



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Junior Certificate 2014

Marking Scheme

Business Studies

Higher Level

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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.



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State Examinations Commission**

JUNIOR CERTIFICATE EXAMINATION 2014

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. Account, Credit, General Ledger

2.

Statutory Deductions: PAYE, PRSI, USC
Voluntary Deductions: Union, Subscriptions, Health Insurance, Savings, Charities, Pensions.

3.

(i) Purchases (ii) €40,000 (iii) Gross Profit

4.

Answer	Workings
20 %	Sales – Cost of Sales = Gross Profit Sales – €480,000 = €120,000 Sales = €600,000 $\frac{120,000}{600,000} \times 100 = 20\%$

5.

A mixed economy is an economic system which has both elements of private enterprise and state companies.

6.

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

7.

Dr		Debtors Control Account				Cr
Date	Details	€	Date	Details	€	
1 May	Balance b/d	2,100		Cash/Bank	9,120	
	Sales	8,500		Balance c/d	1,480	
		10,600			10,600	
	Balance b/d	1,480				

OR (Alternative Format)

Debtors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€
1 May	Balance			2,100
	Sales	8,500		10,600
	Cash/Bank		9,120	1,480

* The mark for 1,480 is conditional on the sales and cash paid being correct

8. Market Research is gathering information in relation to consumer's preferences for a good or service about a potential market.

9.

	Trading A/C	Profit & Loss A/C	Balance Sheet
Creditors			✓
Import Duties	✓		
Motor Vehicles Depreciation		✓	✓

10.

- (i) Get a reference from a bank or financial institution.
- (ii) Get a reference from other businesses who have dealt with the customer.
- (iii) Get a Credit Agency to investigate the customer.
- (iv) Get sales people to look up Stubbs Gazette or similar publications.

11.

Nelson Ltd – General Journal				
Date	Details	F	Dr	Cr
1/1/2014	Bank Overdraft	CB ₁		2,100
	Buildings	GL ₁	370,600	
	Debtors	DL ₁	8,800	
	Ordinary Share Capital	GL ₂		377,300
	<i>Assets, Liabilities and Share Capital of Nelson Ltd on this date.</i>		379,400	379,400

12. (i)

Answer	Workings
Small 0.62 c per gr	$174 \div 280 = 0.62$
Medium 0.60 c per gr	$447 \div 750 = 0.60$
Large 0.58 c per gr	$580 \div 1,000 = 0.58$

(ii) Large

13.

- (i) To estimate expenditure for the coming year/to control expenditure on health, education, social welfare.
- (ii) To estimate the amount of revenue/income they can collect during the year e.g. taxes.
- (iii) To estimate borrowing requirements.
- (iv) To see if they will have a balanced or surplus or deficit budget.
- (v) To redistribute wealth and develop a social policy.
- (vi) To manage the economy by stimulating or deflating it.

14.

Answer = €26.28

Workings
$684 \div 38 = 18 \text{ Litres}$
$18 \times 1.46 = \text{€}26.28$

15.

(i) Gross National Product

(ii)

Answer
2 %

Workings
$1,122 - 1,100 = 22$
$221 \div 100 \times \frac{100}{1}$

16.

Sources of Finance	Short Term	Medium Term	Long Term
Leasing		✓	
Bank overdraft	✓		
Mortgage			✓

17.

(i) (€10,000)

(ii) (€4,000)

18.

1	2	3
C	A	D

19.

Macy Ltd – Sales Returns Book						
Date	Details	CN No.	F	Net €	VAT €	Total €
9/5/2014	Dolly Ltd	5	DL 1	5,200	1,196	6,396

20. An entrepreneur is someone who puts a business idea into practice/takes initiative/sets up a business, organises the other factors of production and takes risk.

