

JUNIOR CERTIFICATE 2011 - BUSINESS STUDIES PAPER 11

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

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

Sales Book of JONES Ltd

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

Sales Returns Book of JONES Ltd

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

ANALYSED CASH BOOK (Debit Side) of JONES Ltd

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

ANALYSED CASH BOOK (Credit Side) of JONES Ltd

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

Trial Balance of JONES Ltd as on 31 1/2011

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

Marks Summary

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

Q 2 This is a Sales, Business Document and Bookkeeping Question**(A)**

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

(Bi)

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

(B ii) Invoice see over page 5**(B ii)** Receipt see over page 5**(B iii)** Sales Book and Analysed Cash Book see over page 6

For use with 2 (B) (i)

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

For Use with 2 (B) (ii)

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

For Use with Question 2 (B) (iv)

Sales Book of EIRN FURNITURE Ltd

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

Analysed Cash Book of EIRN FUURNITURE Ltd

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

Marks Summary

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

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

(A)

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

Workings

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

* **Advantages:** Make all the decisions

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

(B) Ledger MBB Ltd

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

Marks Summary

(A) 34 marks

(B) 6 marks

Q 4 Final Accounts and Balance Sheet Question

(A)

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

Q 4 (A) contd.

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

(B)

Formula	Workings	Answer	Mark
$\frac{\text{Dividend Paid} \times 100\%}{\text{Issued Share Capital}}$	$\frac{€14,000 \times 100\%}{€350,000}$	4%	5 (3+2)

Marks Summary

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

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

(A)

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

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

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

Analysed Cash Book (Credit Side) of BURKES BAKERY Ltd

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

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

(C) See over

5 (C) (i) continued

Business Overheads for May 2011

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

For Use with Question 5 (C) (ii)

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

For Use with Question 5 (C) (iii)

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

Marks Summary

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

Q6 This is a Channels of Distribution and Marketing Question

(A)

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

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

(B) Two methods of carrying out market research.

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

* Secondary Research, ** Primary Research

(C) (i)

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

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

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

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

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

Marks Summary

A	9 marks
B	8 marks
C	23 marks