



Coimisiún na Scrúduithe Stáit
State Examinations Commission

JUNIOR CERTIFICATE 2011

MARKING SCHEME

BUSINESS STUDIES

ORDINARY LEVEL

Junior Certificate Examination 2011

Business Studies

Ordinary Level

Marking Scheme and Support Notes for use with the Marking Scheme

In considering this marking scheme the following points should be noted:

The support notes presented are not exclusive or definitive and alternative answers may be acceptable if deemed valid;

They are support notes and not model or suggested answers;

The bookkeeping layout as presented in the support notes may be accepted as best practice. However, in some bookkeeping questions there can be a number of alternative approaches and formats that can be validly used by candidates;

Further relevant points of information presented by candidates are marked and rewarded on their merits;

The detail required in any answer is determined by the context and the manner in which the question is asked and by the number of marks assigned to the answer on the examination paper. Requirements and mark allocations may therefore vary from year to year.

JUNIOR CERTIFICATE EXAMINATION 2011
BUSINESS STUDIES – ORDINARY LEVEL
Support Notes & Marking Scheme
Section A

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

ATM	AUTOMATED TELLER MACHINE	3
		+
VAT	VALUE ADDED TAX	2


2. Which **one** of the following is a **Visible Import** for Ireland?

- Wine bought from French vineyards.** ✓ 5
- Irish firms selling pottery at a trade fair in Germany.
- Scottish supporters coming to a rugby international in Dublin.


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

	TRUE	FALSE	
A Sole Trader is owned by many shareholders.		✓	1
A Private Limited Company is not allowed to make a loss.		✓	2
A Semi-State Company is owned by the Government.	✓		2

4. Complete the following cheque by filling in the missing details:

Date	12 May 2011	Bank of Ireland 91-34-17 MAIN STREET, BORRIS, Co. CARLOW Pay <i>Brian Carr</i> <i>Two hundred and seven euro, fifty cent</i>  001214 913417 82846693			
To	Brian Carr		Date	12 May 2011	1
Balance	€ 420.00		or order	euro euro euro	1
This Cheque	€ 207.50			€207.50	1 + 1
New Balance	€ 212.50			LIAM MAGUIRE	
			<i>Liam Maguire</i>	1	
	001214				

5. Kellogg's Rice Krispies can be bought in two packet sizes, small and large.

Small		Large
500 Grams €1.25 per packet		1,000 Grams €2.45 per packet

Calculate which size offers the best value for money. Show your workings.

Answer	
Size:	Large

2 marks

Workings:		
$500 \times 2 = 1,000$	1.25×2	3 marks
$= 2.50$	2.45×1	
$= 2.45$	--- cheaper	

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

JOE DONLON SEÁN DONNELLY MARY DONLEAVY LISA DONNELLAN

(i)	MARY DONLEAVY	2
(ii)	JOE DONLON	1
(iii)	LISA DONNELLAN	1
(iv)	SEÁN DONNELLY	1

7. The following figures are from the books of Harvey Ltd for the year 2010:

Debtors €15,500 Cash on hand €2,250 Premises €120,000 Delivery Vans €42,000

Enter **and** total the Fixed Assets in the following extract from the Balance Sheet of Harvey Ltd on 31 December 2010:

Extract from Balance Sheet of Harvey Ltd as on 31-12-10		
FIXED ASSETS	€	
Premises	120,000	2
Delivery Vans	42,000	2
TOTAL FIXED ASSETS	162,000	1

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	92420
Previous	91035
No. of units used	1385
Rate per unit	€0.19
Total Charge	€ 263.15

3

2

Workings:

9. Complete the following sentence:

Impulse Buying means buying without planning, on the spur of the moment, something that is not needed. (2 + 3)

10. Mark Ryan is going to the USA on holiday. He has saved €1,750 for spending money. He visits his local bank to exchange his euro for dollars. The current exchange rate is €1 = \$1.40. Calculate the amount of dollars he will receive for €1,750.

Answer
\$ 2,450.00

5

Workings:
$1,750 \times 1.40 = 2,450$

maximum mark for workings 3 marks

11. In **each** space below, write the most appropriate word from the following list:

DATABASE WORD PROCESSOR SPREADSHEET MODEM

(Two of the words above do not complete any of the sentences below.)

