



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

# **JUNIOR CERTIFICATE 2009**

## **MARKING SCHEME**

### **BUSINESS STUDIES**

#### **HIGHER LEVEL – PAPER 1**

# **Junior Certificate Examination 2009**

## **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 2009**  
**BUSINESS STUDIES - HIGHER LEVEL PAPER I**

**SECTION A**  
**(80 Marks)**

**Each question carries 4 marks**

20 questions @ 4 marks each = 80 marks

For questions 2, 6, 11, correct answer with workings 4 marks

without workings  $\frac{1}{2}$  marks

Q. 19 (ii) no workings  $\frac{1}{2}$  marks

**[Total 80 marks]**

**SECTION B**  
**(160 marks)**

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

**Question 1: Household Budget**

<b>(A)</b>	Figures 30 @ $\frac{1}{2}$ each	=	15 marks
	Figures 5 @ 1 each	=	7 marks
	1 @ 2 marks		
<b>(B)</b>	4 Points	=	10 marks
<b>(C)</b>	(i) <b>2 pieces of Advice</b>	=	4 marks
	(ii) <b>2 Reasons</b>	=	4 marks

**(40 marks)**

## Question 2: Club Accounts

**(A)**      **(i)** Income & Expenditure Account

Title and date (1 + 1)	=	2 marks
Figures 17 @ 1 mark each	=	17 marks
Relevant word surplus/deficit	=	1 mark

**(20 marks)**

**(ii)** Balance Sheet

Title and date (1+ 1)	=	2 marks
Headings 4 @ ½ mark each	=	2 marks
Figures 18 @ ½ mark each	=	9 marks

**(13 marks)**

<b>(B)</b> <b>(i)</b> Depreciation – Explanation	=	3 marks
Reasons 2 @ 2 marks each	=	4 marks

**(7 marks)**

**[40 marks]**

## Question 3: National Budget

<b>(A)</b> <b>(i)</b> Identify 3 @ 2 marks each	=	6 marks
<b>(ii)</b> Explain 2 @ 3 marks each	=	6 marks
<b>(iii)</b> Effects 2 @ 3 marks each	=	6 marks

**(18 marks)**

<b>(B)</b> <b>(i)</b> Explain 2 @ 2 marks each	=	4 marks
Example 2 @ 2 mark each	=	4 marks

<b>(ii)</b> (a) Figures 6 @ 1 mark each	=	6 marks
(b) Identify 2 @ 1 mark each	=	2 marks

<b>(iii)</b> Explain 2 @ 3 marks each	=	6 marks
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**(22 marks)**

**[40 marks]**

**Question 4: Banking**

<b>(A)</b>	<b>(i)</b> Identify and Reason (1+1)	=	2 marks
	<b>(ii)</b> Explain (1+ 1)	=	2 marks
	Advantages 2 @ 2	=	4 marks
	<b>(iii)</b> Linked difference 1 @ 6 marks	=	6 marks
	<b>(iv)</b> Initials	=	2 marks
	Services 3 @ 2 marks each	=	6 marks
	<b>(v)</b> Explain “DR”	=	2 marks
	<b>(vi)</b> Items 2 @ 2 marks	=	4 marks

**(28 marks)**

<b>(B)</b>	<b>(i)</b> Figure	=	4 marks
	<u>Or</u> (Workings 2 marks)		
	<b>(ii)</b> Differences (2+2) (2+2)	=	8 marks

**(12 marks)**  
**[40 marks]****Question 5: Insurance**

<b>(A)</b>	<b>(i)</b> Letter		
	Layout 6 @ 1 mark each	=	6 marks
	Content 4 @ 2 marks each	=	8 marks
	English (1+1)	=	2 marks
	<b>(ii)</b> Document	=	2 marks
	State principles 2 @ 2 marks	=	4 marks
	Explain principles 2 @ 2 marks	=	4 marks

**(26 marks)**

<b>(B)</b>	<b>(i)</b> Correct Premium	=	4 marks
	<u>Or</u> (Workings 6 @ ½ = 3)		
	<b>(ii)</b> Compensation figure	=	4 marks
	(Workings 6 @ ½ = 3)		
	Explain (3+3)	=	6 marks

**(14 marks)**

Note: Correct answer no workings ½ marks

**[40 marks]**

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

<b>(A)</b>	<b>(i)</b> Name, Week No.	=	6 marks	
	Figures (Basic, Union, Savings, Total Net)	=	10 marks	
	Figures (Gross)	=	1 mark	
	Figures (Tax Credit, PAYE, PRSI)	=	4 marks	
	Figure (Overtime)	=	1 marks	
	<b>(ii)</b> Benefits 3 points	=	6 marks	<b>(28 marks)</b>
<b>(B)</b>	<b>(i)</b> Responsibilities 3 @ 3 marks	=	9 marks	
	<b>(ii)</b> State	=	1 mark	
	Explain	=	2 marks	<b>(12 marks)</b>
				<b>[40 marks]</b>

## BUSINESS STUDIES - HIGHER LEVEL - PAPER 1

### SUPPORT NOTES

#### SECTION A:

1. **Input Devices:** Scanner, Keyboard, Mouse, Monitor, Web-Camera, Floppy Disk, Joy-Stick, Modem, CD, DVD Drive, Microphone, Light Pen, USB Stick

**Output Devices:** Monitor, Printer, Floppy Disk, Plotter, Speaker, CD, DVD Re-write, Web-Camera, USB Stick, Data Key, Modem, MP3 players, ipods, memory cards.

