

Q.1 This is books of first entry, ledgers and trial balance

SALES BOOK OF BAT Ltd							Mark
Date 2017	Details	INVOICE	F	NET €	VAT €	TOTAL €	
01/05	FOX Ltd	2	DL	80,000	18,400	98,400	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
09/05	HARE Ltd	3	DL	44,000	10,120	54,120	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
		(1)		124,000	28,520	152,520	3 + 1 (4)

PURCHASES BOOK OF BAT Ltd							Mark
Date 2017	Details	INVOICE	F	NET €	VAT €	TOTAL €	
24/05	HEN Ltd	7	CL	36,000	8,280	44,280	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
		(1)					$1\frac{1}{2} + 1 (2\frac{1}{2})$

ANALYSED CASH BOOK OF BAT LTD (Debit Side)									Mark
Date 2017	Details	Receipt No. (1)	F	Total Bank €	Sales €	VAT €	Share Capital €	Debtors €	
07/05	Shareholder	3	GL	120,000			120,000		$\frac{1}{2} + \frac{1}{2}$
28/05	HARE Ltd	4	DL	35,000				35,000	$\frac{1}{2} + \frac{1}{2}$
31/05	Sales		GL	51,660	42,000	9,660			$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
				206,660	42,000	9,660	120,000		
01/06	Balance b/d			161,280					
									$4\frac{1}{2} (3\frac{1}{2} + 1)$

ANALYSED CASH BOOK OF BAT LTD (Credit Side)								Mark
Date 2017	Details	Ch. No. (1)	F	Total Bank €	Purchases €	VAT €	Insurance €	
12/05	Purchases	30	GL	31,980	26,000	5,980		$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$
17/05	Insurance	31	GL	13,400			13,400	$\frac{1}{2} + \frac{1}{2}$
				45,380	26,000	5,980	13,400	
31/05	Balance c/d			161,280				(1)
				206,660				
								$4\frac{1}{2} (3\frac{1}{2} + 1)$

Q.1 continued

Date 2017	Details	F	Total €	Date 2017	Details	F	Total €	Mark
GENERAL LEDGER								
			Shareholder A/C					[1]
				07/05	Bank	ACB	120,000	1
			Sales A/C					[2]
				31/05	Total Net Debtors	SB	124,000	1
				31/05	Bank	ACB	42,000	1
							166,000	
			Purchases A/C					[2]
31/05	Total Net Creditors	PB	36,000					1
31/05	Bank	ACB	26,000					1
			62,000					
			VAT A/C					[5]
31/05	Credit Purchases	PB	8,280	31/05	Credit Sales	SB	28,520	1 + 1
31/05	Cash Purchases	ACB	5,980	31/05	Cash Sales	ACB	9,660	1 + 1
31/05	Balance c/d		23,920					1
			38,180				38,180	
				01/06	Balance b/d		23,920	
			Insurance A/C					[1]
17/05	Bank	ACB	13,400					
DEBTORS LEDGER								
			HARE A/C					[3]
09/05	Sales	SB	54,120	28/05	Bank	ACB	35,000	1 + 1
				31/05	Balance b/d		19,120	1
			54,120				54,120	
01/06	Balance b/d		19,120					
			FOX Ltd A/C					[1]
01/05	Sales	SB	98,400					1
CREDITORS LEDGER								
			HEN Ltd A/C					[1]
				24/05	Purchases	PB	44,280	1

Q.1 continued

Trial Balance of BAT Ltd as at 31/05/2017			Mark
	Dr €	Cr €	
Bank	161,280		½
Shareholder		120,000	½
Sales		166,000	½
Purchases	62,000		½
VAT		23,920	½
Insurance	13,400		½
Hare Ltd	19,120		½
FOX Ltd	98,400		½
HEN Ltd		44,280	½
	354,200	354,200	

Marks Summary

Sales Book	4
Purchases book	2½
Analysed Cash Book	9
Ledger	16
Trial Balance	4½
Dates	2
Folio	2
Total	40

Q.2 This is a sales and purchases, business document and bookkeeping question

Q.2 (A) (i)

	Three important pieces of information provided in a Quotation	Mark 6
1	The date of the quotation	2
2	Rate of discounts	2
3	Delivery details	2

Q.2 (A) (ii)

	Two Reasons	Mark 8
1	To compare prices, quality and terms of different suppliers	4
2	Effective purchasing/leads to better decision making	4

Q.2 (B) (i)