Section B

Question 1: Budget

(A) Planned Budget for the Power Household for 2015

	Jan	Feb	Mar	Total Jan-Mar	Estimate Apr-Dec	Total for Year Jan-Dec
PLANNED INCOME	€	€	€	€	€	€
Margaret Power Salary	1700	1700	1700	5100	15,640	20,740
Patrick Power Wages	1200	1200	1200	3600	9,180	12,780
Child Benefit	280	280	280	840	2,340	3,180
TOTAL INCOME	3180	3180	3180	9540	27,160	36,700
PLANNED EXPENDITURE						
<i>Fixed</i>						
Annual house insurance		720		720	-	720
Car insurance	60	60	60	180	590	770
Mortgage	900	900	900	2700	6,300	9,000
Subtotal	960	1680	960	3600	6,890	10,490
<i>Irregular</i>						
Telephone	60	210	60	330	1,200	1,530
Light and heat costs	135		135	270	640	910
Car running costs	140	140	140	420	1,440	1,860
Household costs	620	620	620	1860	5,208	7,068
Subtotal	955	970	955	2880	8,488	11,368
<i>Discretionary</i>						
Entertainment costs	90	120	110	320	1,035	1,355
Holidays			1000	1000	1,600	2,600
House decoration			2200	2200	-	2,200
Subtotal	90	120	3310	3520	2,635	6,155
TOTAL EXPENDITURE	2005	2770	5225	10000	18,013	28,013
Net Cash	1175	410	(2045)	(460)	9,147	8,687
Opening Cash	50	1225	1635	50	(410)	50
Closing Cash	1225	1635	(410)	(410)	8,737	8,737

(30 figures @ 1 mark each (excluding total income, subtotals and total expenditure))

(B)

(i) Salaries: (3)
It's a fixed pay regardless of the number of hours worked.

Wages: (3)
The amount paid varies depending on the hours worked/the quantity produced per week.

(ii) Balance: €10 overdrawn/deficit/(€10) (2)

(iii) Method: Cut back on house decorations.
Delay holiday plans.
They could use their savings to make up the shortfall.
Spread the cost of the house insurance over 12 months. (2)

(10 marks)

Question 2: Club Account

(A)

Accumulated Fund KJ Rugby Club as at 01/01/2013		
	Dr	Cr
Assets		
Clubhouse	440,000	
Cash	6,100	
Minibus	45,000	
		491,100
Less: Liabilities		
Long Term Loan		66,000
Accumulated Fund 01/01/2013		425,100

5 figures @ 1m each

1 mark for 'accumulated fund' words.

[6 marks]

(B) (i)

Receipts and Payments Account KJ Rugby Club for year ending 31/12/2013					
Dr			Cr		
01/01/2013	Balance b/d	6,100		Purchases of Equipment	24,000
	Sponsorship	2,300		Tag Expenses	4,260
	Tag Entry Fees	8,470		Light and Heat	1,890
	Club Lotto	4,450		Insurance	3,780
	Subscriptions	16,300		General Expenses	3,140
			31/12/2013	Balance c/d	550
		37,620			37,620
	Balance b/d	550			

Title 1m

Receipts: Opening Balance 1m

Receipts side 5 figures @ ½ mark each = 2 ½ m

Payments side 5 figures @ ½ mark each = 2 ½ m

Balance c/d 1m

[8 marks]

(B) (ii)

Income and Expenditure Account KJ Rugby Club for year ending 31/12/2013			
	€	€	€
Income			
Annual Sponsorship		2,300	
Tag Entry Fees	8,470		
Less: Tag Expenses	(4,260)	4,210	
Club Lotto		4,450	
Subscriptions	16,300		
Less subscriptions prepaid	400	15,900	
			26,860
Expenditure			
Light and Heat	1,890		
Add Light and Heat due	190	2,080	
Insurance	3,780		
Less insurance prepaid	530	3,250	
General Expenses		3,140	
Depreciation			
Equipment 15%	3,600		
Minibus 20%	9,000	12,600	
			21,070
Excess of Income over Expenditure			5,790

Title 1m

Headings 2m

Income: 7 figs @ 1m = 7m

Expenditure: 9 figs @ 1 = 9m

Excess figure 5790 = 1m

Words Excess of Income over Expenditure = 1m

[21 Marks]

(C) Two assets

(2 + 1)

Clubhouse

Minibus

Equipment

Insurance prepaid

Balance €50 /Receipts and Payments A/C Balance /Cash /Bank

One Liability

Long Term Loan

Subscriptions prepaid

Light and heat due

One asset and one liability @ 2 marks each.

