



**Coimisiún na Scrúduithe Stáit**  
**State Examinations Commission**

**Junior Certificate 2013**

**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 2013**

**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.**

Pay As You Earn  
Universal Social Charge  
Pay Related Social Insurance

**2.**

**CAPITAL INCOME:** EU Grants/Sale of semi state company/borrowing  
**CAPITAL EXPENDITURE:** Building schools/hospital/infrastructure.

**3.**

- (i) Financed by
- (ii) €300,000
- (iii) Capital Employed

**4.**

<b>Answer</b>
20 times

<b>Workings</b>
Average Stock = $30,000 + 15,000/2 = €22,500$
$\frac{450,000}{22,500} = 20$

**5.**

- (i) To see if the farm makes a profit or loss.
- (ii) To know how much is received and spent during the year.
- (iii) To calculate their tax liability.
- (iv) To apply for grants
- (v) To apply for loans.
- (vi) Budgeting/decision making/planning/comparison.
- (vii) To find out how much the farm is worth.

**6.**

- (i) Cash/Bank
- (ii) Sales
- (iii) Sales
- (iv) Cash/Bank

7.

Dr		Creditors Control Account				Cr
Date	Details	€	Date	Details	€	
	<b>Cash/Bank</b>	<b>11,900</b>	<b>1/5/2013</b>	<b>Balance b/d</b>	<b>4,400</b>	
	<b>Balance c/d</b>	<b>1,800</b>		<b>Purchases</b>	<b>9,300</b>	
		13,700			13,700	
			<b>1/6/2013</b>	<b>Balance b/d</b>	<b>1,800</b>	

OR (Alternative Format)

Creditors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€
<b>1/5/2013</b>	<b>Balance</b>			<b>4,400</b>
	<b>Purchases</b>		<b>9,300</b>	13,700
	<b>Cash</b>	<b>11,900</b>		<b>1,800</b>

8.

- (i) Internet/Research/Education/Shopping/Banking.
- (ii) Communications/Email/Skype/Facebook/Twitter/Letters & Reports/Word-processing.
- (iii) Filing/Database/Accounts/Spreadsheets/Budgeting.
- (iv) Entertainment/Music/Films/Television/Games/Photographs/Graphics.
- (v) Kitchen appliances/Central Heating/Security systems.

9.

	Operating Statement	Balance Sheet
Equipment		✓
Income from Patients	✓	
Stock of Dental Materials 31/12/2012	✓	✓

10.

- (i) Price: It is illegal to give a false price for a product or service.
- (ii) Descriptions: Advertisements must not be false or make misleading regarding claims about a product or service e.g. location, distance, opening hours.

11.

Cummins Ltd – General Journal				
Date	Details	F	Dr	Cr
	Bank	CB <sub>1</sub>	5,900	
	Buildings	GL <sub>1</sub>	<b>520,500</b>	
	Creditors	CL <sub>1</sub>		<b>12,800</b>
	Ordinary Share Capital	GL <sub>2</sub>		<b>513,600</b>
	<i>Assets, Liabilities and Share Capital of Cummins Ltd on this date.</i>		<b>526,400</b>	<b>526,400</b>

12.

Shareholders  
Managing Director  
Finance Department/HR/R & D/IT/Purchasing/Marketing/Distribution.

13.

	€
Total (excluding VAT)	900.00
Trade Discount <b>15%</b>	<b>135.00</b>
Subtotal	<b>765.00</b>
VAT <b>23%</b>	<b>175.95</b>
Total (including VAT)	<b>940.95</b>

14.

- (i) Sterling
- (ii) Yen
- (iii) Dollar

15. (i)

**Answer = 3 %**

**Workings**  
$$\frac{255}{8,500} \times \frac{100}{1} = 3\%$$

(ii) Consumer Price Index

16.

- (i) Strawberries  
Designer Clothing  
Country Market Produce  
Computers  
Financial advice  
Hair Dressing

(ii) The consumer gets the goods at a cheaper price.  
The consumer receives the goods/service designed to meet their need  
The manufacturer reduces transport, marketing and distribution costs.  
The manufacturer may be able to charge extra.

17.

B      D      A

18.

<b>Diamond Ltd – Purchases Returns Book</b>						
Date	Details	CN No.	F	Net €	VAT €	Total €
9/5/2013	Park Ltd	10	CL 1	12,500	2,875	15,375

19.

- (i) €16,000  
(ii) Retained Earnings/Profit Retained/Revenue Reserve/Profit and Loss Balance  
(iii) €74,000

20.

