,040	1 + 1
				31/05	Balance c/d		4,830	1
			26,220				35,190	
01/06	Balance b/d		4,830					
DEBTORS LEDGER								
			SUM A/C					[1]
12/05	Sales	DL	59,040					1
CREDITORS LEDGER								
			HAND A/C					[4]
16/05	Bank	ACB	54,000	01/05	Purchases	PB	73,800	1 + 1
31/05	Balance c/d		39,480	23/05	Purchases	PB	19,680	1 + 1
			93,480				93,480	
				01/06	Balance b/d		39,480	[16]

Trial Balance of GOLD Ltd as at 31/05/2016			Marks
	Dr	Cr	
	€	€	
Share Capital		110,000	½
Sales		93,000	½
HAND Ltd		39,480	½
Bank	52,610		½
SUM Ltd	59,040		½
Purchases	114,000		½
VAT	4,830		½
Insurance	12,000		½
	242,480	242,480	(4)

Marks Summary

Purchases Book	4
Sales Book	2½
ACB	9
Ledger	16
Trial Balance	4
Dates	2½
Folio	2
Total	40

Q.2 This is a Credit Sales, Business Documents and Bookkeeping Question.

Q.2 (A) (i)

		Marks
1	Check that the name and address of the customer is correct.	2
2	File a copy of the quotation.	2

Q.2 (A) (ii)

FOOTWEAR Ltd, Castlebar, Co. Mayo		INVOICE No. 37		Marks
Telephone: 094 264691		VAT Reg. No. IE 8799654		
To: <i>Mr Maurice O'Keeffe, Purchasing Manager</i>	Date: <u>30/4/2016</u>		Your Order No: 56	1 + 1
<i>BUSYFEET Ltd</i>				
<i>Donegal Street</i>				
<i>Sligo</i>				
1	1	1	1	(4)
QUANTITY	DESCRIPTION	PRICE EACH €	TOTAL €	
60	Blue Trainers	70	4,200	
50	Leisure walking shoes	120	6,000	
40	Crock beach shoes	20	800	
Total (Excluding VAT)			11,000	1
Trade Discount			3,300	1
Subtotal			7,700	
VAT			1,771	1
E & OE	Total (Including VAT)		9,471	1
Bonus 1 for having only 3 items in the invoice			11 (10 + 1)	

Q.2 (B) (i)

		Marks
Advice	Check the goods when they receive them from the supplier.	4
	Pack the goods properly before sending them out.	2

Q.2 (B) (ii)

Amount of Refund	Workings: Cost less Trade Discount plus VAT €800 - €240 (30% of €800) = €560 + €128.8 (23% of 560) = €688.80	Marks
€688.80		12

Q.2 (B) (iii)**Sales Returns Book of FOOTWEAR Ltd**

Date 2016	Details	Credit Note No.	F	Net €	VAT €	Total €	Marks
07/05	BUSYFEET Ltd	12	DL	560	128.8	688.80	
1	1	1	1	1	1	1	[7]

Q.2 Marks Summary

A	15
B	25
Total	40

Q.3 This is a Cost of Delivery and Setting up Regional Branches Question.

(A) Cost of Transport for one day

Section	Answer	Marks
(i) Total cost of Labour (including meal allowances)*for one day	€302.88	10
(ii) Total cost of Diesel for one day	€28.28	6
(iii) Total cost of motor insurance/tax and motor repairs for one day	€29.00	6
(iv) Overall cost of transport including toll charge	€402.16	6
Total Marks		28

* Meal allowances €36 can also be included in the Total Cost heading

(B) (i) Two advantages of setting up regional depots

	Advantages	Marks
1	Regional depots will be nearer to customers.	3
2	Less cost of delivery to customers.	3

(ii) Two disadvantages of setting up regional depots

	Disadvantages	Marks
1	More security will be required.	3
2	Insurance will increase as there will be four buildings.	3

Marks Summary

A	28
B	12
Total	40

Q.4 This is a Final Accounts and Balance Sheet Question.

