



Business Studies

Common Level

Strand 3: Our Economy Revision Pack

Answer all questions.

Write your answers in blue or black pen. You may use pencil for graphs and diagrams only.

Write your answers in the spaces provided in this booklet.

Additional writing space is provided at the end of the paper. Label any extra work clearly with the question number and part.

Calculators may be used.





Q1 Complete the definition of scarcity by filling in the missing words below from this list:

Choice – Resources - Needs

Scarcity is when our _____ are limited, but our _____ and wants are not. This means we must make a _____.

Q2 The circular flow of income shows how money moves through our economy.

Place a ✓ to indicate whether each of the following is an **injection** in to the economy or a **withdrawal** from the economy.

	Injection	Withdrawal
A family saves money in a deposit account		
The government builds a new hospital		
An Irish farmer exports beef to France		
A household pays income tax		
An Irish family buys a German-made car		

Q3 Indicate whether each of the following people work in the public sector or the private sector by placing a ✓ in the correct box.

	Public Sector	Private Sector
A nurse working in a HSE hospital		
A software developer at Stripe		
A teacher in a state secondary school		
A pilot with Ryanair		

Q4 (i) Explain what a **direct tax** is.

Q4 (ii) Place a ✓ to indicate whether each of the follow is a direct or indirect tax.

	Direct Tax	Indirect Tax
PAYE		
VAT		
Corporation Tax		
Excise Duty on alcohol		





Q5 (i) Explain what is meant by the term **sustainable development**.

Q5 (ii) Outline two ways a large Irish business could operate in a more sustainable way.

1.
2.

Q6 (i) Ireland trades with many countries all over the world. Read each statement below and place a ✓ in the correct box.

Statement	Visible Import	Invisible Import	Visible Export
Irish whiskey sold in the United States			
Irish people booking flights with Emirates Airline			
Italian olive oil sold in Lidl Ireland			

Q6 (ii) In 2024, Ireland exported €224 billion and imported €135 billion of goods.

(Adapted from CSO 'Ireland's Trade in Goods 2024')

(a) Calculate Ireland's balance of trade for 2024.

Workings:
Answer: € _____ billion

(b) Was Ireland's balance of trade in 2024 a **surplus** or a **deficit**?

--





Q7 Explain two reasons why Ireland trades with other countries. Use examples in your answers.

1.
2.

Q8 (i) Many Multi-National Companies (MNCs) such as Google, Apple and Pfizer have located in Ireland.

Outline two reasons why MNCs find Ireland an attractive location to set up a business.

1.
2.

Q8 (ii) Explain one reason why an MNC may relocate away from Ireland in the future.

Top Tip: When asked about Ireland's corporation tax, you must mention the rate (12.5%) and that this is lower than other EU countries. Just writing 'low tax' will not get full marks.





Q9 Ireland has been a member of the European Union since 1973. The Common Agricultural Policy (CAP) provides over €1.5 billion each year to support Irish farmers.

Outline one economic benefit and one social benefit of Ireland's membership of the European Union.

Economic benefit:
Social benefit:

Top Tip: An economic benefit must relate to business or money (such as the Single Market or EU funding). A social benefit must relate to people or citizens (such as free travel or the European Health Insurance Card). The same point cannot be used for both.

Q10 Ireland is a member of the Eurozone. Complete the sentence below.

The Eurozone is a group of countries within the EU that share the same _____.

State one benefit of Eurozone membership for an Irish business that sells products in France.





Q11 Recently, the Irish Government has reduced the rate of VAT on gas and electricity bills to 9% to help with the cost of living.

Outline two reasons why, in your opinion, the government reduced VAT on gas and electricity.

1.
2.

Q12 'Schools struggle to keep up with growing pupil numbers' (*Adapted from The Irish Times*)

(a) Name one government department that will be affected by an increase in the young population in Ireland.

--

(b) Explain two ways this change in population will increase government expenditure.

1.
2.





Q13 In 2023, the Irish Government introduced free school books for all primary school pupils and extended this scheme to junior cycle students in 2024.

(a) Outline one benefit of this policy for households.

(b) Outline one cost of this policy for the Irish Government.

Q14 The national minimum wage in Ireland has been increased each year by the Government.

(a) Outline one benefit of an increase in the minimum wage for employees.

(b) Outline one cost of an increase in the minimum wage for a small business in Ireland.





Q15 Place a ✓ in the correct box (true or false) for each statement about the black market.