2. **Answer:** €1,620

**Workings:**

$\frac{P \times T \times R}{100}$	$\frac{13500 \times 6 \times 2}{100}$
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3. Free Samples, Gift Coupons, Competitions, Draw, Temporary Price Reductions, Joint-Selling, Vouchers for Discount of Next Purchase, Buy One and Get One Free, Merchandising/Displays, Flash pack, Piggy Back Selling, Loss Leader.

4. (i) 300,000  
(ii) Purchases  
(iii) Closing Stock/Stock 31/3/09  
(iv) Gross Profit

5.

- Repay any outstanding debt/future debt
- Purchase of fixed assets.
- Increase future dividends/pay dividends.
- Expand existing business.
- Expand into a new line of business/new product/invest.
- Take over another business.
- Buy back some of its own shares.

6. **Answer** 5%

**Workings:**

$\frac{\text{Net Profit} \times 100}{\text{Capital Employed}}$	$\frac{30,000 \times 100}{600,000}$
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7. (i) K. Davoren  
(ii) Sales  
(iii) Sales  
(iv) K. Davoren/Debtor

8. **Mixed Economy:** This is an economy where some industries are controlled by the government and some controlled by private entrepreneurs (e.g. Ireland).

9. Quotations      Invoice      Credit Note      Cheque

10. D, A, E, C.

11. **Answer:**      9750

<b>Workings:</b> $\frac{15,000 \times 65}{100}$ $\frac{15,000 \times 35}{100} = 5250$ 15,000 – 5250
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12. Goods are perishable / can't be stored/ short shelf-life.  
Personal Service /Goods made to the customers' specifications.  
Reduce costs/eliminate wholesaler/sell cheaper  
Buying on line/catalogues/factory sale/shop

13.

Dr			Debtors Control Account			Cr	
Date	Details	€		Date	Details	€	
April	Balance	910			Cash	17,800	
	Sales	<u>21,590</u>			Balance	<u>4,700</u>	
		22,500				22,500	

OR

Debtors Control Account				
Date	Details	Dr	Cr	Balance
April	Balance			910
	Sales	21,590		22,500
	Cash		17,800	4,700

14. (i) Communication: RTE, An Post.  
(ii) Transport: Irish Rail, Bus Eireann, Dublin Bus, DART, Luas, CIE  
(iii) Health: V.H.I.  
(iv) Marketing: Bord Fáilte, Bord Bia, Bord Tráchtála, BIM, Tourism Ireland, Enterprise Ireland, Bord na gCon, Bord na gcapall, Bord Gais, IDA, Fáilte Ireland, National Dairy Council.



15.

	Operating Statement	Balance Sheet
Client fees	√	
Wages	√	
Stock of hair products	√	√

16.

- Recruit new members.
- Collect Subscriptions.
- Represent members in their dealing with management.
- Communicate any information to or from Union H.Q.
- Call Union Meetings.
- Give advice to members on labour issues.

17.

Browne Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
1/1/09	Bank	CB1	47,000	
	Premises	GL1	240,000	
	Creditor: Casey Ltd	CL1		21,000
	Ordinary Share Capital	GL2		266,000
	Assets, Liabilities and Share Capital of Browne Ltd on this date.		287,000	287,000

18.

Date	Details	C N No.	F	Net	VAT €	Total €
3/6/09	Murray Ltd	5		4,000	860	4,860

19. (i) **Imprest:** The same/fixed amount of cash with which the petty cashier starts at the beginning of each month.

(ii) **Answer:** 80

**Workings:** (19+36+25) or 100 – 80 = 20

20.

- (i) Rent
- (ii) Capital
- (iii) Profit/Loss
- (iv) Labour

## Section B

### Q 1 Household Budget

#### (A) Budget Comparison Statement for the Casey household for the year 2008

<b>INCOME</b>	<b>Budget Jan – Dec €</b>	<b>Actual €</b>	<b>Difference €</b>
Salaries	52,000	38,480	(13,520)
Child benefit	3,600	3,900	300
Interest	540	280	(260)
Other		4,200	4,200
<b>TOTAL INCOME</b>	<b>56,140</b>	<b>46,860</b>	<b>(9,280)</b>
<b>EXPENDITURE</b>			
<i>Fixed</i>			
Mortgage	10,200	10,605	405
Car insurance	670	460	(210)
House insurance	580	551	(29)
Subtotal	11,450	11,616	166
<i>Irregular</i>			
Household costs	8,880	9,990	1,110
Car costs	1,640	1,340	(300)
Clothing and footwear costs	1,900	1,750	(150)
Light and heat costs	3,100	3,782	682
Health insurance	1,600	1,808	208
Subtotal	17,120	18,670	1,550
<i>Discretionary</i>			
Entertainment costs	3,000	2,250	(750)
Presents	1,000	1,300	300
Holidays	7,500	4,900	(2,600)
Subtotal	11,500	8,450	(3,050)
<b>TOTAL EXPENDITURE</b>	<b>40,070</b>	<b>38,736</b>	<b>(1,334)</b>
Net Cash	16,070	8,124	(7,946)
Opening Cash	2,225	2,225	
Closing Cash	18,295	10,349	

