



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Junior Certificate 2017

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 2017

BUSINESS STUDIES – HIGHER LEVEL – PAPER I

Suggested Solutions and Marking Scheme

SECTION A

(80 marks)

Answer all 20 questions. Each question carries 4 marks.

1.

B/D	Brought Down
GL	General Ledger
Dr	Debit

2.

CURRENT EXPENDITURE	Light and heating in schools/teacher's wages/school running costs/school supplies.
CAPITAL EXPENDITURE	Building new schools.

3.

Balance Sheet (extract) as at 31-12-2016		
	€	€
Financed by		
(i) Share Capital		440,000
Reserves		(ii) 180,000
		620,000
Long-Term Liabilities		150,000
(iii) Capital Employed		770,000

4.

Answer
1.6 : 1

Workings
(110,000 – 22,000) : 55,000
88,000 : 55,000
1.6 : 1

5.

The Government owns, operates and manages production facilities e.g. China.
 The Government owns and controls the factors of production e.g. North Korea.
 The Government decides on which goods/services are produced.

6.

(i) Purchases a/c

Dr			Cr		
Date	Details	€	Date	Details	€
2017 June 6	(ii) Cash/bank	100			

(iii) Cash/bank a/c

Dr			Cr		
Date	Details	€	Date	Details	€
			2017 June 6	(iv) Purchases	100

7.

Dr		Debtors Control Account				Cr
Date	Details	€	Date	Details	€	
2017			2017			
May 1	Balance b/d	1,700	May 31	Cash/bank	2,100	
May 31	Sales	9,400	May 31	Balance	9,000	
		11,100			11,100	
June 1	Balance b/d	9,000				

OR (Alternative Format)

Debtors Control Account				
Date	Details	Dr	Cr	Balance
2017		€	€	€
May 1	Balance			1,700
May 31	Sales	9,400		11,100
May 31	Cash/bank		2,100	9,000

8. The shareholders/owners can only lose what they have invested in the company if the company goes bankrupt/cannot be responsible for company debts if the company goes bankrupt.

9.

	Operating Statement	Balance Sheet
Sale of Hair Products	✓	
Equipment Depreciation	✓	✓
Insurance	✓	

10. (i) What was the opportunity cost involved? **Dolores did not go to the cinema.**

(ii) What was the financial cost involved? **€20 spent on phone credit.**

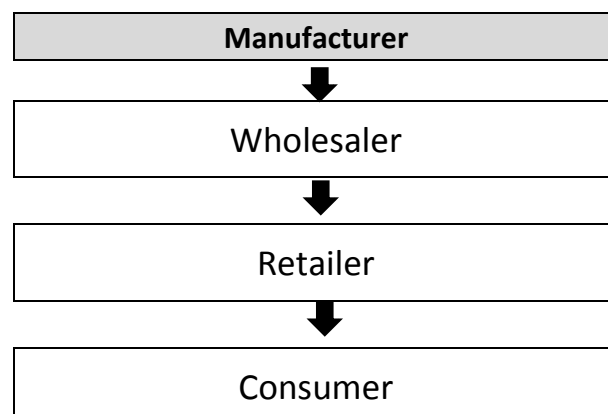
11.

Dolman Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
	Premises	GL ₁	555,900	
	Bank	CB ₁	19,000	
	Creditors	CL ₁		61,000
	Ordinary Share Capital	GL ₂		513,900
	<i>Assets, Liabilities and Share Capital of Dolman Ltd on this date.</i>		574,900	574,900


12. Distinguish between a grant and a loan:

- A grant is non-repayable whereas a loan must be paid back.
- A grant is interest free whereas a loan must be repaid with interest.
- No security is required for a grant but may be required with a loan.
- Grants are usually provided by the Government or EU whereas loans are provided by financial institutions.

13.



14.

Promotion	Title	€	Workings
	The GAA County by County	29.99	<p style="text-align: right;">29.99 + <u>19.99</u> <u>49.98</u></p>
	The Battle	(18.99)	
	Walking Tall	19.99	
	Total Cost	49.98	

15.

Answer:
€28.06

Workings:
$\frac{667}{29} = 23 \times 1.22 = 28.06$

16.

- The owner keeps all profits earned/potential to earn wealth.

- You are your own boss/can make all decisions/choose your own working hours.

- There is more motivation/job satisfaction.

17.

1.	2.	3.
D	A	B

18.

