



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

# **JUNIOR CERTIFICATE 2008**

## **MARKING SCHEME**

### **BUSINESS STUDIES**

#### **HIGHER LEVEL – PAPER 1**

# **Junior Certificate Examination 2008**

## **Business Studies**

### **Higher Level – Paper 1**

#### **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 book-keeping layout as presented in the support notes may be accepted as best practice. However, in some book-keeping 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;
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**JUNIOR CERTIFICATE EXAMINATION 2008**  
**BUSINESS STUDIES HIGHER LEVEL PAPER 1**

**SECTION A**  
**(80 marks)**

**Each question carries 4 marks**

**MARKING SCHEME**

- |  |   |
|--|---|
| <b>Q 1.</b> 4 @ 1 mark each                      | <b>Q 11.</b> 2 @ 2 marks                            |
| <b>Q 2.</b> 4 marks                              | <b>Q 12.</b> 2 @ 2 marks                            |
| <b>Q 3.</b> (A) or (B) 4 @ 1 mark each           | <b>Q 13.</b> Both 4 @1 mark                         |
| <b>Q 4.</b> (i) 2 marks<br>Workings only – 1mark | <b>Q 14.</b> 1 @ 4 marks<br>Formula/workings 1 mark |
| (ii) 2 marks                                     | <b>Q 15.</b> 2 @ 2 marks each                       |
| <b>Q 5.</b> 4 @ 1 mark                           | <b>Q 16.</b> 4 @ 1 mark each                        |
| <b>Q 6.</b> 2 @ 2 marks                          | <b>Q 17.</b> (i) 2 marks                            |
| <b>Q 7.</b> 4 @ 1 mark                           | (ii) 2 marks  |
| <b>Q 8.</b> (2 +1 +1) – 4 marks                  | <b>Q 18.</b> 4 @ 1 mark each                        |
| <b>Q 9.</b> 4 marks                              | <b>Q 19.</b> 2 @ 2 marks each                       |
| <b>Q10.</b> 4 marks<br>Workings only – 1 mark    | <b>Q 20.</b> 4 @ 1 mark each                        |

**[Total 80 marks]**

# **BUSINESS STUDIES – HIGHER LEVEL - PAPER 1**

## **SECTION B**

**(160 marks)**

**All questions carry equal marks (40 marks)**

### **MARKING SCHEME**

#### **1. Household Budget**

**(A) Budget Comparison Statement:**

32 figures @ ½ mark each	16 marks	
6 figures @ 1 mark each	6 marks	22

**(B) 5 answers @ 2 marks each** 10

<b>(C) (i)</b>	Explanation	3 marks	
<b>(ii)</b>	Explanation	3 marks	
<b>(iii)</b>	Two examples	2 marks	8

**(40 marks)**

#### **2. Club Accounts**

**(A) (i) Bar Trading Account:**

Title and date	2 marks	
7 figures @ 1 mark each	7 marks	9

**(ii) Income & Expenditure Account:**

Title and date	2 marks	
Figures and details – 15 @ 1	15 marks	
Excess: Correct figure with detail	2 marks	19

<b>(B) (i)</b>	Officer	3 marks	
<b>(ii)</b>	Calculation	3 marks	
<b>(iii)</b>	Two reasons @ 3 marks each	6 marks	12

**(40 marks)**

### 3. Factors of Production, National Budget and Opportunity Cost

(A)	<u>Factors of Production:</u>		
	State Factors – 4 @ 1 mark each	4 marks	
	Explanations – 4 @ 1 mark each	4 marks	
	Examples – 4 @ 1 mark each	4 marks	12
(B)	(i)	<u>National Budget</u>	
		Title and year	1 mark
		10 figures with detail @ 1 each	10 marks
		Surplus/deficit	1 mark
	(ii)	Government Department	2 marks
	(iii)	<u>Capital/Current Exp.</u>	
		Distinguish (2 + 2)	4 marks
		Two examples @ 1 marks each	2 marks
	(iv)	<u>Excise Duties:</u>	
		Explanation (1 + 1)	2 marks
		Example	2 marks
(C)	<u>Opportunity Cost:</u>		
		Explanation (1 + 1)	2 marks
		Example	2 marks
			4
			(40 marks)

### 4. Banking

(A)	(i)	<u>Document:</u>	
		10 items @ 1 mark each	10 marks
	(ii)	<u>SO and DD:</u>	
		Two differences @ 2 marks each	4 marks
		(iii) Explanation of Laser Card operation	3 marks
			17
(B)	(i)	Three relevant questions @ 3 each	9 marks
	(ii)	Name two institutions @ 2 each	4 marks
			13
(C)	(i)	Correct currency calculation	4 marks
	(ii)	Two suitable methods @ 3 each	6 marks
			10
			(40 marks)

## 5. Consumer

(A)	<u>Letter:</u>			
	Format and layout – 7 @ 1 mark	7 marks		
	English	2 marks		
	Neatness	1 mark		
	Content – 3 @ 3 marks	9 marks	19	
(B)	(i)	Two forms of redress @ 3 each	6 marks	
	(ii)	Consumer law named (2 + 1)	3 marks	
	(iii)	Two relevant principles @ 2 each	4 marks	13
(C)	(i)	<u>Impulse buying:</u>		
		Explanation	2 marks	
		Example	2 marks	
	(ii)	Two characteristics @ 2 each	4 marks	8