- (i) A **SPREADSHEET** may be used for mathematical calculations, financial records, preparation of accounts and budgets. **3 marks**
- (ii) A **DATABASE** may be used for organising and filing information on a computer. **2 marks**

12. **Column 1** shows a list of insurance 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. Policy	A. You cannot profit from insurance
2. Utmost Good Faith	B. The money paid out after a genuine claim is made
3. Compensation	C. All facts given when taking out insurance must be true
	D. This shows details of the insurance contract

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

1.	2.	3.
D	C	B

(1 + 2 + 2)

13. Explain **two** reasons why farmers should keep accounts. (4 + 1)

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. To use with applications for State or EU grants.

14. Give **one** example of **each** of the following types of production:

Type of Production	Example	
(i) Primary	Agriculture, Mining, Forestry, Fishing	4
(ii) Secondary	Construction, Manufacturing	1

15. Kate Barry lodged €600 to a Deposit Account in her local bank. The rate of interest on deposits is 2% per year. One year later, she withdrew all the money with interest. Kate did not have to pay any tax on the interest earned. Calculate the total amount she withdrew:

Answer
€ 612.00

5 marks

Workings:	(up to 4m)
600 x 2% = 12	
600 + 12 = 612	

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

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

Dr				Bank Account				Cr
Date	Details	F	Total	Date	Details	F	Total	
2011			€	2011			€	
May 1	Balance	b/d	170	May 11	Insurance	GL6	320	
8	Cash Sales	GL1	845	25	Wages	GL5	575	
				31	Balance	c/d	120	
			1,015				1,015	
31	Balance	b/d	120					

2
1
2

OR

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

Bank Account					
Date	Details	F	Dr	Cr	Balance
2011			€	€	€
May 1	Balance	b/d			170
8	Cash Sales	GL1	845		1,015
11	Insurance	GL6		320	695
25	Wages	GL5		575	120

2
2
1

17. Noreen Rooney wishes to insure her house for €250,000. She receives the following quotation from an insurance company: **Insurance premium on Buildings: €3.20 per €1,000.**

Calculate the cost of the insurance premium that Noreen will have to pay.

Answer
€ 800

5 marks

Workings:	(up to 3m)
3.20 x 250 = 800	

18. Anna Lyons, who lives in Enfield, wishes to attend a meeting in Boyle at 6.00 pm on 16 June 2011. She is travelling by rail so she checks the Iarnród Éireann timetable.

The following is the Iarnród Éireann timetable for that date:

DUBLIN Connolly	Dep	13.05	15.05	16.00	17.05
Maynooth	Dep	13.33	15.34	16.29	17.31
Kilcock	Dep	13.39	15.40	16.35	17.37
Enfield	Dep	13.48	15.49	16.45	17.46
Mullingar	Dep	14.13	16.14	17.14	18.11
Edgeworthstown	Dep	14.32	16.33	17.33	18.32
LONGFORD	Dep	14.42	16.43	17.43	18.43
Dromod	Dep	14.56	16.56	18.01	18.57
Carrick-on-Shannon	Dep	15.12	17.12	18.16	19.13
Boyle	Dep	15.34	17.34	18.28	19.35
Ballymote	Dep	15.49	17.49	18.43	19.50
Collooney	Dep	15.58	17.58	18.52	19.59
SLIGO	Arr	16.10	18.10	19.09	20.10

	Answer		Workings
(a) What train should Anna take to be in Boyle on time for the meeting?	15.49 from Enfield	2 marks	
(b) How long will the train journey take?	One hour, 45 minutes	3 marks	$17.34 - 15.49 = 1.45$

19. Fill in the **two** missing Factors of Production in the spaces provided: (3 + 2)

LAND	LABOUR	CAPITAL	ENTERPRISE
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20. Niall Rushe received his net wages in cash. His employer used the least number of notes and coins possible when putting the cash in Niall's pay envelope. Using the Note/Coin Analysis Slip below, calculate Niall's net wage:

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

Answer	
NET WAGE	€ 498.26

5 marks

Workings

1. HOUSEHOLD BUDGET

1 (A)

SMITH HOUSEHOLD	SEP	OCT	NOV	DEC	TOTAL	
PLANNED INCOME	€	€	€	€	€	
Jack Smith – Salary	2,500	2,500	2,500	3,100	10,600	22 @ ½
Marie Smith – Salary	850	850	850	850	3,400	
Dividend on shares		500			500	
Child Benefit	300	300	300	300	1,200	
A. TOTAL INCOME	3,650	4,150	3,650	4,250	15,700	
PLANNED EXPENDITURE						
Fixed						20 @ ½
House Rental	750	750	650	650	2,800	
House contents Insurance	27	27	27	27	108	
Health Insurance	210	210	240	240	900	
<i>Subtotal</i>	<i>987</i>	<i>987</i>	<i>917</i>	<i>917</i>	<i>3,808</i>	
Irregular						26 @ ½
Household costs	950	950	950	1,450	4,300	
Car running costs	110	110	360	110	690	
Telephone costs	215	95	245	95	650	
Light and Heat	150	450	180		780	
Education costs	450				450	
<i>Subtotal</i>	<i>1,875</i>	<i>1,605</i>	<i>1,735</i>	<i>1,655</i>	<i>6,870</i>	
Discretionary						13 @ ½
Entertainment costs	350	350	350	750	1,800	
Holiday costs		1,000		2,200	3,200	
<i>Subtotal</i>	<i>350</i>	<i>1,350</i>	<i>350</i>	<i>2,950</i>	<i>5,000</i>	
B. TOTAL EXPENDITURE	3,212	3,942	3,002	5,522	15,678	5 @ ½ 2 ½
Net Cash (A - B)	438	208	648	-1,272	22	
Opening Cash	250	688	896	1,544	250	7
Closing Cash	688	896	1,544	272	272	

1 (B) Does the Smith household own the house in which they live?	No	3
Reason:	They pay rent for house.	3
1 (C) How much will Marie Smith earn in the full year (2011) if there is no change in her salary?.	€10,200	4

Question 2 Final Accounts and Balance Sheet

(A)

Trading, Profit & Loss Appropriation A/C of Gaff Ltd for year ending 31 December 2010				
Sales			390,000	1
<i>Less Cost of Sales:</i>				
Opening Stock		52,250		1
Purchases		254,800		1
Carriage Inwards		2,450		1
		309,500		1
Closing Stock		75,500	234,000	1 + 1
Gross Profit (1 mark for words)			156,000	2
<i>Less Expenditure</i>				
Wages		78,600		1
Light and Heat		16,400		1
Telephone		5,950		1
Insurance		14,800		1
Advertising		8,750	124,500	1 + 1
Net Profit (1 mark for words)			31,500	2
Less Dividends			3,500	1
Revenue Reserves			28,000	1

BALANCE SHEET of Gaff Ltd as at 31 December 2010 (2 marks for correct date)

Fixed Assets (2 marks for words)	Cost	Dep	N B V	
Buildings			120,000	1
Fixtures & Fittings			26,000	1
Motor Vans			82,500	1
			228,500	1
Current Assets (2 marks for words)				
Closing Stock	75,500			1
Cash in Hand	2,150	77,650		1 + 1
Less Current Liabilities (2 marks for words)				
Bank Overdraft		26,000		1
Working Capital			51,650	1
TOTAL NET ASSETS			280,150	1
FINANCED BY (2 marks for words)				
Ordinary Share Capital:	Authorised	Issued		1 + 1
	500,000	252,150		1 + 1
Reserves		28,000		1
CAPITAL EMPLOYED			280,150	1

(B) **Cash in Hand** means

The actual amount of money/cash that Gaff Ltd has available on its premises on a certain date (in this case they have €2,150 available).

