

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

Answer all parts of this question:

GOLD Ltd, a plumbing business, had both credit and cash transactions during the month of May 2016.

- (A) Record the following Credit Transactions in the Purchases and Sales Books of GOLD Ltd for the month of May 2016.

Post relevant figures from the books to the Ledger Accounts.

1/5/2016	Purchased goods on credit from HAND Ltd	Invoice No. 6	€60,000 + VAT 23%
12/5/2016	Sold goods on credit to SUM Ltd	Invoice No. 94	€48,000 + VAT 23%
20/5/2016	Purchased goods on credit from HAND Ltd	Invoice No. 17	€16,000 + VAT 23%

(14)

- (B) Record the following Bank Transactions for the month of May 2016 in the Analysed Cash Book of GOLD 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 Share Capital

Credit (Payments) Side: Bank Purchases VAT Creditors Insurance

6/5/2016	Shareholders invested €110,000 and this was lodged	Receipt No. 1	
10/5/2016	Sales lodged		€55,350 (€45,000 + VAT €10,350)
16/5/2016	Paid HAND Ltd	Cheque No. 20	€54,000
27/5/2016	Purchases for resale	Cheque No. 21	€38,000 + VAT 23%
31/5/2016	Paid for insurance	Cheque No. 22	€12,000

(16)

- (C) Balance the accounts on 31 May 2016 and extract a Trial Balance as at that date.

(10)

(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 Maurice O’Keeffe, Purchasing Manager of BUSYFEET Ltd, a sports shop, on 26 April 2016.

FOOTWEAR Ltd, Castlebar, Co Mayo		Quotation No. 324												
Telephone: 094 264691		VAT Reg. No IE 8799654												
Date : 26 April 2016		Enquiry Ref: ROS												
Mr Maurice O’Keeffe Purchasing Manager BUSYFEET Ltd Donegal Street Sligo														
<p>Dear Mr O’Keeffe,</p> <p>Thank you for your enquiry. I enclose the following quotation.</p> <table> <tr> <td>60 pairs of Terry soccer boots assorted sizes</td><td>@</td><td>€130 per pair</td></tr> <tr> <td>60 pairs of Blue trainers assorted sizes</td><td>@</td><td>€ 70 per pair</td></tr> <tr> <td>50 pairs of Leisure walking shoes assorted sizes</td><td>@</td><td>€120 per pair</td></tr> <tr> <td>40 pairs of Crock beach shoes assorted sizes</td><td>@</td><td>€ 20 per pair</td></tr> </table> <p>Terms: Trade Discount 30% Delivery: free delivery Payment Method: Visa Debit The above goods are subject to VAT @ 23%. Please find a catalogue enclosed.</p> <p>Yours sincerely Ronan O’Sullivan, Sales Manager</p>			60 pairs of Terry soccer boots assorted sizes	@	€130 per pair	60 pairs of Blue trainers assorted sizes	@	€ 70 per pair	50 pairs of Leisure walking shoes assorted sizes	@	€120 per pair	40 pairs of Crock beach shoes assorted sizes	@	€ 20 per pair
60 pairs of Terry soccer boots assorted sizes	@	€130 per pair												
60 pairs of Blue trainers assorted sizes	@	€ 70 per pair												
50 pairs of Leisure walking shoes assorted sizes	@	€120 per pair												
40 pairs of Crock beach shoes assorted sizes	@	€ 20 per pair												

- (A) (i) What procedures should FOOTWEAR Ltd use when processing outgoing quotations?
Answer on the sheet provided.
- (ii) Maurice O’Keeffe was not happy with the price of the Terry soccer boots and only ordered the remaining items on the Quotation. FOOTWEAR Ltd sent Maurice an Invoice No. 37 dated 30 April 2016.
Complete the blank Invoice *on the sheet supplied with this paper.*
- (B) BUSYFEET Ltd received the footwear on 3 May 2016. On checking the footwear Maurice found that the Crock beach shoes were badly cracked so the whole consignment of Crock beach shoes was rejected. On being informed of the problem on 7 May 2016, Ronan O’Sullivan sent a Credit Note No 12 to BUSYFEET Ltd for the amount of Crock shoes returned.
- (i) Advise FOOTWEAR Ltd on how it might prevent problems, like the above, in the future.
Answer on the sheet provided.
- (ii) Calculate the amount of the refund that was inserted on the Credit Note. *Answer on the sheet provided.*
- (iii) Record the Credit Note No 12 in the Sales Returns Book of FOOTWEAR Ltd *on the sheet supplied with this paper.* Show workings.

