

**Question 1: Books of First Entry, Ledger and Trial Balance of OXO Ltd**

**(A - B)**

**Sales Book of OXO Ltd (4)**

Date 2013	Details	Invoice No.	F	NET €	VAT €	Total €
1/5	KP Ltd	11	DL	26,000	5,980	31,980
7/5	SLD Ltd	12	DL	14,000	3,220	17,220
				40,000	9,200	49,200
				GL	GL	
		1		1 (1/2+1/2)	1 (1/2+1/2)	1 (1/2+1/2)

**Sales Returns Book of OXO Ltd (2½)**

Date 2013	Details	Credit Note No.	F	NET €	VAT €	Total €
18/5	KP Ltd	3	DL	11,600	2,668	14,268
		1		1/2	1/2	1/2

**Analysed Cash Book of OXO Ltd Debit Side (4½)**

Date 2013	Details	Receipt No (1m)	F	Bank €	Sales €	VAT €	Share Capital €	Debtor €	Mark
4/5	Share Capital	1	GL	60,000			60,000		1 (1/2+1/2)
26/5	Sales		GL	34,440	28,000	6,440			1½ (1/2+1/2+1/2)
31/5	SLD Ltd	2	DL	10,000				10,000	1 (1/2+1/2)
				104,440	28,000	6,440	60,000	10,000	
1/6	Balance B/D			67,720					

**Analysed Cash Book of OXO Ltd Credit Side (4½)**

Date 2013	Details	Cheque No (1m)	F	Bank €	Purchases €	VAT €	Wages €	Mark
11/5	Purchases	1	GL	29,520	24,000	5,520		1½ (1/2+1/2+1/2)
17/5	Wages	2	GL	7,200			7,200	1 (1/2+1/2)
31/5	Balance C/D			36,720 67,720	24,000	5,520	7,200	
								1
				104,440				

**Question 1: Books of First Entry, Ledger and Trial Balance of OXO Ltd contd.**  
(A – C)

Date 2013	Detail	F	Total €	Date 2013	Detail	F	Total €	Mark
<b>GENERAL LEDGER OF OXO Ltd</b>								
<b>Ordinary Share Capital A/C</b>								
				4/5	Bank	ACB	60,000	<i>1</i>
<b>Purchases A/C</b>								
31/5	Bank	ACB	24,000					<i>1</i>
<b>Sales A/C</b>								
				31/5	Total Net Debtors	SB	40,000	<i>1</i>
				31/5	Bank	ACB	28,000	<i>1</i>
							68,000	
<b>Sales Returns A/C</b>								
31/5	Total Net Debtors	SRB	11,600					<i>1</i>
<b>VAT A/C</b>								
31/5	Cash Purchases	ACB	5,520	31/5	Credit Sales	SB	9,200	<i>1+1</i>
31/5	Sales Returns	SRB	2,668	31/5	Cash Sales	ACB	6,440	<i>1+1</i>
31/5	Balance C/D		7,452					<i>1</i>
			15,640				15,640	
				1/6	Balance B/D		7,452	
<b>Wages A/C</b>								
17/5	Bank	ACB	7,200					<i>1</i>
<b>DEBTORS LEDGER OF OXO Ltd</b>								
<b>KP Ltd A/C</b>								
1/5	Sales	SB	31,980	18/5	Sales returns	SRB	14,268	<i>1+1</i>
				31/5	Balance C/D		17,712	<i>1</i>
			31,980				31,980	
1/6	Balance B/D		17,712					
<b>SLD Ltd A/C</b>								
7/5	Sales	SB	17,220	31/5	Bank	ACB	10,000	<i>1+1</i>
				31/5	Balance C/D		7,220	<i>1</i>
			17,220				17,220	
1/6	Balance B/D		7,220					
<b>Total Marks</b>								<b>17</b>

(C) Books of First Entry, Ledger and **Trial Balance** of OXO Ltd contd.

