

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

*Answer all parts of this question:*

OXO Ltd, a machinery business, had both credit and cash transactions during the month of May 2013.

- (A) Record the following Credit Transactions in the Sales and Sales Returns Books of OXO Ltd for the month of May 2013.

Post relevant figures from the books to the ledger accounts.

1/5/2013	Sold goods on credit to KP Ltd	Invoice No. 11	€26,000 + VAT 23%
7/5/2013	Sold goods on credit to SLD Ltd	Invoice No. 12	€14,000 + VAT 23%
18/5/2013	KP Ltd returned goods to OXO Ltd	Credit Note No. 3	€11,600 + VAT 23%

(15)

- (B) Record the following Bank Transactions for the month of May 2013 in the Analysed Cash Book of OXO 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	Debtors
<b>Credit (Payments) Side:</b>	Bank	Purchases	VAT	Wages	

4/5/2013	Shareholder invested €60,000 and this was lodged	Receipt No. 1
11/5/2013	Purchases for resale (Cheque No. 1)	€24,000 + VAT 23%
17/5/2013	Paid wages (Cheque No. 2)	€7,200
26/5/2013	Sales lodged	€34,440 (€28,000 + VAT €6,440)
31/5/2013	SLD Ltd paid €10,000 and this was lodged	Receipt No. 2

(16)

- (C) Balance the accounts on the 31 May 2013 and extract a Trial Balance as at that date.

(9)  
(40 marks)

2.

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

*Answer all parts of this question:*

**(A)** *'Businesses must always try to keep their customers satisfied'.*

- (i) State **two** reasons why a business always tries to keep their customers satisfied.
- (ii) How should a business deal with customers' complaints?

(7)

**(B)** The following details refer to the sale of goods by NOON Ltd on credit to PM Ltd, 20 Clock Road, Tara, Co. Offaly, for the month of May 2013.

On 1 May 2013 PM Ltd owed NOON Ltd €1,200.

The following transactions took place during the month of May 2013.

3/5/2013	NOON Ltd sent an Invoice No. 23 to PM Ltd for €17,500 + VAT 23%
10/5/2013	NOON Ltd sent a Credit Note No. 5 to PM Ltd for €3,700 + VAT 23%
29/5/2013	NOON Ltd received a Cheque No. 345 from PM Ltd for €12,000.

On 31 May 2013 NOON Ltd sent a Statement of Account No. 56 to PM Ltd.

- (i) State **two** procedures that NOON Ltd should use when processing outgoing Statements of Account.
- (ii) Complete the blank Statement of Account No. 56 *on the sheet supplied with this paper.*
- (iii) Complete the Cheque No. 345 and counterfoil signed by Pauline Morris *on the sheet supplied with this paper.*
- (iv) Record the cheque paid by PM Ltd in the Analysed Cash Book of PM Ltd *on the sheet supplied with this paper.*

(33)

**(40 marks)**

3. **This is a question on Assessing a Business and Business Insurance.**

*Answer all parts of this question:*

- (A) EAT Ltd is a vegetable supply business based in Navan, Co. Meath. The directors supplied the following information on EAT Ltd for the years 2012 and 2011.

Ratio	2012	2011
Net Margin	8%	5%
Current Ratio	1.1 : 1	2.3 : 1
Rate of Stock Turnover	26 times	20 times

- (i) Using the above information, compare and comment on the performance of EAT Ltd for the years 2012 and 2011.
- (ii) State how EAT Ltd might improve where performance was unsatisfactory.
- (iii) The directors supplied the following information on EAT Ltd for the years 2012 and 2011.

Ratio	2012	2011
Return on Capital Employed (€400,000)	2%	2%

The current rate of interest on Bank Deposits of €400,000 is **6.5%**.

If you were a shareholder in EAT Ltd, would you be happy with the Return on Capital Employed? Give **two** reasons for your answer.

(18)

- (B) EAT Ltd produces all its own vegetables. It has Machinery, Delivery Vans, Buildings, Stock and employs thirty employees.

EAT Ltd wishes to review its insurance cover so it requests you to answer the following questions:

- (i) Name **one** type of insurance that EAT Ltd is required to have by law.
- (ii) State **three other** types of insurance that EAT Ltd should purchase. Give a reason for each type of insurance mentioned
- (iii) EAT Ltd were advised, by the insurer, to insure its buildings for €300,000 but decided instead to insure them for €240,000. A flood caused €40,000 damage.

Calculate the amount of compensation EAT Ltd will receive. Explain your answer.

(22)

**(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 TOP Ltd, a hardware shop, on 31 December 2012. The Authorised Share Capital is 450,000 €1 ordinary shares.

