



Coimisiún na Scrúduithe Stáit
State Examinations Commission

JUNIOR CERTIFICATE 2011

MARKING SCHEME

BUSINESS STUDIES

HIGHER LEVEL

Junior Certificate Examination 2011

Business Studies Higher Level

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 bookkeeping layout as presented in the support notes may be accepted as best practice. However, in some bookkeeping 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 2011
BUSINESS STUDIES PAPER 1
SUPPORT NOTES AND MARKING SCHEME**

SECTION A

Q.1 **APR:** Annual Percentage Rate (1 + 1 + 2)
ATM: Automated Teller Machine
PIN: Personal Identification Number

Q.2 **Employed:** Wages/Salary/Children's Allowance (1 + 1 + 2)
Unemployed: Social Welfare/Jobseekers Allowance/Dole
Retired: Pension

Q.3 (i) €720,000 (1 + 1 + 2)
(ii) €370,000
(iii) Working Capital

Q.4 (2 @ 2)

- Comply with all employment law
- Give a written contract of employment
- Fair wage/at least the minimum wage
- Safe working conditions
- Treat all employees equally
- Give workers their entitlements to holidays and maternity leave.

Q.5 (4)

Answer: 16.6%	Workings: (1)* Net Profit 180,000 – 60,000 $\frac{120,000}{720,000} \times 100 = 16.66$
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Q.6 (2 @ 2)

- **Nature** of the consignment e.g. big or small, light or heavy.
- **Distance** to be transported e.g. local or overseas.
- **Cost** of the various available systems.
- **Safety** of the goods transported e.g. fragile or precious.
- **Convenience** of the system e.g. scheduled or any time.
- Does it operate door to door?
- Availability of various systems.
- Will the goods arrive safely at their destination?
- **Reliability** a guarantee that the goods will arrive.

Q.7 (i) Purchases (4 @ 1)
(ii) J. Foley/Creditors
(iii) J. Foley
(iv) Purchases

Q.8

(4 @ 1)

Debtors Control Account					
Date	Details	€	Date	Details	€
01/05/11	Balance b/f	4,900	31/05/11	Cash/Bank	6,100
31/05/11	Credit Sales	5,900	31/05/11	Balance c/d	4,700
		10,800			10,800
01/06/11	Balance b/d	4,700			

Or

Debtors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€
01/05/11	Balance b/d			4,900
31/05/11	Credit Sales	5,900		10,800
31/05/11	Cash/Bank		6,100	4,700

Q.9 Inflation is an **increase** in the **general level of prices** over a **time** period usually one year. (1 + 1 +2)

Q.10

(4 @ 1)

	Operating Statement	Balance Sheet
Income from Patients	✓	
Equipment		✓
Stock of Medicine	✓	✓

Q.11

- Goods sold must be of merchantable quality.
- Goods must be fit for the purpose intended.
- The goods must match their description/correspond to the sample shown.
- Services must be provided by a competent person, and use quality materials.
- The contract is between the customer and the seller.

(2 @ 2)

Q.12

(4 @ 1)

General Journal				
Date	Details	F	Dr	Cr
01/01/11			€	€
	Bank	CB1	25,000	
	Premises	GL1	600,000	
	Creditor	CB1		42,000
	Ordinary Share Capital	GL2		583,000
	Assets, Liabilities & Share Capital of Crowe Ltd on this date.		625,000	625,000

Q.13 (i) Imprest: Is a *fixed amount* of cash provided to the petty cashier at the *beginning of each month* to cover small expenses. This fixed balance is sometimes described as a float. (2)

(ii)

Answer:
€239

Workings: (1)*
56 + 93 + 90 = 239

(2)

Q.14 Product, Place, Price, Promotion. (4 @ 1)

Q.15

- Goods were not ordered or didn't correspond to sample or match description.
- Goods arrived damaged/faulty.
- Excess quantity supplied.
- Goods did not arrive on an agreed date.

(2 @ 2)

Q.16 Current Income: PAYE, VAT, DIRT, Corporation Tax, Customs & Excise Duty, Profit from Lottery and State Companies. (2)

Current Expenditure: Social Welfare, wages of public servants, running costs of state buildings, e.g. light and heat, repairs to school hospitals, libraries. (2)

Q.17 (4 @ 1)

Violet Ltd Purchases Book

Date	Details	Invoice No.	F	Net €	VAT €	Total €
12/06/11	Rose Ltd	5	CL1	3,500	735	4,235

Q.18 (2 @ 2)

It is an **item of value** given by a borrower to a lender/financial institution which may be **sold/kept** should the borrower fail to **pay back** the loan e.g. deed to property, share certificates, life assurance policy.

