



Junior Cycle Final Examination

Sample Paper B Solutions

Business Studies

Common Level

Time: 2 hours

270 marks

Examination number

Centre Stamp

Section A

90 marks

Question 1

Costs	Bank Overdraft	Accruals	Creditors	Mortgage	Term Loan
New premises				✓	
Purchases	✓		✓		
Light and heat	✓	✓			
New motor vehicles					✓

(6)

Question 2

(a)

Company	Perk
Starbucks	Reimburses college fees
Dropbox	Music room for employees to play or listen to music
Clif Bar	Paid gym time and 40ft climbing wall in the office
GAP	Free tickets to local events

(4)

(b) Any one of the following:

Employee of	Benefits
Starbucks	College fees paid so more income Reduces the financial burden Reduces stress
Dropbox	Allows employee downtime Reduces stress Increases job satisfaction
Clif Bar	Increases employee fitness Reduces stress Improves morale
GAP	Happier worker Saves money on events Builds friendships

(2)

Question 3

Any two of the following:

- Have a recycling bin in their home
- Buy loose fruit and vegetables at the supermarket
- Support retailers who have sustainability initiatives and produce less waste
- Use a box or Bag for Life when buying groceries and avoid buying disposable plastic bags
- Invest in a reusable coffee cup

(6)

Question 4

(a) Volunteerism adds value to our economy as the volunteers are undertaking duties for no payment. This saves revenue for the government that can be used in other areas of the economy.

(4)

(b) Demand: DECREASE INCREASE

 Prices: DECREASE INCREASE

(2)

Question 5

Any three of the following:

Sustainability measure	Benefit
100% fair trade coffee	Increased equality and fairness in society Fair wages which increase the standard of living for coffee growers
0% of waste to landfill	Benefits the environment as it reduces land pollution which can seep into our rivers and seas
Use of solar power	This renewable energy source benefits our environment and reduces reliance on renewable sources of energy.
Energy-efficient lighting	Good for environment as less pollution from energy generation
Sustainably sourced cocoa beans	There is care and consideration for the environment when sourcing cocoa beans.

(6)

Question 6

1. Bank
2. Credit Union

(6)

Question 7

Lack of supply and high demand leads to an increase in price.

(6)

Question 8

(a)

Rights	Responsibilities
To cancel the loan within 14 days of signing	To be truthful on the loan application
To know the number and amount of payments to be made	To use the borrowed money for the purpose stated

(4)

(b) There is the risk that Abbey would not be able to make the repayments on the loan. She will be in debt and this will affect her credit history and ability to borrow in the future. (2)

Question 9

(a) Local community:

Support local enterprises by buying local or using local services. When people see successful local enterprises, it will encourage other entrepreneurs to take the risk as they will believe the community will get behind them. (3)

(b) Irish government:

Support enterprises through grant aid, advice, tax breaks. This would encourage entrepreneurs to take the risk and set up a business. For example, Enterprise Ireland and Local Enterprise Offices are government organisations that support and therefore encourage entrepreneurship. (3)

Question 10

Carriage refers to the cost of transportation of goods. Carriage In is the cost of transporting (shipping and handling costs) goods into a business, i.e. on purchases. This is recorded as a cost of sale. Carriage Out is the cost of transporting goods out of the business, i.e. on sales. This is recorded in the accounts as an expense. (6)

Question 11

(a) Any one of the following:

- Satisfaction of helping others
 - Developing relationships in your community
 - May develop new skills
- (3)

(b) Employees are paid for their work. Volunteers give their time and skills for free. (3)

Question 12

Susan should use money from savings.

She will not have to pay interest or fees on this. She would end up paying interest/fees on the other options as she cannot pay the money back quickly. (6)

Question 13

Employee no. 12	Alan Costello	Week 8	Date: February 26th 2018	
PAY:	€	DEDUCTIONS	€	Leixlip Financial Holdings
BASIC	220.00	PAYE	35.00	
COMMISSION ON SALES	120.00	PRSI	20.00	
		USC	8.00	
		HEALTH INSURANCE	12.00	NET PAY
GROSS PAY	340.00	TOTAL DEDUCTIONS	75.00	265.00

(6)

Question 14

Consumers' purchasing power may increase but only if wages (wage inflation) still increase as before.

However, high interest rates may exist so consumers may save more but borrow less, leading to less disposable income.

(FYI: A decrease in the rate of inflation means that prices are now increasing at a lower rate than we saw before. This does not cause a reduction in prices. Deflation causes a reduction in prices.)

(6)

Question 15

Any two of the following:

- Increased production can cause pollution.
- Increased consumption leads to more waste.
- Greater quantities of water are used.
- Rainforests may be destroyed for raw materials.
- Burning of fossil fuels contributes to global warming.