Riviera Ltd – Purchases Returns Book						
Date	Details	CN No.	F	Net €	VAT €	Total €
31/05/2017	Slaney Ltd	56	CL ₁	1,700	391	2,091

19.

	€
Total (excluding VAT)	2,800.00
Trade Discount 30%	(840.00)
Subtotal	1,960.00
VAT 23%	450.80
Total (including VAT)	2410.80

20.

(ii) Land (iii) Capital (iv) Labour

Total 80 Marks

For use with Section B - Question 1 (A)

O'DRISCOLL HOUSEHOLD	ORIGINAL BUDGET				REVISED BUDGET				
	JULY	AUG	SEPT	TOTAL	JULY	AUG	SEPT	TOTAL	
PLANNED INCOME	€	€	€	€	€	€	€	€	12 figures at ½ mark each = 6m (excl. totals)
Ms O' Driscoll	4,200	4,200	4,200	12,600	4,830	4,830	4,830	14,490	
Mr O' Driscoll	1,600	1,600	1,600	4,800	-	-	1,600	1,600	
Child Benefit	420	420	420	1,260	420	420	420	1,260	
Other					75	-	-	75	
TOTAL INCOME	6,220	6,220	6,220	18,660	5,325	5,250	6,850	17,425	
PLANNED EXPENDITURE									33 figures at ½ mark = 16 ½ (excl. sub totals and total exp.)
<i>Fixed</i>									
Mortgage	750	750	750	2,250	750	750	765	2,265	
Loan Repayments	525	525	525	1,575	525	5,100	-	5,625	
Insurance	135	135	135	405	135	162	162	459	
Subtotal	1,410	1,410	1,410	4,230	1,410	6,012	927	8,349	
<i>Irregular</i>									
Household Costs	1,840	1,840	1,840	5,520	1,564	1,564	1,564	4,692	
Car Costs	225	225	225	675	225	225	225	675	
Light and Heat Costs	300		260	560	300	-	260	560	
Telephone Costs	110	110	110	330	110	110	110	330	
Subtotal	2,475	2,175	2,435	7,085	2,199	1,899	2,159	6,257	
<i>Discretionary</i>									
Entertainment Costs	300	300	300	900	165	165	300	630	
Presents	280		260	540	280	-	260	540	
Holiday		3,000		3,000	-	-	-	-	
Subtotal	580	3,300	560	4,440	445	165	560	1,170	
TOTAL EXPENDITURE	4,465	6,885	4,405	15,755	4,054	8,076	3,646	15,776	
Net Cash	1,755	(665)	1,815	2,905	1,271	(2,826)	3,204	1,649	1 m
Opening Cash	(800)	955	290	(800)	(800)	471	(2,355)	(800)	4 × ½ 2 m
Closing Cash	955	290	2,105	2,105	471	(2,355)	849	849	Both correct 2½ marks
}									Total 28 marks

For use in answering Section B – Question 1 (B)

(i) Calculate the percentage increase.		Marks
Answer:	Workings:	1 m
15%	$4,830 - 4,200 [1] = 630$ $\frac{630}{4,200} \times \frac{100}{1} = 15\%$ <p style="text-align: center;">Or</p> $14,490 - 12,600 [1] = 1,890$ $1,890/12,600 \times 100 = 15\%$	

(ii) Explain the term 'Discretionary Expenditure'.	
This is expenditure on non-essential items/items which we choose to buy.	1 m

(iii) In the Original Budget, name a month in which planned income is greater than planned expenditure.	
Answer:	July or September
1 m	

(iv) In the Original Budget, how much did the O' Driscoll household expect to save in the three months?	
Answer:	€2,905
2 m	

(v) Is the Revised Budget a good one?	YES	✓	<i>(Please tick appropriate box.)</i>	1 m
	NO			
Give one reason for your answer.				
Reason 1:				
<ul style="list-style-type: none"> They expect to reduce their discretionary expenditure from €4,440 to €1,170. They expect to clear the loan by paying off €5,100. They expect to have a debt of €800 at the start and to have €849 to their credit at the end They expect income to fall and to have €849 at the end. They expect to save €1,649 after repaying their loan. 				6 m
Total				12 m
Total Q.1				40 m

Question 4 (A) (ii)