(A)

1½		1	1½		
Trading, Profit and Loss Appropriation Account		of ELEC Ltd		for year ending 31/12/2015	
		€	€	€	Marks
	Sales			318,000	½
	Less Cost of Sales				
01/01/2015	Opening Stock		10,200		½
	Purchases		165,000		½
	Import Duty		11,000		½
			186,200		0
31/12/2015	Less Closing Stock		11,500	174,700	½ + 0
	GROSS PROFIT			143,300	2 (1 + 1)
	Add Gains				
	Rent Receivable		17,000		½
	Less Rent receivable prepaid		2,100	14,900	1 (½ + ½)
				158,200	0
	Less Expenses				
	Carriage Outwards		7,600		½
	Light and Heat	14,000			½
	Add Light and Heat due	2,500	16,500		1 (½ + ½)
	Wages	60,000			½
	Add Wages due	3,000	63,000		1 (½ + ½)
	Depreciation: Motor Vans	21,600			½
	Equipment	22,000	43,600	130,700	1 (½ + ½ + 0)
	NET PROFIT			27,500	3 (1 + 2)
	Less Dividends paid			8,100	½
				19,400	0
	Add Opening Reserves			16,000	1
	Reserves			35,400	0
				35,400	[19½]

$\frac{1}{2}$	1	$\frac{1}{2}$		
Balance Sheet of ELEC Ltd as at 31/12/2015				
Fixed Assets	Cost €	Depreciation €	NBV €	Marks
Motor Vans	180,000	21,600	158,400	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
Equipment	220,000	22,000	198,000	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
Total Fixed Assets	400,000	43,600	356,400	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
Current Assets				
Closing Stock	11,500			$\frac{1}{2}$
Debtors	34,000			$\frac{1}{2}$
Cash	6,000	51,500		$\frac{1}{2} + 0$
Less Current Liabilities				
Creditors	30,500			$\frac{1}{2}$
Bank Overdraft	12,400			$\frac{1}{2}$
Rent receivable prepaid	2,100			$\frac{1}{2}$
Wages due	3,000			$\frac{1}{2}$
Light and Heat due	2,500	50,500		$\frac{1}{2}$
Working Capital			1,000	0
Total Net Assets			357,400	$\frac{1}{2}$
Financed by	Authorised	Issued		
400,000 €1 ordinary shares	400,000	270,000		1 + 1
Add Reserves		35,400		$\frac{1}{2}$
Long Term Liabilities				
25 year loan		52,000		$\frac{1}{2}$
Capital Employed			357,400	$\frac{1}{2}$
				[14½]

(B)

$\frac{\text{Dividends Paid}}{\text{Issued Share Capital}} \times \frac{100}{1}$	$\frac{€8,100}{€270,000} \times \frac{100}{1}$	3%	Mark 5
--	--	-----------	---------------

Marks Summary			
(A)	Trading, Profit and Loss Appropriation A/C	19½	35
	Balance Sheet	14½	
	Presentation	1	
(B)			5
Total			40

Q.5 This is an Analysed Cash Book and Monitoring of Overheads.

(A)

Analysed Cash Book of HOGAN CATERING Ltd (Debit Side)					
Date 2016	Details	Receipt No.	F	Total Bank €	Marks
01/05	Balance b/d	1		3,000	1
12/05	Bane Ltd		DL	3,900	½
22/05	Kelly Ltd	2	DL	3,700	½
				10,600	
31/05	Balance c/d			3,400	2
		(1)		14,000	[5]

Analysed Cash Book of HOGAN CATERING Ltd (Credit Side)									
Date 2016	Details	Payment Method	F	Total Bank €	Van €	Wages €	Ingredients €	Waste Collection €	Marks
02/05	Ingredients	Visa Debit	GL	3,400			3,400		½ + ½
03/05	Wages	Paypath	GL	1,700		1,700			½ + ½
07/05	Diesel	Visa Debit	GL	600	600				½ + ½
10/05	Waste collection	Visa Debit	GL	450				450	½ + ½
12/05	Van Insurance	Visa Debit	GL	1,100	1,100				½ + ½
14/05	Diesel	Visa Debit	GL	500	500				½ + ½
17/05	Wages	Paypath	GL	1,300		1,300			½ + ½
20/05	Ingredients	Visa Debit	GL	2,800			2,800		½ + ½
25/05	Waste Collection	Visa Debit	GL	700				700	½ + ½
31/05	Wages	Paypath	GL	1,450		1,450			½ + ½
				14,000	2,200	4,450	6,200	1,150	
01/06	Balance b/d			3,400					[11]

ACB 18 (16 + Dates 1 + Folios 1)

Q.5 contd.