Statement	TRUE	FALSE
Participation in the black market is illegal		
Consumers have the same legal rights when purchasing goods or services in the black market		
The government loses out on tax from transactions in the black market		
The black market is beneficial for businesses in Ireland		
Goods purchased in the black market are likely to be as safe as those purchased in businesses		

Q16 Indicate whether the following pairs of items are substitutes for or complementary for each other with a ✓ in the correct box

	Substitutes	Complementary
Spotify and Apple Music		
A smartphone and mobile data		
PlayStation and Xbox		
Football boots and shin guards		

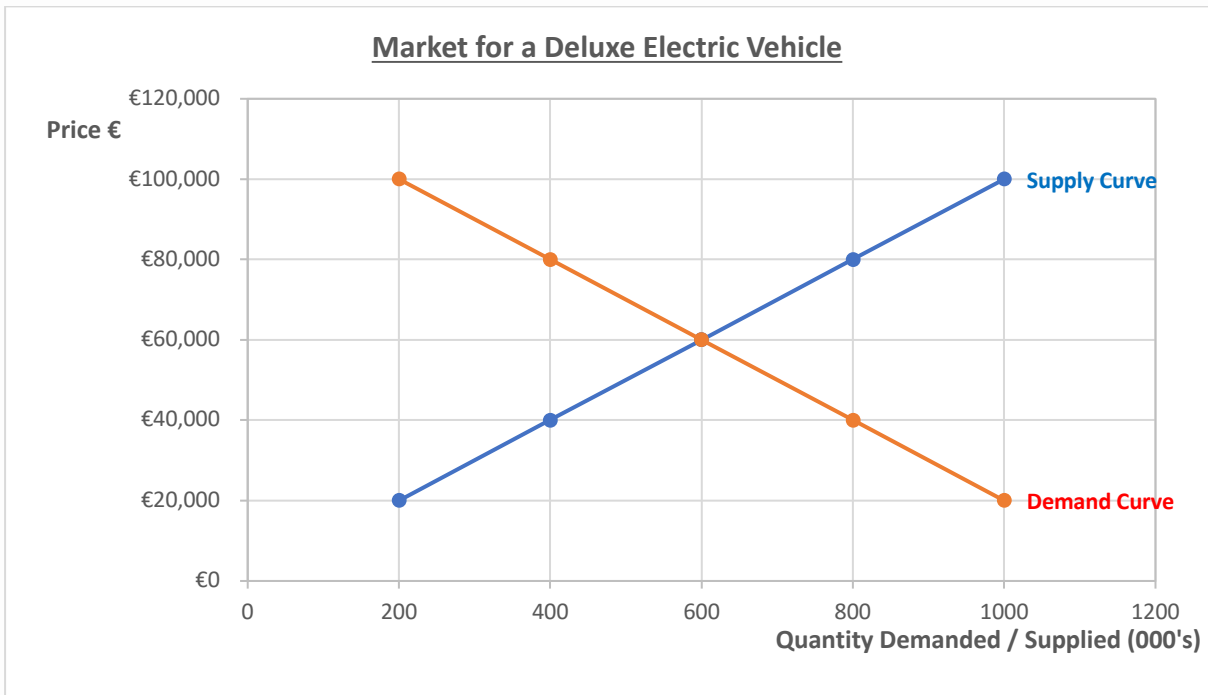
Q17 Show the impact of the following on the demand for PlayStation 5 consoles. Place a ✓ in the correct box

	Increased demand for PlayStation 5	Decreased demand for PlayStation 5
The price of PS5 games falls		
A recession causes income levels to fall		
Lots of online endorsers promote PS5 consoles on their YouTube and Twitch channels		
A new Nintendo console launches		





Q18 A new deluxe electric vehicle is launching on to the Irish market. The demand and supply curves for it are shown in the diagram below.



Use the above diagram to answer **each** of the following questions
Write your answers in the space provided

(i) Indicate the equilibrium quantity for Deluxe Electric Vehicles

(ii) Indicate the equilibrium price for Deluxe Electric Vehicles

(iii) Indicate the quantity demanded when the price is €40,000

(iv) Indicate the price level when the quantity supplied for Deluxe Electrical Vehicles is 800,000 units

Top Tip: In an exam, make sure to always give the unit of measurement for any number you write – so for the price, make sure to give the '€' sign and for the quantity, you should write 'units'.