- (i) Oral      (ii) Visual      (iii) Written

## Question 1: Household Budget

### 1. (A) Budget Comparison Statement for the Feeney household for the year 2012

INCOME	Budget Jan – Dec €	Actual €	Difference €
Salaries	42,500	39,525	- 2975
Child benefit	3,360	3,108	-252
Interest	200	194	-6
Other		1,000	+ 1,000
<b>TOTAL INCOME</b>	46,060	43,827	- 2,233
EXPENDITURE			
<i>Fixed</i>			
Mortgage	12,600	13,425	+ 825
Car insurance	430	400	-30
House insurance	640	736	+96
Subtotal	13,670	14,561	+ 891
<i>Irregular</i>			
Household costs	7,200	7,740	+ 540
Car costs	1,800	2,016	+ 216
Clothing and footwear costs	2,050	2,050	0
Light and heat costs	3,400	3,544	+ 144
Medical insurance	2,300	2,185	- 115
Subtotal	16,750	17,535	+ 785
<i>Discretionary</i>			
Entertainment costs	2,400	1,900	-500
Presents	600	1,000	+ 400
Holidays	4,300	4,042	-258
Subtotal	7,300	6,942	-358
<b>TOTAL EXPENDITURE</b>	37,720	39,038	+ 1,318
Net Cash	8,340	4,789	-3,551
Opening Cash	1,200	1,200	
Closing Cash	9,540	5,989	

Total 22 marks



**Note:**

No marks for the Total Income, Subtotal of Fixed, Irregular and Discretionary Expenditure.

½ mark for each of the following figures if correct.

8 Income figures, 6 Fixed Expenditure, 10 Irregular Expenditure, 6 Discretionary Expenditure.

2 marks for each figure in Net Cash must be correct.

1 mark for correct Opening Cash.

2 marks for Closing Cash as in the solution.

In the difference column the negative figures must be shown either in brackets ( ) or with a minus sign.

**(B)**

- |       |                           |     |
|-------|---------------------------|-----|
| (i)   | €9,540                    | (2) |
| (ii)  | €8,340                    | (2) |
| (iii) | €1,318/accept own figure. | (2) |
| (iv)  | €5,989/accept own figure. | (2) |
| (v)   |                           | (2) |
- Their no claims bonus may have increased.
  - The provisional driver got a full licence.
  - They reduced the value of their car or got a smaller car.
  - They received a better quote from a competing insurance firm.
  - Penalty points removed from licence.
  - Reduced the level of cover.

**(C) (i) (2 × 3)**

- Negotiate an interest only payment on their mortgage.
- Shop around to decrease house insurance/household costs/light and heat/car costs
- Reduce expenditure on /holidays/presents/entertainment (example of discretionary expenditure)
- Invest the closing cash.

**(ii) D I R T (2)**

**Question 2: Club Account****(A) (i)**

<b>The Rock Boxing Club Shop Trading Account for year ended 31/12/2012</b>			
Sales			4,750
Stock 01/01/2012		1,300	
Add Purchases		2,900	
		4,200	
Less Stock 31/12/2012		900	3,300
Shop Profit			1,450

**(A) (ii)**

<b>The Rock Boxing Club Income and Expenditure Account for year ended 31/12/2012</b>			
<b>Income</b>			
Shop Profit			1,450
Tug of War Income		3,670	
Less Tug of War Expenditure		1,590	2,080
Annual Sponsorship			5,200
Club Lotto Income		5,900	
Less Club Lotto Expenditure		4,830	1,070
Subscriptions		7,960	
Less Subscriptions prepaid		140	7,820
			17,620
<b>Less Expenditure</b>			
Fixtures repairs		920	
Depreciation Equipment		1,260	
Insurance	6,720		
Less Insurance prepaid	840	5,880	
Light and Heat	3,625		
Add Light and Heat due	325	3,950	
Sundry Expenses		5,320	17,330
<b>Excess/Surplus</b> of Income over Expenditure			290

**[34 marks]****(B) (i)** The Club Treasurer prepares the report. **(3)****(ii)** The club could apply for a grant which does not have to be repaid. This could be obtained from the Sports Council or the National Lottery.

The club could apply for a community medium or long-term loan from the local Credit Union or financial institution which could be repaid with interest/collateral may be required.

The club could seek sponsorship from a local business or benefactor to cover the cost of the changing rooms.