(22 marks)

**Q 1: (B)**

(i) Budgeted to save	16,070
(ii) Budgeted Closing Cash	18,295
(iii) Actual Closing Cash	10,349
(iv) Expenditure difference	1,334

**(v)**

- Increase in claims.
- Increase in hospital/doctors/drugs charges.
- Increase in business administration costs.
- Fall in membership.
- Make more profit

**(10 marks)**

**Q 1 (C)**

**(i) Advice**

- Cut down on expenditure on presents.
- Save on household cost by shopping around.
- Limit, light and heat costs to a minimum.
- Get the best return on savings and on the closing cash/invest wisely.
- Consider trading down their house as the mortgage is huge/pay off mortgage
- Shop around for cheaper health insurance.

**(ii) Reasons**

- To plan to live within their income/plan income and expenditure.
- To identify the main areas of expenditure.
- To identify expensive months
- To identify which months will have a surplus or deficit.
- To project the closing cash at the end of each month.
- Budgeting is the basis for good financial management.
- To support a loan application.

**(8 marks)**

**[40 marks]**

**Q 2: Club Account**

**(A) (i)**

**Income and Expenditure Account for year ending 30/04/2009**

<b><u>INCOME:</u></b>			
Gate Receipts		23,940	
Subscriptions	34,100		
Less: Subs. Pre-paid	<u>1,600</u>	32,500	
Lotto Income	53,700		
Less: Prizes	<u>19,400</u>	<u>34,300</u>	
			<b>90,740</b>
			<b>[110,140]</b>
<b><u>LESS EXPENSES:</u></b>			
Maintenance		3,780	
Stationery	1,730		
Less: Closing Stock	<u>170</u>	1,560	
General Expenses		34,610	
Insurance		9,330	
Light & Heat	2,260		
Add: Light & Heat Due	<u>290</u>	2,550	
Depreciation Clubhouse		10,920	
Depreciation Equipment		<u>12,000</u>	
			<b>74,750</b>
<b>Excess of Income/Surplus</b>			<b>15,990</b>
			<b>[ 94,150]</b>

**Note:**

- (i) If no headings are presented the first detail with figure signifies the heading/ list.
- (ii) Debit /Credit format the expenses must be on the debit side, if reversed allow half earned marks.
- (iii) In the vertical format income first otherwise ½ earned marks excluding total and date

(A) (ii)

**BALANCE SHEET AS AT 30/04/2009**

<b>FIXED ASSETS</b>	<b>COST</b>	<b>DEPR.</b>	<b>N.B .V.</b>
Clubhouse	364,000	10,920	353,080
Equipment	80,000	12,000	68,000
	<b>444,000</b>	<b>22,920</b>	421,080
<b>CURRENT ASSETS</b>			
Stock of Stationery	170		
Bank	7,840	8,010	
<b>Less CURRENT LIABILITIES</b>			
Subscription Prepaid	1,600		
Light and Heat Due	290	1,890	
Working Capital			<b>6,120</b>
Total Net Assets			<b>427,200</b>
<b>FINANCED BY</b>			
Accumulated Fund		411,210	
Excess of income/Reserve		15,990	
Capital Employed/Accumulated Fund			<b>427,200</b>

(33 marks)

**B. (i) Depreciation:** Decline in the value of a fixed **asset**.

- (ii) Usage/Wear and Tear  
 Obsolete  
 Extraction/Depletion.  
 Passage of time/age

(7 marks)  
**[40 marks]**

**Q 3: National Budget And Economics**

- (A) (i) (a) **Current Income :** Excise duties  
(b) **Current Expenditure:** Social Welfare  
(c) **Capital Income:** Army barracks

- (ii) **Limited Resources:** this means factors/incomes are scarce and choices must be made.

**National Budget:** It's a plan of government expected future income and expenditure of a period of time usually a year.

(iii)

- Increase in Social Welfare payments.
- Decrease in tax revenue i.e. PAYE/VAT.
- Increase in Budget Deficit/Decrease in the Budget Surplus.

**(18 marks)**

- (B) (i) **Visible Imports:** The buying of physical products from other countries –  
Example: Car, Oil, Coal.

**Invisible Imports:** The purchase of services from foreign countries.  
Example: Going on holidays abroad, foreign bands playing in Ireland, giving foreign firms the contract to build our roads.

(ii) (a)

Visible Exports	740	
Less: Visible Imports	750	
<b>Balance of Trade Deficit</b>		(10)
Invisible Exports	820	
Less: Invisible Imports	860	
Net Invisible Earnings		(40)
<b>Balance of Payments Deficit</b>		(50)

**OR**

Total Exports	$820 + 740$	$= 1560$
Total Imports	$750 + 860$	$= 1610$
Balance of Payments Deficit		$= (50)$

- (b)        Balance of Trade - Deficit  
             Balance of Payments - Deficit

- (iii) **Inflation:** A rise in the general level of prices from one period of time to another.  
                      An increase in the cost of living over a period of time.