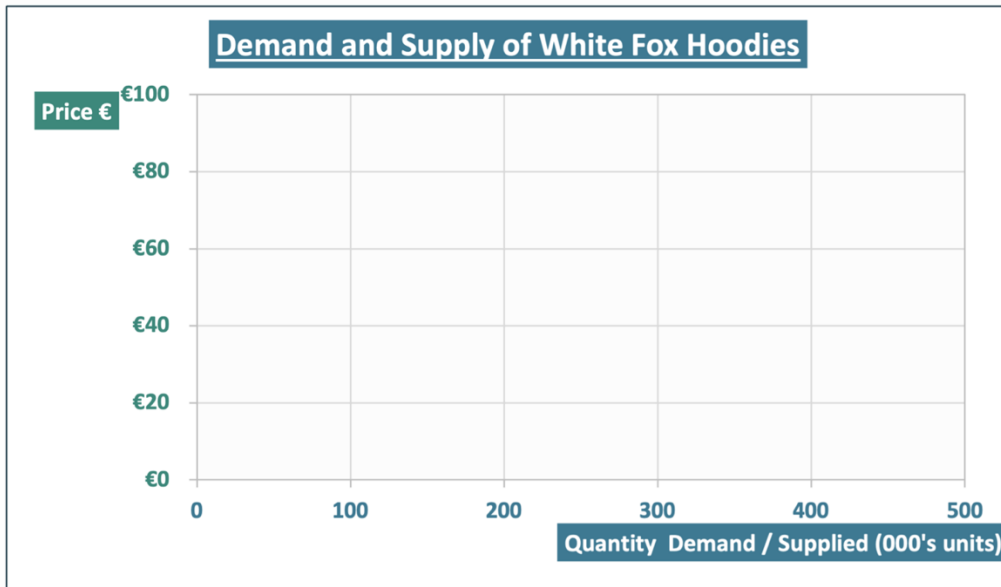




Q19 Ursula Quinn is in charge of ordering stock for a retail shop. As a buyer of stock, she needs to predict demand for different products in advance so that the shop has enough to satisfy the demand of their customers, and also not have too much that they will have lots of leftover stock unsold that they will have to put on sale to sell off.

(i) Use the information in the table below to draw the demand and supply curves for White Fox hoodies for the retail shop.

Demand and Supply of White Fox Hoodies		
Price	Quantity Demanded (000's units)	Quantity Supplied (000's units)
€20	500	100
€40	400	200
€60	300	300
€80	200	400
€100	100	500



(ii) Use your diagram to identify the equilibrium price and equilibrium quantity. Write your answer in the boxes below:

Equilibrium price of the White Fox Hoodies	
Equilibrium quantity of the White Fox Hoodies	

(iii) If there was a reduction in the cost of cotton used to make hoodies, what impact would that have on the price of hoodies in the market?

Impact:
Reason:





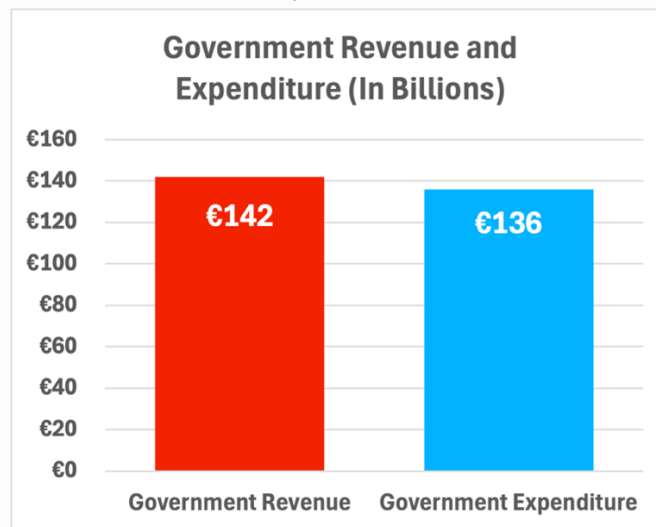
Q20 (a) State one example of **capital and current** expenditure for each Government Department

Government Department:	Capital Expenditure	Current Expenditure
1. Education and Youth		
2. Transport		
3. Social Protection		

(b) Taxation is the main source of income in Ireland’s National Budget. Apart from taxation, explain two other sources of income for the Irish Government.

1.
2.

