

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

Answer all parts of this question:

JONES Ltd, a car accessories business, had the following balances in its General Journal on 1 January 2011:

GENERAL JOURNAL

Date	Details	F	Dr €	Cr €
1/1/2011	Buildings	GL ₁	300,000	
	Debtor: KIRBY Ltd	DL ₁	40,000	
	Ordinary Share Capital	GL ₂		340,000
	<i>Assets, Liabilities and Share Capital of JONES Ltd on this date</i>		340,000	340,000

- (A) Post the balances in the above General Journal to the relevant ledger accounts. (4)
- (B) Record the following Credit Transactions in the Sales and Sales Returns Books of JONES Ltd for the month of January 2011. Post relevant figures from the books to the ledger accounts.

5/1/2011 Sold goods on credit to KIRBY Ltd Invoice No. 50 €24,000 + VAT 21%
 8/1/2011 KIRBY Ltd returned goods Credit Note No. 12 €12,000 + VAT 21%

- (C) Record the following Bank Transactions for the month of January 2011 in the Analysed Cash book of JONES Ltd. Post relevant figures to the Ledger Accounts.

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

Debit (Receipts) Side: Bank Sales VAT Debtors Share Capital

Credit (Payments) Side: Bank Purchases VAT Insurance

3/1/2011 Purchases for resale (Cheque No.1) €60,000 + VAT 21%
 9/1/2011 Shareholder invested €30,000 and this was lodged. Receipt No. 1
 11/1/2011 Paid Insurance (Cheque No. 2) €12,000
 19/1/2011 Cash Sales lodged €96,800 (€80,000 + VAT €16,800)
 28/1/2011 KIRBY Ltd paid €50,000 and this was lodged. Receipt No. 2

- (D) Balance the accounts on the 31 January 2011 and extract a Trial Balance as at that date.

(7)
(40 marks)

2.

This is a Credit Sales, Business Documents and Bookkeeping Question
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Answer all parts of this question:

- (A) Effective purchasing is very necessary for businesses.
Explain the term 'effective purchasing'.

(6)

- (B) On 4 April 2011, MURPHY Ltd, Main Street, Castleblayney, Co. Monaghan sent an Order No. 4 to EIRN FURNITURE Ltd, Ballyshannon, Co. Donegal for the following goods:

6 Oak Kitchen Tables	@ €150 each excluding VAT
10 Pine Wardrobes	@ € 60 each excluding VAT

EIRN FURNITURE Ltd issued Invoice No. 20 on 11 April 2011.

The invoice included the following terms: Trade Discount 20% and VAT 21%.

On receiving the goods and Invoice No. 20 on 14 April 2011, MURPHY Ltd paid the amount due in full.

EIRN FURNITURE Ltd issued Receipt No. 11 signed by Martin Kelly on 30 April 2011.

- (i) Outline how MURPHY Ltd should process invoices received.
- (ii) Complete the Invoice No. 20 and the Receipt No. 11 *on the sheet supplied with this paper*.
- (iii) Record the issue of the Invoice and Receipt in the Sales Book and Analysed Cash Book of EIRN FURNITURE Ltd *on the sheet supplied with this paper*.

(34)

(40 marks)

3. **This is a question on Letter Writing, Job Loss and Company Formation**

Answer all parts of this question:

Mary and Bernard Burke, 10 Happy Valley View, Carlow, were employed in Wonder Kitchens Ltd up until May 2011 when they both lost their jobs due to the fall in the sale of houses.

Mary had worked in the business for 15 years as an Accounts Manager earning €850 per week. Bernard had worked for 11 years as a Kitchen Designer earning €910 per week.

They were told that they would receive redundancy money of **two weeks wages for each year they worked**.

Because of their vast experience they are considering starting their own company, MBB Ltd, but are unsure about being self-employed and forming a private limited company.

They were advised to contact Molly Maloney, a business consultant, for assistance.

(A) Assume you are Molly Maloney, 16 Congress Avenue, Portlaoise, Co. Laois.

Write a letter to Mary and Bernard, dated 1 June 2011, answering the following questions asked by Mary and Bernard.

- (i) How much redundancy money can Mary and Bernard expect to receive in total from Wonder Kitchens Ltd?
- (ii) Explain **one** advantage and **one** disadvantage of being self-employed.
- (iii) Explain how a private limited company is formed.

(34)

(B) Mary and Bernard set up MBB Ltd and lodged €40,000 from their redundancy money to the company bank account on 14 June 2011.