It is a Current Asset belonging to the company on a certain date

5 marks

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

$$\frac{\text{Gross Profit}}{\text{Cash Sales}} \times \frac{100}{1} = \frac{156,000 \text{ (4 marks)}}{390,000 \text{ (4 marks)}} \times \frac{100}{1} = 40 \% \quad 2 \text{ marks}$$

Question 3 Consumer and Writing a Letter

(A)

	Mark
Kinkeel Westport Co Mayo	2
Mr Henry Sweeney Manager Sweeney Electrical Store Ltd Main Street Castlebar Co Mayo	2
Re: Faulty Dishwasher	1
28 January 2011	2
Dear Mr Sweeney,	2
<ul style="list-style-type: none"> I purchased a 'Zanu' Dishwasher, Model RT 87, in your shop on 4 January 2011. It cost €257 and I paid by credit card. A copy of the receipt is enclosed. 	4 4 4
The dishwasher was installed in my kitchen the following day. However, after two weeks, it started to give trouble. It made a lot of noise when in use and I noticed that the dishes were not properly washed when emptying it.	4
I feel I am now entitled to have the dishwasher replaced with a new one <i>because</i> it was not able to do its work. If this is not possible, I will expect a full refund.	4
Yours faithfully,	2
Aoife O'Donnell	2

English 4 marks
Presentation 3 marks

(B)	Explain two ways in which Aoife can prove that she paid for the dishwasher.	
	<ul style="list-style-type: none"> Receipt /copy of receipt Credit card statement *Guarantee stamped 	4 4
(C)	Name two agencies who could assist Aoife if she was unhappy with the response received from Sweeney Electrical Store Ltd. In each case, write one sentence to explain how the agency could help Aoife.	
	<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. Citizens Advice Bureau – offers help and advice on a range of areas including consumer rights 	2 + 4 2 + 4

Question 4 Wages and Trade Unions

			Answer	Workings	
(A)	(i)	Calculate Emma Hosty's basic pay per hour.	€12.00	$468 / 39 = 12$	5
	(ii)	Calculate earnings for one hour's overtime.	€18.00	$12 \times 1.5 = 18$	5
	(iii)	Number of overtime hours she worked in Week 18.	5 hours	$90 / 18 = 5$	5
	(iv)	Statutory Deductions are taken from Gross Wages by the employer and forwarded to the Government. All employees above a certain wages level are legally bound to pay statutory deductions e.g. PAYE, PRSI & USC.			5

(B)	Completed Wage Slip for Week 19.
-----	----------------------------------

Employee No. 014	Emma Hosty		Week 19	Date: 14 May 2011	2
PAY:	€		DEDUCTIONS:	€	
BASIC	468.00	2	PAYE	148.23	2
OVERTIME	108.00	3	PRSI	40.32	3
			TRADE UNION	15.50	2
GROSS PAY	576.00	2	TOTAL DEDUCTIONS	204.05	2
				€ 371.95	2

(C)	(i)	Explain three ways in which Emma benefits from being a member of a trade union.	
		<p>TU would represent her in any dispute with employer.</p> <p>TU would seek better wages to maintain standard of living.</p> <p>TU would seek better/safer working conditions.</p> <p>TU would give protection from unfair dismissal.</p> <p>TU would try to ensure best deal in event of redundancy.</p>	3 x 5
	(ii)	All the staff at Jake's Toy Store Ltd are trade union members. Jean Coyne is the staff member who represents the trade union in the workplace. What is Jean's official title?	
		Answer: Shop Steward	5

Question 5 Business Documents

- (A) (i) What business document would Seán Flood have checked before sending the Order to Camera Wholesalers Ltd?

Answer: **Quotation (or Price List)**

5 marks

- (A) (ii)

Irwin Ltd Retailers of Camera Equipment Main Street, Boyle, Co. Roscommon			ORDER No. 914	
Telephone: 071-6522931 Fax: 071-6585347 e-mail: irwin@rosc.ie		VAT Reg. No. IE 3535118		
			Date: 16 May 2011	1
The Manager Camera Wholesalers Ltd Boyne Industrial Estate Trim Co. Meath				
Please supply the following goods:				
QUANTITY	DESCRIPTION		PRICE EACH	
			€	
30	Canon Cameras	Model CF67	145	3
25	Fuji Cameras	Model FG78	170	3
40	Nikon Cameras	Model NY89	250	3
15	Sony Cameras	Model SR12	120	3
Signed: <i>Seán Flood</i>		1	Title: Purchasing Manager	
				1

