



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Junior Cycle Final Examination 2019
Solutions

Business Studies

Common Level

Tuesday 11 June Morning 9.30 – 11.30

270 marks

Examination number				

Centre stamp

Section A

90 marks

Question 1

- (i) Income – Expenditure
 $€2,000 - €2,500 = €500$ *deficit*
- (ii) Joan needs to look at her expenditure as she is spending more than she is earning. She needs to identify items she is overspending on. For example, she can cut back on discretionary expenditure i.e. social outings.

Question 2

- (i) True
 (ii) False
 (iii) True

Question 3

Purchases	Soures of Finance
House	Mortgage
Car	Medium term car loan
Groceries	Bank overdraft/credit card

Question 4

- Driving experience: They will look at if he has been a named driver on any policy previously and how long he has his full driving licence.
- Type of car: They will look at how much the car is worth, how old the car is, what the engine size in litres is, i.e. 1.5 litre.

Question 5

	€
Total (excluding VAT)	25,000
Trade discount (12%)	3,000
Subtotal	22,000
VAT (23%)	5,060
Total (including VAT)	27,060

Question 6

- Cost of the product: A business should consider all costings, both fixed and variable, that went into the production of the product, for example raw materials, labour, research and development costs, distribution costs and administration costs.
- % profit required: A business should consider how much profit margin is required, i.e. 20% of selling price. Therefore the cost of production would be 80%. They may also look at competitors' pricing when setting their profit margin.

Question 7

	Financial	Social
Intel Ireland	✓	
Focus Ireland		✓
Bank of Ireland	✓	

Question 8

1. Free movement of people: As a member of the European Union, Irish people can move between member states either for holidays or to live and work, i.e. Spain. They do not require a visa to do so.
2. Free movement of goods: Being a member of the European Union benefits Ireland as it is a single market, allowing Ireland access to more goods and services through import and export without taxes and tariffs. For example, Ireland imports wine from Italy and exports beef to France.

Question 9

- (i) Balance of trade: Visible exports – Visible imports
 $€123 \text{ billion} - €79 \text{ billion} = €44 \text{ billion surplus}$
- (ii) International trade is important for Ireland as it helps with the balance of trade/balance of payments. It enables more money to come into our circular flow by exporting goods and services abroad. For example, the Irish pharmaceutical industry engages in a lot of international trade.

Question 10

- (i)
1. Land
 2. Labour
 3. Capital
 4. Enterprise
- (ii) Good communicator: An entrepreneur should be skilled in communicating with potential consumers and investors.

Question 11

1. Looking for finance: A business plan is required by a financial institution/government organisation when a business is looking for a loan or a grant.
2. Plan for the future: A business plan is a road map of where the business wants to go. It will help to look at areas that need improvement in the future.

Question 12

Retired person: Pension

Employed person: Wages

Unemployed person: Jobseeker's Allowance

Question 13

Government Department:	Example of expenditure:
1. Health	New Children's hospital
2. Education and Skills	Teachers' salaries
3. Transport, Tourism and Sport	Building new roads, i.e. Naas Road

Question 14

Trading Account of Blake Ltd for the year ended 31/12/2018		
	€	€
Sales		850,000
Less cost of sales		
Opening stock	75,000	
Purchases	450,000	
	525,000	
Less closing stock	115,000	
Cost of sales		410,000
Gross profit		440,000

Question 15

Food: Need

Holidays: Want

Clothing and Footwear: Need

Section B**180 marks****Question 16****(a)****(i)** 80**(ii)** 100**(iii)** €16**(iv)**

	Increased demand for books in New Chapter	Decreased demand for books in New Chapter
A reduction in the price of books	✓	✓
An increase in taxes (VAT)	✓	✓
Roll out of broadband to all areas in Wicklow		✓
An Eason's store opening in the town	✓	✓

(v) Stock control: ICT can help New Chapter to keep track of the quantity of stock they have of each book and know when to order more books, e.g. bar code scanning devices can tell when a book is sold.

Keeping track of accounts: ICT can help New Chapter to do their budgets and end-of-year accounts (Final Accounts), e.g. spreadsheet packages.

(vi)

1. Capital expenditure: the cost of the initial investment in hardware and software, e.g. buying computers, scanning devices, accounting packages, etc.
2. Training: training staff in how to use ICT correctly.

(b) (i)

1. Make sure the website is safe by checking the weblink starts with *https:*, that it has a privacy policy and check that contact details are available.
2. Find out how much postage and packaging will cost. This can make the overall price of the product more expensive than you had thought.
3. Use a secure payment method, i.e. paypal, and do not disclose your credit card number directly to the seller by email if online payment is not available.

