

Section 1: Business of Living

Consumer Education

- 1 On 21 May 2007 Fiona Byrne of 15, High Street, Donegal wrote to the manager of the Lakeside Hotel, Killarney, reserving two rooms for herself, her husband and her two children for the week 1–8 August. In the letter she states that she is enclosing a cheque for €100 as a deposit. She asks for confirmation of the booking and also a receipt for the cheque.
 - (a) Write the letter sent by Fiona Byrne.
 - (b) Compose the receipt sent to her by the hotel manager on 27 May 2007. In July Fiona decided that she would rather go to Spain instead. She wrote to the hotel cancelling the booking and asked for a refund of her deposit. Is Fiona entitled to a refund? Give a reason for your answer.
- 2 Which of the following is better value for money?
 - (a) A jar of coffee containing 50g costing €1.50 or a jar containing 200g and costing €6.20
 - (b) A packet of biscuits containing 180g costing 90c or a packet containing 360g costing €1.75
- 3 Explain how the small claims court operates.
- 4 Fill in the missing word.
People who buy goods for their own use are called _____
- 5 Name one newspaper or magazine which offers advice to consumers on goods and services.

Money and Banking I and II

- 6 Make out a cheque payable to Christine Sheldon, for €1,375.67, drawn on the Allied Irish Bank, West Street, Kildare. The drawer of the cheque is John Campbell. His account number is 96969696. Use today's date. (See *Document Book* p. 58).
- 7 What is a dishonoured cheque?
- 8 Explain the following types of cheques:
 - (a) A stale cheque
 - (b) A post-dated cheque
 - (c) A blank cheque
- 9 What is meant by plastic money?
- 10 What is the purpose of a cheque guarantee card?
- 11 What must the seller do to ensure that the guarantee is operative?
- 12 What do the letters EFTPOS stand for?

- 13 Paula Leahy has a current account with the Bank of Ireland. She received this statement on 31 May 2007.

Bank Statement				
Account Holder Paula Leahy, 14 Woodlands, Sligo			Bank of Ireland, Main Street, Sligo Branch code: 90-00-00 Account no.: 5522333 Type of account: Current	
			Statement no: 43	
Date 2007	Particulars	Debit €	Credit €	Balance €
01 May	Balance forward			620CR
04 May	Cheque no. 34	180		440
06 May	Cheque no. 35	90		350
08 May	Lodgement		1,200	1,550
08 May	ATM	200		1,350
12 May	SO Irish Permanent	620		730
13 May	D/D ESB	110		620
17 May	Credit transfer		330	950
22 May	Cheque no. 36	450		500
23 May	Current account fees	25		475
25 May	ATM	150		325
27 May	Cheque no. 37	130		195

Paula's own records show the following transactions:

Analysed Cash Book (Bank columns only)

Date		F	€	Date		Cheque No.	F	€
01 May	Bal. b/d		620	04 May	Groceries	34		180
08 May	Salary		1,200	06 May	Petrol	35		90
26 May	Salary		1,200	08 May	ATM			200
				22 May	Insurance	36		450
				25 May	ATM			150
				27 May	Groceries	37		130
				28 May	Clothes	38		250
				31 May	Bal. c/d			<u>1,570</u>
			<u>3,020</u>					<u>3,020</u>
01 June	Bal. b/d		1,570					

- Explain why the two closing balances differ.
- Paula's employer has offered to pay her salary using PayPath. What advantage would this be to Paula?
- Make whatever adjustments are necessary to Paula's own records to update her bank account/cash book.
- Prepare a bank reconciliation statement at 31 May 2007.

14 Joanna Healy has a current account with Bank of Ireland. She received this statement on 31 August 2007.

Bank Statement				
Account Holder Joanna Healy, 11, Paul Street, Cork			Bank of Ireland, Main Street, Cork	
			Branch code: 92-44-88 Account no.: 1121121 Type of account: Current	
			Statement no: 43	
Date 2007	Particulars	Debit €	Credit €	Balance €
01 Aug	Balance forward			1,300 CR
03 Aug	Cheque no. 17	156		1,144
05 Aug	Cheque no. 18	134		1,010
06 Aug	Lodgement		2,500	3,510
07 Aug	ATM	200		3,310
14 Aug	SO First Active	980		2,330
16 Aug	D/D ESB	120		2,210
20 Aug	Credit transfer		400	2,610
22 Aug	Cheque no. 19	450		2,160
23 Aug	Current account fees	25		2,135
25 Aug	ATM	300		1,835
28 Aug	Cheque no. 20	420		1,415

Joanna’s own records show the following transactions:

Analysed Cash Book (Bank columns only)

Date		F	€	Date		Cheque No.	F	€
01 Aug	Bal. b/d		1,300	03 Aug	Groceries	17		156
06 Aug	Salary		2,500	05 Aug	Telephone	18		134
27 Aug	Salary		2,500	07 Aug	ATM			200
				22 Aug	Insurance	19		450
				25 Aug	Repairs	20		420
				25 Aug	ATM			300
				27 Aug	Petrol	21		65
				31 Aug	Bal. c/d			<u>4,575</u>
			<u>6,300</u>					<u>6,300</u>
01 Sep	Bal. b/d		4,575					

- (a) Make whatever adjustments are necessary to Joanna’s own records to update her bank account/cash book.
- (b) Prepare a bank reconciliation statement at 31 August 2007.

Borrowing

- 15** Shauna bought a new house in Waterford costing €280,000. She paid a deposit of €28,000 and obtained a 30-year mortgage from a local branch of a building society. The mortgage repayments cost €9.60 a month per €1,000 borrowed.
- (a) Name two building societies operating in Ireland.
 - (b) What is a mortgage?
 - (c) Give two costs involved in buying a house other than the purchase.
 - (d) When Shauna has the mortgage repaid, how much, in total, will she have paid to the building society?
 - (e) If Shauna rents out two of the rooms to friends at €200 per month each, calculate the net annual cost of the house to Shauna, taking the rental income into account (ignore taxation on the rental income). Show workings.
 - (f) Shauna’s repayments are made by direct debit. Explain how this operates.
 - (g) What collateral will the building society require?
- 16** Tick (✓) the most suitable type of finance for each of the following items required by the Morgan family.