For use with Q.5 (B) (i)

Business Overheads for May 2016

Overheads	Budgeted €	Actual €	Difference €	Marks
Van	2,300	<i>2,200</i>	(100)	1
Wages	5,000	<i>4,450</i>	(550)	1
Ingredients	5,500	<i>6,200</i>	700	1
Waste Collection	700	<i>1,150</i>	450	1
				[4]

For use with Q.5 (B) (ii)

Actual Overheads Greater than Budgeted	Possible Reasons	Marks
Ingredients	Increased sales.	1 + 2
Waste Collection	Increase in price of waste collection.	1 + 2
		[6]

For use with Q.5 (B) (iii)

Actual Overheads Less than Budgeted	Possible Reasons	Marks
Van	Incorrect figure in budget.	1 + 2
Wages	Reduction in overtime.	1 + 2
		[6]

For use with Q.5 (C)

		Marks
Reason 1	To allow comparison between actual and budgeted overheads.	2
Reason 2	To ensure that a business lives within its means.	2
Reason 3	To identify the main overheads so changes can be made if needed.	2

Summary	Marks
(A)	18
(B)	16
(C)	6
Total	40

Q.6 Forms of Ownership, Bad Debts and Sales Promotion.

(A)

	Two ways of promoting the houses to tenants	Marks
1	Create a website giving details of the houses.	4
2	Use local papers classified advertisements.	4

(B)

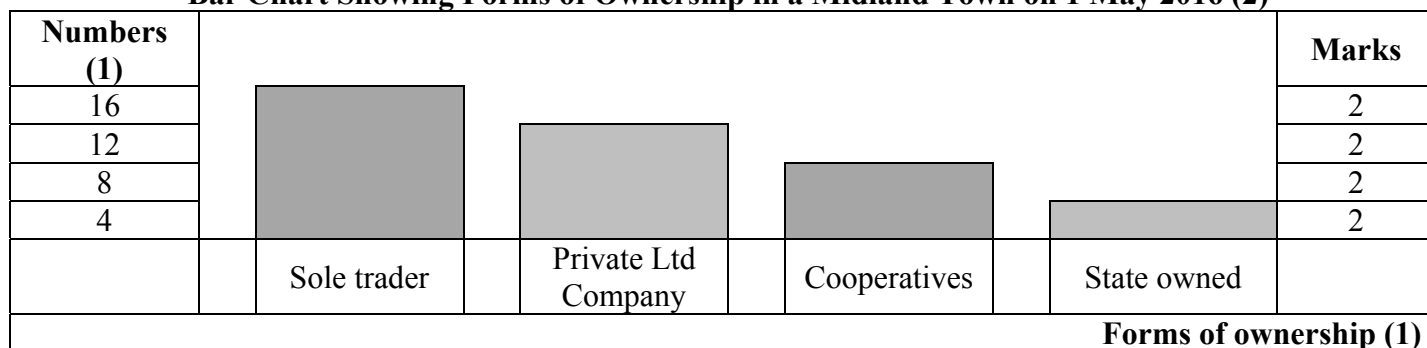
What is a cooperative?	Marks
A co-operative is a business owned and managed by its members for the members' benefits. Each member has one vote regardless of the amount they invest in the co-operative.	4
Two examples: Credit Union and Farmers Co-op	2 + 2

(C)

Comparison Headings	Sole Trader	Private Limited Company	Marks
Ownership	1	1 to 149	2 + 2
Liability	Owner has unlimited liability.	Shareholders have limited liability.	2 + 2
Profits	Owner can take all the profit.	The profits are shared between the shareholders.	2 + 2

(D)

Bar Chart Showing Forms of Ownership in a Midland Town on 1 May 2016 (2)



Summary	Marks
(A)	8
(B)	8
(C)	12
(D)	12
Total	40