



Junior Cycle Final Examination

Sample Paper D Solutions

# Business Studies

Common Level

Time: 2 hours

270 marks

Examination number

Centre Stamp

**Section A****90 marks****Question 1****(a)** Exports are Irish goods and services sold to other countries. (3)**(b)**

Invisible import	
Visible import	
Invisible export	
Visible export	✓

(3)

**Question 2**

INSTITUTION	SENTENCE
The European Council (Council of Ministers)	Directly elected by European citizens
The European Parliament	Proposes new legislation (makes proposals for new laws)
The European Commission	Is made up of the leaders of the EU member states

(6)

**Question 3**

Positive: revenue generated from taxation.

Negative: puts pressure on the rental market as fewer long-term properties to rent. May worsen homelessness situation. (6)

**Question 4****(a)** The opportunity cost of the Minister's decision was the pensioner travel allowance that she could not fund.**(b)** The financial cost of the Minister's decision was 6 million.**(c)** One social benefit of the Minister's decision is that it will be easier for fathers to spend time with their new babies. This is also good for mothers as they will have support at home and it will be more manageable for them to return to work and leave the child in the care of the father if they prefer. The Minister's decision is a good move for equality. (6)

### Question 5

(a)

Employee No. 1	Jonathan Byrne	Week 6	Date: 12 February 2018	
PAY:	€	DEDUCTIONS:	€	Barber Fella Men's Grooming Ltd
BASIC	600.00	PAYE	73.70	
OVERTIME	450.00	PRSI	36.01	
		USC	12.00	
		UNION DUES	6.00	
		SAVINGS CLUB	20.00	NET PAY
GROSS PAY	1050.00	TOTAL DEDUCTIONS	147.71	902.29

(3)

(b) Basic pay = 10 p/h

Time and a half = 15 p/h (10 × 1.5)

Overtime = 450.00

$$\frac{450}{15} = 30 \text{ hours overtime}$$

(3)

### Question 6

(a) Any one of the following:

- Consumer Association of Ireland – Independent non-profit organisation that was set up to protect consumers.
- Ombudsman – Examines complaints from people who feel they have been unfairly treated by organisations that deliver public services.
- Trade Associations – Represents businesses in a certain trade, and establishes guidelines for how their members should behave.
- Competition and Consumer Protection Agency (CCPC) – Independent statutory body that enforces competition and consumer protection law in Ireland.

(3)

(b) The Consumer Protection Act 2007

(3)

### Question 7

Any three of the following:

- Product name
- Price
- Ingredients
- Weight
- Nutritional value
- Barcode
- Use by/best before date
- Storage instructions
- Recycle logo
- Business name
- Place of manufacture

(6)

### Question 8

(a)  $\frac{388}{40} = \text{€}9.70$  (3)

(b)  $40 \times 9.80 = \text{€}392.00$  (3)

### Question 9

To inform: Businesses advertise to inform consumers about material facts about their product or service. Example: Debenhams/Next advertise on TV and newspapers, informing consumers of what time their sale starts after Christmas.

To persuade: Businesses advertise to persuade consumers to buy their product or service over competitors. Example: Persil's 'whiter than white' advert tries to persuade consumers that in order to get their clothes white they need Persil.

To remind: Businesses use advertising to remind consumers that they are still in existence. For example, it is practical to presume almost everyone knows that Coca Cola exists. Coca Cola uses advertising to remind consumers at Christmas time to buy Coca Cola for the special time of year.