(15)

(25)

(40 marks)

BUSINESS STUDIES – PAPER II 2016

Write your Examination Number here:



For use with Q.2 (A) (i)

1	
2	

For use with Q.2 (A) (ii)

FOOTWEAR Ltd, Castlebar, Co. Mayo		INVOICE No. 37	
Telephone: 094 264691		VAT Reg. No. IE 8799654	
To:		Date: _____	
		Your Order No: 56	
QUANTITY	DESCRIPTION	PRICE EACH €	TOTAL €
Total (Excluding VAT)			
Trade Discount			
Subtotal			
VAT			
E & OE		Total (Including VAT)	

For use with Q.2 (B) (i)

Advice	

For use with Q.2 (B) (ii)

Amount of Refund	Workings
€	

For use with Q.2 (B) (iii)

Sales Returns Book of FOOTWEAR Ltd

Date	Details	Credit Note No.	F	Net €	VAT €	Total €

PLEASE RETURN THIS PAGE WITH YOUR ANSWER BOOK

3. **This is a Cost of Delivery and Setting up Regional Branches Question.**

Answer all parts of this question:

(A) TYREMAN Ltd, a tyre supplier in Leitrim who operates 280 working days in the year, supplies the following information:

- Distance travelled each day is 900 kilometres
- The diesel van can do 35 kilometres to the litre
- The cost of diesel per litre is €1.10
- Jacinta Sexton, the driver, is paid €900 gross per five day week
- Stephen Roach, the helper, is paid €380 gross per five day week
- Employers PRSI is 4.25% of gross wage
- Meal allowance per employee is €18 per day
- Annual motor insurance is €4,200
- Annual motor tax is €2,520
- Annual motor repairs are €1,400
- Toll charges are €42 per day

Calculate each of the following. Show your workings and clearly label each element of the cost.

- (i) The total cost of labour including employers PRSI for one day.
- (ii) The total cost of diesel for one day.
- (iii) The total cost of motor insurance, motor tax and motor repairs for one day.
- (iv) The overall cost of transport for one day.

(28)

(B) TYREMAN Ltd is considering setting up three regional depots, in Leinster, Munster and Ulster.

- (i) State **two** advantages of setting up regional depots.
- (ii) State **two** disadvantages of setting up regional depots.

(12)

(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 ELEC Ltd, an electrical company, on 31 December 2015. The Authorised Share Capital is 400,000 €1 ordinary shares.

TRIAL BALANCE OF ELEC Ltd as at 31 December 2015	Dr €	Cr €
Purchases and sales	165,000	318,000
Opening stock 01/01/2015	10,200	
Import duty	11,000	
Rent receivable		17,000
Wages	60,000	
Light and heat	14,000	
Carriage outwards	7,600	
Dividends paid	8,100	
Reserves (profit and loss balance)		16,000
Equipment	220,000	
Motor vans	180,000	
Cash	6,000	
Bank overdraft		12,400
Debtors and creditors	34,000	30,500
20 year loan		52,000
Issued share capital		270,000
	715,900	715,900

- (A) You are required to prepare the **Trading, Profit and Loss Appropriation Account** of ELEC Ltd for the year ending 31 December 2015 and a **Balance Sheet** as at that date.

You are given the following information as at 31 December 2015.

- (i) Closing stock €11,500
- (ii) Rent receivable prepaid € 2,100
- (iii) Wages due € 3,000
- (iv) Light and heat due € 2,500
- (v) Depreciation: Equipment 10%
Motor vans 12%

(35)

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

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

(5)

(40 marks)

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

Answer all parts of this question:

(A) Prepare the Analysed Cash Book of HOGAN CATERING Ltd from the data supplied below.

Use the following money column headings:

Debit Side (Receipts) Side: Bank; Debtors

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

Date	Transaction	Receipt No	Payment Method	Amount €
1/5/2016	Balance at bank			3,000
2/5/2016	Paid for ingredients		Visa Debit	3,400
3/5/2016	Paid wages		Paypath	1,700
7/5/2016	Paid for diesel		Visa Debit	600
10/5/2016	Paid for waste collection		Visa Debit	450
12/5/2016	Received from Bane Ltd	1		3,900
12/5/2016	Paid van insurance		Visa Debit	1,100
14/5/2016	Paid for diesel		Visa Debit	500
17/5/2016	Paid wages		Paypath	1,300
20/5/2016	Paid for ingredients		Visa Debit	2,800
22/5/2016	Received from Kelly Ltd	2		3,700
25/5/2016	Paid for waste collection		Visa Debit	700
31/5/2016	Paid wages		Paypath	1,450

(18)

(B) *On the sheet supplied with this paper* you will find a partially completed table showing Budgeted Overheads for May 2016.