**Trial Balance of OXO Ltd as on 31/5/2013**

	<b>DR</b> €	<b>CR</b> €	<b>Mark</b> (4½)
Bank	67,720		½
Purchases	24,000		½
Wages	7,200		½
KP Ltd	17,712		½
SLD Ltd	7,220		½
Sales Returns	11,600		½
Share Capital		60,000	½
Sales		68,000	½
VAT		7,452	½
	135,452	135,452	

**Marks Summary**

<b>Ledger</b>	<b>Sales Book</b>	<b>Sales Returns Book</b>	<b>Analysed Cash Book</b>	<b>Trial Balance</b>	<b>Dates</b>	<b>Folios</b>	<b>Total</b>
17	4	2½	9	4½	2	1	40

**Question 2: Sales, Business Documents and Bookkeeping**

(A) (i) **Two** reasons for keeping customers satisfied include:

	<b>Reasons</b>	<b>Mark</b>
<b>1</b>	The customers will remain loyal	2
<b>2</b>	There will be less complaints	2

(ii)

<b>Dealing with customer complaints</b>	<b>Mark</b>
Business should investigate their customers' complaints and then Make a decision	3

(B)

(i)

	<b>Procedures used when issuing Statements of account</b>	<b>Mark</b>
<b>1</b>	Check that the name and address of the buyer is correct	2
<b>2</b>	Check that the details / calculations are accurate	2

(B) (ii, iii, iv) **see next pages**

**(B) (ii) Statement of Account Completion**

**(B) (iii) Cheque and Counterfoil Completion**

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**Question 2: contd.**

**(B)** (iv)

**Analysed Cash Book of PM Ltd**

<b>Date</b>	<b>Details</b>	<b>Cheque No.</b>	<b>F</b>	<b>Bank €</b>	<b>Creditor €</b>	<b>Mark</b>
<i>29/5/2013</i>	<i>NOON Ltd</i>	<i>345</i>	<i>CL</i>	<i>12,000</i>	<i>12,000</i>	
<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>6m</i>

**Marks Summary**

<b>(A)</b>	<b>(B) (i)</b>	<b>Statement</b>	<b>Cheque &amp; Counterfoil</b>	<b>Analysed Cash Book</b>	<b>Total</b>
<i>7</i>	<i>4</i>	<i>14</i>	<i>9</i>	<i>6</i>	<i>40</i>

**Question 3: Assessment of a Business and Business Insurance****(A) (i)**

Heading	Performance		Mark
<b>Net Margin</b>	Increase of 3% on 2011.	Satisfactory.	3
<b>Current Ratio</b>	Decrease of 1.2 on 2011.	Unsatisfactory	3
<b>Rate of Stock Turnover</b>	Increase of 6 times on 2011.	Satisfactory	3

**(ii) Improving Unsatisfactory Performance**

Heading	Improve performance	Mark
Current Ratio	Lodge more cash in EAT Ltd Bank Account	3

**(iii) Happy with Return on Capital Employed**

Reasons	Answer	Mark
	No	2
Reason 1	The return is 4.5% less than the 6.5% available on a Bank Deposit Account	2
Reason 2	The return has been the same for the two years	2

**(B) (i) Name of insurance required by law**

Answer	Mark
Motor Insurance	3

**(ii) Three other types of insurance that EAT Ltd could purchase**

Type	Reason	Mark
<b>Theft of Goods/Equipment</b>	In case of stock and equipment been stolen.	<i>1+2</i>
<b>Employer's Liability</b>	In case employees are injured at work	<i>1+2</i>
<b>Product liability</b>	In case customers are harmed by the goods/services sold	<i>1+2</i>

**(iii) Calculation of Compensation**

Formula	Workings	Amount of Compensation	Mark
$\frac{\text{Amount insured} \times \text{Damage}}{\text{Value of Buildings}}$	$\frac{€240,000 \times €40,000}{€300,000}$	€32,000	5
<b>Explanation of answer</b>	The buildings were underinsured by €60,000 and the compensation was reduced accordingly.		5