Quad Life Insurance Limited Proposal Form			
<i>Please answer all questions fully and truthfully</i>			
Name	Lisa Bergin		1 m
Address	Rosemary Street, Roscrea, Co. Tipperary		1 m
Age	41	Single <input type="checkbox"/> Married <input checked="" type="checkbox"/>	Age 1 m Marital status ½ m
Sex	Male <input type="checkbox"/> Female <input checked="" type="checkbox"/>	Occupation Soldier	½ m + ½ m
Type of policy required (Please tick)			
Endowment Policy <input type="checkbox"/> Whole Life Policy <input checked="" type="checkbox"/>			½ m
Value of Life Assurance required <input style="width: 200px; border: 1px solid black;" type="text" value="€ 250,000"/>			½ m
<i>Please tick the appropriate box</i>			
1. Are you in good health?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		½ m
2. Do you smoke?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		½ m
3. Do you consume alcohol?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		½ m
4. Are you likely to engage in a hazardous occupation or hobby?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, give details Parachute Jumping/Soldier		½ m + ½ m
Method of Payment	Direct Debit		½ m
Declaration: I declare that all the information given above is true and complete.			Signature ½ m
Signature: Lisa Bergin		Date: 13 June 2017	Date 1 m
Total			10 m

Document for use with Section B – Question 6 (A) (ii)

Workings

<p style="text-align: center;">Gross Pay</p> $\begin{array}{r} \underline{770} = 22 \qquad 770 \\ 35 \\ \\ 5 \times (22 + 11) = 165 \\ 2 \times (22 + 22) = 88 \qquad \underline{253} \\ \qquad \qquad \qquad 1,023 \end{array}$	<p style="text-align: center;">PAYE</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>Gross pay × 40%</td><td style="text-align: right;">409.20</td></tr> <tr><td>Less tax credit</td><td style="text-align: right;"><u>65.00</u></td></tr> <tr><td></td><td style="text-align: right;">344.20</td></tr> </table>	Gross pay × 40%	409.20	Less tax credit	<u>65.00</u>		344.20
Gross pay × 40%	409.20						
Less tax credit	<u>65.00</u>						
	344.20						
<p style="text-align: center;">Tax Credit</p> $\begin{array}{r} \underline{3,380} = 65 \\ 52 \end{array}$	<p style="text-align: center;">Other</p> <p style="text-align: center;">PRSI/USC = 1023 × 10.5% = 107.42</p>						

(ii)

Wage Slip			Marks
Name: Conor Kavanagh			1
Week No: 5			1
Basic Pay	€770.00		1
Overtime	€253.00		4
Gross Pay	—————→ €1,023.00		2
Tax Credit	€65.00		2
Deductions			
PAYE	€344.20		4
PRSI/USC	€107.42		3
Health Insurance	€40.00		1
Savings	€75.00		1
Total Deductions	—————→ €566.62		
Net Pay	—————→ €456.38		4
Total			24

Question 2 Club Account

(A) (i)

			Marks
Bar Trading Account of the Oars Rowing Club for the year ended 31/12/2016			[2]
Sales		19,260	5 figures × 1 m 5 m
Less cost of sales			
Opening Stock	2,100		
Purchases	15,300		
	17,400		
Less closing stock	2,280	15,120	
Gross Profit		4,140	1 m for word 2m for figure (1 m for OF)
		Total Marks	10 m

(ii)

				Marks
Income and Expenditure Account of the Oars Rowing Club for the year ended 31/12/2016				2 m
Income	€	€	€	1 m
Bar gross profit		4,140		5 figures × 1 = 5m *2 figures × 2m excl. total 9 m
Regatta profit (8270 – 3210)		5,060*		
Subscriptions	9,760			
Add subscriptions due	240	10,000		
Fundraiser profit (9620 – 2670)		6,950*		
Sponsorship		1,700	27,850	
Less Expenditure				1 m
Insurance		6,260		9 figures × 1 = 9m excl. total
Depreciation: equipment		2,505		
Equipment repairs		140		
General expenses	5,740			
Less expenses prepaid	720	5,020		
Light and heat	6,210			
Light and heat due	210	6,420	20,345	
Excess/ surplus of income over expenditure			7,505	2 m (1 for words and 1 for figure)
			Total Marks	24 m

(34 marks)

(B) (i) Treasurer

2 marks

(ii)

- The club could apply for a grant which is an amount of money that does not have to be repaid.
- The club could get a community loan from the local Credit Union, which is a special loan provided by Credit Unions for community organisations at lower rates of interest.
- The club could get sponsorship which means that a local business or wealthy local person provides money for the club.
- The club could get a medium or long term loan. These are loans which have a repayment period greater than one year.
- The club could impose a levy on members. This is a charge on club members for an amount of money which is for a specified purpose.

