

1.	This is a Books of First Entry, Ledger and Trial Balance Question.
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Answer all parts of this question:

BAT Ltd, a kitchen appliances business, had both credit and cash transactions during the month of May 2017.

- (A)** Record the following credit transactions in the Sales and Purchases Books of BAT Ltd for the month of May 2017.

Post relevant figures from the books to the ledger accounts.

01/05/2017	Sold goods on credit to FOX Ltd	Invoice No. 2	€80,000 + VAT 23%
09/05/2017	Sold goods on credit to HARE Ltd	Invoice No. 3	€44,000 + VAT 23%
24/05/2017	Purchased goods on credit from HEN Ltd	Invoice No. 7	€36,000 + VAT 23%

(14)

- (B)** Record the following transactions for the month of May 2017 in the Analysed Cash Book of BAT 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

07/05/2017	Shareholder invested €120,000 and this was lodged	Receipt No. 3
12/05/2017	Purchases for resale	Cheque No. 30 €26,000 + VAT 23%
17/05/2017	Paid insurance	Cheque No. 31 €13,400
28/05/2017	HARE Ltd paid €35,000 and this was lodged	Receipt No. 4
31/05/2017	Sales lodged	€51,660 (€42,000 + VAT €9,660)

(16)

- (C)** Balance the accounts on 31 May 2017 and extract a trial balance as at that date.

(10)

(40 marks)

2.	This is a Purchases, Business Documents and Bookkeeping Question.
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Answer all parts of this question:

- (A) (i) **Other than** the names and addresses, of the seller and buyer, name **three important pieces** of information provided in a quotation.
Answer on the sheet supplied with this paper.
- (ii) Explain **two** reasons why businesses should obtain at least two quotations before purchasing goods or services.
Answer on the sheet supplied with this paper.
- (14)
- (B) BINGO Ltd purchased 200,000 t-shirts from T-S Ltd at €1.80 each for the Eco Dinner Festival in June 2017. It plans to sell the t-shirts at €2.70 each.
- (i) Calculate the percentage margin on each t-shirt.
Answer on the sheet supplied with this paper.
- (ii) Calculate the planned income for BINGO Ltd if it sells 200,000 t-shirts.
Answer on the sheet supplied with this paper.
- (8)
- (C) The t-shirts arrived at BINGO Ltd, Castle Street, Carlow on 7 June 2017. On examining the t-shirts, Kate Kelly, the Purchasing Manager, found that 1,000 were torn. She complained to T-S Ltd who agreed to send her a Credit Note No. 40 for the torn t-shirts.
- Trade Discount was 20% and VAT was 23%.
- (i) Complete the Credit Note No. 40 on 13 June 2017 *on the sheet supplied with this paper.*
- (ii) Record the issue of the Credit Note No. 40 in the Sales Returns Book of T-S Ltd *on the sheet supplied with this paper.*
- (18)
- (40 marks)**

3.	This is a Marketing and Business Plan Question.
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Answer all parts of this question:

- (A) (i) State, with examples, **two** types of market research *on the sheet supplied with this paper*.
- (ii) Explain, with an example, the term 'target market' *on the sheet supplied with this paper*.
(12)

- (B) John Moran, Mary O'Connor and Patrick McGrath are the directors of a newly formed online paint company called JMP PAINT Ltd.

JMP PAINT Ltd, located in Line Street, Ennis, Co Clare produces a range of exterior house paints guaranteed for six years.

John Moran is the Marketing Manager, Patrick McGrath is the Finance Manager and Mary O'Connor is the Production Manager. The company's bank is Bank of Ireland, Main Street, Ennis.

Market research showed:

- The potential market is 500,000 householders.
- There are three main competitors, RAINBOW Ltd, COLOUR Ltd and KING Ltd.

JMP PAINT Ltd supplied the following information:

- The selling price of a household paint pack is €450.
- JMP PAINT Ltd expect to sell 150,000 household paint packs in 2017.
- JMP PAINT Ltd requires €800,000 to go into full production. The directors will invest €150,000 each. JMP PAINTS Ltd will receive a start-up grant of €160,000. The remaining amount will be obtained from a five-year loan from the local Credit Union.