(6)

### Question 10

Positive social impact:

The new service station will have a children's play area, so it will be a benefit for families with small children in the local area. (3)

Negative social impact:

More traffic in area as these types of service stations tend to open 24 hours. (3)

### Question 11

(a) Any of the following:

- Will is a risk-taker.
- Will is confident.
- Will had the skills to notice an opportunity. (3)

(b) Will could try digital media, such as a Facebook ad. It is cheaper than traditional media, he can decide what to spend and can target his ad at people who live in Mallow. (3)

### Question 12

(a) Phone (voice call) or laptop (email) (3)

(b) Teleworking is when an employee works away from the main business premises such as working from home, but is in contact with the workplace through the use of technology such as the internet. (3)

**Question 13**

- (a) 1. Software does automatic calculations which saves time and is more accurate.  
2. Easier to store records and keep them safe. (4)
- (b) Big Red Cloud would face the challenge of competition from other businesses in the international market. (2)

**Question 14**

Revenue/Expenditure	Government Revenue	Government Expenditure
Corporation Tax	✓	
Health Services		✓
Education & Skills		✓
VAT	✓	
Social Protection		✓
Servicing the National Debt		✓

(6)

**Question 15**

- (a) A trade union is an organisation of workers set up to protect its members' rights and interests.  
One such union is the ASTI. (3)
- (b) Workplace relations (3)

## Section B

180 marks

## Question 16

(a) (i)

Cara Fearon	Sept	Oct	Nov	Dec	TOTAL
PLANNED INCOME					
Cara Fearon - salary	5,100	3,100	3,100	3,100	14,400
Dividend on shares			800		800
TOTAL INCOME	5,100	3,100	3,900	3,100	15,200
PLANNED EXPENDITURE					
Fixed					
House mortgage	1,250	1,225	1,225	1,225	4,925
House insurance	50	50	50	50	200
Health insurance	110	110	110	110	440
Subtotal	1,410	1,385	1,385	1,385	5,565
Irregular					
Groceries	480	480	480	880	2,320
Car running costs	85	85	285	85	540
Household charges	200	200	200	200	800
Subtotal	765	765	965	1165	3,660
Discretionary					
Presents	60			850	910
Entertainment	300	300	300	300	1,200
Holiday	1,250				1,250
Subtotal	1,610	300	300	1150	3,360
TOTAL EXPENDITURE	3,785	2,450	2,650	3,700	1,2585
Net cash	1,315	650	1,250	-600	2,615
Opening cash	200	1,515	2,165	3,415	200
Closing cash	1,515	2,165	3,415	2,815	2,815

(20)

- (ii) Yes, because she will have savings of €2,815 at the end of the four-month period. Her income is exceeding her expenditure in all months except December where she can absorb the over spend of €600 with cash available. (5)

- (b) (i)** 1. Bank  
2. Credit Union (2)
- (ii)** Any three of the following:
- Income – does the borrower have a steady source of income that will cover the repayments?
  - Job security – how secure is their source of income?
  - Existing loans – do they have any current borrowings and how much do they owe?
  - Credit history – what is their history of paying back borrowed money? (6)
- (iii)** AIB total cost of credit: 4,705.98  
KBC total cost of credit: 3,269.22  
 $4,705.98 - 3,269.22 = \text{€}1,436.76$  (6)
- (iv)** A fixed interest rate allows the borrower to plan their expenditure over a long period of time as it will not be affected by changes in the market. (3)
- (c) (i)** Premium = 5.00 per 1,000 insured.  
 $\frac{200,000}{1,000} = 200$   
 $200 \times 5 = 1,000$   
Less 10% discount  
 $1000 \text{ over } 100 \times 10 = 100$   
 $1000 - 100 = \text{€}900$  (10)  
No, she has a better deal with her current insurer. (3)
- (ii)** Cara must be truthful on her insurance application form and disclose all relevant information. (5)

### Question 17

- (a)** Any two of the following:
- Mike receives an income for his work.
  - Mike may receive benefit-in-kind.
  - Mike can advance his skills leading to opportunities for advancement.
  - Mike is making PRSI contributions which may benefit him if he needs any social welfare payments in the future. (6)

**(b)**

Agriculture	
Industry	X
Services	

(3)

(c) (i)

Carey & Sons, Station Rd, Tulla, Co. Clare		ORDER No. 26	
Telephone: 0656835388		VAT Reg. No. IE: 1405123	
To: Brophy Ltd		Date: 01/08/18	
Main Street			
Kilkishen			
Co. Clare			
QUANTITY	DESCRIPTION	PRICE EACH €	
20	Oak doors	155	
15	Chrome taps	62	
4	Wall hung toilets	420	
Goods to be delivered to the above address within 10 days Signature: <u>Mike Carey</u> Position: <u>Manager</u>			

