

1. This is a Book of First Entry, Ledger and Trial Balance Question.

Answer all parts of this question:

SMITH Ltd, a clothing company, had the following balances in its General Journal on 1 May 2010.

GENERAL JOURNAL

Date	Details	F	Dr €	Cr €
1/5/2010	Machinery	GL	250,000	
	Debtor: KENNY Ltd	DL	18,000	
	Bank	ACB		20,000
	Ordinary Share Capital	GL		248,000
	<i>Assets, Liabilities and Share Capital of SMITH Ltd on this date</i>		<u>268,000</u>	<u>268,000</u>

(A) Post the balances in the above General Journal to the relevant ledger accounts and Analysed Cash Book. (4)

(B) Post the relevant figures from the Sales and Purchases Books below to the Ledger Accounts.

SALES BOOK

Date	Details	Invoice No.	F	NET €	VAT €	TOTAL €
12/5/2010	CLARKE Ltd	22	DL	20,000	4,200	24,200
23/5/2010	KENNY Ltd	23	DL	15,000	3,150	18,150
				<u>35,000</u>	<u>7,350</u>	<u>42,350</u>
				GL	GL	

PURCHASES BOOK

Date	Details	Invoice No.	F	NET €	VAT €	TOTAL €
15/5/2010	LARKIN Ltd	32	CL	30,000	6,300	36,300
				GL	GL	

(10)

(C) Record the following Bank Transactions for the month of May in the Analysed Cash Book (ACB) of SMITH Ltd. Post relevant figures to the Ledger Accounts.

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

Debit (Receipts) Side: Bank Sales VAT Debtors
Credit (Payments) Side: Bank Purchases VAT Creditors Wages

5/5/2010 Cash Sales lodged €72,600 (€60,000 + VAT €12,600)
8/5/2010 Purchases for resale Cheque No. 1 €26,000 + VAT 21%
18/5/2010 Paid wages Cheque No. 2 € 5,000
20/5/2010 Paid LARKIN Ltd Cheque No. 3 €25,000
28/5/2010 Received €20,000 from CLARKE Ltd and this was lodged. Receipt No. 45

(17)

(D) Balance the accounts on 31 May and extract a Trial Balance as at that date. (9)

(40 marks)

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

Answer all parts of this question:

- (A) When businesses sell goods on credit they need to be sure that they will get paid.
- (i) Explain **two** suitable methods a business could use to check the credit rating of new customers.
 - (ii) How would the profit of the business be affected if there was no payment for sales?
- (9)

- (B) The following details refer to the sale of goods on credit by KEOGH Ltd to HOGAN Ltd, 10 Bridge Street, Navan, Co. Meath for the month of May 2010.

On 1 May 2010 HOGAN Ltd owes KEOGH Ltd €1,350.

The following transactions took place during the month of May.

2/5/2010	KEOGH Ltd sent an invoice No. 4 to HOGAN Ltd €20,000+ VAT 21%
16/5/2010	KEOGH Ltd sent a Credit Note No. 56 to HOGAN Ltd € 6,000 + VAT 21%
28/5/2010	KEOGH Ltd received a payment from HOGAN Ltd Receipt No. 17 for €15,000

On 31 May 2010 KEOGH Ltd sent a Statement of Account No. 33 to HOGAN Ltd.

- (i) Outline how KEOGH Ltd should process Statements issued.
 - (ii) Complete the Statement of Account No. 33 *on the blank document sheet supplied with this paper.*
 - (iii) Complete the Receipt No. 17, signed by Andy Keogh, given to HOGAN Ltd *on the blank document sheet supplied with this paper.*
 - (iv) Record the payment received by KEOGH Ltd from HOGAN Ltd in the Analysed Cash Book of KEOGH Ltd *on the blank document sheet supplied with this paper.*
- (31)

(40 marks)

3. This is a question on Report Writing and Business Insurance.

Answer all parts of this question:

- (A) OPEN 247 Ltd, 13 Onion Road, Carlow, is a grocery business selling a wide range of goods and providing a delivery service for its customers. The Managing Director of OPEN 247 Ltd, Mary Greene, seeks your advice regarding its insurance needs.

Mary Greene supplies the following information:

Buildings €800,000, Equipment and Fittings €120,000, Delivery Vans €60,000 and Stock €65,000. She employs 25 workers. All takings are lodged, three times weekly in a bank which is 10 kilometres away.

Assume you are Martin Kelly, Insurance Consultant, New Bridge Road, Waterford.