**(1 + 2)****[6 marks]****Total 40 marks**

**Trading Account:**

Title and Date = 2 marks  
6 figures @ 1 mark each = 6 marks

**Income and Expenditure Account:**

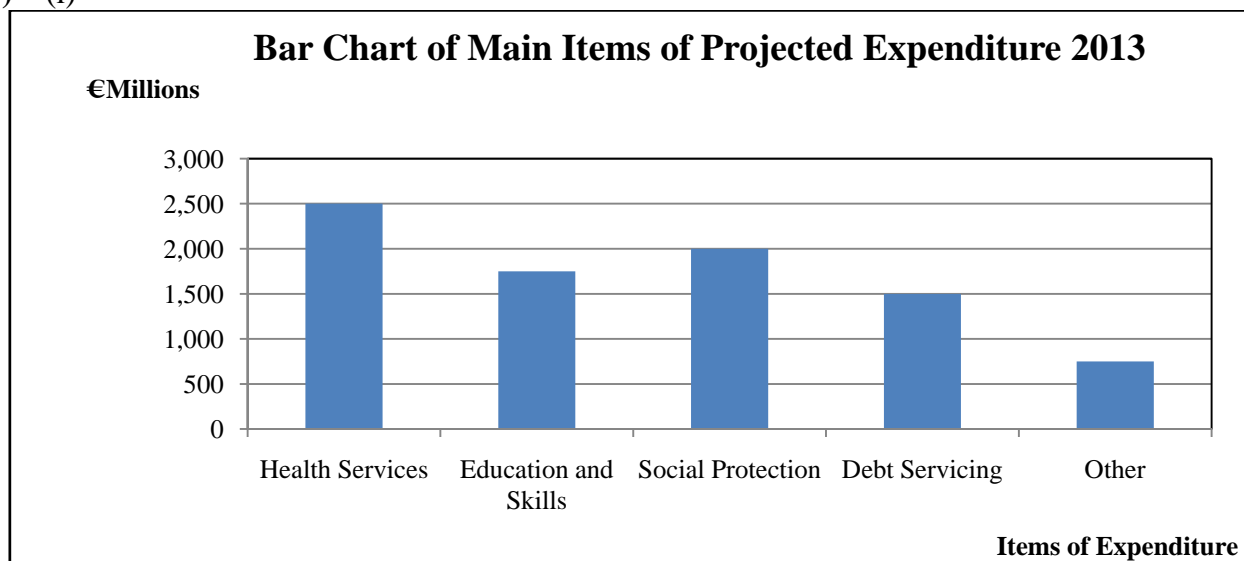
Title and Date = 2 marks  
Income Heading = 1 mark  
11 figures @ 1 mark each = 11 marks  
Expenditure Heading = 1 mark  
9 figures @ 1 mark each = 9 marks  
1 figure for surplus = 1 mark  
Word Surplus/Excess = 1 mark  
**Total = 26 marks**

**Question 3: Factors of Production, National Expenditure, and Economic Awareness**

- (A) (i) **Land** is anything supplied by nature which is used in the production of goods and services. The reward is **rent**.
- (ii) **Labour** is all human effort used in the production of goods and services. The reward is **wages**.
- (iii) **Capital** is anything man made used in the production of goods and services. The reward is **interest**.
- (iv) **Enterprise** is the factor of production which **combines all the other factors**, takes the risk and sets up a business. The reward is **profit**.

**12 marks**

(B) (i)



Title and 2 axes **3 @ 1 mark each**

= **3 marks**

Labelled **5 @ 1 mark each**

= **5 marks**

Correct bars **5 @ 1 mark each**

= **5 marks**

**(13 marks)**

- (B) (ii) **Limited Resources** means that there are not enough resources to do all the things that need to be done. **(3)**

As a result of limited resources choices must be made. **Opportunity cost** refers to choices lost as a result of a decision made. **(3)**

- (iii) **A Budget Deficit** occurs when government current expenditure exceeds government current revenue. **(3)**

- (iv) The government will have to

- decrease current expenditure e.g. the public sector pay bill
- increase current revenue through increased taxation e.g. property tax.
- a combination of both by increasing current revenue a little and cutting current expenditure a little. **(2 × 3)**

**(15 marks)**

**[28 marks]**

**Total 40 marks**

**Question 4: Insurance**

(A) (i)

<b>Ward Insurance Ltd - Claim Form</b>							
Name	<b>Jack Earls (½)</b>						
Address	<b>The Quay, Dingle, Co. Kerry (½)</b>						
Policy No.	<b>525921RD (½)</b>						
Occupation	<b>Student (½)</b>						
<b>Details of Loss/Damage</b>							
Date	<b>1 May 2013 (½)</b>						
Location	<b>Tralee, Co. Kerry (½)</b>						
Description of items lost/damaged	Value (€)	Date of Purchase					
<b>I Pad with WiFi and Cellular (½)</b>	<b>€569 (½)</b>	<b>25 April 2013 (½)</b>					
Was loss/damage reported to the Garda Síochána? (Tick (✓)YES or NO)				YES	✓	NO	(½)
If 'Yes', please complete this section: ⇒	Date of reporting	<b>1 May 2013 (1)</b>					
	Garda Station	<b>Tralee (1)</b>					
	Garda who took details	<b>Garda Sinead Foley (1)</b>					
Signed	<b>Jack Earls (1)</b>						
Date	<b>8 May 2013 (1)</b>						