Item	Cost	Short-term	Medium-term	Long-term
New kitchen	€10,000			
Holiday	€8,000			
New car	€17,500			
Conservatory	€24,000			

Insurance

- 17 Name one type of insurance a person is required to take out by law.
- 18 Paul has a house worth €350,000. Its contents are worth €120,000. The Insurance for All Company Ltd quotes the following rates:
House: €5 per €1,000 cover
Contents: €1 per €1,000 cover
How much will Paul's premium be if he decides to insure with them?
- 19 Liam Folan wishes to take out life assurance for €250,000. His broker obtains the following quotation from Long Life Assurance Company:
Basic yearly premium: €8 per €1,000 insured
Age over 35 years: 5% loading
Smoker's loading: 8%
Liam is a 42-year-old smoker. How much will the assurance cost him?
- 20 Mark and Susan Duffy wish to insure their house, worth €350,000, and the contents, worth €100,000.
They receive the following quotation:
House: €6 per €1,000 cover
Contents: €1 per €1,000 cover.
Because the house is unoccupied during the day there is a loading of €220 a year.
How much will their insurance cost them?
- 21 Kevin's house is worth €280,000, but to save money on the premium, he insured it for €210,000. A fire causes damage worth €80,000. How much compensation will Kevin receive?

Section 2: Economic and Business Background

Economic Background

- 1 Fill in the missing factors of production.

<input type="text"/>	Labour	<input type="text"/>	Enterprise
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- 2 What are resources?
- 3 What is a centrally planned economy?
- 4 What is a free enterprise economy?
- 5 What do the initials CPI stand for?

The National Budget

6 The government of a country has the following budget for 2008:

Income: €920 million

Expenditure: €965 million

Is this budget showing a surplus or deficit? _____

7 Prepare a national budget from the following information:

Income: Income tax €5,600m, VAT €4,500m, corporation tax €1,100m, customs and excise €3,200m, EU receipts €3,800m, other receipts €1,100m.

Expenditure: Defence €1,200m, social welfare €9,500m, educational services €1,950m, debt servicing €2,700m, health services €3,400m, sundries €1,800m.

- Is this budget a deficit budget, a surplus budget or is it balanced?
- Where does the government spend the most money?
- Give two examples of spending on health services.
- What percentage of the government's income comes from income tax?
- How would decreasing employment effect the budget?

8 From the following information prepare a national budget:

Income: Income tax €4,600m, VAT €2,800m, corporation tax €800m, customs and excise €1,300m, EU receipts €700m, other receipts €300m.

Expenditure: Defence €900m, social welfare €4,100m, educational services €2,100m, debt servicing €3,800m, health services €1900m, sundries €400m.

- Is this budget a deficit budget, a surplus budget or is it balanced?
- If you were Minister for Finance of that country, what would you do?

9 An increase in prices in a country is called _____?

10 Give two reasons why a Minister for Finance might increase the tax on petrol.

Section 3: The Business Unit

Forms of Business

- Why might a sole trader wish to form a private limited company?
- Give two benefits to a farmer from joining a co-operative.
- Name the semi-state body which promotes sea fishing.
- Name the semi-state body which promotes the planting of forests.
- Give two reasons why the sole trader can survive.
- Give one example of a financial co-operative.

Section 4: Services to Business

Finance

- When should short-term finance be used?
- Which government agency might provide assistance to the following firms?
 - A firm would like advice and assistance to train its workers.
 - A food-processing firm would like information on developing an export market.
 - A guesthouse wishes to expand and turn its premises into a thirty-bedroom hotel.
 - A company is being set up to freeze and market fish.
 - A manufacturing company wishes to extend its premises.
- Fill in the missing figures in the following cash-flow forecast:

	Jan	Feb	Mar	Apr	May	Jun
	€	€	€	€	€	€
Total receipts	8,500		10,500	9,500		9,600
Total payments	6,200	6,000	9,500		4,500	7,200
Net cash inflow (outflow)		1,500		2,500	1,800	
Opening balance	400	2,700				
Closing balance						

- Fill in the missing figures in the following cash-flow forecast:

	Jul	Aug	Sep	Oct	Nov	Dec
	€	€	€	€	€	€
Total receipts	7,500		7,300	6,900		5,000
Total payments	6,800	6,500	5,800		5,400	4,100
Net cash inflow (outflow)		1,500		(1,000)	600	
Opening balance	250					
Closing balance						

Commercial Banks and Businesses

- You are Taidgh O'Sullivan, a director of Leisure Options Ltd. Your firm would like to borrow €50,000 from your local bank. Write a letter to the manager applying for the loan. Supply any information you think necessary. Use today's date.
- Kathleen Hennessy is the owner of the Red Cow restaurant, 12 Manor Street, Sligo. She wishes to lodge €1,250 to the business bank account which is in the restaurant's name. Kathleen banks with Bank of Ireland. The account number is 12312345. Using today's date, fill out a lodgement form for Kathleen. (See *Document Book* p. 58)

- 7 Darren Keenan, the owner of The Old Abbey, North Road, Clonmel, wishes to lodge €876.50 to the business bank account. The lodgement consists of €400 in notes, €276.50 in coins and €200 in cheques. The account is held in the Ulster Bank, South Road, Clonmel. The account number is 343445456. Using today's date, fill in the lodgement form. (See *Document Book* p. 59)