(ii)

@Deirdre22

Get in contact with the Competition and Consumer Protection Commission @ccpc.ie
#buyingonline#consumerhelp#buyerbeware

(c)

(i)

1. Environment benefit: There will be a reduction in single use plastic as people will opt for using their own reusable cups rather than paying the levy, similar to the roll out of the plastic bag levy in 2002.
2. Government revenue: This will be an additional tax in the form of a levy. This is current income for the government.

(ii)

They can buy fair trade products. Look at labels on products that indicate the product has been produced in a fair way.

(iii)

Advantage: It is much for the consumer at a checkout to tap their card rather than having to insert the chip and and key in the pin.

Disadvantage: Lost or stolen cards can be tapped for payments up to €30 in a single transaction without identification or the pin being required.

Question 17
(a) (i)

Analysed Cash Book of Food2Go Ltd												
Dr											Cr	
Date	Details	Bank	Sales	VAT	Capital	Date	Details	Bank	Purchases	VAT	Wages	Electricity
2019		€	€	€	€	2019		€	€	€	€	€
01/05	Share Capital	21,500			21,500	06/05	Wages	3,000			3,000	
04/05	Sales	13,620	12,000	1,620		15/05	Purchases	6,356	5,600	756		
						23/05	Electricity	670				670
						27/05	Wages	2,850			2,850	
						31/05	Balance	22,244				
		35,120	12,000	1,620	21,500			35,120	5,600	756	5,850	670
01/06	Balance	22,244										

(ii) 22,244

(iii)

Dr ShareCapital a/c Cr

Date	Details	Total	Date	Details	Total
			1/05/19	Bank	<u>21,500</u>

Dr Sales a/c Cr

Date	Details	Total	Date	Details	Total
			04/05/19	Bank	<u>12,000</u>

Dr Vat a/c Cr

Date	Details	Total	Date	Details	Total
15/05/19	Bank Purchases	756		Bank Sales	1,620
31/05/19	Balance	864			
					1,620
			01/06/19	Balance	864

Dr Wages a/c Cr

Date	Details	Total	Date	Details	Total
06/05/19	Bank	3,000			
27/05/19	Bank	2,850			
		<u>5,850</u>			

Dr Purchases a/c Cr

Date	Details	Total	Date	Details	Total
15/05/19	Bank	<u>5,600</u>			

Dr Electricity a/c Cr

Date	Details	Total	Date	Details	Total
23/05/19	Bank	<u>670</u>			

(b) (i)

1. Employment: Food2Go provides employment in Dublin and therefore pays wages. They have 10 outlets that employ staff.
2. Service to the local area: They provide a fast food service to local consumers who like takeaway food.

(ii)

VAT stands for **Value Added Tax**.

VAT is charged on **goods** and **services**.

VAT is a source of income for **the government**.

- (iii)** Having a low corporation tax rate encourages FDI (Foreign Direct Investment) into Ireland. It attracts companies to set up in Ireland due to the low tax they will have to pay on profits, as opposed to other countries. Google and Apple are examples of such companies.

Question 18

(a)

(i)

	True	False
An employee is entitled to a fair day's pay.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
A volunteer gets paid.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
An employee has legal rights.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
A volunteer must have a third level qualification.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(ii)

John may get self-satisfaction from helping others in the local community that are less fortunate than himself.

John may get to know people in the community by playing an active role in the community.

John will get an opportunity to learn new skills and have different experiences through his voluntary work.

(iii)

Rights as an employer

1. To make decisions on how best to run the company
2. To be treated with respect by their employees

Responsibilities as an employer

1. To obey all employment law, pay at least the minimum wage, correct holiday entitlements, give a written contract of employment
2. To provide a safe and ethical workplace

(b)

Payslip			
Employee Name:	Mary Brennan	Date:	31/05/2019
Earnings		Deductions	
Basic Wage	7,000	PAYE	2765
Overtime	600	PRSI	304
		USC	418
Gross Pay		Total Deductions	3,487
	Net Pay		4113

PAYE: $7,600 \times .40 = 3,040$
 $3,040 - 275 = 2,765$

PRSI: $7,600 \times .04 = 304$

USC: $7,600 \times .055 = 418$

(c)

(i)

Economic Indicator	Good Trend	Bad Trend
Unemployment	✓	
Economic growth		✓

(ii)

Impact on individuals: More jobs are becoming available, fewer people are unemployed so there is less competition for the jobs that do become available.

Impact on the economy: Less government expenditure on social protection payments, i.e. Jobseeker's Allowance, more government income from income tax, i.e. PAYE, PRSI