In your answer book prepare a report, on 15 June 2010, setting out answers to the following questions asked by Mary Greene. Use the report template headings provided below:

REPORT TEMPLATE HEADINGS

FROM:
TO:
REPORT TITLE:
DATE :
INTRODUCTION
ANSWERS TO QUESTIONS ASKED
FOLLOW UP
SIGNATURE
POSITION/ TITLE OF REPORT WRITER

- (i) Why is it important for a business to have adequate insurance?
- (ii) Name **one** type of insurance that OPEN 247 Ltd is required to have by law.
- (iii) Name **two** types of insurance that you would advise OPEN 247 Ltd to purchase. State a reason for **each** type of insurance you selected.
- (You may not include the insurance mentioned in part (ii) or buildings insurance).**
- (iv) State **two non-insurable risks** that OPEN 247 Ltd might have.

(31)

- (B) OPEN 247 Ltd insured its buildings for €600,000. Floods caused damage of €160,000.

Calculate the amount of compensation it could expect to receive. Explain your answer.

(9)

(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 REILLY Ltd, a furniture shop, on 31 December 2009. The Authorised Share Capital is 600,000 €1 ordinary shares.

TRIAL BALANCE OF REILLY Ltd as on 31 December 2009	Dr €	Cr €
Purchases and Sales	133,200	270,000
Carriage Inwards	5,000	
Opening Stock 1/1/2009	18,000	
Debtors and Creditors	31,000	24,300
Insurance	6,400	
Rent Receivable		2,800
Advertising	54,000	
Motor Vehicles	90,000	
Buildings	400,000	
Bank Overdraft		4,000
30 Year Loan		155,000
Cash	22,500	
Land	140,000	
Reserves (Profit and Loss Balance)		98,000
Dividend Paid	14,000	
Issued Share Capital : 360,000 €1 Ordinary Shares		360,000
	914,100	914,100

- (A) You are required to prepare the **Trading, Profit and Loss Appropriation Account** of REILLY Ltd for the year ending 31 December 2009 and a **Balance Sheet** as on that date.

You are given the following information as on 31 May 2010.

- | | | |
|-------|----------------------|---------|
| (i) | Closing Stock | €25,000 |
| (ii) | Carriage Inwards due | € 500 |
| (iii) | Rent Receivable due | € 1,000 |
| (iv) | Advertising due | € 300 |
| (v) | Insurance prepaid | € 400 |
| (vi) | Depreciation: | |
| | Buildings | 10% |
| | Motor Vehicles | 8% |

(35)

- (B) Name **three** suitable methods that REILLY Ltd could use to advertise its goods.

(5)

(40 marks)

5. This is a Delivery System and Wages Question.

Answer all parts of this question

- (A) (i) State **three** factors that should be considered when deciding on a suitable form of transport for a business.
- (ii) Name **two** modern developments in delivery systems in Ireland.
- (10)

- (B) FLOWFAST Ltd, a kitchen unit supplier, who operates 320 working days in the year, supplies the following details:

- Distance travelled each day is 700 kilometres
- The diesel van can do 35 kilometres to the litre
- The cost of diesel per litre is €1.10
- Mary Harte, the driver, is paid €850 gross per five-day week
- Luke Kidney, the helper, is paid €400 gross per five-day week
- Annual Motor Insurance is €2,560
- Annual Motor Tax is €1,600
- Annual Motor Repairs are €1,280
- Toll charges are €40 per day

Calculate the following:

- (i) The Cost of Diesel for one day
- (ii) The Cost of Labour for one day
- (iii) The Total Cost of Motor Insurance, Motor Tax and Motor Repairs for one day
- (iv) The Total Cost of Transport for one day

(24)

- (C) The employees of FLOWFAST Ltd pay 6 % PRSI on Gross Pay and 4% Pension on Gross Pay. Complete the partially completed Wages Book for week No. 1 *on the sheet supplied with this paper.*

(6)

(40 marks)

6. This a Cash Flow Forecast Question
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Answer all parts of this question:

- (A) Outline **two** reasons why a business would prepare a Cash Flow Forecast *on the separate sheet supplied with this paper.*

(6)

- (B) *On the separate sheet supplied with this paper, is a partially completed Cash Flow Forecast of MORGAN Ltd. You are required to complete this forecast for the months of May, June, July and August 2011 together with the total column.*

The following information should be taken into account:

- Monthly Cash Sales are expected to increase by 20% beginning in August
- Shareholders are expected to invest €210,000 in June
- Loan repayments are to cease after June
- An EU Grant of €40,000 is expected in two equal instalments in May and August
- Monthly Cash Purchases are expected to increase by 15% beginning in August
- Wages are expected to remain the same every month
- Shareholders will be paid a dividend of €18,000 in July
- MORGAN Ltd is expected to purchased new equipment in July for € €35,000
- Advertising is expected to decrease by 8% beginning in August

(28)

- (C) MORGAN Ltd forgot to allow for the purchase of new computers which will cost €18,000 during this period.

Show the new Closing Cash figure for August, after allowing for this purchase, *on the separate sheet supplied with this paper.*

(6)

(40 marks)