**Debt Servicing:** The interest on the national debt paid by the government on its borrowings.

**(22 marks)**

**[40 marks]**

**Q 4: Banking**

- (A) (i) **Current Account:** As there are cheques, S.O. and D.D. paid out of it.
- (ii) **Paypath:** Electronic method for transferring wages from employers to the bank accounts of their employees.
- Advantages:** Safe, Convenient/Time saving, Private, Accessible.
- (iii) **Direct Debit:** This is permission given to a creditor/person to withdraw fixed or variable amounts from one's account at any time.

Whereas

**Standing Order:** This is an instruction to one's bank to pay a fixed amount to a stated creditor on specific dates/fixed time.

- (iv) **A.T.M. – Automated Teller Machine.**

Withdraw Cash	Order a statement
Lodge Cash	Change PIN
Check the A/C Balance	Pay Bills
Top up phone credit	Order a cheque book

- (v) The account is overdrawn by €54, after a cheque for €2,350 was presented.
- (vi) Current account fees for C.T., S.O., D.D., A.T.M., Laser Card usage, Clearing charges, lodging, withdrawing.

**(28 marks)**

- (B) (i) **Answer: €894 or €704 (Workings: €77 + €95 – €178 = €894)**
- (ii) **Stale Cheque:** One which is not presented for payment within six months of the date on it and the bank then refuses to cash it as it's out of date.

Whereas

**Dishonoured Cheque:** One which the bank refuses to cash because of insufficient funds / words and figures differ/ mutilated/ instructed by the drawer / suspicious of the presenter / incorrect signature / stale.

**General Crossing:** One with the words "and Company" between two parallel lines on the face of the cheque. It has to be lodged to any bank account and can't be cashed at the counter.

Whereas

**Special Crossing:** One with the name of a bank between two lines on the face of the cheque. It has to be lodged to an account at the specific bank named between the parallel lines. One with "Account Payee only" written on its face.

**(12 marks)**

**[40 marks]**



**Q 5: Insurance**

**(A) (i)**

Church View,  
Navan,  
Co. Meath.

9<sup>th</sup> June 2009

Miss Kate Quinn,  
47. Quay Lane,  
Dun Laoghaire,  
Co. Dublin.

Dear Kate,

In response to your query, concerning the two main types of car insurance cover, the following is my advice:

Third Party Insurance provides compensation to people injured while in or by your car and to the owners of property damaged by your car, but it does not compensate for any damage to your car.

Comprehensive Insurance provides compensation to all parties injured by your car and also compensation for any damage to your car.

Due to the extra benefit provided by comprehensive, the premium will be higher but may be worth it, since it's your first car.

I hope this is of some help to you and feel free to contact me any time.

Yours sincerely,

Michelle Hughes

(ii) **Proposal form**

(iii) **Insurable Interest:** One must have a financial interest in the item insured. One must stand to gain by its existence or lose by its distribution. One can insure only their own property and not their neighbours' property.

**Utmost good faith:** One must answer all the questions on the proposal form truthfully/disclose all material facts which may effect the contract.

(26 marks)

(B) (i) **Answer:** €500

**Workings:**

House:	$225 \div 15 \times 12$	= 180
Content:	$60 \div 3 \times 16$	= 320

(ii) **Answer:** €44,450

**Workings:**

Buildings:	= 35,000
Contents:	$12,000 \times 60 \div 75 = \underline{9,600}$
	44,600
Excess	$\underline{150}$
	44,450

The principle of **average clause** applies. The contents were under-insured up to four-fifths of their value and therefore, the insured will receive only four-fifths of the replacement cost.

**Policy excess** means the insured has agreed to forego the first €150 of any compensation.

(14 marks)

[40 marks]

**Q 6: Wages And People At Work**

**(A) Workings**

<b><u>Gross Pay</u></b>	€	<b><u>P.A.Y.E.</u></b>	€
<b>Basic</b>	= 592	848 x 41 ÷ 100	= 347.68
<b>O.T.</b> 16 x 1.5 x 8hrs = 192			
16 x 2 x 2hrs = 64		Less: Tax Credit	= (140)
	= 256		207.68
	= 848		
<b><u>Tax Credit</u></b>	€	<b><u>Other</u></b>	€
€7,820 ÷ 52wks	= 140	PRSI: <del>€</del> 848 x 8 ÷ 100	= 67.84

(i)

Wage Slip		
Name: Mark Ryan		
Week No: 21		
Basic Pay	€592.00	
Overtime *	€256.00	
Gross Pay *	→	€848.00
Tax Credit	€140.00	
Deductions:		
PAYE *	€207.68	
PRSI *	€67.84	
Trade Union	€7.00	
Savings	€40.00	
Total Deductions	→	€322.52
Net Pay	→	€525.48

