

**TECHNOLOGICAL UNIVERSITY DUBLIN**  
BOLTON STREET CAMPUS

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**BTechEng Aviation Technology**

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**THIRD YEAR: SEMESTER 2, MAY 2023**

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MANAGEMENT (ACCOUNTING)

Internal Examiner(s):

Dr. Conor Norton, PhD, BA (Hons), MRUP, MSC (Urban Design), MRPTI, MIPI  
Roisin Murray Dip Eng, B. Eng ME Pg DIP MCILT  
Brendan Meehan, B.Comm, FCCA, AITI

External Examiner(s):

Diarmuid O’Gorman B.Eng, MSc  
Hannah Dennison – ASL Airlines Ireland

{Date / Time}

Answer any four of the following questions.  
All questions carry equal marks.  
Time allowed 2 hours

QUESTION 1.

- a) What are the principle objectives of budgetary control? (5 marks)
- b) The sales estimate is the most important underlying assumption in the preparation of a financial budget for a start up business. The quality of this estimate is a function of the Marketing Mix. What are the “4 P’s” of Marketing? (8 Marks)
- c) Shilah Aeromotive Limited manufactures a standard product. It requires a production budget to be prepared and you are provided with the sales budget for the next 4 months as follows:

Month:	(Units)
June	90,000
July	88,000
August	84,000
September	92,000

The stock policy adopted by the company is to have in stock at the end of any month 40% of the following month’s sales budget. The stock of finished units on 1<sup>st</sup> June will be 32,000 units.  
Prepare a Production Budget for June, July and August 2023. (12 marks).

TOTAL 25 MARKS.

QUESTION 2:

- I. Give four characteristics of the Limited Liability Company form of business organisation (6 marks).
- II. Distinguish between the Memorandum and Articles of Association of a Limited Liability Company? (8 marks)
- III. What are the main advantages of the limited company form of business entity over other forms? Are there any disadvantages? (6 marks)
- IV. What are the three conditions which a company must satisfy in order to qualify to be a Private Limited Company and what exemptions from the requirements of the Companies Acts do Private Companies enjoy? (5 marks)

TOTAL 25 MARKS.

QUESTION 3:

- a) What information should be set out in a formal application for bank finance or for grant assistance? (10 marks)
- b) On being successful when applying for bank finance, it is normal to offer to the bank some form of security on its advance. In this context, distinguish between Fixed Charge and Floating Charge as means of securing borrowings. ( 10 marks)
- c) What do you understand by the term “Preferred Creditors”? (5 marks)

TOTAL 25 MARKS.

QUESTION 4:

- a) What are the essential features of a good system of credit control having due regard to assessing new and potential customers and monitoring compliance of existing customers? (12 marks)
- b) The following figures were extracted from the accounts of Please Pay Limited for the last 3 years:

	2022	2021	2020
Sales	4,500,000	4,200,000	7,200,000
Gross Profit	2,580,000	2,520,000	4,320,000
Bad Debts	90,000	57,000	108,000
Debtors	678,000	516,000	888,000

1. Compute for each year:

- Gross Margin (3 marks)
- Bad debts % (3 marks)
- Debtors Days (3 marks)

2. From a review of your computations at 1), what concerns would you have on the effectiveness of credit control in Please Pay Limited. (4 marks)

TOTAL 25 MARKS.

QUESTION 5:

PART A:

Explain the importance of “Gross Margin” and why it is considered a key economic statistic of a trading business. Give examples of known Gross Margins for some sectors. (10 marks).

PART B:

Below is the most recent Balance Sheet prepared for Philips Aqua Technology Limited. In this year ended 31/12/2022, the company made a profit of €290,000. However, during this period the company moved into an overdraft position on its Bank account:

BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2022:

	2022	2021		2022	2021
	Euro	Euro		Euro	Euro
SHARE CAPITAL	10,000	10,000	FIXED ASSETS	560,000	200,000
BALANCE ON P&L A/C	558,600	268,600			
TERM LOANS	60,000	20,000			
CURRENT LIABILITIES:			CURRENT ASSETS:		
Creditors	134,000	118,000	Stocks	92,000	60,000
Bank Overdraft	53,400		Debtors	164,000	150,600
			Bank	-	6,000
	<u>816,000</u>	<u>416,600</u>		<u>816,000</u>	<u>416,600</u>

You are required to prepare a Cash Flow Statement for the year ended 31st December 2022 as a means of reconciling the profit for the year with the adverse movement on the bank account. (15 Marks)

TOTAL 25 MARKS.

QUESTION 6.

- Explain the term “Financial Hedging”. (4 marks)
- Explain any 3 long-term sources of finance. (12 marks).
- List and briefly explain any 3 short-term sources of finance. (9 marks)

TOTAL 25 MARKS.