

# SECTION A

(80 marks)

Answer all 20 questions. Each question carries 4 marks.

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

<b>GNP</b>	
<b>EU</b>	
<b>CPI</b>	

2. List **one** example of a fixed cost and **one** example of a variable cost in relation to road transport costs for a business:

<b>Fixed Cost</b>	Example:
<b>Variable Cost</b>	Example:

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

<b>Balance Sheet (extract) as on 31-12-2011</b>			
<b>Fixed Assets</b>	<b>Cost</b>	<b>Depreciation</b>	<b>Net Book Value</b>
	€	€	€
	51,000	8,000	(i)
	(ii)	12,800	196,000
	(iii)	20,800	239,000

4. List **two** third parties that can help resolve an industrial dispute:

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

5. The following figures appear in a company's Final Accounts:

**Gross Profit €150,000      Sales €600,000**

Mark-up Percentage is calculated as follows:  $\frac{\text{Gross Profit}}{\text{Cost of Sales}} \times \frac{100}{1}$

Using the above figures, calculate the Mark-up Percentage.  
Show your workings.

<b>Answer:</b>
%

Workings:

6. Explain **two** risks of self-employment:

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

7. On 5 June 2012, C. Byrne bought a delivery van by cheque for €24,800. There was no VAT on this delivery van.

Complete the following **ledger accounts of C. Byrne** showing the names of the accounts and the relevant details, numbered (i) to (iv):

(i) \_\_\_\_\_ A/c

Dr			Cr		
Date	Details	€	Date	Details	€
2012 June 5	(ii)	24,800			

(iii) \_\_\_\_\_ A/c

Dr			Cr		
Date	Details	€	Date	Details	€
			2012 June 5	(iv)	24,800

8. Complete **and** balance the Creditors Control Account on 31 May 2012 from the following information:

	€
Creditors balance on 1 May 2012	9,100
Total credit purchases for May	20,000
Total cash paid to creditors in May	5,400

Creditors Control Account					
Dr					Cr
Date	Details	€	Date	Details	€

**OR (Alternative Format)**

Creditors Control Account				
Date	Details	Dr	Cr	Balance
		€	€	€

9. Explain the principle 'Insurable Interest' in relation to purchasing insurance.

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10. Tick (✓) the appropriate columns to indicate where in the final accounts the following items should be entered on 31/12/2011:

	Trading A/c	Profit & Loss A/c	Balance Sheet
Issued Share Capital			
Stock (31/12/2011)			
Import Duties			

11. Explain **two** reasons why stocktaking is essential in any business.

- (i) \_\_\_\_\_  
 \_\_\_\_\_
- (ii) \_\_\_\_\_  
 \_\_\_\_\_

12. Enter the following balances in the partially completed General Journal of Joyce Ltd:

1 January 2012	Bank Overdraft	€6,100
	Debtors	€21,000
	Ordinary Share Capital	€520,800

Joyce Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
	Buildings	GL <sub>1</sub>	505,900	
	Bank Overdraft	CB <sub>1</sub>		
	Debtors	DL <sub>1</sub>		
	Ordinary Share Capital	GL <sub>2</sub>		
	<i>Assets, Liabilities and Share Capital of Joyce Ltd on this date.</i>			

13. Margaret Finley's house insurance is due for renewal. Her insurance company has given her a quote of €12 per €10,000 for the house and €20 per €5,000 for the contents.

She decides to insure her house for €180,000 and her contents for €90,000.

Calculate the insurance premium that Margaret will have to pay.  
Show your workings.

<b>Answer:</b>
€

Workings:

14. Fill in the names of the drawer, drawee and payee from the following transaction in the correct spaces below:

John Dolan has a current account with AIB Bank, Killarney and on 31 May 2012, he paid a cheque of €200 to Andy Earley.
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<b>DRAWER</b>	
<b>DRAWEE</b>	
<b>PAYEE</b>	

15. Explain **two** reasons why a business would advertise goods and services.

(i) \_\_\_\_\_  
\_\_\_\_\_

(ii) \_\_\_\_\_  
\_\_\_\_\_

16. The following data relates to the international trade of a country for 2011:

<b>Visible Imports</b>	<b>€825 million</b>	<b>Invisible Imports</b>	<b>€525 million</b>
<b>Invisible Exports</b>	<b>€600 million</b>	<b>Visible Exports</b>	<b>€800 million</b>

Using the above data, calculate the Balance of Trade.  
Show your workings.

<b>Answer:</b>
€ _____ million

Workings:

17. Enter the following transaction in the Sales Book of Lemon Ltd:

On 9 June 2012, Lemon Ltd sold goods €5,000 to Lily Ltd (Invoice No. 5).  
The VAT rate on these goods was 23%.

<b>Lemon Ltd – Sales Book</b>						
Date	Details	Invoice No.	F	Net €	VAT €	Total €

18. Select the correct document from the following list to complete the **three** unshaded areas in the table below:

<b>Credit Note</b>	<b>Receipt</b>	<b>Quotation</b>
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<b>Buyer Sends</b>	<b>Seller Sends</b>
<b>1.</b> Letter of Enquiry	<b>2.</b>
<b>3.</b> Order	<b>4.</b> Invoice
<b>5.</b> Returns	<b>6.</b>
	<b>7.</b> Statement
<b>8.</b> Cheque	<b>9.</b>

19. **Column 1** is a list of Forms of Business. **Column 2** is a list of statements that can be matched to these Forms of Business.

*(One statement does not refer to any of the Forms of Business.)*

Forms of Business	Statements
1. State Ownership	A. One vote per member
2. Private Limited Company	B. The Government is a shareholder
3. Sole Trader	C. Has the letters <b>Ltd</b> after its name
	D. Owner has unlimited liability

Match the two lists by placing the letter of the correct statement under the relevant number below:

1.	2.	3.

20. Complete the Profit & Loss Appropriation Account by filling in the **two** unshaded areas, numbered **(i)** and **(ii)**, from the following information:

Profit & Loss Appropriation Accounts for years 2010-2011		
	2010	2011
Opening Reserves Balance	20,000	(i)
Add Annual Transfer to Reserves	5,000	8,000
Closing Reserves Balance	25,000	(ii)