Q.19 E A C B (4 @ 1)

Q.20

Answer:
400g

Workings: (1)*
0.8c or 1.25g
0.67c or 1.5g
0.625c or 1.6g

(4)

SECTION B

Question 1 Household Budget

	Jan	Feb	Mar	Total Jan-Mar	Estimate Apr-Dec	Total for Year Jan-Dec
PLANNED INCOME	€	€	€	€	€	€
John Maher Salary	1700	1700	1700	5100	15,700	20,800
Paula Maher Salary	1500	1500	1500	4500	11,700	16,200
Child Benefit	487	487	487	1461	3,822	5,283
TOTAL INCOME	3687	3687	3687	11061	31,222	42,283
PLANNED EXPENDITURE						
<i>Fixed</i>						
Mortgage	800	800	800	2400	7,500	9,900
Car insurance	40	40	40	120	420	540
Annual house insurance		840		840		840
Subtotal	840	1680	840	3360	7,920	11,280
<i>Irregular</i>						
Household costs	750	750	750	2250	6,900	9,150
Car running costs	130	440	130	700	1,420	2,120
Telephone	50	60	60	170	530	700
Light and heat costs	140		140	280	1,360	1,640
Subtotal	1070	1250	1080	3400	10,210	13,610
<i>Discretionary</i>						
Entertainment costs	120	130	150	400	1,350	1,750
Presents		200		200	810	1,010
Holidays		500		500	1,700	2,200
Subtotal	120	830	150	1100	3,860	4,960
TOTAL EXPENDITURE	2030	3760	2070	7860	21,990	29,850
Net Cash	1657	-73	1617	3201	9,232	12,433
Opening Cash	250	1907	1834	250	3,451	250
Closing Cash	1907	1834	3451	3451	12,683	12,683

[30 mks]

(B) (i) Explain 'Job Share': (2 + 1)
Paula will only work some of her normal hours. Her job will be shared with another worker. Her take home pay will be reduced.

(ii) Outline one reason why repayments on the mortgage increase (3)

- Interest rates may have increased.
- They may have increased their mortgage for a house extension.
- They may be trying to clear the loan quicker, and this will result in paying extra.
- The type of mortgage e.g. variable/fixed.

(iii) Balance: € 3,451 (4)

[10 mks]
Total 40 marks

Notes:

- (i)** Exclude all totals and subtotals.
- (ii)** Estimate column 14 figures @ 1 mark each.
- (iii)** Totals column 15 figures @ 1 mark each
- (iv)** For net cash figures, check procedure e.g. total expenditure deducted from total income.
- (v)** Opening cash figures must be as per solution.
- (vi)** For closing cash figures, allow one mark only if both are the same following genuine procedure.

Question 2 Club Account

(A) (i)

SHOP TRADING ACCOUNT FOR YEAR ENDED 31/12/2010			
Sales			14,300
Less: Cost of Sales			
Opening Stock (1/1/10)		5,900	
Purchases		9,850	
		15,750	
Less: Closing Stock (31/12/10)		8,120	7,630
Shop Gross Profit			6,670

[Title & date (1+1) Figures 7@1]

(9)

(A) (ii)

INCOME & EXPENDITURE ACCOUNT FOR YEAR ENDED 31/12/2010			
INCOME:	€	€	€
Shop Gross Profit		6,670	
Club Lotto Receipts	22,400		
<i>Less</i> Lotto Expenses	16,220	6,180	
Competition Fees	6,100		
<i>Less:</i> Prizes	4,900	1,200	
Subscriptions	17,800		
<i>Add:</i> Amount Due	700	18,500	
Annual Sponsorship		3,500	[36,050]
LESS EXPENSES:			
General Expenditure	5,600		
<i>Add:</i> Amount Due	325	5,925	
Light & Heat		6,850	
Pitch Maintenance		4,300	
Insurance	8,970		
<i>Less:</i> Insurance Prepaid	1,495	7,475	
Depreciation on Equipment 15%		1,110	[25,660]
Excess of Income/Surplus			10,390

[Title & date = 1 + 1, 13 figures 13 @ 1m, 3 figures @ 2m Words 1@ 2m]

(23)

Notes:

- (i) If no headings are presented the first detail with figure signifies the heading/list.
- (ii) In vertical format income must be listed first, if not ½ earned marks for figures
- (iii) Debit/Credit format the expenses must be on the debit side, if reversed allow half earned marks for correct figures.