Answer	Calculations	Mark 4
Percentage margin per t-shirt 33.33%	$\frac{\text{Profit}}{\text{Selling Price}} \times \frac{100}{1} = \frac{€0.90 (1)}{€2.70 (2)} \times \frac{100}{1} = 33.33\%$	4

Q.2 (B) (ii)

Planned income	Calculations	Mark
€ 540,000 (2)	$\begin{array}{rcl} \text{Number of items sold} & \times & \text{selling price} \\ 200,000 & \times & €2.70 \\ (1) & & (1) \end{array} = €540,000$	4

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

T - S Ltd, Carnival Road, Carlow			CREDIT NOTE No. 40	Mark
Telephone: 059 9152659			VAT Reg.IE 3445271	
To: BINGO Ltd			Date: 13/06/2017	(1 + 1)
Castle Street				
Carlow			Your Order: 45	
(1)	(1)	(1)	(1)	
QUANTITY	DESCRIPTION	PRICE EACH €	TOTAL €	
1,000	T-shirts	1.80	1,800.00	
	Reason: Torn T-shirts			(1)
	Total (excluding VAT		1,800.00	(0)
	Trade Discount		360.00	(1)
	E & OE	Subtotal	1,440.00	(0)
	VAT		331.20	(1)
	Total (including VAT)		1,771.20	(2)
				(11)

Q.2 (C) (ii)

Sales Returns Book of T - S Ltd

Date 2017	Details	Credit Note No.	F	Net €	VAT €	Total €	Mark
13/06	BINGO Ltd	40	DL	1,440.00	331.20	1,771.20	
1	1	1	1	1	1	1	(7)

Marks Summary

(A)	(B)	(C)
14	8	18

Q.3 This is a marketing and business plan question

(A) (i)	Two methods of market research with examples	Mark 8
1	Desk Research. Example: government publications/magazines/internet.	2 + 2
2	Field Research. Example: surveys/questionnaires/direct observation.	2 + 2

(A) (ii)	Explanation and example of target market	Mark 4
Explanation	A target market is the group of people at which a business aims its products.	2
Examples	The target market for a footwear manufacturer might be sports athletes e.g. Asics.	2

(B) (i)	Explanation and example of unique selling point	Mark 3
Explanation	The aspect of a product that makes it better than its competitors.	1
Example	JMP Paints Ltd exterior paint is guaranteed to last for six years.	2

(B) (ii, iii and iv)	BUSINESS PLAN	Mark
Name of Company	<i>JMP PAINTS Ltd</i>	1
Address	<i>Line Street, Ennis, Co. Clare</i>	1
Directors	<i>John Moran Mary O'Connor Patrick McGrath</i>	0
Marketing Manager	<i>John Moran</i>	1
Finance manager	<i>Patrick McGrath</i>	1
Production Manager	<i>Mary O'Connor</i>	1
Company Bank	<i>Bank of Ireland</i>	1
Product Description		
	<i>Range of exterior paint that is guaranteed to last six years</i>	2
Market research		
Size of Target Market	<i>500,000 householders</i>	1
Main Competitors	<i>RAINBOW Ltd, COLOUR Ltd, KING Ltd</i>	6
Selling Price per household	<i>€450</i>	1
Sales Promotion Methods		
(i)	<i>Television advertising</i>	1
(ii)	<i>Web site</i>	1
(iii)	<i>Show house</i>	1
Finance		
Amount Required	<i>€800,000</i>	1
Amount Available	<i>€610,000</i>	2
Amount to be Borrowed	<i>€190,000</i>	2
Directors signatures	<i>John Moran, Mary O'Connor, Patrick McGrath</i>	0
Date	<i>13 June 2017</i>	1
		[25]

Marks Summary

A	B	Total
12	28	40

Q.4 This is a final accounts and balance sheet question

(A)

1½		1	1½		[4]
Trading, Profit and Loss Appropriation Account of SAM Ltd for the year ending 31/12/2016					Mark
		€	€	€	
	Sales			420,000	½
	Less Cost of Sales				
01/01/2016	Opening Stock		27,000		½
	Purchases		218,000		½
	Carriage Inwards		7,000		½
			252,000		
31/12/2016	Less Closing Stock		40,000	212,000	½ + 0
	Gross profit			208,000	2 (1+1)
	Add Gains				
	Interest Receivable		4,000		½
	Add interest receivable due		1,000	5,000	½ + ½
				213,000	0
	Less Expenses				
	Insurance	18,000			½
	Less insurance prepaid	6,000	12,000		½ + ½
	Bad debts		13,000		½
	Wages	74,000			½
	Add wages due	16,000	90,000		½ + ½
	Depreciation: Premises	7,240			½
	Equipment	18,000	25,240	140,240	½ + ½ + 0
	Net Profit			72,760	3 (1 + 2)
	Less Dividends paid			14,000	½
				58,760	0
	Add Opening reserves			18,000	1
	Reserves			76,760	0
					[19½]

