

## SECTION A

(80 marks)

**Q.1 GNP:** Gross National Product (1 + 1 + 2)  
**EU:** European Union  
**CPI:** Consumer Price Index

**Q.2 Fixed Cost Examples:** Cost of Van, Motor Tax, Insurance. (2 + 2)  
**Variable Cost Example:** Fuel, Repairs, Maintenance, Wages, Tolls, Ferries.

**Q.3** (i) €43,000 (1 + 1 + 2)  
 (ii) €208,800  
 (iii) €259,800

**Q.4** (2 + 2)

- Conciliator, Labour Relation Commission/Industrial Relations Officer/Rights Commissioner.
- Arbitrator, Labour Court
- Equality Officer
- Employment appeals Tribunal

**Q.5** (4)

|                |
|----------------|
| <b>Answer:</b> |
| 33 ⅓%          |

|  |     |
|--|-----|
| <b>Workings:</b>                               | (2) |
| Sales – Gross Profit = Cost of Sales           |     |
| 600,000 – 150,000 = 450,000                    |     |
| $\frac{150,000}{450,000} \times \frac{100}{1}$ |     |

**Q.6** (2 + 2)

**Two Risks of Self - Employment:**

- Capital invested in the business may be lost if it fails.
- Due to unlimited liability the owner will be responsible for all the debts of the business.
- There is no guarantee of a regular income/there is no certainty of being paid for work done.
- There may be stress due to long hours or overwork.

- Q.7** (i) Delivery vans/Vans (1 + 1 + 1 + 1)  
 (ii) Bank  
 (iii) Bank  
 (iv) Delivery vans

**Q.8** (1 + 1 + 1 + 1)

| <b>Dr Creditors Control Account Cr</b> |             |         |        |             |         |
|--|-------------|---------|--------|-------------|---------|
| Date                                   | Details     | €       | Date   | Details     | €       |
| 2012                                   |             |         | 2012   |             |         |
|  | Cash/Bank   | 5,400   | May 1  | Balance b/d | 9,100   |
| May 31                                 | Balance c/d | 23,700  |        | Purchases   | 20,000  |
|  |             | €29,100 |        |             | €29,100 |
|  |             |         | June 1 | Balance b/d | 23,700  |

*OR (Alternative Format)*

| <b>Creditors Control Account</b> |           |              |               |               |
|----------------------------------|-----------|--------------|---------------|---------------|
| Date                             | Details   | Dr           | Cr            | Balance       |
|                                  |           | €            | €             | €             |
| 2012                             |           |              |               |               |
| May 1                            | Balance   |              |               | <b>9,100</b>  |
|                                  | Purchases |              | <b>20,000</b> | 29,100        |
|                                  | Cash/Bank | <b>5,400</b> |               | <b>23,700</b> |

**Q.9 Principle of 'Insurable Interest'** (4)

- To purchase insurance there must be a **financial** interest in the item or person being insured.
- Insured must gain from its existence and suffer **financially** from its loss.

Q.10

(1 + 1 + 1 + 1)

|                      | Trading A/C | Profit & Loss A/C | Balance Sheet |
|----------------------|-------------|-------------------|---------------|
| Issued Share Capital |             |                   | ✓             |
| Stock 31/12/2011     | ✓           |                   | ✓             |
| Import Duties        | ✓           |                   |               |

Q.11

(2 + 2)

- To find the value of stock in order to prepare the final accounts
- To check the condition of the stock/to show damaged or obsolete items.
- To check the quantity to reveal any theft or misappropriation.
- To check for under stocking to see if it's necessary to re-order.
- To check for over stocking to reveal what is not selling well.

Q.12

(1 + 1 + 1 + 1)

| Joyce Ltd – General Journal |   |                 |          |          |
|-----------------------------|---|-----------------|----------|----------|
| Date                        | Details   | F               | Dr       | Cr       |
|                             |   |                 | €        | €        |
| 1/1/2012                    | Buildings   | GL <sub>1</sub> | 505,900  |          |
|                             | Bank Overdraft  | CB <sub>1</sub> |          | 6,100    |
|                             | Debtors   | DL <sub>1</sub> | 21,000   |          |
|                             | Ordinary Share Capital  | GL <sub>2</sub> |          | 520,800  |
|                             | <i>Assets, Liabilities and Share Capital of Joyce Ltd on this date.</i> |                 | €526,900 | €526,900 |

Q.13

(4)

|                |
|----------------|
| <b>Answer:</b> |
| <b>€ 576</b>   |

| <b>Workings:</b>                         | <b>(2)</b>        |
|--|-------------------|
| $\frac{180,000}{10,000} \times 12 = 216$ | $216 + 360 = 576$ |
| $\frac{90,000}{5,000} \times 20 = 360$   |                   |

Q.14

(1 + 1 + 2)

|               |                   |
|---------------|-------------------|
| <b>DRAWER</b> | John Dolan        |
| <b>DRAWEE</b> | Allied Irish Bank |
| <b>PAYEE</b>  | Andy Earley       |

Q.15

(2 + 2)

- To inform the public of a product/service for sale/to make people aware of the product.
- To persuade the public to buy their goods/services.
- To promote a brand or product/to increase sales/profits.
- To compete/respond to advertising by competitors.
- Reminder advertising to remind customers of the existence of the product.

Q.16

(4)

|                        |
|------------------------|
| <b>Answer:</b>         |
| € (25) million deficit |

|  |            |
|--|------------|
| <b>Workings:</b>                         | <b>(2)</b> |
| <b>Visible Exports – Visible Imports</b> |            |
| 800 - 825 = €25 deficit                  |            |

Q. 17

(1 + 1 + 1 + 1)

| <i>Lemon Ltd – Sales Book</i> |          |             |                 |       |       |         |
|-------------------------------|----------|-------------|-----------------|-------|-------|---------|
| Date                          | Details  | Invoice No. | F               | Net € | VAT € | Total € |
| 9 June 2012                   | Lily Ltd | 5           | DL <sub>1</sub> | 5,000 | 1,150 | 6,150   |

Q.18

(1 + 1 + 2)

- Quotation
- Credit Note
- Receipt.

Q.19

(1 + 1 + 2)

|           |           |           |
|-----------|-----------|-----------|
| <b>1.</b> | <b>2.</b> | <b>3.</b> |
| <b>B</b>  | <b>C</b>  | <b>D</b>  |

Q. 20

(i) 25,000

(ii) 33,000

(2 + 2)