OR ALTERNATIVELY

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDING 31/12/2010					
Debit			Credit		
EXPENSES	€	€	INCOME	€	€
Prizes		4,900	Shop Gross Profit		6,670
General Expenses	5,600		Lotto Receipts		22,400
Add Expenses due	325	5,925	Competition Fees		6,100
Light & Heat		6,850	Subscriptions Fees	17,800	
Maintenance		4,300	Add Subscription Fees Due	700	18,500
Insurance	8,970		Sponsorship		3,500
Less Insurance Prepaid	1,495	7,475			
Depreciation Equipment		1,110			
Lotto Expenses		16,220			
Excess of Income/Surplus		10,390			
		57,170			57,170

(23 marks)

[32 mks]

(B) (i) Treasurer

(2)

(ii) List 3 items:

(2 +2 +2)

- Summary of receipts & payments/cash account/cash position.
- The club's Balance Sheet at year end/list of assets and liabilities.
- Any item of major capital expenditure.
- Income and Expenditure account.
- Financial plans & projections for the future/fundraising/investing/borrowing.
- Membership and subscriptions
- Comment on the performance of the shop.

[8 mks]

Total 40 marks

Question 3 Economic Growth, and Trade

(A)

Land: (1 + 1 + 1)

It's a natural resource, free gift of nature used in the production of goods and services e.g. land, sea, forest, oil, minerals, clean air.

Labour: (1 + 1 + 1)

Any work done by people/productive human effort, or the availability of human effort and their skills for the production of goods and services e.g. computer programmers, nurses, labourers.

Capital: (1 + 1 + 1)

Items created by humans which are used in the production of goods and services e.g. machines, roads, buildings.

Enterprise (1 + 1 + 1)

Organising the other factors, into productive activity/setting up a business/company.
It is risk taking involved in developing on opportunity/setting up a business e.g. entrepreneurs, self employed people, shareholders.

[12 mks]

(B) (i) **Three Reasons why Ireland Imports Goods:** (2 + 2 + 2)

- Climatic conditions prevent the production of certain products.
- Lack of natural resources prevents the production of some goods e.g. oil.
- Lack of skills and tradition is a limiting factor in production.
- To give Irish consumers a variety of goods to choose from.
- Ireland imports essential raw materials for processing in factories.
- Foreign goods may be cheaper.
- Goods not available in Ireland e.g. cars, capital goods/it is not profitable to make some goods in Ireland.

(ii) **Invisible Imports** (2)

It's the purchase of a service from a foreign country.

Example (2)

- Irish people holidaying overseas.
- Foreign music bands performing in Ireland.
- Purchase of insurance from foreign company.

(iii)

Balance of Trade

(5)

Visible Exports	730m
Less Visible Imports	790m
Deficit	60m

Balance of Payments

(5)

Total Exports (730 + 780)	1,510m
Less Total Imports (790 + 880)	1,670m
Deficit	160m

(iv) **Affect on Balance of Payments:**

(2)

The **deficit** would increase by 40m or increase to 200m due to an increase in the trade deficit.

Workings:

(1 + 1)

Total Exports (730 + 780)	1510m
Total Imports (790 + 880 +40)	1710m
Deficit	200m

(C) **Import Substitution:**

(4)

- The replacement of imported goods or services with Irish produced ones.
- Buying Irish goods instead of imports.

Total 40 marks

Question 4 Insurance

(A) (i) **Whole Life Assurance:** (2 + 1)

This is where an agreed amount of money is paid to the person's dependants when the individual dies.

Endowment Assurance: (2 + 1)

An agreed amount of money is paid when the insured reaches a certain age or on the death of the insured, whichever occurs first.

(ii) **State & Explain the Relevant Principle:**

(3 + 3)

- **Utmost Good Faith:** He is obliged to answer all questions truthfully when completing the proposal and disclose all relevant and material facts.

or

- **Insurable Interest:** John must have an insurable/financial interest in the person being insured.

(iii) **Explain 'Premium'** (3)

The sum of money paid to the insurer in return for the insurance cover.
It is the cost of insurance.

Explain 'Policy' (3)

This is a document stating all the details of the risks covered, period covered value of cover and other conditions of the contract. It is the contract of insurance.

