

Question 1:

The following is the trial balance of A. for the year ended 31.12.13

	€	€
Commission Receivable		1,800
Carriage Outwards	1,975	
Drawings	16,575	
Maintenance	17,500	
Insurance	8,000	
Sales		795,000
Inventory (1 st Jan 2013)	20,000	
Delivery Vans (cost)	45,000	
Equipment (cost)	50,000	
Purchases	245,000	
Wages/Salaries	129,000	
<u>Depreciation</u>		
Delivery Vans		14,000
Equipment		22,000
Receivables (Debtors)	62,000	
Buildings	330,000	
Light/Heat	7,000	
Capital		37,500
Payables (Creditors)		52,500
Discount Allowed	1,100	
Carriage Inwards	12,600	
Bank		5,450
Rent/Rates	13,000	
Discount Received		500
Loan taken out 01.06.13		30,000
	<u>€958,750</u>	<u>€958,750</u>
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Additional Information @ 31.12.13

- The Inventory at 31.12.13 was €21,000.
- Provide for loan interest @ 8% per annum.
- The insurance pre-paid was €1,250.
- Depreciation is to be provided as follows:-
 - Delivery vans 20% of cost
 - Equipment 12% of net book value.
- The light/heat due was €2,500
- Create a Bad Debt provision of 6% of receivables(Debtors)

You are required to prepare:-

- The Income Statement for the year ended 31.12.2013 . (20 Marks)
 - The Statement of Financial Position at 31.12.2013. (20 Marks)
 - Explain the meaning of
 - Carriage Inwards.
 - Net Book Value.
 - Discount Received.
 (10 Marks)
- (Total 50Marks)**

Question Two

PARROT has the following assets and liabilities and capital at 01.08.14.

	€	€
Assets		
Non Current Assets (Fixed assets)	77,000	
Inventory	28,000	
Receivables (Debtors)	26,000	
Cash	2,650	
Liabilities		
Payables (Creditors)		31,000
Capital		67,500
Loan		35,150
	<u>€133,650</u>	<u>€133,650</u>
	=====	=====

The expected sales and purchases for the next 5 months are as follows:-

€	<u>Aug</u>	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Total</u>
Sales	140,000	156,000	148,000	160,000	170,000	= €774,000
Purchases	110,000	130,000	110,000	140,000	115,000	= €605,000

- Interest Received will be €6,500 in October.
- Grant received in December will be €15,000
- All sales are on credit and are paid for one month after sale, except 15% of sales which are for cash.
- All purchases are on credit except for cash purchases of €20,000 in October and are paid for one month later.
- P Scanlon rents the premises for €30,000 per annum payable each month.
- Wages to be €6,500 per month.
- A van will be bought for €35,000 (Deposit €10,000 in August, the balance in November) .
- A tax refund €2,000 to be received in November.
- Depreciation €4,000 per month.

You are required to:

- (a) Comment on the purpose of Management Accounting. (3 marks)
- (b) Prepare a cash budget showing PARROT's expected monthly Income and expenditure for the period to 31.12.14. (22 marks)

[Total 25 Marks]

Question Three.

The following figures were taken from the accounts of WOOF LTD for the year ended 31.12.13.

	€
Purchases	330,000
Closing Inventory	60,000
Gross Profit	225,000
Credit Sales	600,000
Expenses	120,000
Non Current Assets	375,000
Current assets (including Receivables €45,000)	90,000
Current Liabilities	50,000
9% Debenture (2018)	70,000
Ordinary Shares (240,000 shares @ €1 each)	240,000

You are required to:

(a) Calculate:

- i) Gross Profit Percentage
- ii) Interest Cover.
- iii) Period of Credit given to receivables (Debtors.)
- iv) Return on Capital Employed. (8 Marks)

(b) Explain the following:

- i) 9% Debenture 2018.
- ii) Payables(Creditors) Collection.
- iii) Gearing. (6 Marks)

(c) Give your opinion on:

- i) Liquidity
- ii) Gearing
- iii) Profitability
- iv) Would you lend the company €250,000 for expansion? (11 Marks)

[Total 25 Marks]