- Complete the **Actual** Columns using the totals from the Payments side of Analysed Cash Book in part (A).
Show the difference between the **Actual** and **Budgeted** figures by completing the column marked **Difference**.
- 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**.
- 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)

(C) State **three** reasons why it is important for a business to monitor its overheads *on the sheet supplied with this paper*.

(6)

(40 marks)

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Write your Examination Number here: 

For use with Q.5 (B) (i)

Business Overhead for May 2016

Overheads	Budgeted €	Actual €	Difference €
Van	2,300		
Wages	5,000		
Ingredients	5,500		
Waste collection	700		

For use with Q.5 (B) (ii)

Actual Overheads Greater than budgeted	Possible Reasons

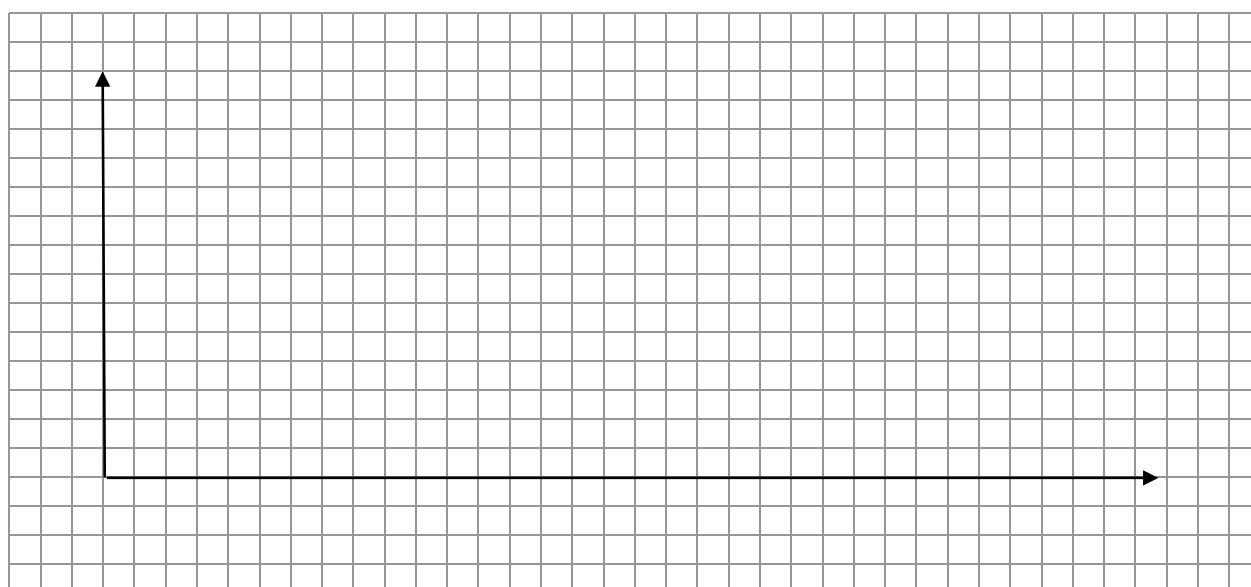
For use with Q.5 (B) (iii)

Actual Overheads Less than budgeted	Possible Reasons

For use with Q.5 (C)

Reason 1	
Reason 2	
Reason 3	

For use with Q.6 (D)



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6. **This is a Form of Business Ownership and Sales Promotion Question.**

Answer all parts of this question:

Aidan and Maureen Kenny were left four houses in Newcastle Road, Galway by their late uncle. These houses were near the university, the hospital and Galway city centre. They were told by friends that they would have no problem renting them out if they were modernised. As they didn't have much experience in business they needed answers to some questions.

They were unsure about which form of business ownership they should use. They also wanted to know the best way to promote the houses to students, holiday makers and others.

(A) Explain **two** ways Aidan and Maureen could promote the houses to potential tenants. (8)

(B) Explain the term 'co-operative' and give **two** examples. (8)

(C) Compare sole traders and private limited companies as forms of business ownership under the following **three** headings:

Ownership

Liability

Profits

(12)

(D) On 1 May 2016 the following information was obtained from a survey carried out on Forms of Business Ownership in a Midland town.

Forms of Business Ownership	Numbers
Sole Traders	16
Private Limited Companies	12
Co-operatives	8
State Owned Companies	4

Present this information in a bar chart. *Use the graph paper on the sheet supplied with this paper.*

(12)

(40 marks)