Q.4 (A) continued

$\frac{1}{2}$	1	$\frac{1}{2}$	Mark
Balance Sheet of SAM Ltd as at 31/12/2016			
Fixed assets	Cost €	Depreciation €	NBV €
Premises	181,000	7,240	173,760
Equipment	150,000	18,000	132,000
Total Fixed Assets	331,000	25,240	305,760
Current Assets			
Closing Stock	40,000		
Debtors	47,600		
Cash	3,900		
Bank	13,000		
Interest receivable due	1,000		
Insurance prepaid	6,000	111,500	
Less Current Liabilities			
Creditors	14,500		
Wages due	16,000	30,500	
Working Capital			81,000
Total Net Assets			386,760
Financed by	Authorised	Issued	
350,000 €1 ordinary shares	350,000	280,000	
Add Reserves		76,760	356,760
Long Term Liabilities			
20 year loan			30,000
Capital Employed			386,760
			[14½]

(B) Bad debts arise when goods that were sold on credit **(3m)** will not paid for **(2m)**.

Marks Summary		
(A) Trading, Profit and Loss Appropriation Account	19½	
Balance Sheet	14½	34
Presentation		1
		35
(B)		5
		40

Q.5 This is a question on assessing a business**(A)**

	Reasons for assessing a business	Mark (6)
1	To compare the performance of a business in one year with that of another year.	3
2	To be able to identify problems at an early stage.	3

(B) (i)

	Comparison	Mark (12)
1	In 2016 the net profit margin fell 6.5% to 6%. This is not good.	1 + 2 + 1
2	In 2016 the rate of stock turnover increased from 2 to 3 times. This is good.	1 + 2 + 1
3	In 2016 the current ratio increased from 2.3 : 1 to 2.5 : 1. This is good.	1 + 2 + 1

(B) (ii)

Unsatisfactory Ratio	Way to improve 1	Way to improve 2	Mark (6)
Net profit margin	Increase sales	Decrease expenditure/ decrease cost of sales	2 + 2 + 2

(C) (i)

Answer	Workings	Mark (6)
5%	$\frac{\text{€75,000 (1)}}{\text{€1,500,000 (1)}} \times \frac{100}{1}$	6

(C) (ii)

	Risks	Mark (6)
1	If the weather is too bad to fish, sales will decrease leading to a fall in profits.	3
2	SEAFOOD Ltd could close and Gráinne could lose her investment.	1 + 2

(C) (iii)

Answer	Reason	Mark (4)
Yes , Grainne should invest in SEAFOOD Ltd (2)	The return on capital employed is 5% the return on the deposit account is only 2%. (2)	2 + 2

Marks Summary

A	6
B	34
Total	40

Q.6 This is an industrial relations question**(A) (i)**

Explanation of the roles of Shop Steward and Human Resource Manager	Mark (8)
The role of the Shop Steward is to represent the employees when disputes arise and settlements have to be negotiated.	2 + 2
The role of the Human Resource Manager is to represent the employer when disputes arise and settlements have to be negotiated.	2 + 2

(A) (ii)

	Two reasons for industrial relation disputes other than pay	Mark (8)
1	Unsafe working conditions.	2 + 2
2	Employees dismissed without due cause.	2 + 2

(A) (iii)

	Three Forms of industrial action	Mark (9)
1	Employees stop working (official strike) and place a picket on their employer's premises	1 + 2
2	Employees work to rule by doing no more than they are contracted to do.	1 + 2
3	Overtime ban; employees cannot work more than contracted hours.	1 + 2

(B) (i)

Answer	Workings	Mark (8)
€12.54 (4)	€11.50 + €1.035 (9% of €11.50) (1) (3)	4 + 1 + 3

(B) (ii)

Explanation	Mark (4)
Conciliation is the bringing together of employer and employees who are in dispute to assist them settle their dispute.	2 + 2

(B) (iii)

Suitable Third Party	Example	Mark (3)
	Workplace Relations Commission (WRC)	3

Marks Summary

A	25
B	15
Total	40