<b>TRIAL BALANCE OF TOP Ltd as on 31 December 2012</b>	<b>Dr €</b>	<b>Cr €</b>
Opening Stock 01/01/2012	10,000	
Purchases and Sales	104,000	310,000
Carriage Inwards	6,000	
Commission receivable		8,000
Advertising	16,000	
Insurance	10,700	
Wages	67,000	
Buildings	380,000	
Machinery	160,000	
Debtors and Creditors	15,000	17,000
Cash	3,000	
Bank Overdraft		10,000
30 Year Loan		30,000
Dividends Paid	33,300	
Reserves (Profit and Loss Balance)		60,000
Issued Share capital: 370,000 €1 Ordinary Shares		370,000
	805,000	805,000

- (A) You are required to prepare a **Trading, Profit and Loss Appropriation Account** of TOP Ltd for the year ending 31 December 2012 and a **Balance Sheet** as on that date.

You are given the following information as on 31 December 2012.

- (i) Closing Stock €12,000
- (ii) Commission Receivable due € 1,400
- (iii) Advertising due € 4,000
- (iv) Insurance prepaid € 1,300
- (v) Depreciation: Buildings 2½%  
Machinery 15%

(35)

- (B) If TOP Ltd required additional finance how much could it raise from the issue of ordinary shares?

(5)

**(40 marks)**

5. **This is a Form of Business Ownership, Marketing and Business Plan Question.**

*Answer all parts of this question:*

*'With an average of five businesses closing daily it is essential to choose the correct form of business ownership and prepare a business plan when starting a business.'*

- (A) Compare Sole Traders and Private Limited Companies as forms of business ownership under the following headings:

Ownership

Liability

Profits

(12)

- (B) Paul Burns, Ann Smyth and Tony Kelly are the directors of a newly formed energy conservation company called PAT Ltd.

PAT Ltd, located in Cavity Alley, Limerick, retrofits houses to reduce heat loss.

Paul Burns is the Marketing Manager, Ann Smyth is the Finance Manager and Tony Kelly is the Production Manager. The company's bank is AIB.

Research carried out by PAT Ltd showed that:

There is a potential market of 600,000 householders.

The main competitors are STAYWARM Ltd and KEEPHEATIN Ltd.

PAT Ltd supplied the following details:

The cost of retrofitting a house is €5,500.

The selling price is cost plus 30% mark-up.

It is expected that PAT Ltd will retrofit 300 houses in 2013.

PAT Ltd requires €750,000 to go into full production. Each of the directors will provide €100,000. PAT Ltd expects to receive a grant of €200,000 and will borrow the remainder from the bank.

- (i) Calculate the selling price i.e. the price each householder will have to pay to have a house retrofitted and insert your answer *in the relevant section of the Business Plan supplied with this paper*.
- (ii) List **three** methods of promoting the products and services of PAT Ltd. Insert your answer *in the relevant section of the Business Plan supplied with this paper*.
- (iii) Calculate the amount that PAT Ltd will have to borrow. Insert your answer *in the relevant section of the Business Plan supplied with this paper*.
- (iv) Complete, in full, the remainder of the *Business Plan supplied with this paper* dated 11/6/2013.

(28)

**(40 marks)**

6. **This is a Cost of Delivery and Employer Question.**

*Answer all sections of this question:*

(A) TAYLORMADE Ltd, Bray, a box supplier, who operates 260 working days in the year, supplies the following information:

- Distance travelled each day is 850 kilometres
- The diesel van can do 40 kilometres to the litre
- The cost of diesel per litre is €1.55
- Michelle Dowling, the driver, is paid €840 gross per five day week
- Bernadette Dunne, the helper, is paid €360 gross per five day week
- Employer's PRSI payment of 4.25% of gross wage
- Annual Motor Tax €1,820
- Annual Motor Insurance €3,120
- Annual Repairs are €1,300
- Toll charges are €30 per day.

Calculate **each** of the following. (Answers should be clearly labelled.)

- (i) The Cost of Diesel for one day.
- (ii) The Total Cost of Labour **including** employer's PRSI for one day.
- (iii) The Total Cost of Motor Tax, Motor Insurance and Motor Repairs for one day.
- (iv) The Total Cost of Transport for one day.

(22)

(B) TAYLORMADE Ltd requires your help in reducing the cost of delivery.

Explain **two** ways they could reduce delivery costs.

(6)

(C) TAYLORMADE Ltd has had some industrial problems recently. It is unsure about the rights and responsibilities of the company as an employer.

- (i) Explain **two** rights of employers.
- (ii) Explain **two** responsibilities of employers.

(12)

**(40 marks)**