Show how this transaction would be recorded in the Bank Account and Share Capital Account of MBB Ltd *on the sheet supplied with this paper*.

(6)

(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 BRADY Ltd, a hardware business, on 31 December 2010. The Authorised Share Capital is 500,000 €1 ordinary shares.

TRIAL BALANCE OF BRADY Ltd as on 31 December 2010	Dr €	Cr €
Purchases and Sales	270,000	510,000
Opening Stock 1/1/2010	32,000	
Import Duty	3,800	
Interest Receivable		22,400
Debtors and Creditors	31,000	18,000
Insurance	23,000	
Wages	83,500	
Motor Vehicles	50,000	
Buildings	285,000	
Bank	19,000	
25 Year Loan		20,000
Cash	12,000	
Machinery	150,000	
Dividends paid	14,000	
Reserves (Profit and Loss Balance)		52,900
Issued Share Capital: 350,000 €1 Ordinary Shares		350,000
	973,300	973,300

- (A) You are required to prepare a **Trading, Profit and Loss Appropriation Account** of BRADY Ltd for the year ending 31 December 2010 and a **Balance Sheet** as on that date.

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

- (i) Closing Stock € 25,400
- (ii) Import Duty due € 1,500
- (iii) Insurance prepaid € 3,200
- (iv) Interest Receivable due € 1,200
- (v) Depreciation: Motor Vehicles 12%
Machinery 10%

(35)

- (B) Calculate the rate of dividend using the following formula:

$$\frac{\text{Dividend Paid}}{\text{Issued Share Capital}} \times \frac{100}{1}$$

(5)

(40 marks)

5. **This is an Analysed Cash Book and Monitoring of Overheads Question**

Answer all parts of this question:

- (A) State **three** reasons why it is important for a business to monitor its overheads. (6)
- (B) Prepare the Analysed Cash Book of BURKES BAKERY Ltd from the data supplied below. Use the following money column headings:

Debit (Receipts) Side: Bank

Credit (Payments) Side: Bank; Van; Wages; Interest; Waste Collection.

Date	Transaction	Receipt No	Cheque No.	Amount €
1/5/2011	Owed to bank			1,700
2/5/2011	Paid wages		1	1,100
3/5/2011	Paid for van repairs		2	950
6/5/2011	Paid for waste collection		3	400
7/5/2011	Paid interest on loan		4	1,400
10/5/2011	Received from MURPHY Ltd	35		2,600
12/5/2011	Paid for diesel		5	200
14/5/2011	Paid wages		6	850
17/5/2011	Paid for waste collection		7	240
20/5/2011	Received from SMYTH Ltd	36		4,000
23/5/2011	Paid wages		8	630
26/5/2011	Paid for van insurance		9	850
31/5/2011	Paid for diesel		10	320

(18)

- (C) *On the sheet supplied with this paper* you will find a partially completed table showing Business Overheads for May 2011.
- (i) Complete the **Actual** Column using the totals from the Payments side of the Analysed Cash Book in part (B).
Show the difference between the **Actual** and **Budgeted** figures by completing the column marked **Difference**.
- (ii) List the overheads whose actual figures are **greater** than the budgeted figures and give **one** possible reason for the difference **in each case** *on the sheet supplied with this paper*.
- (iii) List the overheads whose actual figures are **less** than the budgeted figures and give **one** possible reason for the difference **in each case** *on the sheet supplied with this paper*.

(16)

(40 marks)

6. **This is a Channels of Distribution and Marketing Question**

Answer all parts of this question:

(A) The channels of distribution are the different ways by which a manufacturer can get its products to the consumers.

(i) Illustrate, with suitable diagrams, **three** of these channels.

(ii) Give **one** type of product distributed by **each** of these channels.

(9)

(B) Explain, with examples, **two** methods of carrying out market research.

(8)

(C) On 1 August 2011, SEE EASY Ltd, a spectacles (glasses) manufacturer, is launching a new type of spectacles CN3D for watching 3D TV programmes. They will be available online at www.se.ie.

The spectacles will sell at €95 each but there will be a discount of 20% for the first 500 customers.

(i) Calculate the cost of purchasing these spectacles if you are customer number 350.

(ii) Draft a suitable advertisement to promote the new spectacles.
(*The advertisement should contain **five** pieces of information*).

(iii) Other than advertisements, explain **two** methods that SEE EASY Ltd could use to promote the CN3D spectacles.

(23)

(40 marks)