



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Junior Certificate 2013

Marking Scheme

Business Studies

Ordinary Level

Note to teachers and students on the use of published marking schemes

Marking schemes published by the State Examinations Commission are not intended to be standalone documents. They are an essential resource for examiners who receive training in the correct interpretation and application of the scheme. This training involves, among other things, marking samples of student work and discussing the marks awarded, so as to clarify the correct application of the scheme. The work of examiners is subsequently monitored by Advising Examiners to ensure consistent and accurate application of the marking scheme. This process is overseen by the Chief Examiner, usually assisted by a Chief Advising Examiner. The Chief Examiner is the final authority regarding whether or not the marking scheme has been correctly applied to any piece of candidate work.

Marking schemes are working documents. While a draft marking scheme is prepared in advance of the examination, the scheme is not finalised until examiners have applied it to candidates' work and the feedback from all examiners has been collated and considered in light of the full range of responses of candidates, the overall level of difficulty of the examination and the need to maintain consistency in standards from year to year. This published document contains the finalised scheme, as it was applied to all candidates' work.

In the case of marking schemes that include model solutions or answers, it should be noted that these are not intended to be exhaustive. Variations and alternatives may also be acceptable. Examiners must consider all answers on their merits, and will have consulted with their Advising Examiners when in doubt.

Future Marking Schemes

Assumptions about future marking schemes on the basis of past schemes should be avoided. While the underlying assessment principles remain the same, the details of the marking of a particular type of question may change in the context of the contribution of that question to the overall examination in a given year. The Chief Examiner in any given year has the responsibility to determine how best to ensure the fair and accurate assessment of candidates' work and to ensure consistency in the standard of the assessment from year to year. Accordingly, aspects of the structure, detail and application of the marking scheme for a particular examination are subject to change from one year to the next without notice.

SECTION A

Each question in Section A carries 5 marks

1. What do the following letters stand for? (*Write each answer in full in the space provided.*)

PAYE	Pay As You Earn
PRSI	Pay Related Social Insurance

2. Are shops allowed to display the following notices under Irish Consumer Law?
Tick (✓) the correct box in each case.

NOTICE	ALLOWED	NOT ALLOWED
NO CREDIT GIVEN	✓	
NO REFUNDS		✓
NO CHEQUES ACCEPTED	✓	

3. Place the following customers' surnames in alphabetical order:

DARREN MULROONEY DAMIEN MURRAY DAVID MURPHY DONAL MULLEN

(i)	Donal Mullen
(ii)	Darren Mulrooney
(iii)	David Murphy
(iv)	Damien Murray

4. Name **two** possible causes of an Industrial Dispute or Strike.

Pay or wages/pay cuts
Dismissal of an employee
Working conditions
Selection for redundancy
Race/gender/religious discrimination
Demarcation

5. In **each** space below, write the correct document name from the following list:

STATEMENT DELIVERY NOTE QUOTATION CREDIT NOTE ORDER

(Two of the documents above do not refer to any of the explanations below.)

	DOCUMENT	EXPLANATION
(i)	CREDIT NOTE	This is sent by the seller when goods are returned by the buyer.
(ii)	ORDER	This is a written request to supply the goods listed.
(iii)	STATEMENT	This is a summary of a month's transactions sent by a seller to a customer.

6. Complete the following sentence:

A **Discount Shop** is one that sells goods at reduced prices to customers.

7. The following figures are from the books of Hogan Ltd:

Bank Loan €8,750 Premises €150,000 Closing stock €12,500 Delivery Vans €56,500

Enter **and** total the Fixed Assets in the following extract from the Balance Sheet of Hogan Ltd as on 31 December 2012:

Extract from Balance Sheet of Hogan Ltd as on 31-12-2012	
FIXED ASSETS	€
Premises	150,000
Delivery Vans	56,500
TOTAL FIXED ASSETS	206,500

8. The following are meter readings taken from an electricity bill. Calculate the number of units used **and** the total charge. Enter your answers in the appropriate spaces.