Insurance for Business

- 8 List the types of insurance you think a health spa, employing eight people, should have. Is there any insurance the health spa must have?
- 9 List the types of insurance you think a school of 500 pupils and thirty-two staff should have. Is there any insurance the school must have?
- 10 Mahon Ltd has the following assets:
Premises €320,000, machinery €82,000, three delivery vans valued at €17,000 each, stocks valued at €15,000 and cash of €3,500.
The Fairest Insurance Co. Ltd has given Mahon Ltd the following quote for insurance for one year:
Premises and machinery €5 per €1,000 value.
Third party fire and theft insurance €520 per van.
Comprehensive insurance €730 per van.
Stock insurance €15 per €1,000 value.
Cash insurance €12 per €500.
(a) Does Mahon Ltd have to take out insurance?
(b) Calculate the total cost of the premium if Mahon Ltd decides to take out comprehensive insurance on the vans.
(c) Why should Mahon Ltd take out comprehensive insurance on its vans?
(d) Are there any other types of insurance Mahon Ltd should consider?
- 11 Easy Going Ltd employs fifteen people and has the following assets:
Premises €280,000, equipment €160,000, two motor vehicles valued at €21,000 each, stocks valued at €17,000 and cash of €2,500.
Sleep Well Insurance Co. Ltd has given Easy Going Ltd the following quotation to insure the company for one year:
Premises and equipment €3 per €1,000 value;
Third party motor insurance €520 per motor vehicle.
Stock insurance €13 per €1,000 value.
Cash insurance €15 per €500.
(a) Name two insurances Easy Going Ltd is required to have by law.
(b) Name three other insurances you would advise the business to have.
(c) Explain the importance of having adequate insurance.
(d) Easy Going Ltd decides to accept the quotation for everything except the premises which it decides to insure for €140,000.
(i) Calculate the total premium.
(ii) In the event of a fire causing damage of €60,000 to the premises, how much compensation will Easy Going Ltd receive?

Communications

- 12 Using the telephone directory, write down all the numbers you would need to dial to ring:
- (a) Barcelona 234324
 - (b) Dortmund 454565
- 13 Prepare a pie chart from the following information:

Government current expenditure	€
Education	5,000
Health	7,000
Social welfare	9,000
National debt service	5,000
Agriculture	3,000
Other services	7,000

- 14 Use the above information to prepare a bar chart.
- 15 Show the following information on a bar chart:

Year	2005	2006	2007	2008	2009
Sales	34,000	28,000	36,000	30,000	31,000

- 16 Use the above information to prepare a trend graph.

Section 5: Work

The Chain of Production

- Give two advantages of selling on the Internet.
- Indicate by means of a tick (✓) whether each of the following work is in the public sector or the private sector.

	Public Sector	Private Sector
Civil servant		
Primary school teacher		
Soldier		
Farmer		
Hairdresser		

- Explain how franchising operates.
- Are there any disadvantages to selling by mail order?

- 5 Column 1 is a list of people in the chain of production. Column 2 is a list of possible explanations of the work they do. Match the two lists by placing the letter of the correct explanation under the relevant number below.

Column 1	Column 2
1 Manufacturer	(a) Buys goods for own use
2 Retailer	(b) Makes goods for public
3 Wholesaler	(c) Sells goods in a shop
4 Consumer	(d) Sells goods to shops

1	2	3	4
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Work

- 6 What is the live register?
- 7 Explain the difference between skilled and unskilled workers.
- 8 What does administrative work usually involve?
- 9 What does a production manager do?

Being an Employer

- 10 Calculate gross pay for each of the following, given that the basic working week is 39 hours and that overtime is paid at time-and-a-half.

Employee	Hours Worked	Rate of Pay
R. Healy	45	€10
G. Goggins	39	€7.65
J. Kelly	43	€9

- 11 Jason earns €48,000 per annum. The standard cut-off point is €32,000. Tax rates are 20 cent and 42 cent in the euro. His tax credits are €3,190. Calculate his tax bill for the year.
- 12 Clare earns €54,000 per annum. The standard cut-off point is €32,000. Tax rates are 20 cent and 42 cent in the euro. Her tax credits are €2,710. Calculate her tax bill for the year.
- 13 Complete a wages slip for Ryan Keane from the following information. Ryan worked 43 hours last week. This included 4 hours of overtime. He is paid a basic rate of €10 per hour and time-and-a-half for overtime. He has tax credits of €2,912 per annum, pays PRSI at 7.5% of gross pay, saves €40 per week and pays VHI of €18. Tax rate is 20c in the euro. (See *Document Book* p. 59).

14 Prepare a cash analysis statement from the following information:

Employee Name	Net Wage
Helen Andrews	€480.00
Noel Byrne	€412.45
Gary Harte	€523.75
Kim Logan	€398.89
Paddy Rush	€567.64

(See *Document Book* p. 60)

15 Prepare a cash analysis statement from the following information:

Employee Name	Net Wage
Leah Cullen	€657.85
Paul Dunne	€349.86
Deborah Flynn	€832.15
Cian Gallagher	€713.67
Fiona Jordan	€546.34

(See *Document Book* p. 61)

Industrial Relations

- 16 Give three reasons why an employee should join a trade union.
- 17 What is a dispute?
- 18 What is the function of a rights commission?
- 19 What is binding arbitration?
- 20 What is a grievance procedure?

Section 6: Enterprise

Marketing

- 1 Give another name for field research.
- 2 Give another name for desk research.
- 3 What does the term 'public relations' mean?

Transport

4 Answer each of the following questions from this Iarnród Éireann timetable:

Dublin – Galway – Monday – Saturday (excluding public holidays)
 Baile Átha Cliath – Gaillimh – Luan go Satharn (gan Saoire Phoiblí san áireamh)

		2	1 2 11	2	2	2	2	1 2	2	1 2 11	2	2	2	2
		MON TO SAT	MON TO SAT	MON TO SAT	MON TO SAT	MON TO SAT	MON TO SAT	MON TO SAT	FRI ONLY	MON TO SAT	MON TO SAT	MON TO SAT	MON TO SAT	MON TO SAT
DUBLIN Heuston	Dep	....	07.10	08.05	09.10	11.20	12.40	14.30	16.20	16.50	17.10	17.50	17.55	19.05
Newbridge	Dep	..	..	08.29	..	..	..	..	..	..	17.37	..	18.24	19.32
Kildare	Dep	....	....	....	09.42	11.51	13.08	....	16.59	....	17.44	....	....	19.38
Portarlinton	Dep	..	07.48	..	09.56	..	13.23	15.10	17.13	..	17.59	..	18.44	19.52
Tullamore	Dep	....	08.06	09.07	10.15	12.22	13.41	15.33	....	....	18.18	....	19.03	20.10
Clara	Dep	..	08.17	..	10.26	12.33	13.52	..	..	..	18.29	..	19.14	..
Athlone	Dep	07.05	08.37	09.43	10.46	12.53	14.08	15.58	17.55	18.07	18.50	19.10	19.38	20.41
Ballinasloe	Dep	07.20	08.55	....	11.04	13.11	....	16.18	....	18.25	....	....	19.56	20.58
Woodlawn	Dep	07.34	09.07	..	..	13.25	..	..	..	..	..	..	..	21.12
Attymon	Dep	07.43	09.14	....	....	....	....	....	....	....	....	....	....	....
Athenry	Dep	07.59	09.25	..	11.42	13.47	..	16.41	..	18.48	..	..	20.18	21.26
GALWAY	Arr	08.20	09.47	....	12.01	14.07	....	17.05	....	19.10	....	....	20.35	21.46

