

SECTION A

Each question 4 marks
(80 marks)

1. The following initials are used in Banking. What do they stand for?

ATM	Automated Teller Machine
CT	Credit Transfer
DD	Direct Debit

2. Name **one** State-owned business involved in **each** of the following activities:

COMMUNICATION	RTE, An Post
TRANSPORT	Irish Rail, Bus Éireann, Dublin Bus, CIE, DART
PRODUCTION	Bord na Mona, ESB, Bord Gais, Coillte

3. Complete the Balance Sheet (extract) below by filling in the **three** unshaded areas, numbered **(i)** to **(iii)**:

Balance Sheet (extract) as at 31-12-2015			
Fixed Assets	Cost	Depreciation	Net Book Value
	€	€	€
Machinery	165,000	(i) 33,000	132,000
Buildings	900,000	(ii) 54,000	846,000
	1,065,000	(iii) 87,000	978,000

4.

Answer
26 times

Workings			
Avg. Stock = $\frac{32,000 + 16,000}{2}$ = 24,000			
<u>Cost of Sales</u>	=	$\frac{624,000}{24,000}$	= 26
Average Stock			

5. Name **two** headings in a Business Plan.

(i)	Details of Key Personnel	(v)	Production Plan
(ii)	Financial Plan	(vi)	Fixed Assets
(iii)	Marketing Plan	(vii)	Ownership/Management structure
(iv)	Details of the Business		

6.

(i) J. McCarthy a/c

Dr			Cr		
Date	Details	€	Date	Details	€
2016 June 1	(ii) Sales	2,600			

(iii) Sales a/c

Dr			Cr		
Date	Details	€	Date	Details	€
			2016 June 1	(iv) J. McCarthy (Debtor)	2,600

7.

Creditors Control Account					
Dr					Cr
Date	Details	€	Date	Details	€
2016			2016		
May 31	Bank/Cash	5,500	May 1	Balance b/d	6,100
May 31	Balance	6,500	May 31	Purchases	5,900
		12,000			12,000
			June 1	Balance b/d	6,500

OR (Alternative Format)

Creditors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€
2016				
May 1	Balance			6,100
May 31	Purchases		5,900	12,000
May 31	Bank/Cash	5,500		6,500

8. Explain **one** method of reducing bad debts in an enterprise:

1.	Offer discounts for prompt payment.
2.	Check the credit worthiness of customers.
3.	Deal in cash only/reduce credit sales.
4.	Send out invoices and statements promptly as a reminder to customers.

9. Tick (✓) the appropriate column(s) to indicate where in the final accounts the following items should be entered on 31/12/2015:

	Trading a/c	Profit & Loss a/c	Balance Sheet
Advertising		✓	
Stock (31/12/2015)	✓		✓
Issued Share Capital			✓

10. Explain **two** duties of a Shop Steward in any organisation:

- To collect subscriptions from members.
- To recruit new members for their trade union.
- To represent members in dealings with management.
- To call union meetings in their work place/to pass on information received from H.Q.
- To inform members of their rights as employees.

- 11.

Taylor Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
01/01/2016	Bank Overdraft	CB ₁		6,600
	Buildings	GL ₁	211,100	
	Debtors	DL ₁	44,800	
	Ordinary Share Capital	GL ₂		249,300
	<i>Assets, Liabilities and Share Capital of Taylor Ltd on this date.</i>		255,900	255,900

12. Explain the term **Franchise** in relation to retailing:

The original owner of the business gives other entrepreneurs permission to sell goods or services in a particular area. A fee is paid to the original business/selling goods/service under licence in return for a fee or a percentage of sales.

Give **one** example of a well-known franchise:

Supermacs, McDonalds, Body Shop, Costa Coffee

13.

Answer:
€758.93

Workings:		
$\frac{850}{1.12}$	=	758.93

14. Outline **two** reasons why farmers prepare accounts:

- To see if their farm/enterprise made a profit/loss.
- To accompany an application form for a loan/grant/social welfare/subsidies.
- To find out how much the farm is worth.
- To assess tax liability.
- To help with decision making, financial planning and budgeting/comparison purposes.

15.

(i)

Answer
2 %

Workings			
$\frac{196}{9,800}$	×	$\frac{100}{1}$	= 2%

(ii)

Consumer Price Index

16. Outline **two** ways a business could check the credit worthiness of a new customer.

- Ask the customer to supply you with a reference from a bank/financial institution.
- Get a credit agency to investigate the customer.
- Ask the customer to supply you with a reference from other businesses who have traded with the customer.
- Look up Stubb's Gazette etc. to investigate.

17.

1.	2.	3.
C	A	D

18.

Sapphire Ltd – Purchases Returns Book						
Date	Details	CN No.	F	Net €	VAT €	Total €
09/05/2016	Blue Ltd	10	CL ₁	2,100	483	2,583

19.

Profit & Loss Appropriation Account for year ending 31-12-2015		
		€
	Net Profit	74,500
	Less Dividends	(i) 12,000
(ii)	Revenue reserves/Retained Profit/P and L Balance	(iii) 62,500

20.

- (i) Primary (ii) Tertiary/Services (iii) Secondary

Total 80 marks