(c) Answer the questions based on the graph below



Calculate the government budget for the year, and state whether it is a **deficit** or **surplus**

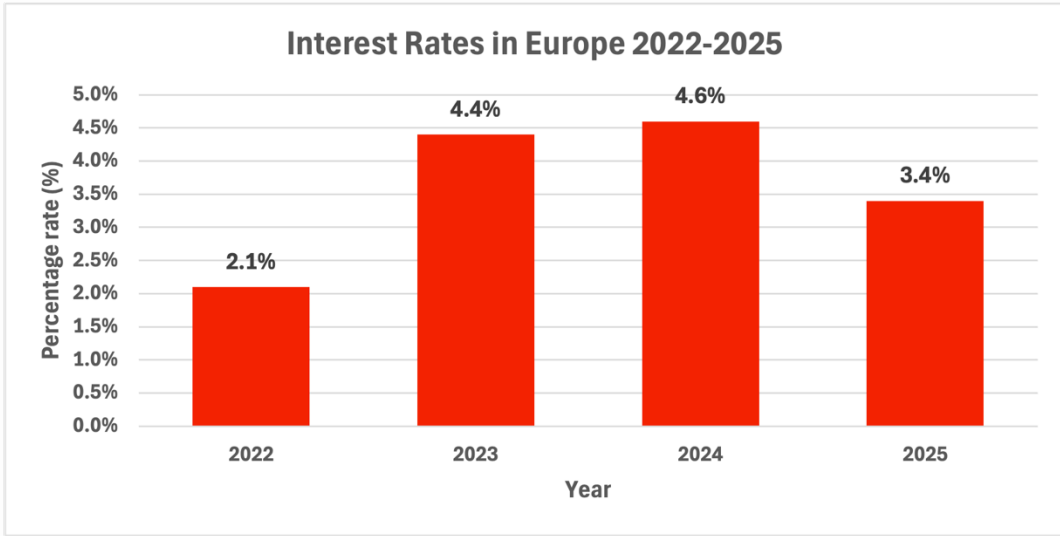
Workings:
Answer: Surplus / Deficit

(d) In the event of a **surplus in the National Budget**, advise one action that the Minister for Finance could take to use the surplus money.





Q22



(a) Place a ✓ to indicate whether each statement is TRUE or FALSE.

Statement	TRUE	FALSE
The lowest interest rate occurred in 2024		
Interest rates increased between 2024 and 2025		
The interest rate in 2025 was lower than in 2022		
The trend in interest rates from 2024 to 2025 encourages borrowing		

(b) Explain how higher interest rates affect savings

(c) Outline how lower interest rates affect borrowing.

(d) Explain one impact that lower interest rates will have on individuals and our economy

An individual
Our economy



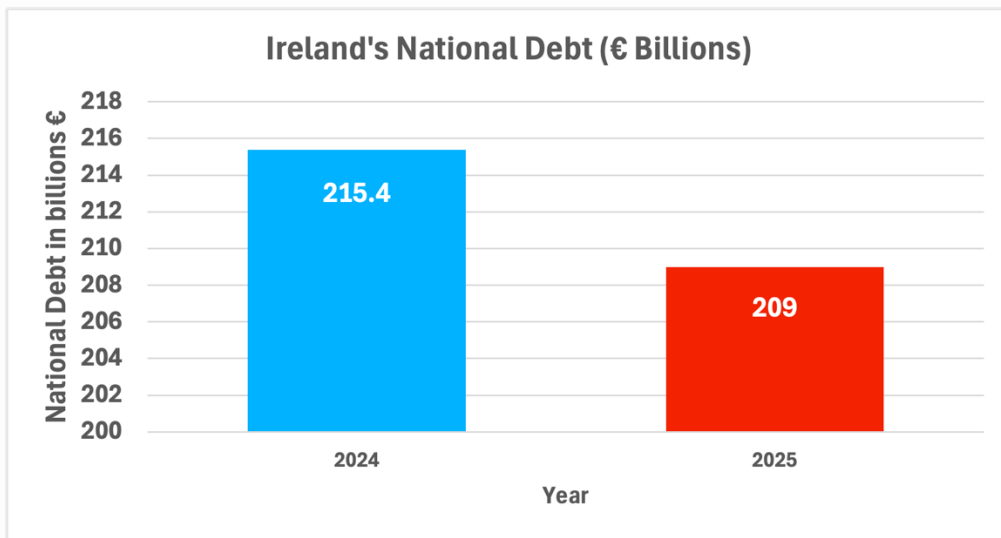


Q23 (a) Define what is meant by a country's 'national debt'.

(b) Choose the correct words from the options below to complete the body who manages Ireland's national debt on behalf of the Government.

Options: **Management** **Money** **Authority** **Agency**

The (NTMA) <u>National Treasury M</u>	<u>A</u>
---------------------------------------	----------



The graph above shows Ireland's national debt in 2024 and 2025.

(c) Identify the year with the highest level of national debt

--

(d) Is the trend in Ireland's National Debt shown in the graph a good or bad trend for our economy? **Good Trend** **Bad Trend**

Give a reason for your answer

(e) Explain one impact that a fall in national debt may have on an our economy.