● Dublin Bus link Connolly/Heuston 1 First Class 11 Restaurant Car - Monday to Friday
 ● Bus link to/from Dublin Airport 2 Standard Class ■ Snacks/Drinks
 ● LUAS Tram link At Dublin Heuston gates will close 2 mins prior to departure.

- (a) What time does the first train for Galway leave Dublin Heuston?
 - (b) What time does the first train from Dublin Heuston arrive in Galway?
 - (c) Calculate the length of time it takes for the first train leaving Dublin Heuston to arrive in Galway.
 - (d) If you are in Portarlinton at 1.30 p.m. when could you get the next train to Galway?
- 5 Speedy Couriers Ltd charges the following rates to deliver goods:

Rates per kilogram

Ireland	Britain	France	Germany
€10	€18	€24	€35

How much would this company charge to deliver a packet weighing 8.5 kg to Germany?

- 6 Using the information in question 5, how much would it cost to send a packet weighing 5.75 kg to Britain?
- 7 How much would it cost to send a packet weighing 3.75 kg to Galway?

Introduction to the Balance Sheet

- 8** From the following information prepare the balance sheet of Sweeney Ltd:
Land and buildings €280,000, furniture €20,000, motor vehicles €32,000, bank overdraft €13,000, cash €1,000, stock €15,000, issued share capital €300,000, bank term loan €35,000.
- 9** From the following information prepare the balance sheet of Gilligan Ltd:
Buildings €250,000, fixtures and fittings €30,000, delivery vans €54,000, bank overdraft €20,000, cash €1,500, stock €14,500, issued share capital €280,000, bank term loan €50,000.
- 10** From the following information prepare the balance sheet of Hennessey Ltd:
Premises €200,000, equipment €9,000, furniture €8,000, bank €6,000, cash €600, stock €3,400, issued share capital €227,000.

Introduction to Record Keeping

- 11** In each of the following state which account should be debited and which should be credited.
- (a) Cullen Ltd sold a motor vehicle to Dargan Ltd who paid €18,000 by cheque.
 - (b) Fogarty Ltd purchased a machine from Jones Ltd for €32,000 cash.
 - (c) Harvey Ltd sold a computer, on credit, to Hession Ltd for €8,000.
 - (d) Darcy Ltd bought furniture valued at €7,200, on credit, from Moore Ltd.
 - (e) Kelly Ltd borrowed €40,000 from their local bank.

Introduction to the Trial Balance

- 12** Explain what the following ledger entries record:

Dr				Ryan Ltd A/c				Cr
Date	Details	F	€	Date	Details	F	€	
				01/01/07	Machinery	GL1	45,000	

Dr				Machinery A/c				Cr
Date	Details	F	€	Date	Details	F	€	
01/01/07	Ryan	GL1	45,000					

- 13** Using today's date, record the following in the appropriate accounts. Balance the accounts and extract a trial balance.
- | | | |
|------------|------------------------------------|----------|
| 1 February | Share capital issued | €450,000 |
| | Premises bought by cheque | €280,000 |
| | Motor vehicles purchased by cheque | €45,000 |
| | Insurance paid by cheque | €1,600 |
| | Advertising paid by cheque | €3,200 |

- 13** Using the information below, prepare the accounts in both 'T-shape' and continuous balance format and extract a trial balance.
- | | | |
|----------------|--|----------|
| 01 August 2007 | Opening balance in bank a/c | €180,000 |
| 03 August 2007 | Purchased machinery by cheque | €35,000 |
| 04 August 2007 | Sold old machinery and received cheque | €7,200 |

Section 6.1: Double Entry Book-Keeping

Purchases and Purchases Returns

Purchases Book

- 1** From the following information, write up the purchases day book for Lenehan Ltd and post to the ledger:
- 02/08/2007 Lenehan Ltd purchased goods on credit, value €2,500 plus VAT 21% from Grogan Ltd. Received invoice no. 52.
 - 04/08/2007 Lenehan Ltd purchased goods on credit, value €1,800 plus VAT 21% from Ahern Ltd. Received invoice no. 37.
 - 07/08/2007 Lenehan Ltd purchased goods on credit, value €1,200 plus VAT 21% from Boland Ltd. Received invoice no. 93.
- 2** From the following information write up the purchases day book for Murphy Ltd and post to the ledger:
- 10/05/2006 Murphy Ltd bought goods on credit, value €3,400 plus VAT 21% from Phelan Ltd. Received invoice no. 76.
 - 12/05/2006 Murphy Ltd purchased goods on credit, value €4,500 plus VAT 21% from Jackson Ltd. Received invoice no. 114.
 - 14/05/2006 Murphy Ltd purchased goods on credit, value €2,100 plus VAT 21% from Byrne Ltd. Received invoice no. 87.