1 mark for stating and 3 marks for explaining.

4 marks

(6 marks)

Total 40 marks

Question 3 Economic Growth and International Trade

(A) (i) Gross Domestic Product 3 marks

(ii) **Three** benefits of EU membership for Ireland.

- Ireland has access to a larger market for exports.
- Freedom of movement means people (including workers) can move freely between EU states.
- Ireland was able to avail of bailout funding during the financial crisis/ECB.
- Ireland receives grants towards infrastructural projects/agriculture.
- The European Investment Bank will provide funding for house building in Ireland.
- There is more competition and cheaper prices for Irish consumers.
- Ireland is an attractive place for foreign direct investment.
- Free movement of goods and services between member states.
- Access to a single currency.
- Fosters links between member states.

(Benefits 3 × 3) = 9 marks

(iii) One effect on exporters to Britain:

- Britain may introduce tariffs on goods exported from other EU states.
- Irish goods may be more expensive in Britain.
- The exchange rate between sterling and the euro will be unstable.
- Increase in costs due to more paper work, custom checks and delays.

3 marks

One effect on people travelling to Britain:

- Visas and passports may be required to travel to Britain.
- There may be more border controls and security checks.

3 marks

(18 marks)

(B) Effects of an increase in economic growth.

- (i) Employment will increase/more jobs will be created/unemployment rate will decrease.
- (ii) Payment of social protection will decrease/increase.
- (iii) Government income will increase.

3 x 2 marks = **(6 marks)**

- (C) (i) Visible exports refers to the **sale of physical goods to other countries** e.g. dairy products whereas

Invisible exports refers to the **sale of services to other countries** e.g. Irish bands performing overseas or tourists visiting Ireland.

(Explanations 2 × 2m)

(Examples 2 × 1m)

- (ii) Balance of Trade and balance of Payments:

		Marks
Balance of Trade		1 m
Visible Exports	€3,620m	3 × 1m
Visible Imports	€3,330m	1 m for the word surplus
Surplus	€290m	
Total		5 m

		Marks
Balance of Payments		1 m
Total Exports	€6,290m	3 × 1m
Total Imports	€5,930m	1 m for the word surplus
Surplus	€360m	
Total		5 m

(16 marks)

Total 40 marks

Alternative

Visible Exports 3,620m
 Visible Imports 3,330m
 Balance of trade surplus 290m

Invisible Exports 2670m
 Invisible Imports 2600m
 Net invisible earnings 70m
 Balance of payments surplus 360m

Question 4 Insurance Question

(A) (i)

High Street
Birr
Co. Offaly

Ms Lisa Bergin
Rosemary Street
Roscrea
Co. Tipperary

15 May 2017

Re: Endowment and Whole Life Assurance

Dear Lisa/Dear Ms Bergin,

I am writing following your request seeking information on the difference between Endowment and Whole of Life Assurance policies.

Endowment Assurance is where an agreed amount of money is paid when the insured reaches a certain age or on the death of the insured whichever occurs first. Whole Life Assurance is where an agreed amount of money is paid to the person's dependants when the person dies.

If you need any further advice please do not hesitate to contact me.

Yours sincerely

David Long/David

Marking scheme for letter	
2 addresses × 1	2m
Date × 1	1m
Re: × 1	1m
Opening salutation × 1	1m
Closing salutation × 1	1m
Signature	1m
Layout of letter total	7m

Opening statement 2m, closing statement 2m	4m
Difference explained 2 × 3	6m
Neatness and presentation	1 + 1m
Total	19 marks

Question 4

(ii) See Section A, page 11.