Electricity Meter Readings	
Present	85716
Previous	85295
No. of units used	421
Rate per unit	€0.22
Total Charge	€2.62

Workings:

$$85716 - 85295 = 421$$

$$421 \times 0.22 = \text{€}2.62$$

9. Mary Ryan is going to the USA on holiday. She has saved €1,450 for spending money. She visits her local bank to exchange her euro for dollars. The current exchange rate is €1 = \$1.26.

Calculate the amount of dollars she will receive for €1,450.

Answer
\$1,827.00

Workings:

$$1450 \times 1.26 = 1,827$$

10. Explain **one** reason why farmers should keep accounts.

1. To find out if they are making a profit or a loss
2. To find out which sections of the farm are most profitable
3. To show to the Revenue Commissioners for tax purposes
4. To show bank manager when making loan applications
5. For use with applications for State or EU grants.

11. To a teenager in Ireland, which of the following are needs and which are wants? Tick (✓) the correct box in each case.

	NEEDS	WANTS
iPAD		✓
FOOD	✓	
HOLIDAY		✓

12. Michael Niland received his wages in cash. His employer used the least number of notes and coins possible when putting the cash in Michael's pay envelope. Complete the note/coin analysis showing how many notes and coins of each description were in the envelope.

NOTE/COIN ANALYSIS													
TOTAL	€100	€50	€20	€10	€5	€2	€1	50c	20c	10c	5c	2c	1c
€445.56	4		2		1			1			1		1

13. **Column 1** shows a list of Information Technology terms. **Column 2** is a list of possible explanations for these terms. (*One explanation does not refer to any of the terms.*)

Column 1 – Terms	Column 2 – Explanations
1. Database	A. Method of sending messages through the internet
2. Hardware	B. All programs on the hard disk of a computer
3. e-mail	C. Used to keep records and information on a computer
	D. All parts of a computer that can be seen and touched

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

1.	2.	3.
C	D	A

14. Complete the following sentence:

One of the legal documents which are prepared when forming a private limited **Company** is called **Memorandum/Articles** of Association.

15. Place a tick (✓) after **each** statement showing whether it is TRUE or FALSE.

	TRUE	FALSE
(a) Savings are a person's total earnings for a month.		✓
(b) Overtime is the amount earned for extra hours worked.	✓	
(c) A benefit-in-kind is a deduction from total earnings.		✓

16. Answer either (A) or (B):

(A) Balance the following Cash Account and bring down the balance at the end of the month:

Cash Account							
Dr				Cr			
Date	Details	F	Total	Date	Details	F	Total
2013			€	2013			€
Feb 1	Balance	b/d	260	Feb 10	Purchases	GL4	180
13	Cash Sales	GL2	125	17	Rent	GL5	155
				28	Balance c/d		50
			385				385
28	Balance b/d		50				

OR

(B) Balance the following Cash Account by completing the last three lines of the 'Balance' column:

CashAccount					
Date	Details	F	Dr	Cr	Balance
2013			€	€	€
Feb 1	Balance	b/d			260
	Purchases	GL4		180	80
13	Cash Sales	GL2	125		205
17	Rent	GL5		155	50

17. A courier travels from Cavan to Dundalk and from there to Galway, where she stays overnight. From the Distance Table below, calculate how many kilometres she travels that day.

DISTANCE TABLE (Km)

Cavan					
300	Cork				
110	400	Donegal			
112	260	222	Dublin		
82	325	158	85	Dundalk	
200	142	260	232	256	Ennis
166	210	205	216	238	70 Galway

Answer:	320 Km
Workings:	
$82 + 238 = 320$	

18. Fill in the **two** missing Factors of Production in the spaces provided:

LAND	LABOUR	CAPITAL	ENTERPRISE
------	--------	---------	------------

19. A shop steward is

A security person in a shop.

A person who represents the trade union in the workplace.

A person who is employed in a shop.