(iv) Proposal Form 8 marks (16 x ½)

Allied Life Insurance Limited Proposal Form	
<i>Please answer all questions fully and truthfully</i>	
Name	<i>John Craven</i>
Address	<i>Barracks Street, Athlone, Co. Roscommon</i>
Age	<i>39 years</i> Single <input type="checkbox"/> Married <input checked="" type="checkbox"/>
Sex	<input checked="" type="checkbox"/> Male <input type="checkbox"/> Occupation – Self-employed plumber
Type of policy required (Please tick)	
Endowment Policy	<input checked="" type="checkbox"/> Whole Life Policy
Value of Life Assurance required	<i>€200,000</i>
<i>Please tick the appropriate box</i>	
1. Are you in good health?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
2. Do you smoke?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
3. Do you consume alcohol?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
4. Are you likely to engage in a hazardous occupation or hobby?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <i>If Yes, give details – Rugby, Mountain Climbing</i>
Method of Payment	<i>Standing Order</i>
Declaration: I declare that all the information given above is true and complete.	
Signature: <i>John Craven</i>	Date: <i>14th June 2011</i>

[26 mks]

(B) (i) Calculate the Premium:

(6)

House	$\frac{200,000}{10,000} \times 14$	=	€280
Contents	$\frac{125,000}{5,000} \times 18$	=	€450
		=	€730
<i>Less Discount 5%</i>		=	€36.50
Premium		=	€693.50

(ii) Calculate the Compensation:

(5)

House	$40,000 \times \frac{20}{25}$	=	32,000
Contents		=	15,500
		=	47,500
Less Excess		=	200
Compensation		=	47,300

Due to **under insurance/average clause** applied to the compensation as he was considered to be **his own insurer** for 1/5 of the property. A **policy excess** of €200 also applied.

(2 + 1)

[14 mks]

Total 40 marks

Question 5 Banking

- (A) (i) **Current Account** as there are cheques, bank charges, overdrafts, standing orders, direct debits and interest paid drawn against it. (2 + 2)
- (ii) **‘Dr’** indicates that the account went into overdraft as she withdrew a €100 and now owes the bank €60. (3)
- (iii) **Paypath** is an electronic method of transferring wages from employers to the bank account of their employees. (4)
- Two Advantages of Paypath:** (1 + 1)
- Emma has 24 hours access to her account/money.
 - Paypath is very safe & efficient.
 - It is convenient for her.
 - It’s confidential/private.
 - It reduces her overdraft quickly.
- (iv) **14th April 2011:** Emma **paid** €100 off her **visa bill** using **Internet banking**. (3)
- (v) **The Standing Order:** on the 5th April is an **instruction** by Emma to her bank to take out a **fixed amount** of €80 to pay the ESB bill on a **specific date**. (1 + 1 + 1)
- The Direct Debit:** on the 27th April is **permission** given by Emma to Vodafone to withdraw **variable amounts** from her account to pay her telephone bill. The **date of payment can change**. (1 + 1 + 1)
- (vi) This is interest charged by the bank for using her overdraft facility. (2 + 2)
- [26 mks]**

- (B) (i) **Calculate the bank balance after the cheque and credit transfer are considered.**

Workings: (5)

Original Balance 30/04/11	498
Less: Cheques O/s	<u>(1,994)</u>
	1,496
Add: Credit Transfer O/s	<u>1,500</u>
Adjusted Balance	4

(ii) **Outline three factors to be considered before deciding where to invest:**

(3 + 3 + 3)

(3 = 1 +2)

- **Security:** is the institution safe? Is it covered by the government guarantee?
- **Return:** rate of interest on the savings.
- **Access:** is it easy to withdraw savings if required or are penalties applied?
- **Convenience:** is it convenient for making a regular lodgement e.g. opening hours?
- **TaxationDIRT:** is interest earned subject to tax?
- **Privacy:** is the institution confidential?
- **Other benefits** e.g. 'freebies,' free banking/bonus if money is left in the bank for a certain length of time/interest paid up front/access to loans/reason for saving.
- **Terms and conditions** is there a minimum/maximum deposit required? She may need to consider all charges to be paid.

[14 mks]

Total 40 marks

Question 6 People at Work

(A) (i) Shop Steward (3)

Outline two services provided: (3 + 3)

- Inform him of his rights as a worker.
- Help resolve problems with his employer.
- Collects union subscriptions.
- Passes on information received from Head Office.
- Inform him of any activity in the union e.g. Credit Union, social activities, protests etc.

(ii) **Outline two reasons for a dispute:** (4 + 4)

- Working conditions are poor.
- Incorrect wage rates are being paid e.g. not getting the minimum wage.
- Unfair treatment in the work place e.g. discrimination, bullying and harassment.
- Dismissed for no apparent reason, unfair dismissal.
- Not being allowed to join a trade union.
- Statutory conditions of employment not being met e.g. holiday time, maternity leave, regular breaks.
- Lines of demarcation broken.