(10)

Brophy Ltd, Main St., Kilkishen, Co. Clare			INVOICE No. 42
Telephone: 0656843218			VAT Reg. No. IE 1238765
To: Carey and Sons Ltd			Date: <u>16/08/18</u>
Station Road, Tulla			Your Order No:
Co. Clare			26
QUANTITY	DESCRIPTION	PRICE EACH €	TOTAL €
20	Oak doors	155	3100
15	Chrome taps	62	930
Total (Excluding VAT)			4030
Trade Discount			10%: 403
Subtotal			3627
(23%) VAT			834.21
E&OE Total (Including VAT)			4461.21

(10)



Brophy Ltd.	Main St., Kilkishen Co. Clare Telephone: 0656843218	RECEIPT No: 102
Date: 16/08/18		
Received From: Carey and Sons Ltd		
The Sum Of: four thousand, four hundred and sixty	€ 4461.21	
One euro and twenty one cent		
With Thanks	Signed: <u>John Brophy</u> Accounts Dept.	

(10)

Buyer: Carey & Sons Ltd

Seller: Brophy Ltd

(4)

- (ii) The wall hung toilet may not have been in stock so therefore not delivered. Brophy Ltd would not charge for something they have not delivered. (2)

Good customer and to attract repeat/further business. (2)

Carey & Sons Ltd should copy and file the invoice and receipt they received.

They should check the invoice against delivery docket.

They should send the invoice to the accounts department. (2)

COD stands for cash on delivery. (1)

(1)

- (iii)

Ledger - Carey & Sons Ltd							
Date	Details	F	€	Date	Details	F	€
Bank A/C							
				16/08/18	Purchases	GL	4461.21
Purchases A/C							
16/08/18	Bank	ACB	3627				
VAT A/C							
16/08/18	Bank Purchases	ACB	834.21				

(10)

## Question 18

(a) (i) Any two of the following:

- An increase in employment means that more people have jobs so therefore pay more taxes to the government who can in turn use it to fund essential services like day-to-day running of schools/hospitals.
- More employment means fewer people are claiming social welfare so in turn the government reduces its current expenditure and has more money for day-to-day running of the country.
- More employment means people have more disposable money which they in turn spend, which benefits businesses and may increase demand for goods and services. (10)

(ii) Any two of the following:

- Inflation
- Interest rates
- National income
- Economic growth
- National debt (8)

(iii) Ireland's national income increased in 2018 as tax revenue was better than expected. It is expected to grow again next year. This means that the economy is strong as more taxes paid to revenue means that more people are working and businesses are making more money than before. (7)

(b) (i) The Consumer Price Index (CPI) is the official measure of inflation in Ireland. (5)

(ii) Any two of the following:

- The cost of raw materials increases, for example cocoa for chocolate makers.
- Labour cost increase – for example, if minimum wage increased some businesses will increase the price of the good or service to cover this additional cost.
- Demand for a product is greater than supply – so suppliers can charge a higher price.
- An increase in VAT – this will mean a higher price is charged for good or service. (8)

(c) Interest rate is the percentage return earned for saving money (savings) or the percentage charged on borrowed money (loans). The ECB set Ireland's interest rates. (4)

When interest rates are low people borrow more money so therefore the demand for goods and services increase and prices will too.

When interest rates are high people won't borrow, which means the demand for goods and services fall. People have less disposable income so the standard of living is reduced. (4)

Any of the following.

- Individuals can borrow money cheaply so they will have more disposable income; therefore, there will be more demand for goods and service and thus higher standard of living.
- The return for saving is low so people won't be incentivized to save and will instead spend their money.
- Businesses will borrow cheaply and may use that money to expand, which, in turn, creates more employment.
- Government can borrow cheaply from ECB and use it to enhance services. (4)

(d) 10% (10)