## 6. People at Work and Information Technology

(A)	(i)	Six terms explained @ 3 each	18 marks	
	(ii)	3 pieces of information @ 2 each	6 marks	24
(B)	(i)	<u>Benefit-in-kind/commission:</u>		
		Two explanations @ 2 marks each		
		Two examples @ 1 mark each	6 marks	
	(ii)	<b>Work/employment:</b>		
		Difference	2 marks	
		Two examples @ 1 mark each	2 marks	10
(C)	Calculation of correct Gross Wage		3 marks	
	Workings (up to 3 marks allowed)		3 marks	6
				(40 marks)

## **SUPPORT NOTES**

### **SECTION A**

1. Visual Display Unit  
Personal Computer  
World Wide Web  
Random Access Memory

2. Dividend

3. (i) Fixed Assets (ii) 280,000  
(iii) Working Capital (iv) 170,000

OR

- (i) Ordinary / Issued Share Capital (ii) Capital Employed  
(iii) 160,000 (iv) 110,000

4. (i) Answer: 3.25%

<b>WORKINGS</b> $260 \times 100 / 8000$
--

- (ii) Consumer Price Index CPI

5. (i) Purchases (ii) Bank / Cheque (iii) Bank (iv) Purchases

6. (i) PAYE / Income Tax (ii) PRSI

7. D B E C

8. Drawer: John Ryan  
Drawee: Ulster Bank  
Payee: Sarah Curran

9. Grant: Non repayable, interest free source of finance, but the receiver must comply with the donor's conditions and specifications.

Loan: Repayable with interest within or by an agreed time.

10. Answer: 32,000

<p style="text-align: center;"><b>WORKINGS</b> 14,000 + 18,000</p>
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11. Two reasons why stocktaking is essential:

- to calculate value of closing stock for final accounts / balance sheet
- to identify slow moving items
- to check the condition of the stock / offered in a sale
- to check on the store keeper and staff
- to calculate what should be ordered

12. Two rewards of self-employment:

- Greater job satisfaction
- Greater motivation
- Get to keep all the profits
- Own boss / makes all the decisions / choose your own opening hours
- Free to pursue any line of business

13. Debtors Control Account

Dr.		<b>Debtors Control Account</b>				Cr.
1/5/08	Balance	1400	31/5/08	Cash / Bank		6300
31/5/08	Sales	8500	31/5/08	Balance		3600
		9900				9900

OR

<b>Debtors Control Account</b>				
Date	Details	Dr	Cr	Balance
1/5/08	Balance			1400
31/5/08	Sales	8500		9900
31/5/08	Cash / Bank		6300	3600

14. Answer: 7.5 times

<b>WORKINGS:</b>	
<u>Costs of Sales</u>	= <u>300,000</u>
<u>Average Stock</u>	<u>40,000</u>



15. Two headings in a Business Plan:

- Name, address, legal structure
- Details of Promoters and their investment
- Details of product or service / objectives
- Marketing / price / sales promotion
- Assets required
- Finance / cash flow

16. Final Accounts:

	Trading A/C	Profit& Loss A/C	Balance Sheet
Issued Share Capital			✓
Carriage Outwards		✓	
Stock (31/12/07)	✓		✓

17. (i) Invisible Import                      (ii) Invisible Export

18. General Journal

	Details	F	Dr	Cr
1/1/08	Buildings		100,000	
	Stock		22,000	
	Bank Overdraft			5,000
	Ordinary Share Capital			117,000
			122,000	122,000

19. Reasons for Cash Flow Statement:

- To project future inflows / receipts of cash.
- To project outflows / payments of cash
- To identify monthly net cash / calculate monthly surplus or deficit
- To identify monthly closing cash / shortfalls and a need to borrow or surpluses for investing

20.

McGrath Ltd – Sales Returns Book						
Date	Details	C/N	F	Net	VAT	Total
13/5/'08	Roche Ltd	9	DL	5400	1134	6534
OR						
				4462.81	937.19	5400

## Section B

### 1. (A) Budget Comparison Statement for the Burke household for the year 2007

INCOME	Budget Jan – Dec €	Actual €	Difference €
Salaries	21,000	21,840	+840
Child benefit	720	880	+160
Interest	250	180	-70
Other		400	+400
<b>TOTAL INCOME</b>	21,970	23,300	+1,330
EXPENDITURE			
<i>Fixed</i>			
Mortgage	4,080	4,230	+150
Car insurance	560	476	-84
House insurance	235	325	+90
Subtotal	4,875	5,031	+156
<i>Irregular</i>			
Household costs	7,800	8,385	+585
Car costs	1,550	1,925	+375
Clothing and footwear costs	2,000	1,700	-300
Light and heat costs	1,600	1,504	-96
Medical expenses	400	2,500	+2,100
Subtotal	13,350	16,014	+2,664
<i>Discretionary</i>			
Entertainment costs	1,560	1,410	-150
Presents	300	490	+190
Holidays	1,800	-	-1,800
Subtotal	3,660	1,900	-1,760
<b>TOTAL EXPENDITURE</b>	21,885	22,945	+1,060
Net Cash	85	355	+270
Opening Cash	1,400	1,400	
Closing Cash	1,485	1,755	