10 marks

(iii) Actuary

3m

(32 marks)

(B)

House	$\frac{240,000 \text{ [}\frac{1}{2}\text{]}}{15,000 \text{ [}\frac{1}{2}\text{]}} = 16$	$\times \text{ €}16 \text{ [}\frac{1}{2}\text{]}$	$=$	$\text{€}256.00 \text{ [1]}$
Contents	$\frac{70,000 \text{ [}\frac{1}{2}\text{]}}{5,000 \text{ [}\frac{1}{2}\text{]}} = 14$	$\times \text{ €}28 \text{ [}\frac{1}{2}\text{]}$	$=$	$\text{€}392.00 \text{ [1]}$
Less Discount	15% of contents $\text{€}392.00 \text{ [1]}$ OF		$=$	$(\text{€}58.80)$
				$\text{€}333.20 \text{ [1]}$
Premium				$\text{€}589.20 \text{ [1]}$
			Total Marks	8 m

Total 40 marks

Summary of Marks			
(A)	Letter	19 marks	
	Form	10 marks	
	Actuary	3 marks	
(B)	Insurance calculation	8 marks	
		Total Marks	40 marks

Question 5 Banking

(A) (i) Margaret's account is a current account because of the following items:

- Cheques
- Standing Orders
- Direct Debits
- Bank Charges
- Bank overdraft

Current account 1 m
One reason 2 m

(ii) DR appears on this statement as Margaret's account is overdrawn. She does not have sufficient funds in her account/she had permission from the bank to spend more than she had in her account.

Overdraft 1 m
Explanation 2 m

(iii) On 8 May 2017 a direct debit has been paid from Margaret's account. This is an **agreement** with Energia to allow them to take out **variable/fixed amounts** on **variable/fixed dates** from her account. (3)

On 17 May 2017, a standing order has been paid from Margaret's account. She has **instructed her bank** to take/pay out a **fixed amount** (£66) on a **fixed date** (17th of each month) and pay it to Vodafone. (3)

(iv) Paypath is a method used by Margaret's **employer to pay/transfer her wages/salary directly/electronically** into **her bank account**.

Explanation (1, 1, 1m) = 3 m

Two advantages for Margaret:

- She has immediate access to her wages online or by ATM.
- It is a safer method than receiving cash.
- It is private and confidential.
- More convenient than going to the bank to lodge.
- It can be used to reduce her overdraft quickly.

(2 × 2 m) = 4 m

(v) It means Margaret **paid**, €1000 to **AIB Visa** by **internet banking**.

Explanation (1, 1, 1m) = 3 m

(vi) Two items included in bank charges:

e.g. credit transfers, ATM, direct debits, standing orders, Visa Debit, lodging and withdrawing cash, online banking transactions etc.

(2 × 2 m) = 4m

(vii) ATM stands for Automated Teller Machine.

3 m

Services available to Margaret from the ATM:

- Pay certain bills
- Lodge cash
- Withdraw cash
- Change PIN
- Check account balance
- Purchase phone credit
- Order a bank statement
- Print a mini statement.

Two services (2, 2m) = 4m

(33 marks)

(B)

		Marks
Balance as per Bank Statement 31/05/2017	€351.00	1
Less unpresented cheque (560813)	(€400.00)	2
Add lodgement not yet credited	€50.00	2
Adjusted Bank Statement Balance 31/05/2017	€1.00	2
	<i>Total</i>	(7 marks)

Total 40 marks

Summary of marks	
(A)	33
(B)	7
Total	40

Question 6 Wages and People at Work

- (A) (i) Basic Pay is payment for a **normal/contracted/agreed** working week whereas Overtime is additional pay for working hours in **excess of the normal** working week.
- Difference explained (3 + 3)
6 m
- (ii) Wage slip: See Section A, page 12. 24 m
- (iii) Statutory deductions:
- PAYE 1 m
 - USC/PRSI. 1 m
- (32 marks)*

- (B) (i) A benefit in kind is a non-cash payment/non-financial reward/non-monetary income instead of money received by an employee from an employer.
- e.g. company car, subsidised meals, and health insurance, free travel.
- Explanation $1 \times 2m = 2 m$
Examples $2 \times 1 m = 2 m$

- (ii) Conor's rights
- A safe working environment.
 - To be paid at least the minimum wage/fair wage.
 - He is entitled to receive a written pay slip/written contract.
 - He entitled to annual holidays, sick leave, paternity leave etc.
 - To be treated equally without discrimination.
 - He is entitled to be protected against unfair dismissal.
 - The right to join a trade union.