**A (i) Form:** 10 items @ ½ mark each = **5 marks**  
 5 items @ 1 mark each = **5 marks**  
 = **10 marks**

- (ii) **Compensation:** €69 or a new I Pad. (3)
  - (iii) **Indemnity-** Jack cannot make a profit from insurance. He cannot receive compensation greater than the value of the I Pad €69. (5)
  - (iv) **Utmost Good Faith** – Jack was obliged to tell the truth when filling his proposal form for insurance and give all relevant facts.  
**Insurable Interest** – Jack should be the owner of the I Pad in order to insure it. He suffered a financial loss as the I Pad was stolen. Only the owner of property can take out insurance. (5)
- [23 marks]**

**(B)**

- (i) In Dylan's case he has **a provisional licence and he is aged 22.** (2 × 3)
- (ii) **Third party** insurance provides compensation to other people injured in or by Dylan's car. It also covers damage to property caused by Dylan's car. **His own car is not covered.**  
**Comprehensive** insurance provides compensation to all those injured by Dylan's car, any property damaged by the **car as well as damage to Dylan's car** (8)
- (iii) An **Actuary** calculates the premium. (3)

**[17 marks]**  
**Total 40 marks**

## Question 5: Borrowing

(A)

Main Street  
Mohill  
Co. Leitrim

11<sup>th</sup> June 2013

Mr Niall Daly  
The Strand  
Buncrana  
Co. Donegal

Re: Hire Purchase versus Loan

Dear Niall,

I am writing to explain the difference between hire purchase and a loan as forms for finance.

Hire Purchase is where a deposit is paid and the balance is paid by instalments. Ownership is acquired after the last instalment is paid. Your rights under Hire Purchase are:

- to receive a copy of the HP agreement showing the cash price, the hire purchase price and the APR/number of instalments/amount of each instalment/cooling off period.
- to return the goods to the hire purchase company if the instalments cannot be paid
- if more than one third of the hire purchase price is paid the hire purchase company cannot take the goods back unless they get permission from the court.

A loan is a source of finance from a financial institution that is repayable with interest over an agreed period of time. Collateral or security may be required. You can purchase the scooter immediately and will have full ownership. Your rights as a borrower are:

- to know the APR
- to know the number of repayments
- to know the amount of each repayment
- to know the cash price
- to know the total cost of credit.
- a cooling off period to allow for change of mind.

If you have any queries please feel free to contact me.

Yours sincerely

Enda Power

### Letter

Layout: 9 @ 1 mark	=	<b>9 marks</b>
2 Explanations @ (3) each	=	<b>6 marks</b>
Rights: 2 @ 2 marks	=	<b>4 marks</b>
English	=	<b>3 marks</b>

**[22 marks]**

[English consists of punctuation, paragraphs and neatness.]

**(B) (i)**

**Option 1 (1)**

Hire Purchase	Deposit	<b>€350</b>	<b>1 mark</b>
	<b>30 Instalments @ €210 each</b>	<b>€6,300</b>	<b>3 marks</b>
	<b>Total</b>	<b>€6,650</b>	<b>1 mark</b>

**(6 marks)**

**Option 2 (1)**

Loan			
	€4,500 @ 10.5%	<b>€472.50</b>	<b>1 mark</b>
	€3,000 @ 10.5%	<b>€315.00</b>	<b>1 mark</b>
	€1,500 @ 10.5%	<b>€157.00</b>	<b>1 mark</b>
		<b>€45.00</b>	<b>1 mark</b>
	3 x €1,500	<b>€4,500.00</b>	<b>1 mark</b>
	<b>Total</b>	<b>€5,445.00</b>	<b>1 mark</b>

**7 marks**

**(ii) Choice: I would recommend the loan** **1mark**

**Two Reasons: (2 @ 2 marks each)** = **4 marks**

1. It is cheaper.
2. Ownership is immediate.

**5 marks**  
**[18 marks]**

**Total 40 marks**



**Question 6: Wages and People at Work**

(A) (i) A tax credit reduces the amount of tax payable by a tax payer.