(Tick (✓) the correct box.)

20. Tick (✓) YES or NO after **each** term below to show if it applies to Borrowing.

	YES	NO
(a) Mortgage	✓	
(b) Deposit Account		✓
(c) Overdraft	✓	

SECTION B

Question 1
(A)

POWER HOUSEHOLD	JULY	AUG	SEPT	OCT	TOTAL	
PLANNED INCOME	€	€	€	€	€	
David Power - Salary	2,200	2,400	2,400	2,400	9,400	20 x ½
Rose Power - Salary	1,600	1,600	1,600	1,900	6,700	
Child Benefit	360	360	360	360	1,440	
A. TOTAL INCOME	4,160	4,360	4,360	4,660	17,540	
PLANNED EXPENDITURE						
<i>Fixed</i>						
House Mortgage	550	600	600	600	2,350	20 x ½
House Insurance	70	70	70	70	280	
Health Insurance	150	150	150	150	600	
<i>Subtotal</i>	<i>770</i>	<i>820</i>	<i>820</i>	<i>820</i>	<i>3,230</i>	
<i>Irregular</i>						
Household costs	1,200	900	1,200	1,200	4,500	29 x ½
Transport costs	260	260	260	260	1,040	
Telephone costs	60	175	60	190	485	
Light and Heat		180	950	250	1,380	
Education costs	550	750	450	650	2,400	
<i>Subtotal</i>	<i>2,070</i>	<i>2,265</i>	<i>2,920</i>	<i>2,550</i>	<i>9,805</i>	
Discretionary						
Entertainment	220	220	220	820	1,480	18 x ½
Holiday costs	630	1,770			2,400	
<i>Subtotal</i>	<i>850</i>	<i>1,990</i>	<i>220</i>	<i>820</i>	<i>3,880</i>	
B. TOTAL EXPENDITURE	3,690	5,075	3,960	4,190	16,915	
Net Cash (A-B)	470	-715	400	470	625	2 ½
Opening Cash	250	720	5	405	250	2 ½
Closing Cash	720	5	405	875	875	

1½ marks both must be same and correct

(B)	Expenditure: Discretionary	2		
	Reason: Because it is a non-essential expenditure and is only a one-off expense.	3		
(C)	Calculate the annual house insurance premium of the Power household.	Answer: €840	<i>Workings:</i> 70 x 12 = 840	5

Question 2

(A)

Trading, Profit & Loss App. A/c of Lamb Ltd for year ending 31-Dec-12			
Sales			532,000
<i>Cost of Sales:</i>			
Opening Stock		33,200	
Purchases		371,000	
Carriage Inwards		3,950	
		408,150	
Closing Stock		35,750	372,400
Gross Profit [1]			159,600 [2]
Less Expenditure			
Wages		69,600	
Light and Heat		23,600	
Telephone		6,950	
Rent		13,400	
Advertising		15,550	129,100
Net Profit [1]			30,500 [2]
Less Dividends			25,500
Reserves			5,000
BALANCE SHEET of Lamb Ltd as at 31 Dec 12 [2]			
Fixed Assets [2]	Cost	Dep	N B V
Equipment			101,750
Machinery			120,000
Motor Vehicles			149,000
			370,750
Current Assets [2]			
Closing Stock	35,750		
Cash in Hand	17,500	53,250	
Less Current Liabilities [2]			
Bank Overdraft		39,000	
Working Capital			14,250
TOTAL NET ASSETS			385,000
FINANCED BY [2]			
Ordinary Share Capital:			
Authorised	500,000		
Issued		380,000	
Reserves		5,000	
CAPITAL EMPLOYED			385,000

**All
Figures
1m
except
for
those
shown**

(B) **Dividend Paid:** The portion of net profit or reserves that is divided among the shareholders in proportion to the number of shares owned by each.