**(ii) Benefits:**

- Unemployment Benefit/Assistance/Dole
- Contributory Old Age Pension
- Disability Benefit/Injury Benefit
- Dental Treatment
- Optical Treatment
- Sickness Benefit
- Invalidity Benefit

**(28 marks)**

**(B) (i) Responsibilities:**

- Punctual at all times.
- Confidential with sensitive information.
- Honest in all dealings.
- Courteous to customers.
- Co-operative with the staff.
- Obey the rules and regulations of the employer.
- Respect equipment and property.
- Don't damage good name of the firm

**(ii) Piece Rate:** Based on the workers output e.g. €5 per item made, €1 per block laid.

**Commission:** Income based on a percentage of one's financial sales, e.g. 15% of gross sales in euro.

**Flat Rate:** Fixed amount per year/week.

**(12 marks)**  
**[40 marks]**



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

# **JUNIOR CERTIFICATE 2009**

## **MARKING SCHEME**

### **BUSINESS STUDIES**

#### **PAPER 2**

#### **HIGHER LEVEL**

# **Junior Certificate Examination 2009**

## **Business Studies**

### **Higher Level – Paper 2**

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**JUNIOR CERTIFICATE EXMINATION 2009**

**BUSINESS STUDIES – HIGHER PAPER**

**PAPER 2**

(160 marks)

All questions carry equal marks (40 marks)

**DRAFT MARKING SCHEME**

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

(A)	Sales Book	4	
	Purchase Book	<u>2½</u>	6½ marks
(B)	Analysed Cash Book		9 marks
(A~C)	Ledger		17 marks
	Trial Balance		4 marks
(A~D)	Presentation		
	Dates	2 marks	
	Folios	<u>1½ marks</u>	3 ½ marks
			<b>(40 marks)</b>

**Q 2 Purchasing, Business Documents and Bookkeeping**

(A) (i&ii)			10 marks
(B)	Order Form Completion		11 marks
(C)	Credit Note Completion	12 marks	
	Sales Returns Book	<u>7 marks</u>	<u>19 marks</u>
			<b>(40 marks)</b>

**Q 3 Marketing**

(A)	Correct selling price	4 marks
(B)	Two explanations with examples	8 marks
(C)	Information & presentation of Advertisement	16 marks
(B)	Three methods of promotion ( <b>other than</b> advertising)	<u>12 marks</u>

**(40 marks)**

**Q 4 Final Accounts and Balance Sheet**

(A)	<b>Trading, Profit and Loss Appropriation Account</b>	18 marks	
	<b>Balance Sheet</b>	<u>17 marks</u>	35 marks
(B)	<b>Two</b> appropriate methods stated		<u>5 marks</u> <b>(40 marks)</b>

**Q 5 Report Writing, Business Terms and Assessing a Business**

(A)	<b>Three</b> terms explained	9 marks	
	<b>Report layout</b>	<u>11 marks</u>	20 marks
(B)	(i) <b>Four</b> correct calculations	16 marks	
	(ii) <b>Four</b> comparisons	<u>4 marks</u>	<u>20 marks</u>
			<b>(40 marks)</b>

**Q 6 Forms of Ownership and Company Formation**

(A)	(i) <b>Explanation of</b> co-operative	3 marks	
	(ii) Example of co-operative in <b>financial</b> sector	<u>2 marks</u>	5 marks
(B)	<b>Four</b> comparisons		12 marks
(C)	(i) <b>Two</b> documents	4 marks	
	(ii) <b>Seven</b> entries in Memorandum	13 marks	
	(iii) <b>Ledger</b>	<u>6 marks</u>	<u>23 marks</u> <b>(40 marks)</b>



## SUPPORT NOTES

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

(A)

**SALES BOOK of CLARKE Ltd (page 1)**

Date	Details	Invoice	F	Net €	VAT €	Total €
1/3/2009	TREE Ltd	4	DL	24,000	5,160	29,160
2/3/2009	BARK Ltd	5	DL	19,000	4,085	23,085
				43,000	9,245	52,245

GL

GL

(A)

**PURCHASES BOOK of CLARKE Ltd (page 1)**

Date	Details	Invoice No.	F	Net €	VAT €	Total €
3/3/2009	WOOD Ltd	74	CL	15,000	3,225	18,225

GL

GL

(B)

**ANALYSED CASH BOOK of CLARKE Ltd (Debit Side) (page 1)**

Date	Details	Rec. No.	F	Bank €	Sales €	VAT €	Debtors €
4/3/2009	Sales		GL	78,975	65,000	13,975	
8/3/2009	BARK Ltd	34	DL	16,000			16,000
				94,975	65,000	13,975	16,000
1/4/2009	Balance B/D			35,380			

(B)

**ANALYSED CASH BOOK of CLARKE Ltd (Credit Side ) (page 1)**

Date	Details	Ch. No.	F	Bank €	Purchases €	VAT €	Insurance €	Creditors €
2/3/2009	Insurance	56	GL	7,500			7,500	
5/3/2009	Purchases	57	GL	40,095	33,000	7,095		
9/3/2009	WOOD Ltd	58	CL	12,000				12,000
				59,595	33,000	7,095	7,500	12,000
31/3/2009	Balance C/D			35,380				
				94,975				