(3)

(ii)

**Workings**

Gross Pay		PAYE	
$\frac{702}{13} = \text{€}18 \text{ per hour}$			
Basic	€702	$873 \times 41\%$	= €357.93
<b>OT</b>		less tax credit	<u>€20.00</u>
$5 \times 1.5 \times \text{€}18 =$	€135		<u>€37.93</u>
$1 \times 2 \times \text{€}18 =$	<u>€36</u>		
	€71		
	<u>€873</u>		
Tax Credit		Other	
$\frac{\text{€}2,240}{52} =$	€120	PRSI/USC	
		$\text{€}873 \times 10.5\%$	= €1.67

Wage Slip		
Name: <b>Patricia Keane</b>		(1)
Week No: <b>26</b>		(1)
Basic Pay	€702	(1)
Overtime	€171	(4)
<b>Gross Pay</b>	—————→	€873.00 (2)
Tax Credit	€120	(3)
<b>Deductions</b>		
PAYE	€37.93	(5)
PRSI/USC	€1.67	(2)
Health Insurance	€24.00	(1)
Savings	€50.00	(1)
<b>Total Deductions</b>	—————→	€403.60 (1)
<b>Net Pay</b>	—————→	€469.40 (1)

**22 marks**

(iii) **Additional Income:** Overtime

= **1 mark**

**Non Statutory Deductions:** Savings, Health Insurance 2 @ 1 mark

= **2 marks**

**[28 marks]**

**(B)** (i) This is **work** because there is **no payment** involved. Patricia receives no payment for her work with Focus Ireland.

**(2 × 3)**

**6 marks**

(ii)

- She would bring teamwork skills as she works with other people in Cafe Lani.
- She could bring her catering skills to the charity in helping to prepare meals for homeless people.
- As a chef she has organisational skills in running a kitchen efficiently. These skills could be used for Focus Ireland.
- She would have good social and communication skills for interacting with the clientele.

**2 skills described @ 3 marks each**

**[12 marks]**

**Total 40 marks**

**Coimisiún na Scrúduithe Stáit  
State Examinations Commission**

**JUNIOR CERTIFICATE EXAMINATION 2013**

**BUSINESS STUDIES – HIGHER LEVEL – PAPER II**

**Suggested Solutions and Marking Scheme**

**Question 1: Books of First Entry, Ledger and Trial Balance of OXO Ltd**

(A - B)

**Sales Book of OXO Ltd (4)**

Date 2013	Details	Invoice No.	F	NET €	VAT €	Total €
1/5	KP Ltd	11	DL	26,000	5,980	31,980
7/5	SLD Ltd	12	DL	14,000	3,220	17,220
				40,000	9,200	49,200
				<b>GL</b>	<b>GL</b>	
		<i>1</i>		<i>1 (1/2+1/2)</i>	<i>1 (1/2+1/2)</i>	<i>1 (1/2+1/2)</i>

**Sales Returns Book of OXO Ltd (2½)**

Date 2013	Details	Credit Note No.	F	NET €	VAT €	Total €
18/5	KP Ltd	3	DL	11,600	2,668	14,268
		<i>1</i>		<i>1/2</i>	<i>1/2</i>	<i>1/2</i>

**Analysed Cash Book of OXO Ltd Debit Side (4½)**

Date 2013	Details	Receipt No (1m)	F	Bank €	Sales €	VAT €	Share Capital €	Debtor €	Mark
4/5	Share Capital	1	GL	60,000			60,000		<i>1 (1/2+1/2)</i>
26/5	Sales		GL	34,440	28,000	6,440			<i>1½ (1/2+1/2+1/2)</i>
31/5	SLD Ltd	2	DL	10,000				10,000	<i>1 (1/2+1/2)</i>
				104,440	28,000	6,440	60,000	10,000	
1/6	Balance B/D			67,720					

**Analysed Cash Book of OXO Ltd Credit Side (4½)**

Date 2013	Details	Cheque No (1m)	F	Bank €	Purchases €	VAT €	Wages €	Mark
11/5	Purchases	1	GL	29,520	24,000	5,520		<i>1½ (1/2+1/2+1/2)</i>
17/5	Wages	2	GL	7,200			7,200	<i>1 (1/2+1/2)</i>
31/5	Balance C/D			36,720 67,720	24,000	5,520	7,200	
								<i>1</i>
				104,440				

