



Coimisiún na Scrúduithe Stáit  
State Examinations Commission

**JUNIOR CERTIFICATE 2012**

**MARKING SCHEME**

**BUSINESS STUDIES**

**ORDINARY LEVEL**



# **Junior Certificate Examination 2012**

## **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.

# SECTION A

(100 marks)

Answer all 20 questions. Each question carries 5 marks.

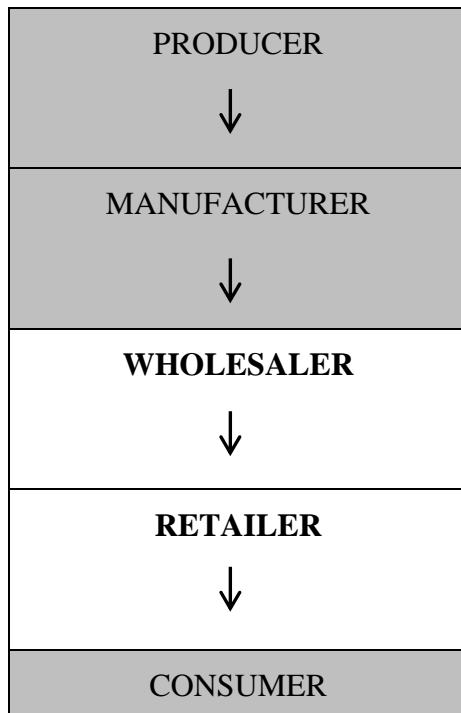
1. What do the following letters stand for? (Write *each* answer in full in the space provided.)

PRSI	PAY RELATED SOCIAL INSURANCE
AGM	ANNUAL GENERAL MEETING

5 marks

(3 + 2)

2. Fill in the **two** blank spaces in the following Chain of Distribution:



5 marks

(3 + 2)

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

EMILY KENNY

ELAINE KEARNS

EMMA KENNEDY

EVA KEESHAN

(i)	ELAINE KEARNS
(ii)	EVA KEESHAN
(iii)	EMMA KENNEDY
(iv)	EMILY KENNY

5 marks

(2 + 1 + 1 + 1)

4. Mary is going on holidays to England. She orders £550 Sterling in the bank. The current exchange rate is € = £0.88.

Calculate how many euro Mary will have to give the bank for £550 sterling.

Answer
€625.00

Workings:
$550 / 0.88 = 625$

3 for workings, 2 for correct answer

5. Complete each sentence below using the most appropriate word from the following list:

RISK; PROPOSAL FORM; POLICY; PREMIUM; COVER NOTE

*(Three of the words do not match any sentence)*

- (i) The money paid to an insurance company each year to keep something insured is called a **PREMIUM**.
- (ii) The document which must be completed when applying for insurance is called a **PROPOSAL FORM**.

5 marks  
(3 + 2)

6. Two of the following four terms apply to Borrowing.

Tick (✓) the **two** correct boxes.

Deposit Account	<input type="checkbox"/>
Mortgage	<input checked="" type="checkbox"/>
Motor Insurance	<input type="checkbox"/>
Hire Purchase	<input checked="" type="checkbox"/>

5 marks  
(3 + 2)

7. Which of the following activities is work or employment? Tick (✓) the correct box in each case.

	Work	Employment
Part-time job in a shop		✓
Cleaning your bedroom	✓	
Doing your homework	✓	

5 marks  
(1 + 2 + 2)

8. The following figures are from the books of Tierney Ltd:

**Delivery Vans €72,000      Cash on hand €41,500      Creditors €27,000      Closing Stock €19,850**

Enter **and** total the Current Assets in the following extract from the Balance Sheet of Tierney Ltd as on 31 December 2011:

Extract from Balance Sheet of Tierney Ltd as on 31-12-11	
CURRENT ASSETS	€
Cash on hand	41,500
Closing Stock	19,850
TOTAL CURRENT ASSETS	61,350

**5 marks**  
(2 + 2 + 1)

9. Sinéad Daly has a Current Account in the Bank of Ireland, Carlow. On 14 April 2012, she paid a cheque of €350.00 to Carlow Leisure Centre.

(Write the correct word from the following list in the space provided).

DRAWER

DRAWEE

PAYEE

Sinéad Daly is the **DRAWER** of that cheque.

**5 marks**

10. Inflation is

A fall in the general level of prices

A rise in the general level of prices

No change in the general level of prices

(Tick (✓) the correct box.)

**5 marks**

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

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

**5 marks**  
(3 + 2)

12. Complete the following sentence:

The person who prepares a club's accounts is called the **TREASURER**.