2nd asset @ 1 mark

[5 marks]

Total 40 marks

Question 3 Inflation and Trade

(A) (i) Inflation is a sustained increase in the general level of prices from one period to another. **3m**

(ii) The official measure of inflation in Ireland is the Consumer Price Index. **2m**

(iii) **Two** causes of inflation

- When the costs of producing goods is increasing then the price of the good will increase also.
- An increase in the taxes which affect price such as VAT and Excise Duties will cause prices to increase.
- If there is too much demand for goods and services and not enough supply then prices will rise.
- When the cost of imported raw materials increase then the price of goods using these raw materials will increase also.

2 @ 3 marks each

Two benefits of low inflation

- There will be less demand by trade unions for wage increases.
- Irish goods/services being sold overseas (exports) may be more competitive.
- Businesses may find it easier to control costs.
- Foreign firms will be attracted to Ireland.
- Consumers may be encouraged to save more.

2 @ 3 marks each

[17 marks]

(B) (i) Visible Exports

This is the sale of physical goods by Ireland to other countries e.g. dairy products, beef and chocolates.

Invisible Exports

This is the sale of services by Ireland to other countries e.g. tourists visiting Ireland, Irish bands playing concerts overseas, providing financial services to other countries.

2 explanations @ 2 marks each = 4 marks

2 examples @ 1 mark each = 2 marks

(ii)

Balance of Trade			1 mark
Visible Exports	€1,250		1 mark
Visible Imports	€1,150		1 mark
Surplus	1 mark	€100	1 mark
Balance of Payments			1 mark
Total Exports	€2,630m		1 mark
Total Imports	€2,450m		1 mark
Surplus	1 mark	€180	1 mark

Alternative Balance of Payments		1mark	
Balance of Trade	€100		
Balance of Invisible Trade	€80	2 marks	
Surplus	1 mark	€180	1 mark

[16 marks]

(C)

1 May 2014	$€3,500 \times 2.95$	= 10,325 BRL
9 June 2014	$€3,500 \times 3.10$	= 10,850 BRL
Difference received 525 BRL		

2.95 = 1 mark
Multiplication = 1 mark
Figure 10,325 = 1 mark
3.10 = 1 mark
Multiplication = 1 mark
Figure 10,850 = 1 mark
Figure 525 = 1 mark

[7 marks]

Total 40 Marks

Question 4 Consumer Question

(A) (i)

Main Street
Gorey
Co. Wexford

1 June 2014

Ms Valerie Hynes
Bay View Hotel
Achill
Co. Mayo

Re: Booking 5 – 9 October 2014

Dear Ms Hynes

I refer to our telephone conversation earlier today. I wish to confirm that I have booked a double room with a bay view from for 5 – 9 October 2014. I have guaranteed my booking with a non-refundable deposit of €63 by Visa Debit.

Could you please forward a receipt for my deposit?

Yours sincerely

Rose Collins

Layout	=	7 marks
Content 5 @ 2 marks	=	10marks
Paragraphs, punctuation etc.	=	3 marks

(20 marks)

(ii) The payment comes out of Rose Collin's bank account and is credited to the Bay View Hotel's bank account immediately/electronically. (2 + 1 + 1)

(iii) 'The term non-refundable deposit' means Rose will not receive the €63 back from the hotel if she cancels the booking (2 + 2)

(iv)

Receipt

BAY VIEW HOTEL	Achill, Co. Mayo Telephone: (098) 591961	RECEIPT No.	53
Date: 4 th June 2014			
Received From: Rose Collins			
The Sum Of: Sixty three euro			€63.00
With Thanks		Signed: <i>Andy Heaney</i> Finance Department	

6 items @ 1 mark each

[34 marks]

(B) (i) Consumer Protection Act 2007/Consumer Information Act 1978.

Name of Act 2 marks

Year 1 mark

(ii) Rose and her husband were given misleading information in the advertisement.

It stated that there was direct access to a blue flag beach. However, Rose and her husband had no direct access to the beach which was a twenty minute walk from the hotel.

Principle explained 3m

(Example only, 2m)

[6 marks]

Total 40 marks

Question 5 Banking

(A) (i) David's account is a current account as the following appear on his bank statement:

- Cheques
- Standing Orders
- Direct Debits
- Overdraft interest
- Bank charges

Current A/C 1 mark

Reason 2 marks

(ii) Standing Order: On 4 May 2014 a standing order was paid from David's account. He has instructed the bank to take €90 to pay his mortgage. This amount will remain fixed and be taken on a specified date.