## Question 1 (continued)

**B** (i) 1485

**B** (ii) 85

**B** (iii) 1755 or own correct figure

**B** (iv) 1060 or own correct figure

**B** (v) - fall in interest rates  
- withdraw some of the capital invested

**C** (i) **Discretionary Expenditure:**  
Spending on unnecessary items and undertaken only if one has surplus cash. Expenditure that could be done without.  
e.g. holidays

**C** (ii) **Health Insurance:**  
Protection against hospital and medical expenses incurred by the insured.

**C** (iii) VHI; VIVAS / Hibernian; BUPA / Quinn Insurance.

## Question 2 CLUB ACCOUNTS

### A (i) Bar Trading Account for year ending 30/04/2008

Sales		47,600
<u>Less Cost of Sales</u>		
Opening Stock	12,000	
Purchases	<u>30,960</u>	
	42,960	
Less Closing Stock	<u>14,400</u>	
		<u>28,560</u>
Gross Profit		<u>19,040</u>

### (A) (ii) Income and Expenditure for Year ending 30-04-2008

<b><u>INCOME</u></b>			
Bar Profit		19,040	
Lotto Receipts	24,400		
Less Prizes	<u>8,140</u>	16,260	
Subscriptions	52,000		
<u>Less Pre-Paid</u>	<u>2,500</u>	<u>49,500</u>	84,800
<b><u>LESS EXPENSES</u></b>			
Wages		22,100	
Light & Heat	5,960		
+ due	<u>345</u>	6,305	
Insurance	11,200		
- Pre-Paid	<u>2,800</u>	8,400	
Lotto Prizes		8,140	
Telephone		1,655	
Repairs		17,895	
Depreciation - Tractor		<u>5,000</u>	<u>61,355</u>
<b>Excess Income / Surplus</b>			<b>23,445</b>

### (B) (i) Treasurer

(ii) 
$$\text{Gross Margin} = \frac{\text{Gross Profit}}{\text{Sales}} \times \frac{100}{1} = \frac{19,040}{47,600} \times \frac{100}{1} = 40\%$$

### (iii) Examples:

1. To act as a basis for future decisions (e.g. subscription changes, fundraising etc)
2. To give details of the clubs assets and liabilities (strengths/weaknesses)
3. To inform members of the club's cash position at the end of the year
4. To inform members if the club is operating within its income (surplus/deficit)
5. To state the main items of capital expenditure.

### Question 3      **FACTORS of PRODUCTION, NATIONAL BUDGET**

**(A)      (i)      Land**

Natural resources, gifts of nature

Example:      air, water, oil, sea, fish, natural forests

**(ii)      Labour**

Any productive human effort

Example:      hairdresser, block layer

**(iii)      Capital**

Human created wealth, man-made items which help in further production

Example:      roads, factories, computers, lorries

**(iv)      Enterprise**

Risk taking ventures for the purpose of making a profit

Seeing an opportunity to make a profit and investing in it / combining the other factors.

Example:      self-employed people, share holder, shop owner, farmer.

**(B)      (i)      National Budget for 2008**

<b>INCOME</b>	<b>€m</b>	<b>€m</b>
PAYE	2,850	
VAT	1,930	
Corporation Tax	260	
Excise Duty	215	5,255
<b>EXPENDITURE</b>		
Debt Servicing	290	
Health Services	1,960	
Social Welfare	1,360	
Education	1,490	
Agriculture	285	5,385
<b>DEFICIT</b>		130

**(ii)      Department of Finance**

**(iii)      Capital Expenditure e.g.**

Non-recurring, once-off expenditure in buying fixed assets.

Example:      new schools, hospitals, roads, government jet

**Current Expenditure e.g.**

On-going, recurring, day to day expenditure in the running of the country

Example:      wages of Gardai, civil servants and TDs,  
cleaning, repairs and medicine for hospitals.

### Question 3 (continued)

**(B) (iv) Excise Duties e.g.**

These are indirect taxes imposed on goods in the Budget to raise revenue and discourage consumption

Example: petrol, diesel, cigarettes, wine, beer

**(C) Opportunity Cost e.g.**

When a purchaser is confronted with making a choice between two items because of limited resources, the item not selected is the opportunity cost – opportunity forgone.

Example: One has only €1 to spend and would like an ice-cream and a chocolate bar.  
Both cost €1.  
If one selects the ice-cream then the chocolate bar is the opportunity cost.

## Question 4 BANKING

<b>(A) (i) ESB Direct Debit Instruction</b>											
Your Electricity Account Number:	7	5	3	-	8	8	9	-	4	6	2
I wish to pay my electricity bill every two months.											
To	The Manager										
Bank	AIB Bank										
Bank Address	The Mall,										
	Westport										
	Co. Mayo										
<b>I give permission to ESB to charge variable amounts to my bank account.</b>											
Name of Bank Account to be debited	John Murphy										
Account type	Current										
Bank Account Number	1	7	9	4	0	8	3	2			
Branch Sorting Code	9	3	-	2	6	-	0	5			
Contact Telephone Number	087 – 4536281										
Signature	<i>John Murphy</i>										
Date	5 June 2008										

**(ii) Direct Debit / Standing Order**

	Direct Debit	Standing Order
1	for paying fixed or variable amounts	fixed amounts only
2	payments at anytime	at fixed regular intervals
3	permission to a creditor to withdraw	instruction to a bank to pay

(iii) **Laser Card (example):**

- Operates from a Current Account.
- Laser Card is swiped in the sellers terminal or card reader
- the amount entered and cashback if required
- the buyer enters PIN number or signature
- the amount of the purchase is instantly transferred from the buyers account to the sellers account by electronic means
- a receipt is printed for the customer
- the cardholder may use it to withdraw cash

- (B) (i)
- Can he offer any security?
  - Has he the ability to repay?
  - (What is his income and job security?)
  - How long is the loan required for?
  - Has he any savings record?
  - Has he any outstanding debts?
  - Previous history with the bank / other banks
  - Purpose / amount.