**Marks Summary**

Question Section	Mark	Mark
A (i)	6	18
A (ii)	6	
A (iii)	6	
B (i)	3	22
B (ii)	9	
B (iii)	10	
Total	40 marks	



### Question 4: Final Accounts and Balance Sheet

(A)

$1\frac{1}{2}$		+ 1		+ $1\frac{1}{2}$	Mark
Trading, Profit and Loss Appropriation Account of		TOP Ltd		for the year ended 31/12/2012	
		€	€	€	
	Sales			310,000	$\frac{1}{2}$
	<b>Less Cost of Sales</b>				
1/1/2012	Opening Stock		10,000		$\frac{1}{2}$
	Purchases		104,000		$\frac{1}{2}$
	Carriage Inwards		6,000		$\frac{1}{2}$
	Cost of Goods Available for Sale		120,000		
31/12/2012	Less Closing Stock		12,000	108,000	$\frac{1}{2}+0$
	<b>GROSS PROFIT</b>			<b>202,000</b>	$2 (1+1)$
	<b>Add Gains</b>				
	Commission Receivable		8,000		$\frac{1}{2}$
	Add Commission Receivable due		1,400	9,400	$\frac{1}{2}+\frac{1}{2}$
				211,400	<b>0</b>
	<b>Less Expenses</b>				
	Advertising	16,000			$\frac{1}{2}$
	Add advertising due	4,000	20,000		$\frac{1}{2} + \frac{1}{2}$
	Insurance	10,700			$\frac{1}{2}$
	Less insurance prepaid	1,300	9,400		$\frac{1}{2}+\frac{1}{2}$
	Wages		67,000		$\frac{1}{2}$
	Depreciation: Buildings	9,500			$\frac{1}{2}$
	Machinery	24,000	33,500	129,900	$\frac{1}{2}+\frac{1}{2}+0$
	<b>NET PROFIT</b>			<b>81,500</b>	$3(1+2)$
	Less Dividends paid			33,300	$\frac{1}{2}$
				48,200	<b>0</b>
	Add Opening Reserves			60,000	<b>1</b>
	<b>RESERVES</b>			<b>108,200</b>	<b>0</b>
					<b><math>19\frac{1}{2}m</math></b>

**Question 4: (A) contd.**

$\frac{1}{2}$	<i>1</i>	$\frac{1}{2}$	Mark
<b>Balance Sheet of TOP Ltd as on 31/12/2012</b>			
<b>FIXED ASSETS</b>	<b>€ Cost</b>	<b>€ Depreciation</b>	<b>€ NBV</b>
Buildings	380,000	9,500	370,500
Machinery	160,000	24,000	136,000
<b>Total Fixed Assets</b>	<b>540,000</b>	<b>33,500</b>	<b>506,500</b>
<b>CURRENT ASSETS</b>			
Closing Stock	12,000		
Debtors	15,000		
Cash	3,000		
Commission Receivable due	1,400		
Insurance prepaid	1,300	32,700	
<b>Less CURRENT LIABILITIES</b>			
Bank Overdraft	10,000		
Creditors	17,000		
Advertising due	4,000	31,000	
<b>WORKING CAPITAL</b>			<b>1,700</b>
<b>TOTAL NET ASSETS</b>			<b>508,200</b>
<b>FINANCED BY</b>	<b>AUTHORISED</b>	<b>ISSUED</b>	
450,000 €1 Ordinary Shares	450,000	370,000	
Add Reserves		108,200	
<b>Add Long Term Liabilities</b>			
30 year Loan		30,000	
<b>CAPITAL EMPLOYED</b>			<b>508,200</b>
			<b>14½</b>