Direct Debit: On 7 May 2014 a direct debit was paid from David's account. This is an agreement between David and Airtricity that allows them to take money out of his account at regular intervals. Airtricity have set up the direct debit and can alter the amount taken.

3 differences @ 2 marks

(iii) DR appears on the statement because David has overdrawn his account. He did not have sufficient funds in his account. (3)

(iv) Paypath is a method of paying an employee's wages directly into a bank a/c.

Two advantages of paypath to David:

- It is safer than carrying cash.
- The money is lodged directly into his account/convenient.
- He has immediate access to his cash/reduces overdraft/withdraw cash from ATM.
- It makes it easier for David to set up standing orders and direct debits so that he can pay bills.
- It is confidential.

Explanation 2 marks

Advantages 2 @ 2 marks

(v) The transaction on 15 May means that David paid AIB Visa €340.00 through internet banking.

Explanation 3 marks

(vi) ATM stands for Automated Teller Machine.

Two services available to David through the ATM:

- Withdraw cash
- Lodge cash
- Request a statement
- Check cash balance
- Pay bills
- Purchase phone credit
- Order a cheque book
- Change PIN
- Access funds in an emergency e.g. card stolen.

ATM 2marks
Services 2 @ 2 marks

(vii) The amount of €3.50 appears on David's statement because he has overdrawn his account/has paid interest on the amount overdrawn.

One reason @ 2 marks
[29 marks]

€

(B) (i)

Balance as per statement 31 May 2014	387.00
Less: Unpresented Cheque 53051	(178.00)
Add: Credit Transfer	<u>190.00</u>
Adjusted balance 31 May 2014	<u>399.00</u>

1 figure 387 @ 1m
2 figures & detail (178,190) @ 1mark each
1 figure (399) @ 2 m

(ii) **Two** factors for David to consider when investing:

- What rate of interest can he earn?
- How much DIRT will he have to pay?
- How long does he have to keep the money in the account/access to the funds?
- Is the money safe in the financial institution?
- Future/present benefits/incentives.

2 @ 3 marks

[11 Marks]

Total 40 Marks

Question 6 IT and Borrowing

(A) (i) Explain **three** of the terms:

- A **laptop** is a portable personal computer/it is light and easy to carry/it is small enough to sit on a person's lap. It is battery operated.
- A **Screen** is a monitor or visual display unit used to display input and output from a computer.
- **RAM** stands for Random Access Memory which is memory used by the computer when it is switched on. When information is entered into computer it is stored in the RAM and can be manipulated and changed as desired.
- **Hard Drive** is the main storage for a computer/all programs used by the computer are stored here. It can be internal or external.
- **WiFi** means that the computer and other devices can connect to the internet without using wires/by means of a router. It only operates within a certain area range e.g. a house.
- **DVD** stand for Digital Versatile Disk. This can be used for storing large amounts of data. / It is often used for films.

3 @ 3 marks

(ii) **Three** types of software which may be included with the laptop:

- Word processor
- Database
- Spreadsheet
- Powerpoint
- Desk Top Publishing packages
- Games
- Drivers for devices
- Applications (apps)
- Computer Aided Design packages
- Computer Aided Manufacture
- Internet browser
- Operating systems
- Anti/virus software

3 @ 2 marks

[15 marks]

(B) (i) Two advantages for Grainne:

- She can carry out research for projects, homework, careers, revision.
- She can use it to make presentations of information.
- She can use it to communicate with her teachers e.g. submitting assignments using moodle/email etc.
- Word processing for essays and projects/stored in laptop hard drive.
- There is a free wireless printer with the laptop.

2 @ 3 marks

Two advantages for the O'Dowd family:

- Paying bills/internet banking
- Internet - online purchases, research
- Communication - contact with family, friends e.g. Skype, email, facebook
- Software packages - for letter writing, family budgets, household accounts
- Entertainment - music/TV/films/games/books.