(iii) **Identify two steps in the resolution of an industrial dispute:** (2 + 2)

- Talks between the parties involved in the dispute.
- Talks between the Shop Steward and Management/HR.
- Talks between Trade Union Official and Management.
- LRC/Conciliation: A third party may bring the disputing parties together, and help them to negotiate and reach a settlement. The outcome is not binding.
- Labour Court/Arbitration: The disputing parties may seek the help of the labour court who will listen to both parties, makes a decision, and presents to a solution to them.

[21 mks]

(B) (i) **Benefits in kind:** is a form of non-cash payments/non monetary income. (3)

Give Two Examples: company car, medical insurance, subsidised meals (1 + 1)

(ii) **Basic Pay:** is the amount of money earned for working a normal/usual/standard/contracted working week which in Andrew's case is €912 for working 38 hours. (2)

Overtime: is working more hours than normal. (2)

(iii)

Andrew Tudor's Net Weekly Wage - Week 38						
					€	
Basic Weekly Pay					912	1
Overtime						
6 hours @ €36					216	1
2 hours @ €48					96	1
Gross Pay					1,224.00	1
Less: Tax Deductions						
PRSI, USC (1224 × 11%)			134.64	1		
PAYE (1224 × 41%)	501.84	1				
Less: Tax Credits (3,900 /52)	(75)	2	426.84	1		
Total Tax Liability					561.48	
Net Pay					662.52	1

Note:

8 Figures @ 1 + 1 figure @ 2 marks

Total 10 marks

[19 mks]

Total 40 marks

JUNIOR CERTIFICATE 2011 - BUSINESS STUDIES PAPER 11

Q 1 Books of First Entry, Ledger and Trial Balance of JONES Ltd
(A ~C)

Date 2011	Details	F	Total €	Date 2011	Details	F	Total €	Mark
GENERAL LEDGER OF JONES Ltd								
			Buildings A/C					
1/1	Balance	GJ	300,000					1
					Ordinary Share Capital A/C			
				1/1	Balance B/D	GJ	340,000	1
				9/1	Bank	ACB	30,000	1
							370,000	
					Insurance A/C			
11/1	Bank	ACB	12,000					1
					Sales A/C			
				31/1	Total Net Debtors	SB	24,000	1
				31/1	Bank	ACB	80,000	1
							104,000	
					Sales Returns A/C			
31/1	Total Net Debtors	SRB	12,000					1
					Purchases A/C			
31/1	Bank	ACB	60,000					1
					VAT A/C			
31/1	Sales Returns	SRB	2,520	31/1	Credit Sales	SB	5,040	1+1
31/1	Cash Purchases	ACB	12,600	31/1	Cash Sales	ACB	16,800	1+1
31/1	Balance C/D		6,720					1
			21,840				21,840	
				1/2	Balance B/D		6,720	
DEBTORS LEDGER OF JONES Ltd								
			KIRBY Ltd A/C					
1/1	Balance B/D	GJ	40,000	8/1	Sales Returns	SRB	14,520	1+1
5/1	Sales	SB	29,040	28/1	Bank	ACB	50,000	1+1
				31/1	Balance C/D		4,520	1
			69,040				69,040	
1/2	Balance B/D		4,520					
								(18)

Sales Book of JONES Ltd

Date	Details	Invoice No.	F	NET €	VAT €	Total
5/1/ 2011	KIRBY Ltd	50	DL	24,000	5,040	29,040
				GL	GL	DL
Mark		<i>1</i>		$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$

Sales Returns Book of JONES Ltd

Date	Details	Credit Note No.	F	NET €	VAT €	Total
8/1/2011	KIRBY Ltd	12	DL	12,000	2,520	14,520
				GL	GL	DL
Mark		<i>1</i>		$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$

ANALYSED CASH BOOK (Debit Side) of JONES Ltd

Date	Details	Receipt No.	F	Bank €	Sales €	VAT €	Debtors €	Share Capital €	Mark
2011									
9/1	Shareholder	1	GL	30,000				30,000	2 @ $\frac{1}{2}$
19/1	Sales		GL	96,800	80,000	16,800			3 @ $\frac{1}{2}$
28/1	KIRBY Ltd	2	DL	50,000			50,000		2 @ $\frac{1}{2}$
				176,800	80,000	16,800	50,000	30,000	
1/1	Balance B/D	<i>(1)</i>		92,200					4 $\frac{1}{2}$

ANALYSED CASH BOOK (Credit Side) of JONES Ltd

Date	Details	Cheque No.	F	Bank €	Purchases €	VAT €	Insurance €	Mark
2011								
3/1	Purchases	1	GL	72,600	60,000	12,600		3 @ $\frac{1}{2}$
11/1	Insurance	2	GL	12,000			12,000	2 @ $\frac{1}{2}$
				84,600	60,000	12,600	12,000	
31/1	Balance C/D			92,200				1
		<i>(1)</i>		176,800				4 $\frac{1}{2}$