Purchases Returns Day Book

- 3** From the following information write up the purchases returns day book for Hogan Ltd and post to the ledger:
- 02/06/2007 Hogan Ltd returned goods purchased on credit, value €600 plus VAT 21% to Black Ltd. Received credit note no. 64.
 - 07/06/2007 Hogan Ltd returned goods purchased on credit, value €1,700 plus VAT 21% to O'Brien Ltd. Received credit note no. 89.
 - 10/06/2007 Hogan Ltd returned goods purchased on credit, value €2,100 plus VAT 21% to Breen Ltd. Received credit note no. 53.
- 4** From the following information write up the purchases returns day book for Lawlor Ltd and post to the ledger:
- 07/04/2006 Lawlor Ltd returned goods purchased on credit, value €1,800 plus VAT 21% to White Ltd. Received credit note no. 34.
 - 12/04/2006 Lawlor Ltd returned goods purchased on credit, value €2,200 plus VAT 21% to Dillon Ltd. Received credit note no. 229.
 - 16/04/2006 Lawlor Ltd returned goods purchased on credit, value €2,300 plus VAT 21% to Smullen Ltd. Received credit note no. 83.

Purchases Book and Purchases Returns Day Book

- 5** From the following information write up the purchases and purchases returns day books for Sheehan Ltd, post to the ledger and extract a trial balance:
- 02/07/2007 Sheehan Ltd purchased goods on credit, value €1,800 plus VAT 21% from Reynolds Ltd. Received invoice no. 122.
- 05/07/2007 Sheehan Ltd purchased goods on credit, value €2,900 plus VAT 21% from Young Ltd. Received invoice no. 45.
- 08/07/2007 Sheehan Ltd returned goods purchased on credit, value €800 plus VAT 21% to Reynolds Ltd. Received credit note no. 89.
- 6** From the following information write up the purchases and purchases returns day book for Molloy Ltd and post to the ledger:
- 02/02/2006 Molloy Ltd bought goods on credit, value €3,200 plus VAT 21% from Dolan Ltd. Received invoice no. 86.
- 07/02/2006 Molloy Ltd purchased goods on credit, value €4,100 plus VAT 21% from Andrews Ltd. Received invoice no. 78.
- 14/02/2006 Molloy Ltd returned goods purchased on credit, value €800 plus VAT 21% to Dolan Ltd. Received credit note no. 45.

Recording Sales and Sales Returns

Sales Book

- 7** From the following information write up the sales day book for Logan Ltd and post to the ledger:
- 02/03/2007 Logan Ltd sold goods on credit, value €2,800 plus VAT 21% to Kilroy Ltd. Sent invoice no. 123.
- 04/03/2007 Logan Ltd sold goods on credit, value €8,400 plus VAT 21% to Nelis Ltd. Sent invoice no. 124.
- 07/03/2007 Logan Ltd sold goods on credit, value €4,300 plus VAT 21% to Tobin Ltd. Sent invoice no. 125.
- 8** From the following information write up the sales day book for Sheridan Ltd and post to the ledger:
- 10/02/2006 Sheridan Ltd sold goods on credit, value €2,900 plus VAT 21% to Owens Ltd. Sent invoice no. 24.
- 12/02/2006 Sheridan Ltd sold goods on credit, value €1,700 plus VAT 21% to Mulligan Ltd. Sent invoice no. 25.
- 18/02/2006 Sheridan Ltd sold goods on credit, value €3,700 plus VAT 21% to Gaynor Ltd. Sent invoice no. 26.

Sales Returns Book

- 9** From the following information write up the sales returns day book for Kellegher Ltd and post to the ledger:
- 02/03/2007 Kellegher Ltd sent credit note no. 121 to O'Connor Ltd who returned goods purchased on credit, value €700 plus VAT 21%.
- 07/03/2007 Beatty Ltd returned goods purchased on credit, value €1,600 plus VAT 21%. Kellegher Ltd sent credit note no. 122.
- 10/03/2007 Scully Ltd returned goods purchased on credit, value €500 plus VAT 21%. Kellegher Ltd sent credit note no. 123.

- 10** From the following information write up the sales returns day book for Breen Ltd and post to the ledger:
- 07/04/2006 Jones Ltd returned goods, value €400 plus VAT 21%. Breen Ltd issued credit note no. 56.
- 12/4/2006 Dolan Ltd returned goods, value €620 plus VAT 21%. Breen Ltd issued credit note no. 57.
- 16/4/2006 Rice Ltd returned goods, value €500 plus VAT 21%. Breen Ltd issued credit note no. 58.

Sales and Sales Returns Books

- 11** From the following information write up the sales and sales returns day books for McDonough Ltd, post to the ledger and extract a trial balance:
- 02/08/2008 McDonough Ltd sold goods on credit, value €2,300 plus VAT 21% to Foyle Ltd. Sent invoice no. 32.
- 05/08/2008 McDonough Ltd sold goods on credit, value €1,800 plus VAT 21% to Healy Ltd. Sent invoice no. 33.
- 08/08/2008 Foyle Ltd returned goods, value €800 plus VAT 21%. McDonough Ltd sent credit note no. 21.
- 12** From the following information write up the sales and sales returns day book for Roche Ltd and post to the ledger:
- 02/09/2007 Roche Ltd sold goods on credit, value €2,900 plus VAT 21% to Keogh Ltd. Sent invoice no. 67.
- 05/09/2007 Roche Ltd sold goods on credit, value €4,300 plus VAT 21% to Collins Ltd. Sent invoice no. 68.
- 08/09/2007 Keogh Ltd returned goods, value €900 plus VAT 21%. Roche Ltd sent credit note no. 93.

The Cash Book

In each of the following questions analyse the cash and bank transactions, using the following column headings:

Receipts (debit) side: Cash, Bank, Sales, VAT, Debtors, Other

Payments (credit) side: Cash, Bank, Purchases, VAT, Creditors, Wages, Other

- 13** Record the following information in the cash book of Mulligan Ltd and post to the ledger:
- 01/08/2007 Balance at bank €15,000
- 04/08/2007 Cash sales lodged €12,000. This includes VAT €2,700 (receipt no. 16).
- 06/08/2007 Paid insurance €2,950 (cheque no. 72).
- 10/08/2007 Purchased goods €6,400 plus VAT 21% (cheque no. 73).
- 14/08/2007 Coughlan Ltd (debtor) paid amount owing €7,500 (receipt no. 17).
- 19/08/2007 Paid Brady Ltd (creditor) €13,400 (cheque no. 74).
- 20/08/2007 Paid wages €12,000 (cheque no. 75).
- 25/08/2007 Purchased goods €5,800 plus VAT 21% (cheque no. 76).
- 29/08/2007 Cash sales lodged €4,300. This includes VAT €820.