(ii) Credit Unions, Building Societies, Hire Purchase Companies.

(C) (i) **Answer:** \$1,275.00

**WORKINGS**

$$850 \times 1.50 = 1275$$

Multiply by Sell Rate

(ii) **Credit Card / Master Card / Visa:** e.g.

Buying goods now but paying later

The credit card company pays the seller.

The card holder receives a monthly statement from the credit card company.

If the cardholder clears his/her account each month, no interest or extra charges are payable. If the account is not fully cleared, a high rate of interest applies on outstanding balance.

Government stamp duty applies.

**Travellers' Cheques:** e.g.

Cheques are pre-printed in various amounts in the currency required.

Paid for and signed by the buyer in the presence of a bank official when purchased.

Signed again when being cashed / used in the presence of the seller of the goods or services. Passport required to check the signatures.

**Charge Card / American Express / Diners Club** e.g.

Buying goods now but paying later

Account must be settled when statement arrives

Fee is paid to card provider for use.

## Question 5      CONSUMER

### (A)    Letter

High Street  
Ballymote  
Co. Sligo

7 April 2008

Sales Manager  
Electric World Ltd  
Port Rd  
Sligo

Re: Microwave Oven

Dear Sir

I wish to lodge a complaint regarding a microwave oven costing \$450 which I purchased from your shop on 5<sup>th</sup> April 2008.

The microwave oven has not worked for me, as it fails to heat food. I am asking you please to replace it with one which works properly.

Please find enclosed a copy of the receipt as evidence of my purchase.

Yours faithfully

Margaret Greally

- (B)    (i)    •    Refund                -    Margaret is entitled to a cash refund, or  
                 •    Replacement       -    Margaret is entitled to a new microwave oven, or  
                 •    Repair                 -    Margaret can choose to have the oven repaired.

(ii)    Sale of Goods and Supply of Services Act 1980.

- (iii)    •    Goods must be of merchantable quality.  
                 •    Goods must be fit for the purpose intended.

(C)    (i)    **Impulse buying:** e.g.

Buying without it being part of one's budget / without planning. Buying on the spur of the moment. Buying without thinking of the consequences.

Example:      Planning to purchase / buy bread and milk only but subsequently buying them and other unplanned items such as cakes and biscuits.

- (ii)    •    A good consumer is one who drafts and sticks to his/her budget.  
                 •    One who shops around to get value for money  
                 •    One who knows his/her rights under consumer law  
                 •    One who knows the consumer agencies who could help with problems  
                 •    One who does not get involved in impulse buying  
                 •    One who keeps receipts and guarantees safely filed  
                 •    One who knows how to make a valid complaint.



## Question 6      PEOPLE at WORK and IT

- (A)    (i)    **Basic Pay:** e.g.  
Payment for the normal working week of 37 hours / as per contract before overtime or deductions.
- Overtime:** e.g.  
Additional pay at a higher rate per hour for working in excess of the normal 37 hours / working extra hours.
- Flexitime:** e.g.  
One can with the consent of one's employer work the required hours at any time within limits during the week.
- Spreadsheet:** e.g.  
A computer programme which allows the operator to do accounts and budgets etc. on a computer. Any change to a figure will have a knock-on effect on all other figures. Performs calculations.
- E-mail:** e.g.  
The sending and receiving of documents or messages or pictures electronically by means of a computer.
- Equal Opportunities Employer:** e.g.  
When employing workers the employer does not discriminate on the grounds of gender, race, colour, religion, age.
- (ii)    **Information on CV:** e.g.  
  
Educational achievements  
work experience  
names of referees  
hobbies / interests / achievements  
age.
- (B)    (i)    **Benefit in Kind:** e.g.  
It is a non financial reward in lieu of money which workers and welfare recipients may receive.
- Example:      subsidised meals, free car, free travel, medical card, free TV licence
- Commission:** e.g.  
A method of payment / source of income for sales people based on the amount or value of sale. It is calculated as a percentage of their sales revenue for a period.
- Example: Sales person's wages could be 10% of sales revenue returned to the firm.
- (ii)    **Work / Employment** e.g.  
  
