

1. **This is a question on Books of First Entry, Ledger and Trial Balance.**

*Answer all parts of this question:*

HILO Ltd, a furniture business, had both credit and cash transactions during the month of May 2014.

- (A) Record the following Credit Transactions in the Purchases and Purchases Returns Books of HILO Ltd for the month of May 2014.

Post relevant figures from the books to the Ledger Accounts.

1/5/2014	Purchased goods on credit from GO Ltd	Invoice No. 27	€34,000 + VAT 23%
12/5/2014	Purchased goods on credit from STOP Ltd	Invoice No. 94	€48,000 + VAT 23%
20/5/2014	Returned goods to STOP Ltd	Credit Note No. 17	€16,000 + VAT 23%

(15)

- (B) Record the following Bank Transactions for the month of May 2014 in the Analysed Cash Book of HILO Ltd.

Post relevant figures to the Ledger Accounts.

Note: Analyse the Bank Transactions using the following money column headings:

<b>Debit (Receipts) Side:</b>	Bank	Sales	VAT	Share Capital	
<b>Credit (Payments) Side:</b>	Bank	Purchases	VAT	Creditors	Insurance

8/5/2014	Shareholders invested €110,000 and this was lodged	Receipt No. 1	
16/5/2014	Sales lodged		€36,900 (€30,000 + VAT €6,900)
18/5/2014	Paid insurance	Cheque No. 10	€ 8,000
24/5/2014	Paid GO Ltd	Cheque No. 11	€20,000
31/5/2014	Purchases for resale	Cheque No. 12	€18,000 + VAT 23%

(16)

- (C) Balance the accounts on 31 May 2014 and extract a Trial Balance as at that date.

(9)  
(40 marks)

2. **This is a Credit Sales, Business Documents and Bookkeeping Question.**

*Answer all parts of this question:*

The following Quotation was received by Anne O'Connor, Purchasing Manager of OCSPORTSWARE Ltd, a sports shop, on 16 May 2014.

<b>ALLSPORTS Ltd, Royfield Road, Cork</b>		<b>Quotation No. 786</b>
Telephone: 021 1616616	VAT Reg. No IE 3639761	
Date : 13 May 2014	Enquiry Ref: AOC May 2014	
Ms Anne O'Connor Purchasing Manager OCSPORTSWARE Ltd Alex Road, Cork		
Dear Ms O'Connor  Thank you for your enquiry. I enclose the following quotation.  60 all weather tracksuits @ €150 each 15 wetsuits @ €175 each 40 pairs of mens' walking boots @ €125 each  Terms: Trade Discount               20% Delivery:                    free for purchases over €10,000 Payment Method:          cash on delivery or bank draft  The above goods are subject to VAT @ 23%.  Please find a catalogue enclosed.  Yours sincerely Ronan O'Sullivan, Sales Manager		

- (A) (i) Explain **any three** of the following terms mentioned in the above quotation: trade discount, cash on delivery, catalogue, bank draft.  
 (ii) State **two** means by which a business can make an enquiry about goods or services.  
 (iii) What procedures, **other than checking the name and address of the seller**, should OCSPORTSWARE Ltd use when processing incoming quotations? (20)
- (B) (i) Anne O'Connor was not happy with the price of the wet suits so only ordered the all weather tracksuits and the mens' walking boots. ALLSPORTS Ltd sent Anne an Invoice No. 450 dated 29 May 2014. Complete the blank Invoice *on the sheet supplied with this paper*.  
 (ii) Record the issuing of the Invoice in the Sales Book of ALLSPORTS Ltd *on the sheet supplied with this paper*.  
 (iii) Will OCSPORTSWARE Ltd have to pay for delivery? Tick the correct box and **explain** your answer *on the sheet supplied with this paper*. (20)
- (40 marks)**

3. **This is a question on an Analysed Cash Book and Managing the Finances of a Business.**

*Answer all parts of this question:*

SPARKS Ltd, an electrical contracting business, sells its services on a cash and credit basis.

- (A) Prepare the Analysed Cash Book of SPARKS Ltd for the month of May 2014 from the data set out below:

Note: Use the following money column headings:

**Debit (Receipts) Side:** Bank Householders Companies Schools

**Credit (Payments) Side:** Bank Wages Materials Motor Advertising

Date	Transactions	Receipt No.	Cheque No.	Amount €
1/5/2014	Owed to the Bank (OD)			8,700
3/5/2014	Received from Mary Cooney householder	1		900
4/5/2014	Paid for materials		1	1,300
10/5/2014	Paid for motor van insurance		2	3,000
12/5/2014	Received from ACCD Ltd	2		6,000
15/5/2014	Paid wages		3	2,000
18/5/2014	Received from St. Jude's National School	3		4,700
20/5/2014	Paid petrol bill		4	210
23/5/2014	Paid advertising bill		5	1,200
26/5/2014	Received from CBS Post Primary School	4		2,800
29/5/2014	Received from John Murphy householder	5		750
30/5/2014	Received from 2U Ltd	6		2,200
31/5/2014	Paid wages		6	3,500

(19)

- (B) The directors of SPARKS Ltd are worried because while their sales are good they are always overdrawn in the bank as they do not get paid on time. They require your help in managing their business more effectively.

SPARKS Ltd wants you to:

- State **three** procedures that it should put in place to monitor its overheads.
- Explain **two** ways of getting its customers to pay on time.
- Identify the main overhead of SPARKS Ltd for the month of May 2014. Explain **two** ways of reducing this overhead.

