

## SECTION A

(80 marks)

Answer all 20 questions. Each question carries 4 marks.

1.

Account, Credit, General Ledger

2.

**Statutory Deductions:** PAYE, PRSI, USC

**Voluntary Deductions:** Union, Subscriptions, Health Insurance, Savings, Charities, Pensions.

3.

(i) Purchases (ii) €40,000 (iii) Gross Profit

4.

Answer
20 %

Workings
Sales – Cost of Sales = Gross Profit Sales – €480,000 = €120,000 Sales = €600,000 $\frac{120,000}{600,000} \times 100 = 20\%$

5.

A mixed economy is an economic system which has both elements of private enterprise and state companies.

6.

- (i) Bank/Cash
- (ii) Equipment
- (iii) Equipment
- (iv) Bank/Cash

7.

Debtors Control Account					
Dr			Cr		
Date	Details	€	Date	Details	€
1 May	Balance b/d	2,100		Cash/Bank	9,120
	Sales	8,500		Balance c/d	1,480
		10,600			10,600
	Balance b/d	1,480			

OR (Alternative Format)

Debtors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€
1 May	Balance			2,100
	Sales	8,500		10,600
	Cash/Bank		9,120	1,480
* The mark for 1,480 is conditional on the sales and cash paid being correct				

8. Market Research is gathering information in relation to consumer's preferences for a good or service about a potential market.

9.

	Trading A/C	Profit& Loss A/C	Balance Sheet
Creditors			✓
Import Duties	✓		
Motor Vehicles Depreciation		✓	✓

10.

- (i) Get a reference from a bank or financial institution.
- (ii) Get a reference from other businesses who have dealt with the customer.
- (iii) Get a Credit Agency to investigate the customer.
- (iv) Get sales people to look up Stubbs Gazette or similar publications.

11.

Nelson Ltd – General Journal				
Date	Details	F	Dr	Cr
1/1/2014	Bank Overdraft	CB <sub>1</sub>		2,100
	Buildings	GL <sub>1</sub>	<b>370,600</b>	
	Debtors	DL <sub>1</sub>	<b>8,800</b>	
	Ordinary Share Capital	GL <sub>2</sub>		<b>377,300</b>
	<i>Assets, Liabilities and Share Capital of Nelson Ltd on this date.</i>		<b>379,400</b>	<b>379,400</b>

12. (i)

Answer	Workings
Small 0.62 c per gr	$174 \div 280 = 0.62$
Medium 0.60 c per gr	$447 \div 750 = 0.60$
Large 0.58 c per gr	$580 \div 1,000 = 0.58$

- (ii) Large

13.

- (i) To estimate expenditure for the coming year/to control expenditure on health, education, social welfare.
- (ii) To estimate the amount of revenue/income they can collect during the year e.g. taxes.
- (iii) To estimate borrowing requirements.
- (iv) To see if they will have a balanced or surplus or deficit budget.
- (v) To redistribute wealth and develop a social policy.
- (vi) To manage the economy by stimulating or deflating it.

14.

<b>Answer = €26.28</b>

<b>Workings</b>
$684 \div 38 = 18 \text{ Litres}$ $18 \times 1.46 = €26.28$

15.

(i) Gross National Product

(ii)

<b>Answer</b>
2 %

<b>Workings</b>
$1,122 - 1,100 = 22$ $221 \div 100 \times \frac{100}{1}$

16.

Sources of Finance	Short Term	Medium Term	Long Term
Leasing		✓	
Bank overdraft	✓		
Mortgage			✓

17.

(i) (€10,000)

(ii) (€4,000)

18.

1	2	3
C	A	D

19.

Macy Ltd – Sales Returns Book						
Date	Details	CN No.	F	Net €	VAT €	Total €
9/5/2014	Dolly Ltd	5	DL 1	5,200	1,196	6,396

20. An entrepreneur is someone who puts a business idea into practice/takes initiative/sets up a business, organises the other factors of production and takes risk.