



**Business
Leaving Certificate
Ordinary Level**

**Past Exam Questions on
Business Accounts & Ratio Analysis**

Q6 Section 1 2013

6. The following information is available from the final accounts of Daly Ltd on 31/12/2012:
(Show your workings)

Current Liabilities €140,000

Current Assets €280,000
(includes Closing Stock € 70,000)

Calculate:

(a) Working Capital Ratio

Answer: _____

(b) Acid Test Ratio

Answer: _____

WORKINGS

Q14 Section 1 2013

14. Write TRUE or FALSE after the following statements:

STATEMENT	TRUE or FALSE
1. The balance sheet is a statement of assets and liabilities.	
2. Quality Control involves monitoring how much money is owed to the business by its customers.	
3. A Tactical Plan is a long term plan set out by the business.	
4. A Mission Statement outlines what a business sets out to do.	
5. A cash flow is an example of a financial plan.	

Q6 Section 2 Part 2 2013

QUESTION 6

Read the information supplied and answer the questions which follow.

Liscarrig Equestrian Centre



The Liscarrig Equestrian Centre provides individual and group horse riding lessons. It has a café and an activity centre for children.

There are 12 full-time staff and 10 seasonal staff employed. Susanne Carey is the Office Manager and she looks after all the finances in the business. Liscarrig Equestrian Centre wants to purchase eight acres of land to expand the Centre and Susanne is currently preparing a Business Plan and a Cash Flow Forecast to assist its application for a bank loan.

- (A) Outline four types of insurance you would expect Liscarrig Equestrian Centre to have. (20 marks)
- (B) Outline two responsibilities Liscarrig Equestrian Centre has towards its employees. (10 marks)

Liscarrig Equestrian Centre CASH FLOW FORECAST JULY-SEPT 2013			
2013	July	August	September
Total Receipts (A)	42,000	40,000	26,000
Total Payments (B)	35,000	34,000	20,000
Net Cash (A-B)	7,000	6,000	6,000
Opening Cash	2,000	9,000	15,000
Closing Cash	9,000	15,000	21,000

- (C) List two items that would be included in the payments section of the above Cash Flow forecast. (10 marks)
- (D) Explain two factors a bank should consider before giving Liscarrig Equestrian Centre a bank loan. (15 marks)
- (E) Based on the Cash Flow forecast above, would you advise the bank to give Liscarrig Equestrian Centre the loan? Outline two reasons for your answer. (20 marks)
- (75 marks)**

Q5 Section 1 2012

5. The following information is available from the final accounts of Navona Ltd:

Sales	€420,000
Gross Profit	€84,000
Net Profit	€31,500

Workings

Calculate:

- (i) Gross Profit Margin

Answer: _____ %

- (ii) Net Profit Margin

Answer: _____ %

Q6 Section 1 2011

6. The following information has been taken from the accounts of Dalton Ltd on 31/12/2010:

Net Profit: €40,000 Capital Employed: €500,000

Calculate the Return on Capital Employed:
(Show your workings.)

Answer: _____ %

Workings:

Q2 Section 1 2010

2. The following information is available from the final accounts of Casey Ltd on 31/12/2009.

Current Assets € 500,000 Current Liabilities € 200,000

Calculate: (i) The Working Capital _____

(ii) The Working Capital Ratio _____

Workings

Q7 Section 2 Part 2 2009

QUESTION 7

Study the information supplied and answer the questions which follow:

Paula Doherty is the Managing Director of Doherty Ltd which manufactures a range of beauty and skincare products. The products are sold in beauty salons and pharmacies throughout the country.
*They have developed a new range of skincare products using natural ingredients under the brand name **Skin kind**.*
*Paula wants to promote **Skin kind** products on a nationwide basis.*

- (A) Outline **three** advantages of using a brand name. (15 marks)
- (B) Describe **three** methods Doherty Ltd could use to promote the new **Skin kind** products. (20 marks)
- (C) The following information is available from the final accounts of Doherty Ltd

	2007	2008
	€	€
Sales	600,000	750,000
Gross Profit	200,000	300,000
Net Profit	120,000	210,000

- (i) Calculate the **Gross Profit Margin** for 2007 and 2008 and comment on the trend. (20 marks)
(Show the formula and all your workings)
- (ii) Calculate the **Net Profit Margin** for 2007 and 2008 and comment on the trend. (20 marks)
(Show the formula and all your workings)
- (75 marks)

Q7 Section 2 Part 2 2008

- (A) Outline **three** items of information that a bank manager would require when considering an application for a business loan. (15 marks)
- (B) Explain **two** reasons why a business would prepare a cash flow forecast. (10 marks)
- (C) Explain the term 'bank overdraft'. (10 marks)
- (D) The following information is extracted from the accounts of Sweeney Sports Ltd.

BALANCE SHEET (Extract) as on 31 December		
	2007	2006
	€	€
Current Assets	300,000	290,000
Current Liabilities	200,000	145,000

- (i) Identify **two** items that could be included under the 'Current Assets' section of the Balance Sheet of Sweeney Sports Ltd. (15 marks)
 - (ii) Calculate the **Working Capital Ratio** for 2006 and 2007 and comment on the trend. (25 marks)
(Show the formula and all your workings.)
- (75 marks)**

Q11 Section 1 2007

11. The following information is taken from the final accounts of S.K. Ltd on 31/05/2007.

Sales € 500,000
 Gross Profit € 100,000
 Net Profit € 37,500

Calculate:

- (i) the Gross Profit Margin.

Answer: _____

- (ii) the Net Profit Margin.

Answer: _____

WORKINGS

Q8 Section 2 2006

Study the information supplied and answer the questions which follow:

Buckley Ltd. is a butchers' shop in Drogheda. Brothers Jim and John have run the business since their father retired 10 years ago.

They supply fresh meat from local farms to consumers, hotels and restaurants in the area. They give one month's credit to major customers.

They have prepared a cash flow forecast. The following is a summary of this forecast for July, August and September 2006.

2006	July €	August €	September €
Receipts	55,000	80,000	90,000
Payments	57,500	63,000	77,000
Net Cash	(2,500)	17,000	13,000
Opening Cash	1,500	(1,000)	16,000
Closing Cash	(1,000)	16,000	29,000

- (A) (i) Identify two items that could be included in the 'Receipts' section of the cash flow forecast for Buckley Ltd.
- (ii) Identify three items that could be included in the 'Payments' section of the cash flow forecast for Buckley Ltd. (15 marks)
- (B) Describe a suitable 'channel of distribution' for the above business. (15 marks)
- (C) Explain the term 'credit control'. (15 marks)
- (D) A new shopping centre is due to open in Drogheda in Autumn 2006. Identify two strengths Buckley Ltd. has in facing this challenge. (15 marks)
- (E) Explain two reasons why a household would prepare a budget. (15 marks)
- (75 marks)