5

(C) Gross Profit as a percentage of Cash Sales:

$\frac{\text{Gross Profit}}{\text{Cash Sales}}$	X	$\frac{100}{1}$	=	$\frac{159,600}{532,000}$	X	$\frac{100}{1}$	=	30%
								10

Question 3

(A) Letter:

Layout	13
Content	20
English	4
Neatness and Presentation	3

Carbury [2]
Edenderry
Co Offaly

8 April 2013 [2]

Ms Yvonne Dunne
Manager
The Electric Store Ltd
10 Shop Street
Tullamore [2]

Re: Damaged Electric Kettle [1]

Dear Ms Dunne [2]

I purchased a Cresta Cordless Electric Kettle, Model CCK 25, in your shop on Saturday last, 6 April 2013 for €54. [4]
[4]

The kettle worked perfectly when I used it on Sunday morning. I filled it again in the evening to boil water for my tea. When I switched it on, it would not work. I checked the plug, the fuse and the cable but could find no problem. I switched on the kettle again but it still would not work. [4]

I will be bringing it back to the shop in two weeks time together with my receipt. As the kettle is not working, I expect it to be replaced with a new kettle under consumer law. [4]
[4]

Yours faithfully, [2]
Séamus Madden [2]

(B)	If you were Yvonne Dunne, what reply would you make to Séamus Madden's letter? Explain one reason for your answer.	
	Reply: Mr. Madden, we will give you a new kettle as a replacement, or a full refund if you wish.	3
	Reason: As the kettle is not working, it is not fit for its purpose as far as consumer law is concerned. The Sale of Goods and Supply of Services Act states that goods not fit for purpose must be replaced by the retailer or fully refunded.	7
(C)	Name two organisations which assist a consumer with a problem. In each case, write one sentence to explain how the organisation could help the consumer.	
	<ul style="list-style-type: none"> Consumer Association of Ireland – advice and help for members through monthly magazine, Consumer Choice. The National Consumer Agency – set up on 1 May 2007 as an independent body. The powers and functions of the Director of Consumer Affairs were transferred to the new Agency. The NCA is charged with promoting and protecting the interests and welfare of consumers through: enforcement of consumer legislation, advocacy, research, education, and awareness. Small Claims Court – deals speedily and cheaply with consumer claims of up to €2,000. Trade Associations – set standards for their own members which ensure that consumers will get the best possible service. NSAI – National Standards Association of Ireland – sets standard for safety and quality of goods and services which consumers buy. Ombudsman – will provide assistance when dealing with state agencies. 	Name 2 x 2 Explain 2 x 3

Question 4

(A) PROPOSAL FORM			
BETA INSURANCE LTD			
PROPOSAL FORM FOR MOTOR INSURANCE			
Surname	Sweeney	First Name	Helen
Address	24 Willow Park Granard Co. Longford		
Telephone	043 7178332		
Date of birth	12 October 1979		
Occupation	Marketing consultant		
VEHICLE DETAILS			
Type of Vehicle	Car	Current Value	€9,500
Make and Model	Renault Clio	Registration Number	09 LD 3392
INSURANCE DETAILS			
Type of Insurance required	THIRD PARTY ONLY		<i>(Tick (✓) the appropriate box.)</i>
	THIRD PARTY FIRE AND THEFT		
	COMPREHENSIVE	✓	
Type of Driving Licence	PROVISIONAL LICENCE		<i>(Tick (✓) the appropriate box.)</i>
	FULL LICENCE	✓	
Insurance required from (date)	1 August 2013		
Previous Insurance Company	Carr Insurances Ltd		
Number of years driving	9 years		
Details of recent claim (if any)	Year:	2010	Amount claimed: €3,000
Reason for Claim	Car damaged due to a skid on a snowy road in 2010.		
Penalty Points (if any)	Number:	4	Reason: Speeding
SIGNATURE	<i>Helen Sweeney</i>		DATE 10 June 2013
22 Items @ 1 mark each Neatness 2 marks			

Question 4 (continued)