Work is human effort without payment while employment is work with payment
- Example:**      Work:              a homeowner who paints his/her own house.  
                         Employment: one painting a school for a wage

## Question 6 (continued)

(C) Answer = ~~€~~**672.75**

### WORKINGS:

BASIC	37 hrs @	<del>€</del> 11.50	=	<del>€</del> 425.50
OVERTIME	5 hrs @	<del>€</del> 17.25	=	<del>€</del> 86.25
	7 hrs @	<del>€</del> 23.00	=	<u><del>€</del>61.00</u>
TOTAL			=	<b>€672.75</b>

### OR

BASIC	37 hrs @	<del>€</del> 11.50	=	<del>€</del> 425.50
OVERTIME	7.5 hrs @	<del>€</del> 11.50	=	<del>€</del> 86.25
	14 hrs @	<del>€</del> 11.50	=	<u><del>€</del>61.00</u>
TOTAL			=	<b>€672.75</b>



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*State Examinations Commission*

**JUNIOR CERTIFICATE 2008**

**MARKING SCHEME**

**BUSINESS STUDIES**

**HIGHER LEVEL – PAPER 2**

# **Junior Certificate Examination 2008**

## **Business Studies**

### **Higher Level – Paper 2**

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

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**JUNIOR CERTIFICATE EXAMINATION 2008**

**BUSINESS STUDIES – HIGHER LEVEL**

**PAPER 11**

**(160 MARKS)**

- All questions carry equal marks (40 marks)

**MARKING SCHEME**

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

**(A) Purchases Book**

6 entries @ ½ marks 3 marks

Invoice @ 1 mark 1 mark 4 marks

**Purchases Returns Book**

3 entries @ ½ marks 1½ marks

Credit Note @ 1 1 mark 2½ marks 6½ marks

**(B) Analysed Cash Book**

12 entries @ ½ marks 6 marks

Closing Balance @ 1 mark 1 mark

Receipt No @ 1 mark 1 mark

Cheque No @ 1 mark 1 mark 9 marks

**(A~C) Ledger**

17 entries @ 1 mark 17 marks

**(C) Trial Balance**

9 entries @ ½ mark 4½ marks

**(A~D) Presentation**

Dates 2 marks

Folios 1 mark 3 marks

**(40 marks)**

<b>Q. 2</b>	<b>Sales, Business Documents and Bookkeeping</b>			
<b>(A)</b>	<b>(i)</b>	<b>Three</b> methods @ 1 mark each	3 marks	8 marks
	<b>(ii)</b>	<b>Three</b> figures 3+ 1 + 1	<u>5 marks</u>	
<b>(B)</b>	<b>(i)</b>	<b>Two</b> suitable procedures @ 2 marks each	4 marks	32 marks
	<b>(ii)</b>	<u>Invoice</u>		
		Eleven correct entries @ 1 mark each	11 marks	
		Correct Date, Correct Order No., Correct Name and Address of Recipient, Description, Quantity, Price per Unit, Total (ex VAT), Trade Discount, Subtotal, VAT, Total (incl VAT).		
	<b>(iii)</b>	<u>Receipt</u>		
		<b>Five</b> correct entries @1 mark each	5 marks	
		Correct Name and Address of Recipient, Correct Date, Correct Signature, Correct Amount in figures, Correct Amount in words.		
		<u>Sales Book</u>		
		6 pieces of information	6 marks	
		<u>Analysed Cash Book</u>		
		5 pieces of information	5 marks	
		Folio	<u>1 mark</u>	
				<b>(40 marks)</b>

### Q. 3 Employment and Industrial Relations

<b>(A)</b>	Three rights and three responsibilities of employers @ 1 mark each		6 marks
<b>(B)</b>	<b>(i)</b>	Two parties in the dispute @ 2 marks each	4 marks
	<b>(ii)</b>	Correct action proposed @ 3 marks	3 marks
	<b>(iii)</b>	Correct third party identified @ 3 marks	<u>3 marks</u>
<b>(C)</b>	<b>(i)</b>	Three other possible reasons @ 4 marks each	12 marks
	<b>(ii)</b>	Three terms explained @ 4 marks each	<u>12 marks</u>
			<b>(40 marks)</b>

**Q. 4 Final Accounts and Balance Sheet**

- (A) Trading, Profit and Loss Appropriation Account  
 Headings (including Name of Company) 3½ marks  
 24 figures @ ½ mark each 12 marks  
 2 figures @ 1 mark each 2 marks 17 ½marks
- Balance Sheet  
 Heading (including Name of Company) 1½ mark  
 25 figures @ ½ marks each 12½ marks  
 3 figures @ 1 mark each 3 marks  
 Neatness ½ mark 17½ marks 35 marks
- (B) Two suitable assets identified (3 + 2) 5 marks
- (40 marks)**

**Q 5 Integrated Delivery Systems**

- (A) One advantage and one disadvantage @ 2 marks each 4 Marks
- (B) Two suitable reasons explained @ 3 marks 6 marks
- (C) Cost of transport for one day  
 Cost of Diesel 4 marks  
 Cost of Wages 4 marks  
 Annual Costs 4 marks  
 Cost of Toll 1 mark  
 Total Costs 3 marks 16 marks
- (D) General Journal  
 (Seven pieces of information) 7 marks  
Ledger  
 Two Account Names @ 1 mark each  
 Two correct Details @ 1 mark each  
 Six other pieces of information @ ½ marks each 7 marks 14 marks
- (40 marks)**

**Q 6 Analysed Cash Book and Monitoring of Overheads**

- (A) Three procedures @ 2 marks each 6 marks
- (B) 22 figures @ ½ marks each 11 marks  
 2 balances @ 1 mark each 2 marks  
 Receipt No. and Cheque No. @ 1 mark each 2 marks  
 Dates and Folios @ 1 mark each 2 marks 17 marks
- (C) **Five** entries in Actual column @ 1 marks each 5 marks  
 (as per Analysed Cash Book)  
 Four Overheads correctly identified @ 1 mark 4 marks  
 Four suitable reasons stated @ 2 marks each 8 marks 17 marks
- (40 marks)**

