

Holding yourself to account

Paper two will take you to business situations – what would you do, and how would you do it – so your knowledge will be thoroughly tested

PAPER TWO

In paper two, students must apply their knowledge to business situations, eg a question on insurance will be about insurance for business.

The good news here is that paper two tends to be a lot more predictable. The bad news, for some students, is that there is a lot more book-keeping involved. A glance at the chart below clearly highlights the pattern of questions.

Time spent revising and practising these vital topics can have a very positive impact on exam results. If you are confident in your ability to handle these questions, you can go into the exam knowing three out of the four questions you are required to complete. On the other hand, a deliberate decision to omit one of these topics will make your question choice more uncertain.

My advice is to keep your options open and work on all the key topics. If you have particular difficulty with one topic, eg day books and ledgers, your teacher should be able to advise you on the best strategy for you to take.

Day books and ledgers

You may be given, or asked to complete, a general journal.

Figures will need to be posted from day books, eg sales book, ledger accounts (sales, VAT and debtors).

Transactions involving immediate payment must be entered in the cash book and posted to ledger accounts.

All accounts must be balanced and totalled before extracting a trial balance.

If a trial balance, or balance sheet, doesn't work out, you need to be careful with the time you spend trying to correct your errors. It is very important not to spend more than the allotted time on any question, so once you have reached this time limit, my advice would be to move on.

It's very easy to get bogged down looking for minor errors and lose a lot of time which might be more valuably spent on another question.

Remember, you can always return to unfinished questions if you have time left at the end of the exam.

Final accounts

From a given trial balance and adjustments, you'll need to complete a trading account, profit and loss account, appropriation

account and a balance sheet. Make sure you know where every item goes and cross out each trial balance item as you enter it. All adjustment items must appear twice in the solution, once in the trading and profit and loss (p&l) account and once in the balance sheet.

Always add amounts due and subtract prepayments. Even if you make mistakes in the trading or p&l account, keep going with the balance sheet since almost all marks are independent.

Be sure to include proper headings and dates, and always present your work in a neat and tidy fashion. Also, practise a few questions involving service firm accounts just in case they appear as an alternative.

Business documents

Expect to complete two blank documents from the following list: quotation, order, invoice, delivery note, credit note, statement of account, cheque or receipt. Invoice and credit note appear most frequently.

Read the question carefully and establish who is sending and receiving each document. Pay careful attention to things such as dates, discounts and Vat rates.

You will probably be asked to show how some of this information would be entered in books of first entry (day books). There are plenty of easy marks for dates, details, folio etc.

Ratio analysis

In order to have any chance with this question, you must learn the ratios by heart. If you don't know them, there really is no point in attempting this question.

Get into the habit of writing down the formula each time you practise a question.

To maximise your marks you must show all your workings clearly and use the following steps:

- ◆ Write down the relevant formula/ratio.
- ◆ Substitute in the figures given in the question.
- ◆ Use your calculator to work out your answer.
- ◆ Comment on the ratio and/or compare it to the previous year.

Even if the question is not a long one, you must expect that ratios will appear in the short questions of paper one or perhaps at the end of the final account question. Either way, you cannot afford to ignore it.

HL Paper 2 (long qs)	2007	2006	2005	2004	2003	2002	2001	2000
Day books and ledgers	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
Final accounts	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q3
Business documents	Q2	Q2	Q2	Q2	Q2	Q5	Q2	Q2
Delivery systems		Q5			Q5		Q6	
Business finance/banking			Q5			Q4		Q5
Ratio analysis	Q6		Q6	Q5		Q6		
Marketing	Q5	Q6		Q3			Q3	



Business heads: workers in the atrium of a bank in Dublin's IFSC

Moving on from the

It should be clear from what has been written here that correct and efficient use of your time will greatly improve your chances of success in June, and that, even if you haven't done as much study as you would have liked, it's not too late to start.

Hopefully most of this advice has simply reinforced the good habits that you've already been practising. If so, keep up the good work, but bear the following in mind:

- ◆ Carefully revise and learn the key concepts and theories. Ideally, make notes as you go along so that you can look back on them nearer the exam. There should be time for you to cover at least one topic per week.

- ◆ You will also need to complete a set of short answer questions every two weeks between now and the exam, bearing in mind time constraints and getting used to the exam format.

- ◆ Book-keeping questions require practice. Aim to complete at least one final accounts question and one day book/ledger question per week. Try to stick to the 27 minute limit per question.

- ◆ Three other key questions requiring practice are budgets, business documents and club accounts. Ideally, complete one of each type of question every 10 days, as this should help keep