(B) Invoice

Camera Wholesalers Ltd					INVOICE No. 7465	
Boyne Industrial Estate, Trim, Co. Meath						
Telephone: 046-3936442				VAT Reg. No. IE 4555392		
Fax: 046-3937556						
e-mail: cam@meath.net						
					Date: 23 May 2011	1
					Your Order No.: 914	2
Mr Seán Flood Purchasing Manager Irwin Ltd Retailers of Camera Equipment Main Street Boyle Co. Roscommon						2
QUANTITY	DESCRIPTION	MODEL No.	PRICE EACH €	TOTAL €		
30	Canon Cameras	Model CF67	145	4,350	5	
25	Fuji Cameras	Model FG78	170	4,250	5	
15	Sony Cameras	Model SR12	120	1,800	5	
				Total (Excluding VAT)	10,400	2
				Trade Discount 15%	1,560	2
Carriage Paid E & O E				Subtotal	8,840	2
				VAT 20%	1,768	2
				Total (Including VAT)	10,608	2

(C) Bank Account

Dr								Irwin Ltd – Bank Account				Cr	
2011	Details	F	€	2011	Details	F	€						
				May 23	Purchases		10,608	9					

OR

Irwin Ltd – Bank Account						
Date	Details	F	Dr	Cr	Balance	
2011			€	€	€	
May 23	Purchases			10,608		9

6 (A) Petty Cash Question

BAKER Ltd PETTY CASH VOUCHER No 16		Date	15 March 2011	3
Details			Amount	
			€	c
John Reilly for Office Cleaning			25	00
Signature			<i>Carmel Francis</i>	
			6	
			3	

(C)

How much money will Carmel receive from the chief cashier to enable her to start the following month with an imprest of €200?	
Answer: €1840	5

(B)

Petty Cash Book of Baker Ltd

Dr			Cr								
Date	Details	Total	Date	Details	Voucher No.	Total	Postage	Stationery	Travel	Cleaning	Other
2011		€	2011			€	€	€	€	€	€
Mar 1	Balance	200	Mar 2	Envelopes	11	15		15			
			4	Window cleaning	12	23				23	
			7	Memory sticks	13	10					10
			8	Photocopying paper	14	12		12			
			14	Taxi	15	7			7		
			15	Office cleaning	16	25				25	
			16	Postage	17	20	20				
			18	Repairs to door lock	18	14					14
			21	Cleaning materials	19	8				8	
			23	Train fare	20	16			16		
			24	Registered parcel	21	10	10				
			29	Office Cleaner	22	24				24	
				Total		184	30	27	23	80	24
			31	Balance c/d		16					
		200				200					
31	Balance b/d	16									

30 figures @ 1 mark each.

3 headings at 2 marks each.

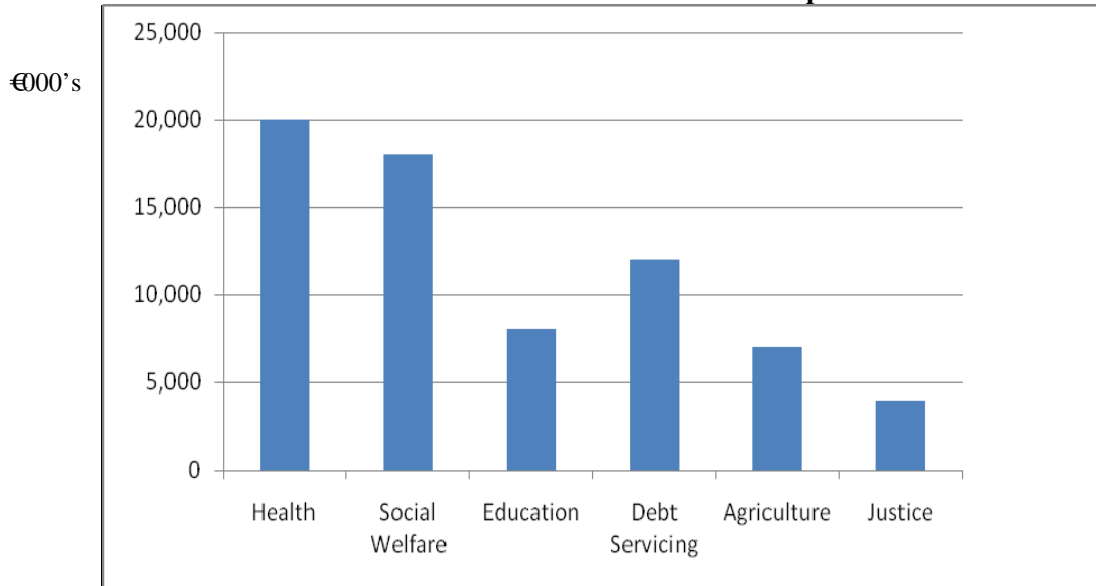
Balancing 7 marks.