Trial Balance of JONES Ltd as on 31 1/2011

	Dr €	Cr €	Mark
Buildings	300,000		$\frac{1}{2}$
Insurance	12,000		$\frac{1}{2}$
Sales Returns	12,000		$\frac{1}{2}$
Purchases	60,000		$\frac{1}{2}$
Bank	92,200		$\frac{1}{2}$
KIRBY Ltd	4,520		$\frac{1}{2}$
Share Capital		370,000	$\frac{1}{2}$
Sales		104,000	$\frac{1}{2}$
VAT		6,720	$\frac{1}{2}$
	480,720	480,720	(4 $\frac{1}{2}$)

Marks Summary

Ledger	Sales Book	Sales returns Book	Analysed Cash Book	Trial Balance	Dates	Folios	Total
18	2 $\frac{1}{2}$	2 $\frac{1}{2}$	9	4 $\frac{1}{2}$	2	1 $\frac{1}{2}$	40

Q 2 This is a Sales, Business Document and Bookkeeping Question

(A)

Explanation	Mark
Effective purchasing involves obtaining quotations from a number of suppliers to ensure the business obtains: the best quality of goods and services, at the correct price, when they are needed.	3 @ 2

(Bi)

	Process for Invoices received	Mark
1	Check that the name and address of the creditor (seller) is correct	3@2
2	Record the invoice received in the Purchases Book	
3	File the invoice	
Other	Check that all the calculations are correct Check that the goods are as per order	

(B ii) Invoice see over page 5

(B ii) Receipt see over page 5

(B iii) Sales Book and Analysed Cash Book see over page 6

For use with 2 (B) (i)

EIRN FURNITURE Ltd			INVOICE No. 20	Mark
Ballyshannon, Co. Donegal				
Telephone: 075 934759		VAT Reg. No. IE 1356782		
To: MURPHY Ltd,		Date: 11/4/2011		I+I
Main Street,		Your Order No.: 4		
Castleblaney				
Co. Monaghan				
QUANTITY	DESCRIPTION	PRICE EACH €	TOTAL €	
6	Oak Kitchen Tables	150	900	↕ 4
10	Pine Wardrobes	60	600	
Total (Excluding VAT)			1,500	
Trade Discount			300	I
Subtotal			1,200	I
E & O E VAT			252	I
Total (Including VAT)			1,452	I

For Use with 2 (B) (ii)

EIRN FURNITURE Ltd	Ballyshannon, Co. Donegal Telephone: 075 934759	RECEIPT No. 11	Mark
Date: 30/4/2011			I
Received From: MURPHY Ltd, Main Street, Castleblaney, Co. Monaghan			I
The Sum of: One thousand, four hundred and fifty two euro		€ 1,452	I+I
With Thanks	Signed: <i>Martin Kelly</i>	Accounts Dept	I

For Use with Question 2 (B) (iv)

Sales Book of EIRN FURNITURE Ltd

Date	Details	Invoice No.	F	Net €	VAT €	Total €	
11/4/2011	MURPHY Ltd	20	DL	1,200	252	1,452	
<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	Mark

Analysed Cash Book of EIRN FUURNITURE Ltd

Date	Details	Receipt No.	F	Bank €	Debtor €	
30/4/2011	MURPHY Ltd	11	DL	1,452	1,452	
<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	Mark

Marks Summary

A	Bi	Invoice	Receipt	Sales Book	ACB	Total
6	6	10	5	7	6	40

Q 3 This is a question on Letter Writing, Losing Employment and Company Formation

(A)

	Mark
<i>16 Congress Avenue Portlaoise, Co. Laois</i>	<i>1</i>
<i>Mary and Bernard Burk, 10 Happy Valley View, Carlow</i>	<i>1</i>
<i>Ref: Query on redundancy money and company formation</i>	<i>1</i>
<i>1/6/2011</i>	<i>1</i>
<i>Dear Mary and Bernard,</i>	<i>1</i>
<i>Thanks for getting in touch with me. I hope my advice will be of some help. My answers to your questions are set out below.</i>	<i>1</i>
<i>(i) You will be entitled a total of €45,520 in redundancy from Wonder Kitchens</i>	<i>9</i>
<i>(ii) The main advantage of being self employed is you can keep all the profits you make.* The main disadvantage of being self employed is that you will receive no money if the business fails to be a success. **</i>	<i>2 @ 3</i>
<i>(iii) A private limited company is formed by between 1 and 99 shareholders. Certain documents e.g. memorandum of association must be completed and forwarded to the Companies Registration Office. If all documentation is in order, a Certificate of Incorporation is issued.</i>	<i>3 @ 3</i>
<i>If you require any further assistance please feel free to contact me</i>	<i>1</i>
<i>Yours sincerely</i>	<i>1</i>
<i>Molly Maloney</i>	<i>1</i>
<i>Business Consultant</i>	<i>1</i>