## SUPPORT NOTES

Q 1

## Books of First Entry, Ledger and Trial Balance Question

(A)

**PURCHASES BOOK (page 1)**

Date	Details	Invoice	F	Net €	VAT €	Total €
3/4/2008	NEE Ltd	12	CL	16,000	2,160	18,160
9/4/2008	HAY Ltd	67	CL	22,600	3,051	25,651
				38,600	5,211	43,811
				GL	GL	

(A)

**PURCHASES RETURNS BOOK (page 1)**

Date	Details	Credit Note No.	F	Net €	VAT €	Total €
15/4/2008	NEE Ltd	5	CL	7,000	945	7,945
				GL	GL	

(B)

**ANALYSED CASH BOOK (Debit Side) (page 1)**

Date	Details	Rec. No.	F	Bank €	Sales €	VAT €	Share Capital €
1/4/2008	Shareholder	24	GL	150,000			150,000
19/4/2008	Sales		GL	90,800	80,000	10,800	
				240,800	80,000	10,800	150,000
1/5/2008	Balance B/D			142,150			

(B)

**ANALYSED CASH BOOK (Credit Side) (page 1)**

Date	Details	Ch. No.	F	Bank €	Purchases €	VAT €	L & H €	Creditors €
2/4/2008	Purchases	45	GL	79,450	70,000	9,450		
13/4/2008	Electricity	46	GL	1,700			1,700	
28/4/2008	HAY Ltd	47	CL	17,500				17,500
				98,650	70,000	9,450	1,700	17,500
30/4/2008	Balance C/D			142,150				
				240,800				

**ALTERNATIVE BANK ACCOUNT in LEDGER if Separate Cash Books are used**

Date	Details	F	Total €	Date	Details	F	Total €
			<b>Bank A/C (P1)</b>				
30/4/2008	Receipts	ACB	240,800	30/4/2008	Payments	ACB	98,650
				30/4/2008	Balance C/D		142,150
			240,800				240,800
1/5/2008	Balance B/D		142,150				



**Q 1 LEDGER FOR (A, B and C)**

Date	Details	F	Total €	Date	Details	F	Total €
2008				2008			
<b>CREDITORS LEDGER</b>							
		<b>NEE Ltd A/C (p1)</b>					
15/4	Purchases Returns	PRB	7,945	3/4	Purchases	PB	18,160
30/4	Balance C/D		10,215				
			18,160				18,160
				1/5	Balance B/D		10,215
		<b>HAY Ltd A/C (p2)</b>					
28/4	Bank	ACB	17,500	9/4	Purchases	PRB	25,651
30/4	Balance C/D		8,151				
			25,651				25,651
				1/5	Balance B/D		8,151
<b>GENERAL LEDGER</b>							
		<b>Purchases A/C (p1)</b>					
30/4	Total Net Purchases	PB	38,600				
30/4	Bank	ACB	70,000				
			108,600				
		<b>Purchases Returns A/C (p2)</b>					
				30/4	Total Net Purchases Returns	PRB	7,000
		<b>VAT A/C (p3)</b>					
30/4	Credit Purchases	PB	5,211	30/4	Cash Sales	ACB	10,800
30/4	Cash Purchases	ACB	9,450	30/4	Purchases Returns	PRB	945
				30/4	Balance C/D		2,916
			14,661				14,661
1/5	Balance B/D		2,916				
		<b>Share Capital A/C (p4)</b>					
				1/4	Bank	ACB	150,000
		<b>Light and Heat A/C (p5)</b>					
13/4	Bank	ACB	1,700				
		<b>Sales A/C (p6)</b>					
				30/4	Bank	ACB	80,000

**Q 1 (C)****Trial Balance of KELLY Ltd as on 30 April 2008**

	<b>Dr. €</b>	<b>Cr. €</b>
NEE Ltd		10,215
HAY Ltd		8,151
Purchases	108,600	
Purchases Returns		7,000
VAT	2,916	
Share Capital		150,000
Light and Heat	1,700	
Sales		80,000
Bank	142,150	
	<b>255,366</b>	<b>255,366</b>

**Q 2.**

<b>Sales, Business Document and Bookkeeping Question</b>
--

**(A)** (i) Any **three** from :  
Letter; Telephone; E-mail; Text; Trade Journal; Chamber of Commerce; Personal Call.

(ii)	Total Income =	Cost	+	Mark up
	Total Income =	€24,000	+	55%
	€37,200 =	€24,000	+	€13,200

**(B)** (i) Procedures to be followed when preparing and processing receipts.

Examples:

Check amount received against invoice / credit note / statement;

Check accuracy of Name and Address of purchaser / debtor;

Insert correct date;

Insert amount in figures and in words;

Sign receipt;

File copy of receipt;

Record amount received in Analysed Cash Book and Debtors Ledger (if appropriate)

**(B)** (ii) & (iii) See next page.

**Q 2 (B) (ii)**

<b>BRIGHT PAINT Ltd</b> Décor Avenue, Brush Row, Galway		<b>INVOICE No. 42</b>	
Telephone: 091-520779 e-mail: <a href="mailto:brightp@eircom.net">brightp@eircom.net</a>		VAT Reg. No. IE 4432171G	
		Date: <u>1 June 2008</u>	
MARTIN Ltd, 10 Green Valley Loughrea Co. Galway		Your Order No.: <u>3</u>	
QUANTITY	DESCRIPTION	PRICE EACH €	TOTAL €
50	Ten Litre Drums of White Paint	60	3,000
50	Five Litre Drums of Cream Paint	80	4,000
			Total (Excluding VAT)
			7,000
			Trade Discount
			2,100
Carriage Paid			Subtotal
E & O E			4,900
			VAT
			1,029
			Total (Including VAT)
			5,929