Question 7 National Budget

(A)	(i) Department of Finance	4		
	(ii) Two examples of Social Welfare (Social Protection) expenditure.			
	Child benefit State Pension (OAP)	Carer's Allowance Free Travel (Over 66)	Fuel Allowance Disability Allowance	2 @ 5 marks each

(B) (i) Bar Chart:

Government Current Expenditure 2011



Title 2 marks
 6 labels @ 1 mark each
 6 bars @ 1 mark each
 Vertical axis labelled 2 marks
 Presentation 2 marks

(ii)	National Budget for the year 2011		
		€	€
	INCOME		
	VAT	18,500	
	PAYE	24,000	
	Excise Duties	7,800	
	Other Revenue	3,900	54,200
	EXPENDITURE		
	Health	20,000	
	Social Welfare	18,000	
	Education	8,000	
	Debt Servicing	12,000	
	Agriculture	7,000	
	Justice	4,000	69,000
(iii)	Deficit		-14,800

10 labels @ ½ mark each
 10 figures @ 1 mark each
 Deficit figure 2 mark
 Word deficit 1 marks

(C)	Ireland has experienced a fall in economic growth in recent years. Explain two difficulties this fall has caused for the Irish Government.	
	<ul style="list-style-type: none"> • Less income from VAT, PAYE, PRSI due to fall in sales and employment. • Reduced expenditure on Education, Health, Social Welfare. • Reduction in Public Service employment and services. 	2 @ 5 marks

Question 8 Marketing, Sales Promotion and Exports

(A)	Complete, in full, each sentence below using the most appropriate explanation.	
	(i) A Target Market is <i>the potential consumers for a product or service.</i>	4
	(ii) Market Research is <i>collecting information about what consumers want to buy.</i>	4
	(iii) A Brand Name is <i>used to identify a particular product so that it becomes well known among the public.</i>	4
	(iv) A Questionnaire is <i>a list of prepared questions which consumers are asked as part of a survey.</i>	4
	(v) Sponsorship is <i>where firms give money to a sports or cultural event to promote their products.</i>	4
	(vi) A Special Offer is <i>made on certain products to boost their sales, e.g. "Buy a burger – get a drink free."</i>	4

(B)	(i) Calculate the total sales of footballs for Action Sports Ltd in County Cork in 2010.	
	Answer: €137,500	Workings: 5,500 x 25 = 137,500 3 + 3

	(ii) Calculate the total sales of footballs for Action Sports Ltd in Munster in 2010.	
	Answer: €550,000	Workings: 5,500 + 7,500 + 1,600 + 2,900 + 1,800 + 2,700 = 22,000 22,000 x 25 = 550,000 4 + 6

(C)	(i) State two reasons why Action Sports Ltd would advertise its footballs.	
	<ol style="list-style-type: none"> 1. To increase sales/profit 2. To inform the public of the types of footballs available 3. To persuade/encourage/convince consumers to buy 4. To keep their share of the market against other competitors 5. To make the product more recognisable and well known 	2 @ 4 marks each
	(ii) Action Sports Ltd is planning to export footballs to the UK. Explain two difficulties the company might face if it carries out its plan.	
	<ul style="list-style-type: none"> • Transport costs – ferries/flights required • Currency exchange rates – Euro v Sterling • More documentation required • Different size football may be required 	2 @ 6 marks each