**Question 1: Books of First Entry, Ledger and Trial Balance of OXO Ltd contd.**  
(A – C)

Date 2013	Detail	F	Total €	Date 2013	Detail	F	Total €	Mark
<b>GENERAL LEDGER OF OXO Ltd</b>								
<b>Ordinary Share Capital A/C</b>								
				4/5	Bank	ACB	60,000	<i>1</i>
<b>Purchases A/C</b>								
31/5	Bank	ACB	24,000					<i>1</i>
<b>Sales A/C</b>								
				31/5	Total Net Debtors	SB	40,000	<i>1</i>
				31/5	Bank	ACB	28,000	<i>1</i>
							68,000	
<b>Sales Returns A/C</b>								
31/5	Total Net Debtors	SRB	11,600					<i>1</i>
<b>VAT A/C</b>								
31/5	Cash Purchases	ACB	5,520	31/5	Credit Sales	SB	9,200	<i>1+1</i>
31/5	Sales Returns	SRB	2,668	31/5	Cash Sales	ACB	6,440	<i>1+1</i>
31/5	Balance C/D		7,452					<i>1</i>
			15,640				15,640	
				1/6	Balance B/D		7,452	
<b>Wages A/C</b>								
17/5	Bank	ACB	7,200					<i>1</i>
<b>DEBTORS LEDGER OF OXO Ltd</b>								
<b>KP Ltd A/C</b>								
1/5	Sales	SB	31,980	18/5	Sales returns	SRB	14,268	<i>1+1</i>
				31/5	Balance C/D		17,712	<i>1</i>
			31,980				31,980	
1/6	Balance B/D		17,712					
<b>SLD Ltd A/C</b>								
7/5	Sales	SB	17,220	31/5	Bank	ACB	10,000	<i>1+1</i>
				31/5	Balance C/D		7,220	<i>1</i>
			17,220				17,220	
1/6	Balance B/D		7,220					
<b>Total Marks</b>								<b>17</b>

(C) Books of First Entry, Ledger and **Trial Balance** of OXO Ltd contd.

**Trial Balance of OXO Ltd as on 31/5/2013**

	<b>DR</b> €	<b>CR</b> €	<b>Mark</b> (4½)
Bank	67,720		½
Purchases	24,000		½
Wages	7,200		½
KP Ltd	17,712		½
SLD Ltd	7,220		½
Sales Returns	11,600		½
Share Capital		60,000	½
Sales		68,000	½
VAT		7,452	½
	<b>135,452</b>	<b>135,452</b>	

**Marks Summary**

<b>Ledger</b>	<b>Sales Book</b>	<b>Sales Returns Book</b>	<b>Analysed Cash Book</b>	<b>Trial Balance</b>	<b>Dates</b>	<b>Folios</b>	<b>Total</b>
17	4	2½	9	4½	2	1	40

**Question 2: Sales, Business Documents and Bookkeeping**

(A) (i) **Two** reasons for keeping customers satisfied include:

	<b>Reasons</b>	<b>Mark</b>
<b>1</b>	The customers will remain loyal	2
<b>2</b>	There will be less complaints	2

(ii)

<b>Dealing with customer complaints</b>	<b>Mark</b>
Business should investigate their customers' complaints and then Make a decision	3

(B)

(i)

	<b>Procedures used when issuing Statements of account</b>	<b>Mark</b>
<b>1</b>	Check that the name and address of the buyer is correct	2
<b>2</b>	Check that the details / calculations are accurate	2


(B) (ii, iii, iv) **see next pages**

**Question 2: contd.**

**(B) (ii) Statement of Account Completion**

STATEMENT					No. 56	Mark
<b>NOON Ltd, 10 Bridge Street, Tullamore, Co. Offaly</b>						
<b>To:</b> <i>PM Ltd,</i> <i>20 Clock Road,</i> <i>Tara,</i> <i>Co. Offaly</i>			Tel. 057 93927101 VAT Reg. No. IE 55365 Account No. 3345 Date: 31 / 5 / 2013		2	1
DATE	DETAILS	DEBIT €	CREDIT €	BALANCE €		
1/5/2013	Balance			1,200		1
3/5/2013	Invoice No. 23	21,525		22,725		1+1
10/5/2013	Credit Note No. 5		4,551	18,174		1+1
29/5/2013	Cheque No. 345		12,000	6,174		1+2
1	2			Amount Due		14m

**(B) (iii) Cheque and Counterfoil Completion**

Date	29/5/2013	Bank of Ireland, Tara, Co. Offaly	90-17-77	Mark
To	NOON Ltd		Date 29/5/2013	1+1
Balance	€10,000	Pay NOON Ltd	or order	1
This Cheque	€12,000	Twelve thousand euro	€12,000	1+1+1
New Balance	€ (2,000)		PAULINE MORRIS Pauline Morris	1+1
				
	00345		00345 90-17-77 34346213	9m



**Question 2: contd.****(B)** (iv)**Analysed Cash Book of PM Ltd**

<b>Date</b>	<b>Details</b>	<b>Cheque No.</b>	<b>F</b>	<b>Bank €</b>	<b>Creditor €</b>	<b>Mark</b>
<i>29/5/2013</i>	<i>NOON Ltd</i>	<i>345</i>	<i>CL</i>	<i>12,000</i>	<i>12,000</i>	
<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>6m</i>