<b>BRIGHT PAINT Ltd</b>	Décor Avenue, Brush Row, Galway Telephone: 091-520779	<b>RECEIPT No. 67</b>
<b>Date:</b> <i>11 June 2008</i>		
<b>Received From:</b> <i>MARTIN Ltd</i>		
<b>The Sum of:</b> <i>Five thousand, nine hundred and twenty nine euro</i>		€ 5,929.00
<i>With Thanks</i> Signed: <u>Molly Bright</u> Accounts Dept		

**Q 2 (B) (iii)**

Sales Book of BRIGHT PAINT Ltd						
Date	Details	Invoice No.	F	NET €	VAT €	TOTAL €
1/6/2008	MARTIN Ltd	42	DL	4,900	1,029	5,929

Analysed Cash Book of BRIGHT PAINT Ltd					
Date	Details	Receipt No.	F	Bank €	Debtor €
11/6/2008	MARTIN Ltd	67	DL	5,929	5,929

**(A) Three rights of employers include:**

To set up in business;  
 Select suitable employees;  
 Dismiss dishonest employees

**Three responsibilities of employers include:**

Pay agreed wage / minimum wage;  
 Provide safe and healthy working conditions;  
 Obey all employment laws;  
 Keep all necessary employee records.

**(B) (i) Eircom and the eircom employees / unions/CWU****(ii) Strike – withdrawal from work****(iii) The Labour Relations Commission****(C) (i) Examples of disputes that can arise for reasons other than pay :****Working Conditions --** Employees look for better and safer places to work and eat in**Dismissal of Workers –** Employees feel that some workers are unfairly sacked**Unequal treatment -** Employees feel that the employer favours one employee over another**Redundancy --** When employees are been let go because there is no work disputes can arise as to who should be let go first. The normal way is **Last In First Out****Demarcation Disputes –**These are disputes arising when an employer asks some employees to do the work of other employees, thus endangering the other employees jobs.**Union Recognition –** These are disputes over the employer refusing to accept that employees are in a trade union.**(C) (ii) Explanation of terms (examples):****Arbitration** is where an acceptable third party is asked, by both parties in dispute, to examine why a dispute has taken place and to make a recommendation as to how the dispute can be settled.**Conciliation** is the use of an acceptable third party to help the parties in a dispute reach an agreement.  
 E. G. in (B) above the Labour Relations Commission can help eircom and the employees reach a settlement.**A Shop Steward** is the local union representative, elected by union members, who negotiates with management and ensures that agreements are kept. S/he organises meetings of union members to kept them up to date with developments. S/he also recruits new members for the union.**The Human Resource Manager**, also known as the personnel manager, is employed by the employer to recruit new employees, organise their training and deal with their problems. S/he tries to sort out problems with unions before industrial action takes place.

(A)

**Trading, Profit and Loss Appropriation Account of SCOTT Ltd for the year ended 31/May 2008**

		€	€	€
	Sales			273,500
	<b>Less Cost of Sales</b>			
1/6/07	Opening Stock		12,000	
	Purchases		175,000	
	Import Duty	6,700		
	Add Import Duty due	1,300	8,000	
	Cost of Goods Available for Sale		195,000	
31/5/08	Less Closing Stock		17,500	
	Cost of Actual Sales			177,500
	<b>Gross Profit</b>			<b>96,000</b>
	<b>Add Gains</b>			
	Interest Receivable		6,500	
	Add Interest Receivable due		600	7,100
				103,100
	<b>Less Expenses</b>			
	Carriage Outwards		4,000	
	Insurance	2,900		
	Less Insurance prepaid	700	2,200	
	Wages		44,000	
	Depreciation : Machinery		18,000	68,200
	<b>Net Profit</b>			<b>34,900</b>
	Less Dividends declared			20,000
				14,900
	Add Opening Profit and Loss Account			111,000
	<b>Reserves</b>			<b>125,900</b>

Alternative Presentation of Figures where Expenses are Deducted Before Adding Gains		Alternative Presentation of Figures Where Opening Profit is added Back Before Deducting Dividends	
Gross Profit	96,000	Net Profit	34,900
Less Expenses	68,200	Add Opening Profit and Loss Balance	111,000
	27,800		145,900
Add Gains	7,100	Less Dividends declared	20,000
Net Profit	34,900	Reserves	125,900

**Balance Sheet of SCOTT Ltd as on 31 May 2008**

	€	€	€
<b>Fixed Assets</b>	<b>Cost</b>	<b>Depreciation</b>	<b>NBV</b>
Machinery	120,000	18,000	102,000
Buildings	300,000	-----	300,000
Land	230,000	-----	230,000
<b>Total Fixed Assets</b>	<b>650,000</b>	<b>18,000</b>	<b>632,000</b>
<b>Less Current Assets</b>			
Closing Stock	17,500		
Debtors	60,000		
Bank	5,000		
Cash	1,400		
Interest Receivable due	600		
Insurance prepaid	700	85,200	
<b>Less Current Liabilities</b>			
Creditors	30,000		
Import Duty due	1,300		
Dividends Declared due	20,000	51,300	
<b>Working Capital</b>			<b>33,900</b>
<b>Total Net Assets</b>			<b>665,900</b>
<b>Financed By</b>	<b>Authorised *</b>	<b>Issued</b>	
550,000 €1 ordinary shares	550,000	400,000	
Add Reserves		125,900	
Long Term Liabilities			
25 Year Loan		140,000	
<b>Capital Employed</b>			<b>665,900</b>

\* Authorised may also be shown as a note to the Balance Sheet.