**ALTERNATIVE BANK ACCOUNT of CLARKE Ltd if Separate Cash Books are used**

Date	Details	F	Total €	Date	Details	F	Total €
			<b>Bank A/C (P1)</b>				
31/3/2009	Receipts	ACB	94,970	31/3/2009	Payments	ACB	59,595
				31/3/2009	Balance C/D		35,380
			94,975				94,975
1/4/2009	Balance B/D		35,380				

**Q 1 continued**  
**LEDGER for (A, B and C)**

Date	Details	F	Total €	Date	Details	F	Total €
2009				2009			
<b>DEBTORS LEDGER</b>							
		<b>TREE Ltd A/C (p1)</b>					
1/3	Sales	SB	29,160				
		<b>BARK Ltd A/C (p2)</b>					
2/3	Sales	SB	23,085	8/3	Bank	ACB	16,000
				31/3	Balance C/D		7,085
			23,085				23,085
1/4	Balance B/D		7,085				
<b>CREDITORS LEDGER</b>							
		<b>WOOD A/C (p1)</b>					
9/3	Bank	ACB	12,000	3/3	Purchases	PB	18,225
31/3	Balance C/D		6,225				
			18,225				18,225
				1/4	Balance B/D		6,225
<b>GENERAL LEDGER</b>							
		<b>Purchases A/C (p1)</b>					
31/3	Total Net Purchases	PB	15,000				
31/3	Bank	ACB	33,000				
			48,000				
		<b>Sales A/C (p2)</b>					
				31/3	Total Net Debtors	SB	43,000
				31/3	Bank	ACB	65,000
							108,000
		<b>VAT A/C (p3)</b>					
31/3	Credit Purchases	PB	3,225	31/3	Cash Sales	ACB	13,975
31/3	Cash Purchases	ACB	7,095	31/3	Credit Sales	SB	9,245
31/3	Balance C/D		12,900				
			23,220				23,220
				1/4	Balance B/D		12,900
		<b>Insurance A/C (p5)</b>					
2/3	Bank	ACB	7,500				

**Q 1 continued****(C)****Trial Balance of CLARKE Ltd as on 31/March 2009**

	<b>Dr. €</b>	<b>Cr. €</b>
TREE Ltd	29,160	
BARK Ltd	7,085	
WOOD Ltd		6,225
Purchases	48,000	
Sales		108,000
VAT		12,900
Insurance	7,500	
Bank	35,380	
	127,125	127,125

**Q 2** **Purchasing, Business Documents and Bookkeeping Question**

(A) (i) Any **three** pieces of information, other than price, trade discount and rate of VAT from :

- Description of Goods / model numbers/ Quantity;
- Terms /Methods of Payment/ Delivery Date/Delivery Arrangements/Cash Discount;
- Date the Quotation is valid for/ Date of Quotation;
- Quotation Number;
- Name and Address of Seller (sender) / Name and Address of Buyer;
- Signature of Sales Manager/person
- Telephone No / Fax Number / Email Address/ VAT Number.

(ii) Any **two** procedures from :

Compare with letter of enquiry e.g. accuracy of details;

Compare with other quotations;

File the quotation;

Check date the quotation is valid for.

(B & C) see Page 6 over

**For use with Q 2(B)**

<b>CASEY FOOTWEAR Ltd</b> <b>19 Dublin Street, Sligo</b>		<b>ORDER No. 45</b>	
Telephone: 071 9151322 e-mail: cyfootw@hotmail.com		VAT Reg. No. IE 4554678	
<i>FEETRIGHT Ltd</i> <i>30 Castlebar Rd</i> <i>Ballina</i> <i>Co. Mayo</i>		Date: <u>19/5/2009</u> Quotation No.: <u>72</u>	
<b>QUANTITY</b>	<b>DESCRIPTION</b>	<b>PRICE EACH €</b>	
60	<i>White trainers assorted sizes</i>	50	
30	<i>Green Wellingtons assorted sizes</i>	20	
10	<i>House shoes assorted sizes</i>	10	
Goods to be delivered to the above address within 15 days Signature <u>Matilda Casey</u> Position <u>Purchasing Manager</u>			

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

<b>FEETRIGHT Ltd</b> <b>30 Castlebar Rd, Ballina, Co. Mayo</b>		<b>CREDIT NOTE No. 32</b>	
Telephone: 09624223 e-mail: feetrigh@eircom.net		VAT Reg. No. IE 3267891	
<i>CASEY FOOTWEAR Ltd</i> <i>19 Dublin Street,</i> <i>Sligo</i>		Date: 4 June 2009 Order No.: <u>45</u>	
<b>QUANTITY</b>	<b>DESCRIPTION</b>	<b>PRICE EACH €</b>	<b>TOTAL €</b>
10	<i>Trainers</i>	50	500
	<i>Trainers were yellow instead of white</i>		
Total (Excluding VAT)			500
Trade Discount			100
Subtotal			400
VAT			86
E &OE Total (Including VAT)			486

**For use with Q 2 (C) (ii)**

Sales Returns Book of FEETRIGHT Ltd						
Date	Details	Credit Note No.	F	NET €	VAT €	Total €
4/6/2009	CASEY FOOTWEAR Ltd	32	DL	400	86	486

**Q 3 Marketing Question****(A)** €507

<b>Workings</b>	Cost price	€390
	+ Markup 30% of €390 =	<u>€117</u>
	= Selling Price	€507

**(B)**

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

\* Secondary Research, \*\* Primary Research

**(C)** There are **four** points of information required in the advertisement. Additional marks are given for Presentation of Advertisement in an eye catching manner.