2 @ 3 marks

(ii) Cost of each option

Option 1		Interest	Total Paid
	36 × 15	€90.00	€540.00
Option 2			
Year 1	450 × 6½ %	€29.25	
Year 2	450 – 150 = 300 × 6½%	€19.50	
Year 3	300 – 150 = 150 × 6½%	€9.75	€508.50
<p>Option 1 because the payments are spread over a year. Option 2 is the better option because the interest payments are lower/cheaper.</p>			

Option 1 3 figures @ 1m
 (36, 15, 540)

Option 2 5 figures @ 1m
 (29.25, 19.50, 9.75, 450, 508.50)

Recommendation 2m
Reason 3m

(13 marks)
[25 marks]

Total 40 marks

**Junior Certificate Examination 2014
Business Studies Higher Level – Paper 2**

**Marking Scheme and Support Notes for use
with the Marking Scheme**

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

(A~B)

Purchases, Purchases Returns and Analysed Cash Books

Purchases Book of HILO Ltd (4)

Date 2014	Details	Invoice No.	F	Net €	VAT €	Total €
1/5	GO Ltd	27	CL	34,000	7,820	41,820
12/5	STOP Ltd	94	CL	48,000	11,040	59,040
				82,000	18,860	100,860
				GL	GL	
		<i>1</i>		<i>1 (1/2 + 1/2)</i>	<i>1 (1/2 + 1/2)</i>	<i>1 (1/2 + 1/2)</i>

Purchases Returns Book of HILO Ltd (2 1/2)

Date 2014	Details	Credit Note No.	F	Net €	VAT €	Total €
20/5	STOP Ltd	17	CL	16,000	3,680	19,680
				GL	GL	
		<i>1</i>		<i>1/2</i>	<i>1/2</i>	<i>1/2</i>

Analysed Cash Book of HILO Ltd Debit Side (3 1/2)

Date 2014	Details	Receipt No. (1m)	F	Bank €	Sales €	VAT €	Share Capital €	Mark
8/5	Shareholder	1	GL	110,000			110,000	<i>1 (1/2 + 1/2)</i>
16/5	Sales		GL	36,900	30,000	6,900		<i>1 1/2 (1/2+1/2+1/2)</i>
				146,900	30,000	6,900	110,000	2 1/2
1/6	Balance B/D			96,760				

Analysed Cash Book of HILO Ltd Credit Side (5 1/2)

Date 2014	Details	Cheque No. (1m)	F	Bank €	Purchases €	VAT €	Creditors	Insurance €	Mark
18/5	Insurance	10	GL	8,000				8,000	<i>1 (1/2+1/2)</i>
24/5	GO Ltd	11	CL	20,000			20,000		<i>1 (1/2+1/2)</i>
17/5	Purchases	12	GL	22,140	18,000	4,140			<i>1 1/2 (1/2+1/2+1/2)</i>
				52,140	18,000	4,140	20,000	8,000	3 1/2
31/5	Balance C/D			96,760					<i>1</i>
				146,900					

Q.1 Books of First Entry, **Ledger** and Trial Balance of HILO Ltd contd.

A~C

Date 2014	Detail	F	Total €	Date 2014	Detail	F	Total €	Mark
GENERAL LEDGER OF HILO Ltd								
Share Capital A/C (1)								
				31/5	Bank	ACB	110,000	1
Sales A/C (1)								
				31/5	Bank	ACB	30,000	1
Purchases A/C (2)								
31/5	Total Net Creditors	PB	82,000					1
31/5	Bank	ACB	18,000					1
			100,000					
Purchases Returns A/C (1)								
				31/5	Total Net Creditors	PRB	16,000	1
VAT A/C (5)								
31/5	Credit Purchases	PB	18,860(OF)	31/5	Cash Sales	ACB	6,900	1+1
31/5	Cash Purchases	ACB	4,140(OF)		Purchases Returns	PRB	3,680(OF)	1+1
					Balance C/D		12,420(OF)	1
			23,000				23,000	
1/6	Balance B/D		12,420(OF)					
Insurance A/C (1)								
31/5	Bank	ACB	8,000					1
CREDITORS LEDGER OF HILO Ltd								
GO Ltd A/C (3)								
24/5	Bank	ACB	20,000	1/5	Purchases	PB	41,820(OF)	1+1
31/5	Balance C/D		21,820(OF)					1
			41,820				41,820	
				1/6	Balance B/D		21,820	
STOP Ltd A/C (3)								
7/5	Purchases Returns	PRB	19,680(OF)	12/5	Purchases	PB	59,040(OF)	1+1
31/5	Balance C/D		39,360(OF)					1
			59,040				59,040	
				1/6	Balance B/D		39,360	
Total Marks								17