Workings

	Workings	Amount €	Mark
Mary	€850 × 2 weeks × 15 years	25,500	3
Bernard	€910 × 2 weeks × 11 years	20,020	3
Total		45,520	3

* **Advantages:** Make all the decisions

****Disadvantages:** If the business fails they will lose what they invested in the business and possibly more.

(B) Ledger MBB Ltd

Date 2011	Details	F	Total €	Date 2011	Details	F	Total €	Mark
	Bank A/C							
14/6/	Share Capital	GL	40,000					3
	Share Capital A/C							
				14/6/2011	Bank	ACB	40,000	3

Marks Summary

(A) 34 marks

(B) 6 marks

Q 4 Final Accounts and Balance Sheet Question

(A)

		1½	1	1½	Mark
Trading, Profit and Loss Appropriation Account of BRADY Ltd for the year ended 31/12/2010					
		€	€	€	
	Sales			510,000	½
	Less Cost of sales				
01/01/2010	Opening Stock		32,000		½
	Purchases		270,000		½
	Import Duty	3,800			½
	add Import Duty due	1,500	5,300		½+½
	Cost of Goods Available for Sale		307,300		0
31/12/2010	Less Closing Stock		25,400	281,900	½+0
	Gross Profit			228,100	1
	Add Gains				
	Interest Receivable		22,400		½
	add Interest Receivable due		1,200	23,600	½+½
				251,700	0
	Less Expenses				
	Insurance	23,000			½
	less Insurance prepaid	3,200	19,800		½+½
	Wages		83,500		½
	Depreciation: Motor Vehicles	6,000			½
	Machinery	15,000	21,000	124,300	½+½+0
	Net Profit			127,400	3
	Less Dividends paid			14,000	½
				113,400	0
	Add Opening Reserves			52,900	½
	Reserves			166,300	½

Q 4 (A) contd.

	1		1/2	Mark
Balance Sheet of	BRADY Ltd			
	as on 31 /12/2010			
	€	€	€	
Fixed Assets	Cost	Depreciation	NBV	
Buildings	285,000	-----	285,000	1/2+1/2
Motor Vehicles	50,000	6,000	44,000	1/2+1/2+1/2
Machinery	150,000	15,000	135,000	1/2+1/2+1/2
Total Fixed Assets	485,000	21,000	464,000	1/2+1/2+1/2
Current Assets				
Closing Stock	25,400			1/2
Debtors	31,000			1/2
Cash	12,000			1/2
Bank	19,000			1/2
Interest Receivable due	1,200			1/2
Insurance prepaid	3,200	91,800		1/2+0
Less Current Liabilities				
Creditors	18,000			1/2
Import duty due	1,500	19,500		1/2+0
Working Capital			72,300	0
Total Net Assets			536,300	1/2
Financed By	Authorised	Issued		
500,000 €1 ordinary shares	500,000	350,000		1+1
Add reserves		166,300		1/2
Add Long term Liabilities				
25 Year Loan		20,000		1/2
Capital Employed			536,300	1/2

(B)

Formula	Workings	Answer	Mark
Dividend Paid x 100% Issued Share Capital	€14,000 x 100% €350,000	4%	5 (3+2)

Marks Summary

(A)	Trading Profit and loss Appropriation Account Headings 4 marks 20 @ 1/2 marks, 1 @ 1 mark and 1 @ 3 marks Balance Sheet Heading 2 marks 23 @ 1/2 marks, 2 @ 1 mark Presentation 1 1/2 marks	Total 18 marks Total 17 marks
(B)		Total 5 marks

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

(A)

	Reason why it is important to monitor overheads	Mark
1	To allow comparison between budgeted and actual overheads.	2
2	To ensure that a business lives within its means	2
3	To identify the main overheads and make changes where necessary	2

(B) Analysed Cash Book (Debit Side) of BURKES BAKERY Ltd

Date 2011	Details	Receipt No	F	Bank €	Mark
10/5	Murphy Ltd	35	DL	2,600	½
20/5	Smyth Ltd	36	DL	4,000	½
				6,600	
31/5	Balance C/D			2,040	1
		1		8,640	(3)