**(B)**

Amount of Finance that can be raised	<b>Mark</b>
€80,000	<i>5</i>

**Marks Summary**

(A)	<b>Trading Profit and Loss Appropriation Account Balance Sheet Presentation</b>	<b>19½ 14½ 1</b>	<b>35</b>	<b>Total  40 marks</b>
(B)	<b>Correct Answer</b>		<b>5</b>	

**Question 5: Forms of Business Ownership, Marketing and Business Plan****(A)**

<b>Form of Ownership</b>	<b>Ownership</b>	<b>Liability</b>	<b>Distribution of Profits</b>	<b>Mark</b>
<b>Sole Trader</b>	1	Unlimited	Owner takes all the profit	2+2+2
<b>Private Limited Company</b>	1 to 99	Limited to amount invested	Divided between shareholders	2+2+2

**5 (B) Workings****(i)**

<b>Selling Price</b>	<b>Workings</b>
<b>€7,150</b>	€5,500 + €1,650 (30% of €5,500)

**(ii)**

<b>Amount of Finance to be borrowed</b>	<b>Workings</b>
<b>€250,000</b>	<b>€750,000 less €300,000 (3 @ €100,000) + Grant €200,000</b>

**See next page for Completed Business Plan**

**Question 5: contd.**

**BUSINESS PLAN**

COMPANY DETAILS			Mark	
Name of Company	PAT Ltd		1	
Address of Company	Cavity Alley, Limerick			
Directors	(i) Paul Burns	(ii) Ann Smyth	(iii) Tony Kelly	1+1+1
Marketing Manager	Paul Burns			
Finance Manager	Ann Smyth			1
Production Manager	Tony Kelly			1
Company Bank	AIB			1
PRODUCT Description	Retrofitting houses to reduce heat loss			1
MARKET RESEARCH Size of Target Market Main Competitors	600,000 householders			1
	(i) STAYWARM Ltd		(ii) KEEPHEATIN Ltd	1+1
Selling Price per house	€ 7,150			3
SALES PROMOTION Three Suitable  Methods	(i) Advertising on TV			1
	(ii) Leaflet Drop			1
	(iii) Attendance at Ideal Homes Exhibitions			1
FINANCE Total Amount Required	€ 750,000			1
Finance Available	€ 500,000			2
Loan Required	€ 250,000			2
DIRECTORS' SIGNATURES	(i) Paul Burns	(ii) Ann Smyth	(iii) Tony Kelly	1+1+1
DATE	11/6/2013			1
				28

**Marks Summary**

<b>(A)</b>	<b>12</b>	<b>Total</b>
<b>(B)</b>	<b>28</b>	<b>40 marks</b>

**Question 6: Cost of Delivery and Employer****(A) Cost of Transport for one day**

Section	Answer	Mark
(A) (i) <b>Cost of Diesel (2m)</b>	<b>€32.94</b> <b>(3m)</b>	5
(A) (ii) <b>Cost of Labour (2m)</b>	<b>€250.20</b> <b>(4m)</b>	6
(A) (iii) <b>Annual Costs (2m)</b>	<b>€24</b> <b>(4m)</b>	6
(A) (iv) <b>Total Costs including the Toll (2m)</b>	<b>€337.14</b> <b>(3m)</b>	5
<b>Total Marks</b>		<b>22</b>

**(B) Two ways by which delivery costs may be reduced**

<b>Two ways of reducing delivery cost</b> include	<b>Mark</b>
Avoid the toll roads/bridges/tunnels to reduce toll costs.	3
Change from diesel to electrical/hybrid lorries.	3

**(C) (i)**

<b>Two rights of employers</b> include	<b>Mark</b>
Decide on the aims of the business/set up a business	3
Select suitable employees	3

**(ii)**

<b>Two responsibilities of employers</b> include	<b>Mark</b>
Obey all labour laws	3
Provide safe and healthy working conditions	3

**Marks Summary**

<b>A</b>	<b>B</b>	<b>C</b>	<b>Total</b>
<b>22</b>	<b>6</b>	<b>12</b>	<b>40</b>