(B)	(i) Using the information in the insurance quote, calculate the total net cost of insuring Helen Sweeney's house and contents.	
	Answer: €783.75 [2]	Workings: 27.50 x 18 = 495.00 [3] 8.25 x 40 = 330.00 [3] 825.00 [2] Discount 5% = 41.25 [2] Total 783.75

(B)	(ii) Helen accepted the quote and paid the total amount online by debit card to Clarke Insurances Ltd on the same day. On 6 June 2013, Clarke Insurances Ltd sent Helen a Receipt (No. 4438), signed by James Clarke. Complete the Receipt:	
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Receipt No. 4438		
Clarke Insurance Co Ltd		
High Street, Longford		Telephone: 043 72 95464
Date:	6 June 2013	2
Received From:	Helen Sweeney	2
The Sum of:	Seven hundred and eighty three euro, 75	2
	€783.75	2
Method of payment:	Debit card online	2
<i>With Thanks</i>	Signed: <i>James Clarke</i> (Cashier)	2

(C)	Answer each of the following questions:	
	(i) When filling out a proposal form, all material facts must be truthfully written down by the person looking for insurance. What is this principle of insurance called?	
	Answer: Utmost Good Faith	4
	(ii) In the event of a loss, what can an insured person claim from the insurance company?	
	Answer: Compensation	4
	(iii) What is the title of the person sent by an insurance company to calculate the amount of the loss suffered?	
	Answer: Assessor	4

Question 5


(A) (i) Invoice

Gaelic Wholesalers Ltd					INVOICE No. 629	
Kennedy Retail Park, Nenagh, Co. Tipperary						
Telephone: 067-541735 Fax: 067-541777 e-mail: gaelic@tipp.com			VAT Reg. No. IE7457939			
				Date:	20 February 2013	2
				Your Order No.:	138	1
The Purchasing Manager					2	
Munster Sports Ltd						
Main Street						
Dungarvan						
Co. Waterford						
QUANTITY	DESCRIPTION	CODE No.	PRICE EACH €	TOTAL €		
100	Waterford Hurling Jerseys	WJ123	52.00	5,200	5	
50	Cork Hurling Jerseys	CJ004	46.00	2,300	5	
150	Tipperary Hurling Jerseys	TJ564	54.00	8,100	5	
Total (Excluding VAT)				15,600	2	
Trade Discount				2,340	2	
Subtotal				13,260	2	
Carriage Paid E & O E				VAT	2	
Total (Including VAT)				3,315	2	
				16,575	2	
Total					30	

Question 5 (continued)

(A)	(ii) State one reason why an Invoice is an important document.	
	<p>It shows full details of the goods bought</p> <p>It shows the quantity of goods bought</p> <p>It shows the total cost of the goods, the amount that the buyer has to pay the seller</p> <p>The buyer checks it with the delivery note to ensure he pays only for the goods received.</p>	6

(B) Cheque and Counterfoil

Date	20 Feb 2013	AIB Bank 93-74-56 Date 20 February 2013 Castle Street, Dungarvan, Co. Waterford	
To	Gaelic Wholesalers Ltd		
Balance	€35,000.00	Pay Gaelic Wholesalers Ltd	or order euro euro euro
This Cheque	€16,575.00	Sixteen thousand, five hundred and	€16,575.00
New Balance	€18,425.00	seventy five euro only	Munster Sports Ltd
			<i>Jack O'Brien</i>
	25463	25463	937456 79667418
	5		10

(C) Bank Account:

Dr				Cr			
Munster Sports Ltd – Bank Account							
2013	Details	F	€	2013	Details	F	€
				20 Feb	Gaelic Wholesalers Ltd	CL	16,575
				3	3		3

OR

Munster Sports Ltd– Bank Account						
Date	Details	F	Dr	Cr	Balance	
2013			€	€	€	
20 Feb	Gaelic Wholesalers Ltd	CL		16,575		
3	3			3		

Question 6

(A) Analysed Receipts and Payments Account (Analysed Cash Book) of Lakeside Golf Club