- 14** Record the following information in the cash book of Collins Ltd and post to the ledger:
- 01/09/2008 Balance at bank €12,500.
 - 04/09/2008 Cash sales lodged €7,800. This includes VAT €1,950 (receipt no. 65).
 - 08/09/2008 Paid wages €4,300 (cheque no. 86).
 - 11/09/2008 Purchased goods €9,600 plus VAT 21% (cheque no. 87).
 - 15/09/2008 CJ Ltd (debtor) paid amount owing €8,600 (receipt no. 66).
 - 21/09/2008 Paid HG Ltd (creditor) €15,600 (cheque no. 88).
 - 26/09/2008 Paid rent €2,400 (cheque no. 89).
 - 28/09/2008 Purchased office equipment €3,100 (cheque no. 90).

The Petty Cash Book

- 15** Record the following in the petty cash book using analysis columns for Postage, Stationery, Repairs, Cleaning and Sundries. (HL only) Post to the ledger:
- 01/02/2007 The chief cashier gives the petty cashier a cheque €350.
 - 02/02/2007 Paid postage €9.20, petty cash voucher no. 45.
 - 05/02/2007 Bought envelopes €32, petty cash voucher no. 46.
 - 06/02/2007 Paid window repairs €45.80, petty cash voucher no. 47.
 - 08/02/2007 Paid bus fare €8.50, petty cash voucher no. 48.
 - 12/02/2007 Bought stationery €45.00, petty cash voucher no. 49.
 - 17/02/2007 Paid office cleaner €50, petty cash voucher no. 50.
 - 19/02/2007 Paid courier €36.00, petty cash voucher no. 51.
 - 21/02/2007 Gave donation to charity €60, petty cash voucher no. 52.
 - 23/02/2007 Paid postage for parcel €8.50, petty cash voucher no. 53.
 - 27/02/2007 Purchased stationery €32.50, petty cash voucher no. 54.
 - 28/02/2007 Paid office cleaner €40, petty cash voucher no. 55.
- 16** Record the following in the petty cash book using analysis columns for Postage, Stationery, Travel, Cleaning and Sundries. (HL only) Post to the ledger:
- 01/06/2006 The chief cashier gives the petty cashier a cheque €250.
 - 03/06/2006 Paid postage €18.50, petty cash voucher no. 32.
 - 05/06/2006 Bought writing paper €34.50, petty cash voucher no. 33.
 - 07/06/2006 Paid office repairs €25, petty cash voucher no. 34.
 - 08/06/2006 Paid bus fare €15, petty cash voucher no. 35.
 - 11/06/2006 Bought stationery €44.50, petty cash voucher no. 36.
 - 15/06/2006 Paid office cleaner €45, petty cash voucher no. 37.
 - 18/06/2006 Paid courier €30, petty cash voucher no. 38.
 - 20/06/2006 Gave donation to charity €10, petty cash voucher no. 39.
 - 23/06/2006 Paid postage for parcel €15.20, petty cash voucher no. 40.
 - 25/06/2006 Purchased stationery €24.80, petty cash voucher no. 41.
 - 28/06/2006 Paid office cleaner €30, petty cash voucher no. 42.
 - 29/06/2006 Paid train fare €32, petty cash voucher no. 43.
 - 30/06/2006 Bought stamps €17.50, petty cash voucher no. 44.

The General Journal

- 17 Record the opening entries in the general journal and post to the ledger.
 Cullen Ltd
Assets: Premises €280,000, equipment €40,000, machinery €70,000
Debtor: O'Brien Ltd €10,000; stock €12,000, cash €1,000, bank €4,000
Liabilities: Bank term loan €50,000, issued share capital €350,000
Creditor: McGrath Ltd €17,000

In each of the following record the purchase and sale of fixed assets in the general journal and post to the ledger.

- 18 On 15 March 2006 Jones Ltd bought a machine, value €7,500, on credit from New Machines Ltd.
 On 17 March Jones Ltd sold second-hand furniture, value €1,200, on credit to Cleary Ltd.
- 19 On 14 August 2007 Shortt Ltd bought office equipment, value €9,200, on credit from Modern Offices Ltd.
 On 15 August 2007 Shortt Ltd sold an old office desk, value €1,500, on credit to Simmon Ltd.

In each of the following questions record the transaction in the general journal and post to the ledger.

- 20 B. Whelan, a debtor, is unable to pay amount owing of €3,500. The amount was written off as a bad debt.
- 21 S. Moran, a debtor, who owes €8,000, is able to pay only €2,000. The remainder is written off as a bad debt.
- 22 R. Ryan, a debtor who owes €4,500, makes a final payment of 20c in the €.

Combined Books of First Entry

- 23 The books of Holden Ltd showed the following balances on 1 June 2007:
- | | |
|----------------------------|---------|
| | € |
| Equipment: | 180,000 |
| Creditor: Byrne Ltd | 50,000 |
- (a) Enter these balances in the general journal, find the ordinary share capital balance and post these balances to the ledger.
 (b) Post the relevant figures from the sales day book and the purchases day book below to the ledgers.

Sales Day Book (page 7)

Date	Details	Invoice No.	Folio	Net	VAT	Total
04/06/07	Lennon Ltd	79	DL8	45,000	9,450	54,450

Purchases Day Book (page 8)

Date	Details	Invoice No.	Folio	Net	VAT	Total
10/06/07	Byrne Ltd	84	CL9	60,000	12,600	72,600

(c) Record the following bank transactions for the month of May. Post to the relevant ledger accounts.

Analyse the bank transactions using the following column headings:

Debit (receipts) side: Bank, Sales, VAT, Debtors

Credit (payments) side: Bank, Purchases, VAT, Creditors, Wages

Bank Transactions

08/06/2007 Cash sales lodged €36,000 (€28,000 plus VAT €8,000) (receipt no. 44).

09/06/2007 Paid wages €7,500 (cheque no. 65).

13/06/2007 Paid Byrne Ltd €27,000 on account (cheque no. 66).