$2 \times 2 m = 4m$
(8 marks)
Total 40 marks

Summary of marks	
(A)	32
(B)	8
Total	40

Coimisiún na Scrúduithe Stáit
State Examinations Commission

JUNIOR CERTIFICATE EXAMINATION 2017

BUSINESS STUDIES – HIGHER LEVEL – PAPER II

Suggested Solutions and Marking Scheme

Q.1 This is books of first entry, ledgers and trial balance

SALES BOOK OF BAT Ltd							Mark
Date 2017	Details	INVOICE	F	NET €	VAT €	TOTAL €	
01/05	FOX Ltd	2	DL	80,000	18,400	98,400	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
09/05	HARE Ltd	3	DL	44,000	10,120	54,120	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
		(1)		124,000	28,520	152,520	3 + 1 (4)

PURCHASES BOOK OF BAT Ltd							Mark
Date 2017	Details	INVOICE	F	NET €	VAT €	TOTAL €	
24/05	HEN Ltd	7	CL	36,000	8,280	44,280	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
		(1)					$1\frac{1}{2} + 1 (2\frac{1}{2})$

ANALYSED CASH BOOK OF BAT LTD (Debit Side)									Mark
Date 2017	Details	Receipt No. (1)	F	Total Bank €	Sales €	VAT €	Share Capital €	Debtors €	
07/05	Shareholder	3	GL	120,000			120,000		$\frac{1}{2} + \frac{1}{2}$
28/05	HARE Ltd	4	DL	35,000				35,000	$\frac{1}{2} + \frac{1}{2}$
31/05	Sales		GL	51,660	42,000	9,660			$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
				206,660	42,000	9,660	120,000		
01/06	Balance b/d			161,280					
									$4\frac{1}{2} (3\frac{1}{2} + 1)$

ANALYSED CASH BOOK OF BAT LTD (Credit Side)								Mark
Date 2017	Details	Ch. No. (1)	F	Total Bank €	Purchases €	VAT €	Insurance €	
12/05	Purchases	30	GL	31,980	26,000	5,980		$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
17/05	Insurance	31	GL	13,400			13,400	$\frac{1}{2} + \frac{1}{2}$
				45,380	26,000	5,980	13,400	
31/05	Balance c/d			161,280				(1)
				206,660				
								$4\frac{1}{2} (3\frac{1}{2} + 1)$

Q.1 continued

Date 2017	Details	F	Total €	Date 2017	Details	F	Total €	Mark
GENERAL LEDGER								
Shareholder A/C								
				07/05	Bank	ACB	120,000	[1] 1
Sales A/C								
				31/05	Total Net Debtors	SB	124,000	1
				31/05	Bank	ACB	42,000	1
							166,000	
Purchases A/C								
31/05	Total Net Creditors	PB	36,000					1
31/05	Bank	ACB	26,000					1
			62,000					
VAT A/C								
31/05	Credit Purchases	PB	8,280	31/05	Credit Sales	SB	28,520	1 + 1
31/05	Cash Purchases	ACB	5,980	31/05	Cash Sales	ACB	9,660	1 + 1
31/05	Balance c/d		23,920					1
			38,180				38,180	
				01/06	Balance b/d		23,920	
Insurance A/C								
17/05	Bank	ACB	13,400					[1]
DEBTORS LEDGER								
HARE A/C								
09/05	Sales	SB	54,120	28/05	Bank	ACB	35,000	[3] 1 + 1
				31/05	Balance b/d		19,120	1
			54,120				54,120	
01/06	Balance b/d		19,120					
FOX Ltd A/C								
01/05	Sales	SB	98,400					[1] 1
CREDITORS LEDGER								
HEN Ltd A/C								
				24/05	Purchases	PB	44,280	[1] 1

Q.1 continued

Trial Balance of BAT Ltd as at 31/05/2017			Mark
	Dr €	Cr €	
Bank	161,280		½
Shareholder		120,000	½
Sales		166,000	½
Purchases	62,000		½
VAT		23,920	½
Insurance	13,400		½
Hare Ltd	19,120		½
FOX Ltd	98,400		½
HEN Ltd		44,280	½
	354,200	354,200	

Marks Summary

Sales Book	4
Purchases book	2½
Analysed Cash Book	9
Ledger	16
Trial Balance	4½
Dates	2
Folio	2
Total	40

Q.2 This is a sales and purchases, business document and bookkeeping question

Q.2 (A) (i)

	Three important pieces of information provided in a Quotation	Mark 6
1	The date of the quotation	2
2	Rate of discounts	2
3	Delivery details	2

Q.2 (A) (ii)

	Two Reasons	Mark 8
1	To compare prices, quality and terms of different suppliers	4
2	Effective purchasing/leads to better decision making	4

Q.2 (B) (i)