**Marks Summary**

<b>(A)</b>	<b>(B) (i)</b>	<b>Statement</b>	<b>Cheque &amp; Counterfoil</b>	<b>Analysed Cash Book</b>	<b>Total</b>
<i>7</i>	<i>4</i>	<i>14</i>	<i>9</i>	<i>6</i>	<i>40</i>

**Question 3: Assessment of a Business and Business Insurance**

(A) (i)

Heading	Performance		Mark
Net Margin	Increase of 3% on 2011.	Satisfactory.	3
Current Ratio	Decrease of 1.2 on 2011.	Unsatisfactory	3
Rate of Stock Turnover	Increase of 6 times on 2011.	Satisfactory	3

(ii) Improving Unsatisfactory Performance

Heading	Improve performance	Mark
Current Ratio	Lodge more cash in EAT Ltd Bank Account	3

(iii) Happy with Return on Capital Employed

Reasons	Answer	Mark
	No	2
Reason 1	The return is 4.5% less than the 6.5% available on a Bank Deposit Account	2
Reason 2	The return has been the same for the two years	2

(B) (i) Name of insurance required by law

Answer	Mark
Motor Insurance	3

(ii) Three other types of insurance that EAT Ltd could purchase

Type	Reason	Mark
Theft of Goods/Equipment	In case of stock and equipment been stolen.	1+2
Employer's Liability	In case employees are injured at work	1+2
Product liability	In case customers are harmed by the goods/services sold	1+2

(iii) Calculation of Compensation

Formula	Workings	Amount of Compensation	Mark
$\frac{\text{Amount insured} \times \text{Damage}}{\text{Value of Buildings}}$	$\frac{€240,000 \times €40,000}{€300,000}$	€32,000	5
Explanation of answer	The buildings were underinsured by €60,000 and the compensation was reduced accordingly.		5

**Marks Summary**

<b>Question Section</b>	<b>Mark</b>	<b>Mark</b>
<b>A (i)</b>	6	18
<b>A (ii)</b>	6	
<b>A (iii)</b>	6	
<b>B (i)</b>	3	22
<b>B (ii)</b>	9	
<b>B (iii)</b>	10	
<b>Total</b>	<b>40 marks</b>	

### Question 4: Final Accounts and Balance Sheet

(A)

		1½	+ 1	+ 1½	Mark	
<b>Trading, Profit and Loss Appropriation Account of</b>		<b>TOP Ltd</b>			<b>for the year ended 31/12/2012</b>	
		€	€	€		
	Sales			310,000	½	
	<b>Less Cost of Sales</b>					
1/1/2012	Opening Stock		10,000		½	
	Purchases		104,000		½	
	Carriage Inwards		6,000		½	
	Cost of Goods Available for Sale		120,000			
31/12/2012	Less Closing Stock		12,000	108,000	½+0	
	<b>GROSS PROFIT</b>			<b>202,000</b>	<b>2 (1+1)</b>	
	<b>Add Gains</b>					
	Commission Receivable		8,000		½	
	Add Commission Receivable due		1,400	9,400	½+½	
				211,400	<b>0</b>	
	<b>Less Expenses</b>					
	Advertising	16,000			½	
	Add advertising due	4,000	20,000		½ + ½	
	Insurance	10,700			½	
	Less insurance prepaid	1,300	9,400		½+½	
	Wages		67,000		½	
	Depreciation: Buildings	9,500			½	
	Machinery	24,000	33,500	129,900	½+½+0	
	<b>NET PROFIT</b>			<b>81,500</b>	<b>3( 1+2)</b>	
	Less Dividends paid			33,300	½	
				48,200	<b>0</b>	
	Add Opening Reserves			60,000	<b>1</b>	
	<b>RESERVES</b>			<b>108,200</b>	<b>0</b>	
					<b>19½m</b>	

**Question 4: (A) contd.**

$\frac{1}{2}$	<i>1</i>	$\frac{1}{2}$	Mark
<b>Balance Sheet of TOP Ltd as on 31/12/2012</b>			
<b>FIXED ASSETS</b>	<b>€ Cost</b>	<b>€ Depreciation</b>	<b>€ NBV</b>
Buildings	380,000	9,500	370,500
Machinery	160,000	24,000	136,000
<b>Total Fixed Assets</b>	<b>540,000</b>	<b>33,500</b>	<b>506,500</b>
<b>CURRENT ASSETS</b>			
Closing Stock	12,000		
Debtors	15,000		
Cash	3,000		
Commission Receivable due	1,400		
Insurance prepaid	1,300	32,700	
<b>Less CURRENT LIABILITIES</b>			
Bank Overdraft	10,000		
Creditors	17,000		
Advertising due	4,000	31,000	
<b>WORKING CAPITAL</b>			<b>1,700</b>
<b>TOTAL NET ASSETS</b>			<b>508,200</b>
<b>FINANCED BY</b>	<b>AUTHORISED</b>	<b>ISSUED</b>	
450,000 € Ordinary Shares	450,000	370,000	
Add Reserves		108,200	
<b>Add Long Term Liabilities</b>			
30 year Loan		30,000	
<b>CAPITAL EMPLOYED</b>			<b>508,200</b>
			<b>14½</b>