(6)

Question 16

(a) (i)

From:	leecairns@eircom.net
To:	manager@sparklesjewellers.ie
Subject:	Faulty Watch
	<p>Dear Sir,</p> <p>I visited your shop today to return a faulty watch which I purchased on XX/XX/XX. One of the hands on the watch is not working. You said that I would need to contact the manufacturer. I am not happy with this response. I have the right to have my problem dealt with by you, the retailer. I would like you to contact me to arrange for the repair of the watch. If it cannot be repaired I am entitled to a full refund.</p> <p>Yours faithfully, Lee Cairns</p>

(20)

(ii) Receipt

(2)

(b) (i) The Sale of Goods & Supply of Services Act 1980

(3)

(ii) Any two of the following:

- Should be as described
- Should be fit for purpose
- Should correspond to the sample

(6)

(iii)



(8)

(iv) Any five of the following:

- Pollution
- Child labour
- Poor quality
- Very high prices
- False advertising
- Poor working conditions

(10)

(c) (i) Hi Listeners, your weekly consumer correspondent here ...

The Small Claims Court provides consumers with a means to solve disputes without the need for a solicitor. It is important the consumer tries to solve the problem themselves before contacting this court.

There are many advantages:

- It is a fast and easy way to settle disputes.
- It is cheap as legal costs are kept to a minimum. It costs €25 to make a claim.
- A district court judge will listen to both sides of the dispute and make a decision.
- The maximum amount of compensation awarded is €2,000. (10)

(ii) The Consumer Protection Agency (1)

Question 17

(a) Any of the following entrepreneurial characteristics:

- Sam Waters is a risk-taker; she saw a business opportunity and invested her own money.
- Sam Waters showed initiative; she found a premises and raised finance for her business idea.

Any of the following entrepreneurial skills:

- Sam Waters has good planning skills; she created a business plan to secure finance.
- Sam Waters has good market knowledge; she identified a gap in the market in her local town. (6)

(b) Any two of the following:

- Creates employment
- Provides goods and services to the general public and other businesses
- Contributes to economic growth (when people are employed, they spend money elsewhere)
- Generates taxes that can be used to benefit society (6)

(c) (i)

Income Statement of Sam's Surf Shop Ltd for year ended 31/12/2017		
Sales		98,500
<i>Less cost of sales</i>		
Opening stock	2,200	
Purchases	35,000	
Carriage in	350	
<i>Cost of goods available</i>	37,550	
Less closing stock	6,200	
<i>Cost of sales</i>		31,350
Gross profit		67,150
<i>Less expenses</i>		
Advertising	3,200	
Light and heat	2,200	
Telephone and internet	1,200	
Insurance	1,200	
Wages	36,000	
Carriage out	120	
Depreciation	4,140	
		48,060
Net profit		19,090
Reserves		25,000
Dividends		(12,000)
<i>Profit and loss balance</i>		32,090

(ii)

Statement of Financial Position of Sam's Surf Shop Ltd as on 31/12/2017			
	Cost	Depreciation	Net Book Value
Fixed assets			
Equipment	22,000	2640	19,360
Motor vehicles	15,000	1500	13,500
Premises	107,000	0	107,000
<i>Total fixed assets</i>	144,000	4,140	139,860
Current assets			
Bank	22,600		
Closing stock	6,200		
Debtors	4,000	32,800	
Current liabilities			
Creditors		1,000	
<i>Working capital</i>			31,800
<i>Total net assets</i>			171,660
Financed by	Authorised	Issued	
Share capital	200,000	120,000	
Reserves: profit and loss balance		32,090	
Long term liabilities			
Loan		19,570	
Capital employed		171,660	

(20)

(iii) I think Sam's Surf Shop is in a reasonably good financial position. First, they are making a profit not a loss. They are making a net profit of €19,090. After taking into consideration their reserves from last year and the shareholders' dividend, their P&L balance is €32,090. Sam's gross profit percentage is 68.17%. The higher the gross profit percentage the easier Sam's Surf Shop will be able to pay their expenses. Sam's Surf Shop's net profit percentage is 19.38%. This means that for every €1 of sales, Sam Surf Shop made 19.38c profit. I would, however, like to compare these figures to last year's or competitors' figures to fully ascertain Sam's Surf Shop's financial position.

From Sam's Surf Shop's Statement of Financial Position, I can see that their current assets are greater than their current liabilities. This means they do not have a liquidity problem and will be able to pay their short-term debts as they fall due. (8)

Question 18

(a) (i) An export is a good or service sold to another country, for example, Irish beef. (5)

Invisible import	
Visible import	
Invisible export	✓
Visible export	

(5)

(ii) Any three of the following:

- Increased employment
- Increase in tax revenue as tourists pay VAT on purchases
- Halts the decline of Irish rural areas
- Reduces emigration
- Raises the standard of living
- More revenue available to improve amenities and services

(9)

(iii) It will have a positive impact on the Balance of Payments as total exports will increase. (5)

(b) (i) Two of each of the following:

Benefits	Challenges
Increased revenue as Irish market is very small	Distribution to global markets is difficult and costly
Economies of scale	Currency differences
Creates jobs	Language and marketing costs
	Competition

(12)

(ii) Fans of *Star Wars* visiting Ireland.

(5)

(c) Any two of the following:

- Create goods and services
- Provide employment
- Pay taxes which contribute to the national income
- Raise Ireland's profile in the global economy
- May create employment or support jobs in other businesses in the local economy

(8)

(d) This is called the break-even point.

(5)

1. You could find out more about the demand for the scarf by conducting a survey.
2. You could find out more about the demand for the scarf by doing desk research about the number of visitors to Skellig Michael in winter.

(6)