Alternative Presentation of Financed By Section Extract of Balance Sheet if Opening Profit and Loss Balance was not added in TPLA Account.

Issued Share Capital	400,000
Add Opening Profit and Loss Balance	111,000
Add Profit and Loss Balance for 2008 after dividends	14,900
	<b>525,900</b>
Add 25 Year Loan	140,000
Capital Employed	<b>665,900</b>

**(B)** Two suitable Assets for securing the 25 Year Loan are: **Land and Buildings.**

- (A) Advantage : Lets traffic move quicker by avoiding traffic jams as towns are bypassed thus reducing time lost in delivering goods

Disadvantage : Adds to the cost of transporting goods.

- (B) Reasons for providing a delivery service include:

Some customers are unable to transport goods purchased;

To compete with businesses who either provide a delivery service or who do not provide a delivery service;

To allow for online shopping;

To provide a personal service.

- (C) Cost of Transport = Cost of Diesel + Wages + Annual Costs + Toll Charges

**Cost of Diesel**

$$\frac{\text{Distance travelled in kms}}{\text{Kilometres per litre}} = \frac{660 \text{ kms}}{33} = 20 \text{ litres @ €1.10} = € 22$$

**Cost of Wages**

$$\text{Drivers wages + Employers PRSI} = €240 + €30 = €270$$

**Annual Costs**

Working days per 330 day year

$$\frac{\text{Motor Tax}}{330} = \frac{€1,320}{330} = €4$$

$$\frac{\text{Motor Insurance}}{330} = \frac{€2,640}{330} = €8$$

$$\frac{\text{Motor Repairs}}{330} = \frac{€1,650}{330} = €5 \quad € 17$$

$$\text{Toll charges} \quad € 30$$

$$\text{Total Cost of Transport} \quad €429$$

- (D) See next page.



**Q 5 (D)****GENERAL JOURNAL of FAHY Ltd**

Date	Details	F	Dr €	Cr €
25/5/2008	Delivery Van	GL	56,000	
	COX MOTORS Ltd	GL		56,000
	Purchase of delivery van on credit from			

**LEDGER of FAHY Ltd**

Date	Details	F	Total €	Date	Details	F	Total €
			<u>Delivery Van A/c</u>				
25/5/2008	COX MOTORS Ltd	GJ	56,000				
			<u>COX MOTORS Ltd A/c</u>				
				25/5/2008	Delivery Van	GJ	56,000

- (A) **Three examples of procedures** to be in place to monitor overheads include:  
 Prepare Budgets /Targets for each overhead;  
 Record Actual overheads in Accounts / Analysed Cash Book;  
 Compare the Actual overhead with the Budgeted overhead to see if they differ;  
 Find out reasons for any difference found and take necessary action.

(B)

**Analysed Cash Book (Debit Side)**

Date	Details	Receipt No.	F	Bank €
4/5/08	WALSHE Ltd	1	DL	4,300
11/5/08	JONES Ltd	2	DL	6,700
22/5/08	St. Mary's NS	3	DL	1,600
31/5/08	KELLY Ltd	4	DL	8,500
				21,100
1/6/08	Balance B/D			5,370

**Analysed Cash Book (Credit Side)**

Date	Details	Ch. No.	F	Bank €	Wages €	Advertising €	Van €	Telephone €	Interest €
1/5/08	Balance B/D			1,200					
2/5/08	Advertising	1	GL	3,000		3,000			
7/5/08	Eircom	2	CL	800				800	
9/5/08	Wages	3	GL	700	700				
14/5/08	Diesel bill	4	CL	480			480		
16/5/08	Loan Interest	5	GL	500					500
18/5/08	Wages	6	GL	550	550				
24/5/08	Advertising	7	GL	4,500		4,500			
27/5/08	Road Tax	8	GL	800			800		
29/5/08	Van Insurance	9	GL	3,200			3,200		
				15,730	1,250	7,500	4,480	800	500
31/5/08	Balance C/D			5,370					
				21,100					

(C) See next page.

**Q 6 (C)**

**Business Overheads for May 2008**

(i)

Overheads	Budgeted €	Actual €
Wages	2,000	1,250
Advertising	6,200	7,500
Van	3,700	4,480
Telephone	800	800
Interest	610	500

(ii)

Actual Overheads <b>Greater than</b> Budgeted Overheads	Examples of Possible Reasons
<i>Advertising</i>	<i>Higher charges for advertising</i>
<i>Van</i>	<i>Increase in price of diesel / insurance / motor tax</i>

(iii)

Actual Overheads <b>Less than</b> Budgeted Overheads	Examples of Possible Reasons
<i>Wages</i>	<i>Less overtime / people let go / cheaper workers</i>
<i>Interest</i>	<i>Fall in interest rate / amount of loan reducing</i>