18/06/2007 Purchased goods for resale €9,000 plus VAT 21% (cheque no. 67).

22/06/2007 Lennon Ltd paid total amount due (receipt no. 44).

(d) Balance the accounts on 30 June 2007 and extract a trial balance on that date.

Section 6.2: Finding the Profit and Loss

Final Accounts I

The Trading Account

- 1 Prepare a trading account for Farrell Ltd, for the year ended 31 December 2007 from the following information:
Sales €120,000, stock 01 January 2007 €20,000, purchases €75,000, stock 31 December 2007 €16,000.
- 2 Prepare a trading account for Clinton Ltd, for the year ended 31 December 2008 from the following information:
Sales €130,000, stock 01 January 2008 €32,000, purchases €63,000, purchases returns €3,000, stock 31 December 2008 €27,000.
- 3 Prepare a trading account for Breen Ltd, for the year ended 31 December 2007 from the following information:
Sales €60,000, sales returns €5,000, stock 01 January 2007 €6,500, purchases €46,000, purchases returns €3,000, stock 31 December 2007 €5,800.

Final Accounts II

The Profit and Loss Account

- 4 HK Ltd's gross profit was €174,000 for the year ending 31 December 2006. The expenses/overheads for the year totalled €124,000. Calculate the net profit for the year.
- 5 GM Ltd's gross profit was €85,000 for the year ending 31 December 2007. The expenses/overheads for the year totalled €56,000. Calculate the net profit for the year.
- 6 Where would the following appear in the final accounts of a limited company? Tick (✓) the appropriate box in each case.

	Trading Account	Profit and Loss Account
Sales	<input type="checkbox"/>	<input type="checkbox"/>
Closing stock	<input type="checkbox"/>	<input type="checkbox"/>
Advertising	<input type="checkbox"/>	<input type="checkbox"/>
Purchases returns	<input type="checkbox"/>	<input type="checkbox"/>
Carriage inwards	<input type="checkbox"/>	<input type="checkbox"/>
Insurance	<input type="checkbox"/>	<input type="checkbox"/>

- 7 From the following information prepare a profit and loss account for McQuillan Ltd for the year ended 31 December 2007:

	€		€
Gross profit	180,000	Rent received	5,000
Telephone	1,800	Advertising	7,000
Loan interest	8,500	Insurance	6,700
Salaries	30,000	Carriage outwards	1,900

- 8 From the following information prepare a profit and loss account for Wogan Ltd for the year ended 31 December 2008:

	€		€
Gross profit	82,000	Interest received	1,800
Postage	250	Advertising	3,200
Light and heat	1,300	Loan interest	6,400
Office expenses	7,000	Carriage outwards	780

- 9 From the following information prepare a profit and loss account for Dooley Ltd for the year ended 31 December 2008:

	€		€
Gross profit	94,000	Rent received	4,100
Interest received	1,500	Advertising	7,800
Packing materials	4,600	Insurance	4,900
Salaries	42,000	Carriage out	1,780
Repairs	4,300	Bad debts	1,500

Final Accounts III

The Profit and Loss Appropriation Account

- 10 Logan Ltd made a profit of €46,000 during the year ended 30 June 2006. The directors recommend a dividend of €23,000. Prepare the profit and loss appropriation account.
- 11 Roche Ltd made a profit of €65,000 during the year ended 31 December 2007. The directors recommend a dividend of €21,000. Prepare the profit and loss appropriation account.
- 12 Hannigan Ltd has issued share capital of 400,000 ordinary shares @ €1 each. The net profit for the year ended 31 December 2007 was €75,000. The directors recommend that a dividend of 10% be paid to the shareholders. You are required to:
- Calculate the dividend to be paid.
 - Prepare the profit and loss appropriation account.
- 13 Keily Ltd has issued share capital of 500,000 ordinary shares @ €1 each. The net profit for the year ended 30 June 2007 was €74,000. The directors recommend that a dividend of 12% be paid to the shareholders. You are required to:
- Calculate the dividend to be paid.
 - Prepare the profit and loss appropriation account.

Final Accounts IV

Trading, Profit and Loss, and Appropriation Accounts and Balance Sheet

- 14 Golden Ltd has authorised capital of 350,000 ordinary shares @ €1 each. The following trial balance has been taken from the books on 31 December 2008, the end of its financial year

Golden Ltd
Trial Balance as at 31 December 2008

	Dr €	Cr €
Cash sales		290,000
Cash purchases for resale	170,000	
Carriage inwards	650	
Opening stock 01 January 2008	35,000	
Rent and rates	4,000	
Light and heat	5,000	
Telephone	1,600	
Wages and salaries	35,000	
Interest on overdraft	3,100	
Dividend paid	15,000	
Bank overdraft		19,850
Motor vehicles	140,000	
Fixtures and fittings	120,000	
Cash in hand	500	
Issued share capital		200,000
	<u>509,850</u>	<u>509,850</u>

Closing stock at 31 December 2008 was €29,000.

From the above figures, prepare a trading and a profit and loss and an appropriation account for the year ended 31 December 2008 and a balance sheet as at that date.

- 15 Donegan Ltd has authorised capital of 420,000 ordinary shares @ €1 each. The following trial balance has been taken from the books on 31 December 2006, the end of its financial year:

Donegan Ltd
Trial Balance as at 31 December 2006

	Dr €	Cr €
Cash sales		620,000
Cash purchases for resale	460,000	
Carriage inwards	1,800	
Opening stock 01 January 2006	64,000	
Light and heat	12,800	
Carriage outwards	1,500	
Telephone	8,800	
Wages and salaries	53,000	
Interest on overdraft	3,700	
Dividend paid	18,000	
Bank overdraft		23,600
Premises	290,000	
Motor vans	28,000	
Cash in hand	2,000	
Issued share capital		300,000
	<u>943,600</u>	<u>943,600</u>

Closing stock at 31 December 2006 was €92,000.

From the above figures, prepare a trading and a profit and loss and an appropriation account for the year ended 31 December 2006 and a balance sheet as at that date.