(B)

Amount of Finance that can be raised	Mark
€80,000	5

**Marks Summary**

(A)	Trading Profit and Loss Appropriation Account Balance Sheet Presentation	19½ 14½ 1	35	Total 40 marks
(B)	Correct Answer		5	

**Question 5: Forms of Business Ownership, Marketing and Business Plan****(A)**

<b>Form of Ownership</b>	<b>Ownership</b>	<b>Liability</b>	<b>Distribution of Profits</b>	<b>Mark</b>
<b>Sole Trader</b>	1	Unlimited	Owner takes all the profit	2+2+2
<b>Private Limited Company</b>	1 to 99	Limited to amount invested	Divided between shareholders	2+2+2

**5 (B) Workings****(i)**

<b>Selling Price</b>	<b>Workings</b>
<b>€7,150</b>	<b>€5,500 + €1,650 (30% of €5,500)</b>

**(ii)**

<b>Amount of Finance to be borrowed</b>	<b>Workings</b>
<b>€250,000</b>	<b>€750,000 less €300,000 (3 @ €100,000) + Grant €200,000</b>

See next page for Completed Business Plan

**Question 5: contd.**

**BUSINESS PLAN**

<b>COMPANY DETAILS</b>			<i>Mark</i>	
Name of Company	<i>PAT Ltd</i>		<i>1</i>	
Address of Company	<i>Cavity Alley, Limerick</i>			
Directors	<i>(i) Paul Burns</i>	<i>(ii) Ann Smyth</i>	<i>1+1+1</i>	
Marketing Manager	<i>Paul Burns</i>			
Finance Manager	<i>Ann Smyth</i>		<i>1</i>	
Production Manager	<i>Tony Kelly</i>		<i>1</i>	
Company Bank	<i>AIB</i>		<i>1</i>	
<b>PRODUCT</b> Description	<i>Retrofitting houses to reduce heat loss</i>		<i>1</i>	
<b>MARKET RESEARCH</b> Size of Target Market Main Competitors	<i>600,000 householders</i>		<i>1</i>	
	<i>(i) STAYWARM Ltd</i>	<i>(ii) KEEPHEATIN Ltd</i>	<i>1+1</i>	
Selling Price per house	<i>€7,150</i>		<i>3</i>	
<b>SALES PROMOTION</b> Three Suitable Methods	<i>(i) Advertising on TV</i>		<i>1</i>	
	<i>(ii) Leaflet Drop</i>		<i>1</i>	
	<i>(iii) Attendance at Ideal Homes Exhibitions</i>		<i>1</i>	
<b>FINANCE</b> Total Amount Required	<i>€750,000</i>		<i>1</i>	
Finance Available	<i>€500,000</i>		<i>2</i>	
Loan Required	<i>€250,000</i>		<i>2</i>	
<b>DIRECTORS' SIGNATURES</b>	<i>(i) Paul Burns</i>	<i>(ii) Ann Smyth</i>	<i>(iii) Tony Kelly</i>	<i>1+1+1</i>
<b>DATE</b>	<i>11/6/2013</i>		<i>1</i>	
			<b>28</b>	

**Marks Summary**

<b>(A)</b>	<b>12</b>	<b>Total</b>
<b>(B)</b>	<b>28</b>	<b>40 marks</b>

**Question 6: Cost of Delivery and Employer****(A) Cost of Transport for one day**

Section	Answer	Mark
(A) (i) Cost of Diesel (2m)	€32.94 (3m)	5
(A) (ii) Cost of Labour (2m)	€50.20 (4m)	6
(A) (iii) Annual Costs (2m)	€4 (4m)	6
(A) (iv) Total Costs including the Toll (2m)	€37.14 (3m)	5
<b>Total Marks</b>		<b>22</b>

**(B) Two ways by which delivery costs may be reduced**

Two ways of reducing delivery cost include	Mark
Avoid the toll roads/bridges/tunnels to reduce toll costs.	3
Change from diesel to electrical/hybrid lorries.	3

**(C) (i)**

Two rights of employers include	Mark
Decide on the aims of the business/set up a business	3
Select suitable employees	3

**(ii)**

Two responsibilities of employers include	Mark
Obey all labour laws	3
Provide safe and healthy working conditions	3

**Marks Summary**

A	B	C	Total
22	6	12	40