Piece of Information	Example
Name of Company	<i>ONYOURBIKE Ltd</i>
Name of Product	<i>FUB4U</i>
Environmental point	<i>Leave your car behind. Cycle to work on the bike you can bring on the bus or train.</i>
Selling Price	<i>€507</i>
Features	<i>Comes in five different colours and three sizes.</i>
Assembly and weight	<i>Takes 20 seconds to assemble and weighs 8 kilos.</i>
Where to purchase	<i>All good bicycle shops</i>
Date of launch	<i>1 July 2009</i>
Availability	<i>Available in shops from 2 July onwards.</i>
Competitor	<i>BREAKDOWNBIKES Ltd only offer one size and one colour and costs €600</i>

(D) **Three** methods of promoting the new FUB4U, other than by advertising, :

Method	Explanation
Sponsorship	Businesses supporting teams and events and in return having their names and logos displayed.
Seminars	Holding information days on being more environmentally friendly or fitter.
Competitions	Hold quizzes to raise interest in the new bicycle.
News briefing /interviews/PR	Using the media to promote their bicycle e.g. business section of news programmes/ paper/ internet
Open days in shops	Inviting customers to visit bicycle shops to see and test cycle the bicycle.
Government backing	Ask the Minister for the Environment to launch it

#### Q 4 Final Accounts and Balance Sheet Question

(A)

**Trading, Profit and Loss Appropriation Account of BROWN Ltd for year ended 31 May 2009**

		€	€	€
	Sales			280,000
	<b>Less Cost of Actual Sales</b>			
1/6/08	Opening Stock		16,000	
	Purchases	116,000		
	Less Purchases returns	6,000	110,000	
	Carriage Inwards	2,500		
	Less Carriage Inwards Prepaid	500	2,000	
	Cost of Goods Available for Sale		128,000	
31/5/09	Less Closing Stock		19,000	109,000
	<b>Gross Profit</b>			171,000
	<b>Add Gains</b>			
	Commission Receivable		3,200	
	Add Commission Receivable Due		1,400	4,600
				175,600
	<b>Less Expenses</b>			
	Advertising	8,000		
	Add Advertising Due	1,600	9,600	
	Wages		28,000	
	Bad Debts		3,600	
	Depreciation : Motor Vehicles	8,000		
	Equipment	18,000	26,000	67,200
	Net Profit			108,400
	Less Dividends Declared			33,600
	<b>Reserves</b>			<b>74,800</b>

<b>Alternative Presentation</b> of figures where Expenses are Deducted before Adding Gains	
Gross Profit	171,000
Less Expenses	67,200
	103,800
Add Gains €3,200 €1,400	4,600
Net Profit	108,400



**Q 4 (A) continued****Balance Sheet of BROWN Ltd as on 31May 2009**

	€	€	€
<b>Fixed Assets</b>	<b>Cost</b>	<b>Depreciation</b>	<b>NBV</b>
Buildings	330,000	-----	330,000
Motor Vehicles	80,000	8,000	72,000
Equipment	150,000	18,000	132,000
<b>Total Fixed Assets</b>	<b>560,000</b>	<b>26,000</b>	<b>534,000</b>
<b>Current Assets</b>			
Closing Stock	19,000		
Debtors	19,000		
Cash	7,800		
Commission Receivable Due	1,400		
Carriage Inwards Prepaid	500	47,700	
<b>Less Current Liabilities</b>			
Creditors	15,700		
Bank Overdraft	6,000		
Advertising Due	1,600		
Dividends Declared Due	33,600	56,900	
<b>Working Capital</b>			<b>(9,200)</b>
<b>Total Net Assets</b>			<b>524,800</b>
<b>Financed By</b>	<b>Authorised</b>	<b>Issued</b>	
500,000 €l ordinary shares	500,000	420,000	
Add Reserves		74,800	
<b>Add Long Term Liabilities</b>			
20Year loan		30,000	
<b>Capital Employed</b>			<b>524,800</b>

**(B)** Any **two** methods of reducing bad debts from :

Ask the customer to obtain a Bank Reference or Trade Reference before selling goods on credit;

Stop selling goods on credit;

Limit the amount of Credit Given to the buyer;

Give cash discounts to encourage prompt payment;

Charge interest on overdue accounts.