Q.1 contd.(C) Books of First Entry, Ledger and **Trial Balance** of HILO Ltd**Trial Balance of HILO Ltd as on 31/5/2014**

	DR €	CR €	Mark (4½)
Bank	96,760		½
Purchases	100,000		½
Insurance	8,000		½
VAT	12,420		½
GO Ltd		21,820	½
STOP Ltd		39,360	½
Purchases Returns		16,000	½
Share Capital		110,000	½
Sales		30,000	½
	<u>217,180</u>	<u>217,180</u>	

Note: Own Figures in Ledger for: STOP Ltd, GO Ltd, Bank and VAT are allowed if consistent with Books of First Entry and Analysed cash Book.

Marks Summary

Ledger	Purchases Book	Purchases Returns Book	Analysed Cash Book	Trial Balance	Dates	Folios	Total
17	4	2½	9	4½	2	1	40

Q.2 Sales, Business Documents and Bookkeeping

(A)

(i) **Any Three** terms explained @ 4 marks each:

Term	Explanation	Mark
Trade Discount	This is a reduction in the price of goods/services given by one business to another to encourage bulk buying/increase sales.	4
Cash on Delivery	Payment made when goods are delivered to avoid a bad debt.	4
Bank Draft	This is a cheque guaranteed by a bank and used when a buyer is unknown to seller/does not have a current account.	4
Catalogue	This is a booklet/online published by seller setting out details of their goods/services so as to increase sales.	4

(ii) **Two** means by which a business can make an enquiry about goods or services:

Means of enquiry	Mark
Letter	2
Calling personally to the seller	2

(iii) **Two** procedures for processing incoming quotations:

	Procedures	Mark
1	Check the quotation against the enquiry	2
2	Compare with other quotations	2

(B) (i, ii, iii) see next pages

Q.2 cond.

For use with Question 2(B) (i) (10)

ALLSPORTS Ltd, ROYFIELD Road, Cork		INVOICE No. 450		
Telephone: 021 1616616		VAT Reg. No. IE 3639761		
To: <i>OCSPORTSWARE Ltd</i>		Date: <u>29/5/2014</u>		<i>1+1</i>
<i>Alex Road</i>				
<i>Cork</i>		Your Order No: 31		
QUANTITY	DESCRIPTION	PRICE EACH €	TOTAL €	
<i>60</i>	<i>All weather tracksuits</i>	<i>150</i>	<i>9,000</i>	4 ↑
<i>40</i>	<i>Mens' walking boots</i>	<i>125</i>	<i>5,000</i>	
			Total (Excluding VAT)	<i>14,000</i>
			Trade Discount	<i>2,800</i> <i>1</i>
			Subtotal	<i>11,200</i> <i>1</i>
			VAT	<i>2,576</i> <i>1</i>
			Total (Including VAT)	<i>13,776</i> <i>1</i>
E & O E				

For use with Question 2(B) (ii)

Sales Book of ALLSPORTS Ltd

Date	Details	Invoice No.	F	Net €	VAT €	Total €	Mark
<i>29/5/2014</i>	<i>OCSPORTSWARE Ltd</i>	<i>450</i>	<i>DL</i>	<i>11,200</i>	<i>2,576</i>	<i>13,776</i>	
<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>7</i>

For use with Question 2 (B) (iii)

Tick ✓	Yes	No	Explanation of Answer	Mark
		✓	<i>OCSPORTSWARE Ltd purchased over €10,000 worth of goods(as per quotation)</i>	<i>1 + 2</i>

Marks Summary

A	20
B	20

Q.3 Analysed Cash Book, Managing the Finances of a Business

(A) Analysed Cash Book of SPARKS Ltd (Debit Side) (9½)

Date 2014	Details	Receipt No. (1)	Bank €	Householders €	Companies €	Schools €	Mark
3/5	Mary Cooney	1	900	900			1(½+½)
12/5	ACCD Ltd	2	6,000		6,000		1(½+½)
18/5	St. Jude's NS	3	4,700			4,700	1(½+½)
27/5	CBS PP	4	2,800			2,800	1(½+½)
29/5	John Murphy	5	750	750			1(½+½)
30/5	2U Ltd	6	2,200		2,200		1(½+½)
			17,350	1,650	8,200	7,500	
31/5	Balance C/D		2,560				2
(½)			19,910				