Answer	Calculations	Mark 4
Percentage margin per t-shirt 33.33%	$\frac{\text{Profit}}{\text{Selling Price}} \times \frac{100}{1} = \frac{€0.90 (1)}{€2.70 (2)} \times \frac{100}{1} = 33.33\%$	4

Q.2 (B) (ii)

Planned income	Calculations	Mark
€ 540,000 (2)	Number of items sold × selling price 200,000 × €2.70 = €540,000 (1) (1)	4

For use with Q.2 (C) (i)

T - S Ltd, Carnival Road, Carlow			CREDIT NOTE No. 40	Mark
Telephone: 059 9152659			VAT Reg.IE 3445271	
To: BINGO Ltd			Date: 13/06/2017	(1 + 1)
Castle Street				
Carlow			Your Order: 45	
(1)	(1)	(1)	(1)	
QUANTITY	DESCRIPTION	PRICE EACH €	TOTAL €	
1,000	T-shirts	1.80	1,800.00	
	Reason: Torn T-shirts			(1)
		Total (excluding VAT)	1,800.00	(0)
		Trade Discount	360.00	(1)
	E & OE	Subtotal	1,440.00	(0)
		VAT	331.20	(1)
		Total (including VAT)	1,771.20	(2)
				(11)

Q.2 (C) (ii)

Sales Returns Book of T - S Ltd

Date 2017	Details	Credit Note No.	F	Net €	VAT €	Total €	Mark
13/06	BINGO Ltd	40	DL	1,440.00	331.20	1,771.20	
1	1	1	1	1	1	1	(7)

Marks Summary

(A)	(B)	(C)
14	8	18

Q.3 This is a marketing and business plan question

(A) (i)	Two methods of market research with examples	Mark 8
1	Desk Research. Example: government publications/magazines/internet.	2 + 2
2	Field Research. Example: surveys/questionnaires/direct observation.	2 + 2

(A) (ii)	Explanation and example of target market	Mark 4
Explanation	A target market is the group of people at which a business aims its products.	2
Examples	The target market for a footwear manufacturer might be sports athletes e.g. Asics.	2

(B) (i)	Explanation and example of unique selling point	Mark 3
Explanation	The aspect of a product that makes it better than its competitors.	1
Example	JMP Paints Ltd exterior paint is guaranteed to last for six years.	2

(B) (ii, iii and iv)	BUSINESS PLAN	Mark
Name of Company	<i>JMP PAINTS Ltd</i>	1
Address	<i>Line Street, Ennis, Co. Clare</i>	1
Directors	<i>John Moran Mary O'Connor Patrick McGrath</i>	0
Marketing Manager	<i>John Moran</i>	1
Finance manager	<i>Patrick McGrath</i>	1
Production Manager	<i>Mary O'Connor</i>	1
Company Bank	<i>Bank of Ireland</i>	1
Product Description		
	<i>Range of exterior paint that is guaranteed to last six years</i>	2
Market research		
Size of Target Market	<i>500,000 householders</i>	1
Main Competitors	<i>RAINBOW Ltd, COLOUR Ltd, KING Ltd</i>	6
Selling Price per household	<i>€450</i>	1
Sales Promotion Methods		
(i)	<i>Television advertising</i>	1
(ii)	<i>Web site</i>	1
(iii)	<i>Show house</i>	1
Finance		
Amount Required	<i>€800,000</i>	1
Amount Available	<i>€610,000</i>	2
Amount to be Borrowed	<i>€190,000</i>	2
Directors signatures	<i>John Moran, Mary O'Connor, Patrick McGrath</i>	0
Date	<i>13 June 2017</i>	1
		[25]

Marks Summary

A	B	Total
12	28	40

Q.4 This is a final accounts and balance sheet question

(A)

	1½	1	1½	[4]
Trading, Profit and Loss Appropriation Account of SAM Ltd for the year ending 31/12/2016				Mark
		€	€	€
	Sales			420,000
	Less Cost of Sales			
01/01/2016	Opening Stock		27,000	½
	Purchases		218,000	½
	Carriage Inwards		7,000	½
			252,000	
31/12/2016	Less Closing Stock		40,000	212,000
	Gross profit			208,000
	Add Gains			
	Interest Receivable		4,000	½
	Add interest receivable due		1,000	5,000
				213,000
	Less Expenses			
	Insurance	18,000		½
	Less insurance prepaid	6,000	12,000	½ + ½
	Bad debts		13,000	½
	Wages	74,000		½
	Add wages due	16,000	90,000	½ + ½
	Depreciation: Premises	7,240		½
	Equipment	18,000	25,240	140,240
	Net Profit			72,760
	Less Dividends paid			14,000
				58,760
	Add Opening reserves			18,000
	Reserves			76,760
				[19½]