(21)

**(40 marks)**

4. **This is a Final Accounts and Balance Sheet Question.**

*Answer all parts of this question:*

The following Trial Balance was extracted from the books of YES Ltd, a shoe store, on 31 December 2013. The Authorised Share Capital is 350,000 €1 ordinary shares.

<b>TRIAL BALANCE OF YES Ltd as on 31 December 2013</b>	<b>Dr €</b>	<b>Cr €</b>
Purchases and Sales	128,000	390,000
Opening Stock 01/01/2013	20,000	
Import Duty	9,000	
Rent Receivable		16,000
Wages	70,000	
Insurance	12,800	
Interest on 20 Year Loan	4,000	
Dividends Paid	14,000	
Reserves (Profit and Loss Balance)		85,000
Buildings	420,000	
Motor Vans	170,000	
Cash	5,200	
Debtors and Creditors	22,000	18,000
Bank Overdraft		6,000
20 Year Loan		80,000
Issued Share Capital		280,000
	875,000	875,000

- (A) You are required to prepare the **Trading, Profit and Loss Appropriation Account** of YES Ltd for the year ending 31 December 2013 and a **Balance Sheet** as on that date.

You are given the following information as on 31 December 2013.

- (i) Closing Stock €14,000
- (ii) Rent Receivable due € 6,000
- (iii) Wages due € 8,000
- (iv) Insurance prepaid € 3,400
- (v) Depreciation: Buildings 5%  
Motor Vans 14%

(35)

- (B) Calculate the rate of interest that was paid on the 20 Year Loan.

(5)

**(40 marks)**

5. **This is a Business Start-up, Company Formation and Marketing Question.**

*Answer all sections of this question:*

Mary and Patrick Kelly live in Lofty Heights, Tuam, Co. Galway. Mary is a carpenter and Patrick is an interior designer. Both were made redundant due to the slump in the building trade.

They needed a bigger house but as they could not obtain a big enough mortgage they decided instead to convert their attic into two extra bedrooms and a bathroom. They were so successful in creating more space that relations and neighbours asked them to do similar work on their houses.

This success encouraged them to take part in the Dragons' Den television programme. They sought €180,000 for a 40% share of their business. Three dragons, Gavin, Ramona and Barry were impressed and made them a joint offer of €180,000 for a 60% share of their business.

Mary and Patrick were not willing to give over 60% of their business and declined the offer. They decided instead to form a private limited company called CMS Ltd.

The objects of CMS Ltd are the conversion of attics into extra living space.  
The Authorised Share Capital of CMS Ltd is 200,000 €1 ordinary shares.

They sent the necessary documents, including the Memorandum of Association and registration fee, to the Companies Registration Office. CMS Ltd was then registered as a private limited company. Their website address is [www.cms.ie](http://www.cms.ie).

On 10 June 2014 Mary and Patrick purchased 25,000 €1 ordinary shares each. The money received was lodged in the Company's Bank Account.

- (A) (i) What value did the dragons place on the business when they offered €180,000 for a 60% share. *Insert your answer on the sheet supplied with this paper.*  
(ii) Complete the Memorandum of Association *on the sheet supplied with this paper.* (13)
- (B) (i) Name the document that CMS Ltd will receive from the Companies Registration Office when it is registered. *Insert your answer on the sheet supplied with this paper.*  
(ii) Record the issue of the ordinary shares, on 10 June 2014, in the Bank and the Ordinary Share Capital Accounts *on the sheet supplied with this paper.* (9)
- (C) (i) The cost of each conversion is as follows:  
Materials €4,200, Labour €2,800 and Hire of Equipment is €600.  
The selling price of each conversion is cost plus 25%.  
Calculate the selling price of each conversion.  
(ii) CMS Ltd will launch the new company on 1 July 2014.  
Draft a suitable and attractive advertisement to promote CMS Ltd.  
(The advertisement should contain **five** pieces of information.)

(18)  
**(40 marks)**

6. **This is an Employment and Industrial Relations Question.**

*Answer all sections of this question:*

- (A) Explain **two** rights of employers and **two** rights of employees. (12)
- (B) State **three** steps in the resolution of an industrial relations dispute. (6)
- (C) Study the following newspaper report on an industrial relations dispute and answer the questions that follow:

Dublin faces transport chaos as the strike by around 3,000 workers, members of two unions SIPTU and NBRU, starts at midnight on Saturday. The workers are protesting against their employer, Dublin Bus, who is introducing an €11.7 million cost cutting plan. This plan includes reducing new employees starting pay by 10%, increasing working hours from 36 hours to 39 hours per week and cutting overtime rates for Sundays from treble time to double time. The strike could cost Dublin Bus €600,000 per day.

Tens of thousands of other workers and shoppers will have to find alternative means of transport. Irish Rail, Luas, private bus companies and taxi companies expect a big increase in demand for their services.

The Minister for Transport stated that other workers might lose their jobs if the dispute is not called off. There were calls for a suitable third party to bring the unions and Dublin Bus to a meeting.

- (i) State the **three** parties involved in the dispute.
- (ii) Explain the cause of the dispute.
- (iii) Other than those mentioned in (i) above state **two** parties who might be affected by the dispute.
- (iv) Identify a third party who might help settle the dispute.
- (v) Assume a driver with a basic hourly rate of €17.60, works 5 hours overtime on a Sunday. Calculate the reduction in the driver's wage if the overtime rate was reduced from treble time to double time.

(22)  
(40 marks)