**Q 5 Report Writing, Business Terms and Assessing a Business Question****(A)****Report**

14 Quay Street Waterford	
9 June 2009	
Explanation of Business Terms	
Mr. Martin Kelly, 10 Laoise Street, Carlow	
Further to your enquiry re explanation of business terms in the daily newspaper please find my answers below.	
<p><b>Issued Share Capital</b> This is the amount of finance that a limited company has raised to date from issuing shares to its shareholders (owners).</p> <p><b>Collateral</b> This is the security that a business offers to a bank when it looks for a loan. If the business cannot pay back the loan the bank can takeover the item the loan was secured against. Land and Buildings are examples of security.</p> <p><b>Overtrading</b> This is where a company has a negative working capital i.e. Current Liabilities are greater than Current Assets. <b>OR</b> The company relies too heavily on Creditors and Bank Overdrafts when it should be obtaining more share capital or long term loans.</p> <p><b>Solvency</b> This is the ability of a company to pay all its debts as they fall due for payment. <b>OR</b> A company is solvent if all of its assets (current and fixed) are <u>greater than</u> its liabilities (current and long term).</p>	
I am available to answer any further questions re the above that you may have.	
<b>Brenda Nolan</b>	
Finance Consultant	

*Note only **three** of the above business terms have to be explained in the report.*

**(Bi) see page 12**

**Q 5(Bi)**

Ratio	Answer
Rate of Stock Turnover	<i>5 times</i>
Net Profit Percentage	<b>15 %</b>
Acid test Ratio	3.1 : 1
Return on Capital Employed	<b>6 %</b>

**Q 5 (Bi) Workings**

Ratio	Formula	Workings	Answer
Rate of Stock Turnover	$\frac{\text{Cost of Sales}}{\text{Average Stock}}$	$\frac{€150,000}{€30,000}$	5 times
Net Profit Percentage	$\frac{\text{Net Profit} \times 100\%}{\text{Net Sales}}$	$\frac{€45,000 \times 100\%}{€300,000}$	15%
Acid test Ratio	CA minus Closing Stock : CL	€340,000: €10,000	3.1 : 1
Return on Capital Employed	$\frac{\text{Net Profit} \times 100\%}{\text{Capital Employed}}$	$\frac{€45,000 \times 100\%}{€750,000}$	6%

**Note :** C A = (Current Assets), C L= (Current Liabilities)

**Note :** Average Stock =  $\frac{\text{Opening Stock} + \text{Closing Stock}}{2} = \frac{€40,000 + €20,000}{2}$

**Q 5(Bii) Comparison between 2009 and 2008 ratios**

Ratio	Comparison
Rate of Stock Turnover	Both years had <b>the same</b> rate of Stock Turnover
Net Profit Percentage	2009 had a <b>3% higher</b> Net Profit Percentage than in 2008
Acid Test Ratio	2009 had a <b>0.4 lower</b> Acid Test Ratio than in 2008
Return on Capital Employed	2009 had a <b>2% higher</b> Return on Capital Employed

## Q 6 **Form of Ownership and Company Formation Question**

- (A) (i) A co-operative is a business owned and managed by its members for the members' benefit. **OR**  
A co-operative is a business where each member has one vote and an equal say in the running of the business regardless of how much they invest in the business.

(ii) A Credit Union is an example of a cooperative in the financial sector.

### (B) Comparison of Sole Traders and Private Limited Companies

Comparison Headings	Sole Trader	Private Limited Company
Ownership	1 person	Between <b>1 and 50</b> shareholders
Liability	Owner has <b>Unlimited</b> Liability	Shareholders have <b>Limited</b> Liability.
Control	Owner has <b>complete</b> control	Controlled is <b>shared</b> . Those with the most shares make the decisions.
Profits	Owner <b>keeps all</b> the profits	Profits are <b>shared between</b> 1 to 50 shareholders (called dividends).

### (C) (i)

Any **two** documents, from below, to be inserted in space provided on page 14:

Articles of Association;

Form A1 **OR any of the following**

Declaration of Compliance with Company Act;

Statement of Nominal Share Capital;

Statement of Consent to become a director.

### (C) (ii) see Page 14 over

**For use with Q 6(C) (i)**

Sample answer

<b>1</b>	<i>Articles of Association</i>
<b>2</b>	<i>Declaration of Compliance with Company Act</i>

**For use with Q 6(C) (ii)**

<b>MEMORANDUM OF ASSOCIATION</b>	
<b>1.</b>	<b>The Name of the Company is</b> <u>WESTHURL Ltd</u>
<b>2.</b>	<b>The Objects for which the Company is established are:</b> <u>Manufacture and Sale of Hurleys</u>
<b>3.</b>	<b>The Liability of the members is</b> <u>Limited</u>
<b>4.</b>	<b>The Share Capital of the Company is</b> <u>€300,000</u> <b>divided into</b> <u>300,000 €1 ordinary shares</u>
<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
Nora Clarke,	45,000
26 Nutley Park,	
Galway	
Patrick Canning,	50,000
Portumna,	
Co. Galway	
<b>Date : <u>1 June 2009</u></b>	

**For use with Q 6 (C) (iii)****LEDGER of WESTHURL Ltd**

Date	Details	F	Total €	Date	Details	F	Total €
<b>Ordinary Share Capital A/C (p.1)</b>							
				10/6/09	Bank	ACB	95,000
<b>Bank A/C (p.2)</b>							
10/6/09	Ord. Share Capital	GL	95,000				