Dr						Cr							
Date [1]	Details [1]	Bank	Comp.	Table Quiz	Memb. Fees	Date [1]	Details [1]	Cheque No. [1]	Bank	Comp.	Table Quiz	Wages	Other
2013		€	€	€	€	2013			€	€	€	€	€
March 1	Balance	570				March 2	Comp Prizes	213	270	270			
3	Memb Fees	4,500			4,500	9	Posters	214	90		90		
7	Comp Fees	525	525			11	Prizes	215	120		120		
13	Table quiz	450		450		12	Greenkeeper	216	950			950	
16	Memb Fees	3,000			3,000	18	Repairs	217	175				175
21	Comp Fees	330	330			19	Trophies	218	290	290			
29	Memb Fees	1,500			1,500	26	Greenkeeper	219	900			900	
						31	Balance c/d		8,080				
		10,875	855	450	9,000				10,875	560	210	1,850	175
31	Balance b/d	8,080											
		9	3	2	4				9	3	3	3	2

(B) Calculate the surplus or deficit that the club made during March on running a table quiz.

Answer: **€240 Surplus 3 marks**

Workings: $450 - 210 = 240$ [4]

(C) Explain **two** duties of a club treasurer

- To collect members' subscriptions and issue receipts
- To lodge all money received to the club's bank account
- To pay all bills for the club
- To record all the club's receipts and payments
- To prepare final accounts and balance sheet
- To report on the club's finances at the AGM.

5 + 5

Question 7

(A)	(i)	Explain the term 'imports'.	
		All the goods and services that Ireland buys from other countries.	4
	(ii)	Explain two benefits of imports for Ireland	
		<ul style="list-style-type: none"> Ireland does not possess certain raw materials/oil. We must import them. Irish people like to have a variety of goods and services, e.g. cars must be imported Ireland does not have the climate to grow certain foods. Tropical foods imported. Goods can be obtained at a cheaper price. 	2 x 4

(B)	(i)	Identify the year that had the highest rate of inflation.				
		Answer: 2011	3			
	(ii)	Identify the year that had the lowest rate of inflation.				
		Answer: 2009	3			
	(iii)	Calculate the average rate of inflation over the six years.				
		<table border="1"> <tr> <td>Answer: 2.5 %</td> <td>Workings:</td> <td>$2.0 + 3.0 + 1.5 + 2.0 + 4.0 + 2.5 = 15$ $15 / 6 = 2.5$</td> </tr> </table>	Answer: 2.5 %	Workings:	$2.0 + 3.0 + 1.5 + 2.0 + 4.0 + 2.5 = 15$ $15 / 6 = 2.5$	6
Answer: 2.5 %	Workings:	$2.0 + 3.0 + 1.5 + 2.0 + 4.0 + 2.5 = 15$ $15 / 6 = 2.5$				
	(iv)	If a person's wages in 2010 were €450 per week, calculate how much that person would need to receive per week in 2011 to keep up with inflation.				
		<table border="1"> <tr> <td>Answer: €468.00</td> <td>Workings:</td> <td>$450 \times 4 / 100 = 18$ $450 + 18 = 468$</td> </tr> </table>	Answer: €468.00	Workings:	$450 \times 4 / 100 = 18$ $450 + 18 = 468$	6
Answer: €468.00	Workings:	$450 \times 4 / 100 = 18$ $450 + 18 = 468$				