Analysed Cash Book of SPARKS Ltd (Credit Side) (9½)

Date 2014	Details	Cheque No. (1)	Bank €	Wages €	Materials €	Motor €	Advertisement €	Mark
1/5	Balance B/D		8,700					2
4/5	Materials	1	1,300		1,300			1(½+½)
10/5	Van Insurance	2	3,000			3,000		1(½+½)
15/5	Wages	3	2,000	2,000				1(½+½)
20/5	Petrol	4	210			210		1(½+½)
23/5	Advertisement	5	1,200				1,200	1(½+½)
31/5	Wages	6	3,500	3,500				1(½+½)
			19,910	5,500	1,300	3,210	1,200	
1/6	Balance B/D		2,560					
(½)								

(B)

(i) **Three** procedures for monitoring overheads:

	Procedures	Mark
1	Set targets/budgets for each overhead	2
2	Record actual overheads	2
3	Compare Actual overheads with targets/budgets set	2

(ii) **Two** ways of getting customers to pay on time:

	Procedures	Mark
1	Give reductions in the amount due for prompt payment	3
2	Charge interest on payments that are overdue	3

(iii) **Identify** the main overhead and give **two ways** by which they could be reduced:

		Mark
	Wages is the main overhead	3
	Ways of Reducing Wages	
1	Reduce wages by using more mechanisation	3
2	Reduce overtime payments	3

Marks Summary

A	19
B	21

**Q.4 Final Accounts and Balance Sheet
(A)**

1½		+ 1	+ 1½		Mark
Trading, Profit and Loss Appropriation Account of YES Ltd for the year ended 31/12/2013					
		€	€	€	
	Sales			390,000	½
	Less Cost of Sales				
01/01/2012	Opening Stock		20,000		½
	Purchases		128,000		½
	Import Duty		9,000		½
	Cost of Goods Available for Sale		157,000		0
31/12/2012	Less Closing Stock		14,000	143,000	½+0
	GROSS PROFIT			247,000	2 (1+1)
	Add Gains				
	Rent Receivable		16,000		½
	Add Rent Receivable due		6,000	22,000	½+½
				269,000 (OF)	0
	Less Expenses				
	Wages	70,000			½
	Add Wages due	8,000	78,000		½ + ½
	Insurance	12,800			½
	Less Insurance prepaid	3,400	9,400		½+½
	20 Year Loan Interest		4,000		½
	Depreciation: Buildings	21,000			½
	Machinery	23,800	44,800	136,200	½+½+0
	NET PROFIT			132,800 (OF)	3(1+2)
	Less Dividends paid			14,000	½
				118,800 (OF)	0
	Add Opening Reserves			85,000	1
	RESERVES			203,800 (OF)	0
					19½

Q.4 (A) contd.

$\frac{1}{2}$	<i>I</i>	$\frac{1}{2}$	Mark	
Balance Sheet of YES Ltd as on 31/12/2013				
FIXED ASSETS	€ Cost	€ Depreciation	€ NBV	
Buildings	420,000	21,000 (OF)	399,000 (OF)	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
Machinery	170,000	23,800 (OF)	146,200 (OF)	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
Total Fixed Assets	590,000	44,800 (OF)	545,200 (OF)	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
CURRENT ASSETS				
Closing Stock	14,000			$\frac{1}{2}$
Debtors	22,000			$\frac{1}{2}$
Cash	5,200			$\frac{1}{2}$
Rent Receivable due	6,000			$\frac{1}{2}$
Insurance prepaid	3,400	50,600		$\frac{1}{2} + 0$
Less CURRENT LIABILITIES				
Bank Overdraft	6,000			$\frac{1}{2}$
Creditors	18,000			$\frac{1}{2}$
Wages due	8,000	32,000		$\frac{1}{2} + 0$
WORKING CAPITAL			18,600	0
TOTAL NET ASSETS			563,800 (OF)	$\frac{1}{2}$
FINANCED BY	AUTHORISED	ISSUED		
350,000 € Ordinary Shares	350,000	280,000		$1 + 1$
Add Reserves		203,800 (OF)		$\frac{1}{2}$
Add Long Term Liabilities				
20 year Loan		80,000		$\frac{1}{2}$
CAPITAL EMPLOYED			563,800 (OF)	$\frac{1}{2}$
				14$\frac{1}{2}$