Analysed Cash Book (Credit Side) of BURKES BAKERY Ltd

Date 2011	Details	Cheque No.	F	Bank	Van	Wages	Interest	Waste Collection	Mark
01/05	Balance B/D			1,700					2
02/05	Wages	1	GL	1,100		1,100			½+½
03/05	Van Repairs	2	GL	950	950				½+½
06/05	Waste Collection	3	GL	400				400	½+½
07/05	Interest on Loan	4	GL	1,400			1,400		½+½
12/05	Diesel	5	GL	200	200				½+½
14/05	Wages	6	GL	850		850			½+½
17/05	Waste Collection	7	GL	240				240	½+½
23/05	Wages	8	GL	630		630			½+½
26/05	Van Insurance	9	GL	850	850				½+½
31/05	Diesel	10	GL	320	320				½+½
				8,640	2,320	2,580	1,400	640	
01/06	Balance B/D	(1)		2,040					(13)

(ACB figures 16 + Dates 1+ Folios 1) 18

(C) See over

5 (C) (i) continued

Business Overheads for May 2011

Overheads	Budgeted €	Actual €	Difference	Mark
Van	1,800	<i>2,320</i>	<i>520</i>	<i>1</i>
Wages	3,500	<i>2,580</i>	<i>-920</i>	<i>1</i>
Interest	1,100	<i>1,400</i>	<i>300</i>	<i>1</i>
Waste Collection	1,200	<i>640</i>	<i>-560</i>	<i>1</i>
				<i>(4)</i>

For Use with Question 5 (C) (ii)

Actual overheads Greater than Budgeted	Possible Reasons	Mark
Van	Diesel and insurance went up in price	<i>1+2</i>
Interest	Interest rate increased	<i>1+2</i>
		<i>(6)</i>

For Use with Question 5 (C) (iii)

Actual overheads Less than Budgeted	Possible Reasons	Mark
Wages	Workers had to take a cut in pay	<i>1+2</i>
Waste Collection	Cut back on wastage and did more recycling	<i>1+2</i>
		<i>(6)</i>

Marks Summary

A	6 marks
B Analysed Cash Book	18 marks
C	16 marks

Q6 This is a Channels of Distribution and Marketing Question

(A)

The following diagrams illustrate the **three** channels:

Illustrative Diagram	Channel 1 Is used for specialised goods.	Channel 2 Is used for less specialised goods such as grocery items where the retailers are big enough to deal directly with the manufacture.	Channel 3 Is used for less specialised goods such as grocery items where the retailers are very small and could not deal directly with the manufacturer
	Manufacturer	Manufacturer	Manufacturer
	↓	↓	↓
		Retailer	Wholesaler ↓ Retailer
	Consumer	Consumer	Consumer
Examples	Dress Making	Bread	Beans
	3	3	3

(B) **Two** methods of carrying out market research.

Method	Explanation	Example	Mark
Desk Research *	Use Existing Information	Reports, Internet, Own Files, CSO / Government Publications, Magazines/ Newspapers.	4
Field Research**	Obtain New Information	Questionnaires, Surveys, Interviews- Face to face or Telephone, Observation.	4

* Secondary Research, ** Primary Research

(C) (i)

Answer	Workings	Mark
€76	€95 less €19 (20% of €95)	3

(C) (ii) There are **five** points of information (at 2 marks each) required from the following :

	Piece of Information	Example	Mark
	Name of Company	<i>See Easy Ltd</i>	5@ 2
√	Name of Product	<i>CN3D</i>	
√	Selling Price	<i>€95</i>	
	Special Promotion	<i>Discount of 20% for first five hundred customers who produce copy of the advertisement</i>	
√	Where to purchase	<i>Online at www.se.ie</i>	
	Date of launch	<i>1 August 2011</i>	
	Availability	<i>Available from 1 August 2011 onwards</i>	
	Presentation Point e.g.	Don't Just Watch TV Programmes CN3D Them	<i>0 to 4 marks</i>
	Total Marks		14

(C) (iii) **Apart from Advertising** The following **two methods** might be used to promote the CN3D spectacles.

Types of people	Explanation	Mark
Use of personalities such as Actors / Musicians/ Sportspersons and Techno people	Actors /musicians / sportspersons have big following and are treated as icons. People are influenced by what they do and say. People would have confidence in what they say.	Any 2@3
Sponsorship	Supporting teams and events	
Competitions	Holding quizzes etc	
Press Releases	Using the media to promote the spectacles	
Open days in TV and Opticians Shops	Invite customers to try them out	
Special Offers	Reductions given such as 20% off for first 500 customers	

Marks Summary

A	9 marks
B	8 marks
C	23 marks