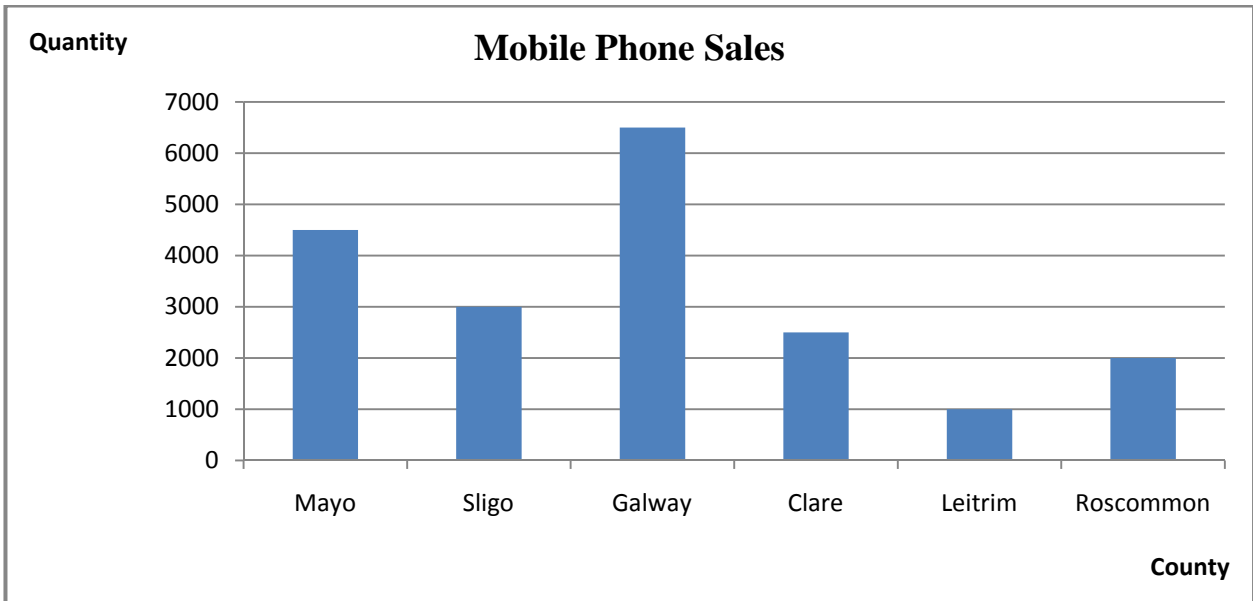
(C) (i) National Budget for the year 2013			
		€000	€000
	INCOME		
	PAYE	6,250	
	Excise Duties	3,700	
	VAT	4,150	
	Corporation Tax	2,500	16,600
	EXPENDITURE		
	Education	4,500	
	Health Services	8,200	
	Social Welfare	3,900	
	Justice	1,500	18,100
(ii)	Deficit [2]		- 1,500 [1]

labels ½ mark each
figures 1 mark each

(C)	(iii)	Which Government Department prepares the National Budget?	
		Answer: The Department of Finance	5
	(iv)	Every year the Irish Government spends large sums of money on Education. Give two examples of Government spending on Education.	
		Teachers' pay; School equipment and extensions; State Examination costs.	2 x 5

Question 8

(A) Show the mobile phone sales information in the form of a Bar Chart:



Vertical Axis correctly labelled 1 mark
Horizontal Axis correctly labelled 1 mark
Title of Chart 2 marks
Bars [2 + 1]
Neatness 1 mark

(B)	(i) Calculate the value of total sales of mobile phones for Getintouch Ltd in Co Galway in 2012.		4
	Answer: €260,000	Workings: $6,500 \times 40 = 260,000$	
	(ii) Calculate the value of total sales of mobiles phones for Getintouch Ltd in all western counties in 2012.		12
	Answer: €780,000	Workings: $4,500 + 3,000 + 6,500 + 2,500 + 1,000 + 2,000 = 19,500$ $19,500 \times 40 = 780,000$	

(C)	Explain clearly three of the underlined terms.	
	Brand Names are used to identify particular products so that they become well known among the public.	7 × 3
	Sponsorships are where firms give money to a sports or cultural event to promote their products.	
	Special Offers are made on certain products to boost their sales, e.g. ‘Buy a burger – get a drink free’ or ‘three books for the price of two’.	
	Questionnaires are used to get information from/to survey consumers. They are usually a list of prepared questions which consumers are asked.	