Adjustments to Final Accounts (Higher Level only)

- 16 A business owed €1,250 for light and heat on 31 December 2008. Balance the light and heat account below, showing the amount transferred to the final accounts on 31 December 2008.

Dr				Light and Heat A/c				Cr
Date	Details	F	€	Date	Details	F	€	
30/6/08	Bank	ACB	2,400					

- 17 A business had €1,350 prepaid for insurance on 31 December 2008. Balance the insurance account below, showing the amount transferred to the final accounts on 31 December 2008.

Dr Cr

Insurance A/c

Date	Details	F	€	Date	Details	F	€
10/04/08	Bank	ACB	4,500				

- 18 A business pays rent in two equal six-monthly instalments. Close and balance the rent account below, showing the amount transferred to the final accounts on 31 December 2008.

Dr Cr

Rent A/c

Date	Details	F	€	Date	Details	F	€
01/01/08	Bal. b/d		1,500				
01/04/08	Bank	ACB	6,000				
01/10/08	Bank	ACB	6,000				

- 19 A business has received €10,000 for rent receivable. On 31 December 2008 €3,000 of this amount is prepaid. Balance the rent receivable account below, showing the amount transferred to the final accounts on 31 December 2008.

Dr Cr

Rent Receivable A/c

Date	Details	F	€	Date	Details	F	€
				01/04/08	Bank	ACB	10,000

- 20 A business has received insurance of €12,300. On 31 December 2008 the business is still owed €4,700 by the insurance company. Balance the insurance account below, showing the amount transferred to the final accounts on 31 December 2008.

Dr Cr

Insurance A/c

Date	Details	F	€	Date	Details	F	€
				01/07/08	Bank	ACB	12,300

- 21 A business has equipment valued at €140,000. On 31 December 2008 it is decided to depreciate the equipment by 10%. Open the provision for depreciation account, showing the amount transferred to the final accounts on 31 December 2006.

Final Accounts with Adjustments (Higher Level only)

- 22 The following balances were extracted from the books of Bradshaw Ltd on 31 December 2007. The authorised share capital is 400,000 €1 ordinary shares.

	Dr €	Cr €
Purchases and sales	65,500	141,000
Purchases returns		1,000
Debtors and creditors	15,000	12,000
Carriage inwards	2,300	
Opening stock 01/01/07	6,300	
Rent receivable		5,400
Repairs	2,800	
Premises	210,000	
Delivery vans	42,000	
Cash	300	
Long-term loan		18,000
Wages	9,000	
Bank overdraft		6,000
Advertising	3,900	
Issued share capital 150,000 ordinary shares		150,000
Reserves (profit and loss balance)		<u>24,100</u>
	<u>357,100</u>	<u>357,100</u>

You are required to prepare the company's trading profit and loss and appropriation account for the year ended 31 December 2007 and a balance sheet as at that date.

You are given the following information as at 31 December 2007:

- Closing stock €5,900
- Dividends proposed €10,000
- Rent receivable prepaid €400
- Repairs due €1,250
- Advertising prepaid €900
- Depreciation: motor vehicles 15%

- 23 The following balances were extracted from the books of Martin Ltd on 31 December 2007. The authorised share capital is 500,000 ordinary shares.

	Dr €	Cr €
Purchases and sales	288,000	616,000
Sales returns and purchases returns	18,000	8,000
Debtors and creditors	98,000	84,000
Carriage inwards	6,700	
Opening stock 01/01/07	27,300	
Commission receivable		12,000
Bad debts	3,500	
Equipment	180,000	
Buildings	375,000	
Cash	2,100	
Interest on overdraft	2,700	
Wages and salaries	49,000	
Bank overdraft		14,000
Insurance	8,600	
Issued share capital 300,000 €1 ordinary shares		300,000
Reserves (profit and loss balance)		<u>24,900</u>
	<u>1,058,900</u>	<u>1,058,900</u>

You are required to prepare the company's trading profit and loss and appropriation account for the year ended 31 December 2007 and a balance sheet as at that date.

You are given the following information as at 31 December 2007:

- Closing stock €25,000
- Wages and salaries due €9,500
- Dividends declared 10%
- Rent receivable due €2,000
- Insurance prepaid €1,600
- Depreciation: equipment 15%

Assessing a Business

- 24 The following figures appeared in a firm's final accounts for the year ending 31/12/2008.

	€
Sales	180,000
Total expenses	60,000
Net profit	50,000

- (a) Calculate the gross profit for the year.
 (b) Calculate the percentage net margin.

- 25 A retailer's final accounts showed the following figures:

	€
Cost of sales	520,000
Sales	680,000
Sales returns	10,000

- (a) What was the turnover for the period?
 (b) Calculate the percentage gross profit.

- 26 Trading Account for year ended 30/06/2007

	€	€
Sales		150,000
Opening stock	6,500	
Purchases	75,500	
	82,000	
Less closing stock	7,000	
Cost of sales		75,000
Gross profit		75,000

- (a) Calculate average stock.
 (b) Calculate stock turnover.
 (c) Calculate the percentage net margin.
 (d) Calculate the percentage gross margin.

Accounts for Farms and Service Businesses

- 27 The Meehans who are farmers in Co. Sligo have come up with the following figures for the year ended 31/12/2007:

	€
Total income for 2007	275,000
Total expenditure	155,000
Fixed assets at 31/12/2007	420,000
Current assets	130,000
Current liabilities	75,000
Capital 01/01/2007	355,000

How much net profit did the farm make in the year 2007?

Prepare a balance sheet for the Meehans' farm as at 31 December 2007.

- 28 Peter Dawson runs a painting and decorating business. He prepares an operating statement and a balance sheet at the end of the year. The following trial balance was taken from the books on 31 December 2008:

Trial Balance

	Dr €	Cr €
Income from decorating		44,900
Rates	1,800	
Insurance	3,400	
Wages	18,000	
Light and heat	600	
Telephone	900	
Materials	3,400	
Cash	800	
Bank overdraft		4,500
Van	21,000	
Equipment	9,500	
Capital		<u>10,000</u>
	<u>59,500</u>	<u>59,500</u>

Prepare an operating statement for the year ended 31 December 2008, and a balance sheet at that date.