- (i) Using an example from the above information, explain the term 'unique selling point' (USP) *on the sheet supplied with this paper*.
- (ii) List **three** sales promotion methods JMP PAINT Ltd could use to increase sales.
Insert your answer in the relevant section of the Business Plan supplied with this paper.
- (iii) Calculate the amount that JMP PAINT 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 dated 13 June 2017 *on the Business Plan supplied with this paper*.

(28)
(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 SAM Ltd, a sports store, on 31 December 2016. The Authorised Share Capital is 350,000 €1 ordinary shares.

TRIAL BALANCE of SAM Ltd as at 31 December 2016	Dr €	Cr €
Purchases and Sales	218,000	420,000
Opening Stock 01/01/2016	27,000	
Carriage inwards	7,000	
Interest Receivable		4,000
Insurance	18,000	
Bad Debts	13,000	
Wages	74,000	
Dividends Paid	14,000	
Reserves (Profit and Loss Balance)		18,000
Premises	181,000	
Equipment	150,000	
Cash	3,900	
Bank	13,000	
Debtors and Creditors	47,600	14,500
30 Year Loan		30,000
Issued Share Capital		280,000
	766,500	766,500

- (A)** You are required to prepare the **Trading, Profit and Loss Appropriation Account** of SAM Ltd for the year ending 31 December 2016 and a **Balance Sheet** as at that date.

You are given the following information as at 31 December 2016.

- (i) Closing Stock €40,000
- (ii) Interest Receivable due €1,000
- (iii) Insurance prepaid €6,000
- (iv) Wages due €16,000
- (v) Depreciation: Equipment 12%
Premises 4%

(35)

- (B)** Explain the term 'Bad Debts' in the above trial balance.

(5)

(40 marks)

5. This is a Question on Assessing a Business.

Answer all parts of this question:

(A) State **two** reasons why it is important for a business to assess its performance. (6)

(B) SEAFOOD Ltd is a fish processing and supply business based in Killybegs, Co. Donegal. The directors supplied the following information on SEAFOOD Ltd for the years 2016 and 2015.

Ratio	2016	2015
Net Profit Margin	6%	6.5%
Rate of Stock Turnover	3 times	2 times
Current Ratio	2.5 : 1	2.3 : 1

(i) Using the above information, compare the performance of SEAFOOD Ltd in 2016 with that in 2015.

(ii) Identify the ratio which is unsatisfactory and state **two** ways of improving this ratio. (18)

(C) (i) Use the following information and formula to calculate the Return on Capital Employed of SEAFOOD Ltd for 2016.

In 2016 Net Profit was €75,000 and Capital Employed was €1,500,000.

The formula for calculating the Return on Capital Employed is:

$$\frac{\text{Net Profit}}{\text{Capital Employed}} \times \frac{100}{1}$$

A new investor Gráinne Mhaol is interested in investing in SEAFOOD Ltd.

She knows she can obtain 2% per annum if she saves her money in a deposit account for one year.

(ii) State **two** possible risks for Gráinne associated with investing in SEAFOOD Ltd.

(iii) Advise Gráinne as to whether she should invest in SEAFOOD Ltd or not. Give **one** reason for your answer.

(16)
(40 marks)

6. This is an Industrial Relations Question.

Answer all parts of this question:

(A) 'Industrial relations' is a term used to describe the relationship between employers and their employees.

- (i) Explain the role of the Shop Steward and the Human Resource Manager in maintaining good industrial relations in a business.
- (ii) **Other than pay**, explain **two** reasons why industrial relations disputes arise.
- (iii) Explain **three** forms of industrial action that trade unions can take to support their claims against an employer.



(25)

(B) The employees in DUNLOE FASHIONS Ltd were paid €11.50 per hour. They threatened to take industrial action if they did not obtain a wage increase of 16%.

After **conciliation** by a **suitable third party**, DUNLOE FASHIONS Ltd offered a wage increase of 9% which the employees accepted.

- (i) Calculate the new hourly rate, *to two decimal points*, to be paid to the employees of DUNLOE FASHIONS Ltd. *Show your workings.*
- (ii) Explain the term 'conciliation'.
- (iii) What is the title of the statutory body which may act as a suitable third party that could help resolve industrial relations disputes?

(15)

(40 marks)