Q.4 (A) continued

$\frac{1}{2}$	1	$\frac{1}{2}$	Mark
Balance Sheet of SAM Ltd as at 31/12/2016			
Fixed assets	Cost €	Depreciation €	NBV €
Premises	181,000	7,240	173,760
Equipment	150,000	18,000	132,000
Total Fixed Assets	331,000	25,240	305,760
Current Assets			
Closing Stock	40,000		
Debtors	47,600		
Cash	3,900		
Bank	13,000		
Interest receivable due	1,000		
Insurance prepaid	6,000	111,500	
Less Current Liabilities			
Creditors	14,500		
Wages due	16,000	30,500	
Working Capital			81,000
Total Net Assets			386,760
Financed by	Authorised	Issued	
350,000 €1 ordinary shares	350,000	280,000	
Add Reserves		76,760	356,760
Long Term Liabilities			
20 year loan			30,000
Capital Employed			386,760
			[14½]

(B) Bad debts arise when goods that were sold on credit (3m) will not paid for (2m).

Marks Summary		
(A) Trading, Profit and Loss Appropriation Account	19½	
Balance Sheet	14½	34
Presentation		1
		35
(B)		5
		40

Q.5 This is a question on assessing a business

(A)

	Reasons for assessing a business	Mark (6)
1	To compare the performance of a business in one year with that of another year.	3
2	To be able to identify problems at an early stage.	3

(B) (i)

	Comparison	Mark (12)
1	In 2016 the net profit margin fell 6.5% to 6%. This is not good.	1 + 2 + 1
2	In 2016 the rate of stock turnover increased from 2 to 3 times. This is good.	1 + 2 + 1
3	In 2016 the current ratio increased from 2.3 : 1 to 2.5 : 1. This is good.	1 + 2 + 1

(B) (ii)

Unsatisfactory Ratio	Way to improve 1	Way to improve 2	Mark (6)
Net profit margin	Increase sales	Decrease expenditure/ decrease cost of sales	2 + 2 + 2

(C) (i)

Answer	Workings	Mark (6)
5%	$\frac{\text{€75,000 (1)}}{\text{€1,500,000 (1)}} \times \frac{100}{1}$	6

(C) (ii)

	Risks	Mark (6)
1	If the weather is too bad to fish, sales will decrease leading to a fall in profits.	3
2	SEAFOOD Ltd could close and Gráinne could lose her investment.	1 + 2

(C) (iii)

Answer	Reason	Mark (4)
Yes , Grainne should invest in SEAFOOD Ltd (2)	The return on capital employed is 5% the return on the deposit account is only 2%. (2)	2 + 2

Marks Summary

A	6
B	34
Total	40

Q.6 This is an industrial relations question

(A) (i)

Explanation of the roles of Shop Steward and Human Resource Manager	Mark (8)
The role of the Shop Steward is to represent the employees when disputes arise and settlements have to be negotiated.	2 + 2
The role of the Human Resource Manager is to represent the employer when disputes arise and settlements have to be negotiated.	2 + 2

(A) (ii)

	Two reasons for industrial relation disputes other than pay	Mark (8)
1	Unsafe working conditions.	2 + 2
2	Employees dismissed without due cause.	2 + 2

(A) (iii)

	Three Forms of industrial action	Mark (9)
1	Employees stop working (official strike) and place a picket on their employer's premises	1 + 2
2	Employees work to rule by doing no more than they are contracted to do.	1 + 2
3	Overtime ban; employees cannot work more than contracted hours.	1 + 2

(B) (i)

Answer	Workings	Mark (8)
€12.54 (4)	€11.50 + €1.035 (9% of €11.50) (1) (3)	4 + 1 + 3

(B) (ii)

Explanation	Mark (4)
Conciliation is the bringing together of employer and employees who are in dispute to assist them settle their dispute.	2 + 2

(B) (iii)

Suitable Third Party	Example Workplace Relations Commission (WRC)	Mark (3)
		3

Marks Summary

A	25
B	15
Total	40