(B)

Rate of interest on 20 Year Loan	Mark
5%	5

Marks Summary

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

Q.5
(A) (i)

Answer	Mark
€300,000	4m

Q.5 (A) (ii)

MEMORANDUM OF ASSOCIATION		
		1
1. The Name of the Company is	<u>CMS Ltd</u>	
2. The Objects for which the Company is established are:	<u>Conversion of attics into extra living space</u>	1
3. The Liability of the members	<u>Limited</u>	1
4. The Share Capital of the Company is	<u>€200,000</u>	1
divided into	<u>200,000 €1 ordinary shares</u>	1
<p>We the several persons whose names. Addresses and descriptions are subscribed wish to be formed into a Company in pursuance of the Memorandum of Association and we agree to take the number of shares in the Capital of the Company set opposite our names.</p>		
Name, Address of each Subscriber	Number of Shares taken by each subscriber	
<i>Mary Kelly</i>	25,000	1 + 1
<i>Lofty Heights</i>		
<i>Tuam</i>		
<i>Co. Galway</i>		
<i>Patrick Kelly</i>	25,000	1 + 1
<i>Lofty Heights</i>		
<i>Tuam</i>		
<i>Co. Galway</i>		
Date: 10 June 2014		

Q.5 (A) contd.

Q.5(B) (i)

Name of document: <i>Certificate of Incorporation</i>	3
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For use with Q 5(B) (ii)

LEDGER of CMS Ltd

Date	Details	F	Total €	Date	Details	F	Total €	Mark
Bank A/C (p. 1)								3
10/6/2014	Ordinary Share Capital	GL	50,000					
Ordinary Share Capital A/C (p.2)								3
				10/6/2014	Bank	ACB	50,000	

(C) (i)

Answer	Calculation	Mark
€9,500	Cost = €7,600 (€4,200 + €2,800 + €600) €7,600 + €1,900(25% of cost) = €9,500	4

(C) (ii) **Advertisement**

There are **five** points of information required (at 2 marks each) but the **three marked with a tick** are essential.

	Points of Information	Example	Mark
	Name of Company	<i>C M S Ltd</i>	5 @ 2
√	Name of Product/ Service	<i>Attic Conversions</i>	
√	Selling Price	<i>€9,500 for average attic conversion</i>	
√	Where to purchase	<i>Online at www.cms.ie</i>	
	Date of launch	<i>1 July 2014</i>	
	Availability	<i>Orders accepted from 1 July 2014 onwards</i>	
	Promotional	<i>As Seen on the Dragon's Den</i>	
	Presentation Point (Picture/ words that make an impact) e.g.	“Move on Up as the Sky's the limit”	0 to 4 marks
	Total Marks		14

Marks Summary

A	13
B	9
C	18

Q.6 Employment and Industrial Relations

(A)

	Two rights of employers include:	Mark
1	Decide on the aims of the business.	3
2	Select suitable employees by deciding on the level of qualifications and experience required	3

	Two rights of employees include:	Mark
1	To work in a safe workplace	3
2	To be paid the minimum wage	3

(B) Three steps in the resolution of an industrial relations dispute:

	Steps	Mark
	Employees/union discuss the problem with the employer.	First valid step 4 marks plus two other steps @1 mark each
	A suitable third party is asked to help solve the problem.	
	Both parties agree that a suitable third party investigate the problem and accept the decision arrived at.	

(C) (i)

	Parties	Mark
1	Dublin Bus	2
2	SIPTU	2
3	NBRU	2

(C) (ii)

	What was the dispute about:	Mark
	The Cost cutting plan of €1.7 million being introduced by Dublin Bus and reference to any one of the following:	2
	(i) Reducing the employees starting pay by 10%,	+
	(ii) increasing the working week from 36 hours to 39 hours,	
	(iii) cutting overtime rates from treble time to double time	2

(C) (iii)

	Parties	Mark
1	Shoppers	2
2	Other workers trying to go to work	2

Q.6 C) contd.

(C) (iv)

Third Party	Mark
Labour Court	2

(C) (v)

Answer	Mark
€88	6

Marks Summary

A	12
B	6
C	22