**5 marks**

13. 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	
2012			€	2012			€	
Apr 1	Balance	b/d	720	Apr 9	Rent	GL3	550	
18	Cash Sales	GL1	2,500	22	Advertising	GL5	960	
				30	Balance c/d		1,710	
			<b>3,220</b>				<b>3,220</b>	
30	Balance b/d		<b>1,710</b>					

OR

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

BankAccount					
Date	Details	F	Dr	Cr	Balance
2012			€	€	€
Apr 1	Balance	b/d			720
9	Rent	GL3		550	170
18	Cash Sales	GL1	2,500		2,670
22	Advertising	GL5		960	1,710

5 marks

(2 + 1 + 2)

14. Name **three** types of financial institution in which people may place the money they have saved:

- (i) **Banks**
- (ii) **Credit Unions**
- (iii) **Building Societies**
- (iv) **An Post**

5 marks

(2 + 2 + 1)

15. A consumer who returns a faulty good that cannot be **replaced** is entitled to either

(i) **REPAIR**



OR

(ii) **REFUND**

5 marks

(3 + 2)

16. Cadbury's chocolate bars can be bought in two bar sizes, small and large.

Small	Large
	
150 Grams	300 Grams
€1.20 per bar	€2.30 per bar

Calculate which size offers the best value for money.

Answer	
Size:	LARGE

Workings:
1.20 / 150 = 0.008 per gram
2.30 / 300 = 0.00766 per gram (cheaper) <b>or</b>
150 x 2 = 300
1.20 x 2 = 2.40 [2.30 is cheaper]

5 marks

2 for correct answer and 3 for workings

17. Catherine Barry is the Petty Cashier at Carter Ltd. On 22 March 2012, she paid Michael Greene €25.75 out of Petty Cash for office window cleaning. Enter this transaction in the Petty Cash Voucher:

CARTER Ltd		PETTY CASH VOUCHER No.34	
		Date	22 March 2012
Details		Amount	
		€	c
Michael Greene – office window cleaning		25	75
Signature:	Catherine Barry		

5 marks

(3 items 1 + 2 + 2)



18. From the following Government budget for 2012, calculate the difference between Total Income and Total Expenditure. Indicate whether it is a **surplus** or a **deficit** budget:

<b>Government Budget 2012</b>	
	<b>€(million)</b>
Total Income	85,140
Total Expenditure	92,790
<b>Deficit</b>	<b>(7,650)</b>

**5 marks**  
(3 + 2)

19. Complete the following sentence:

**Bankruptcy** is a legal process which declares that a person or company is unable to pay debts.

**5 marks**

20. Ann Crehan received her wages in cash. Her employer used the least number of notes and coins possible when putting the cash in Ann's pay envelope. Complete the note/coin analysis showing how many notes and coins of each description were in the envelope.

<b>NOTE/COIN ANALYSIS</b>													
<b>TOTAL</b>	<b>€100</b>	<b>€50</b>	<b>€20</b>	<b>€10</b>	<b>€5</b>	<b>€2</b>	<b>€1</b>	<b>50c</b>	<b>20c</b>	<b>10c</b>	<b>5c</b>	<b>2c</b>	<b>1c</b>
€64.03	3	1		1		2						1	1

**5 marks**  
(5 × 1)

## Section B - Support Notes

### 1. HOUSEHOLD BUDGET

<b>1 (A) RYAN HOUSEHOLD</b>	<b>JUNE</b>	<b>JULY</b>	<b>AUG</b>	<b>SEPT</b>	<b>TOTAL</b>	
PLANNED INCOME	€	€	€	€	€	
John Ryan - Salary	2,700	2,700	2,700	3,200	11,300	
Mary Ryan - Salary	1,850	1,450	1,450	1,450	6,200	20 × ½
Child Benefit	280	280	280	280	1,120	
<b>A. TOTAL INCOME</b>	<b>4,830</b>	<b>4,430</b>	<b>4,430</b>	<b>4,930</b>	<b>18,620</b>	
PLANNED EXPENDITURE						
<i>Fixed</i>						
House Mortgage	670	770	770	770	2,980	17 × ½
House Insurance	60	60	60	60	240	
Car Insurance		825			825	
Subtotal	730	1,655	830	830	4,045	
<i>Irregular</i>						
Household costs	1,100	1,800	1,100	1,100	5,100	
Car running costs	600	350	350	350	1,650	27 × ½
Light and Heat	180		200	900	1,280	
School costs			400	500	900	
Television costs	205	45	45	45	340	
Subtotal	2,085	2,195	2,095	2,895	9,270	
<i>Discretionary</i>						
Presents				750	750	
Entertainment	350	200	200	200	950	20 × ½
Holiday costs	800		2,400		3,200	
Subtotal	1,150	200	2,600	950	4,900	
<b>B. TOTAL EXPENDITURE</b>	<b>3,965</b>	<b>4,050</b>	<b>5,525</b>	<b>4,675</b>	<b>18,215</b>	
Net Cash (A-B)	865	380	-1,095	255	405	8
Opening Cash	245	1,110	1,490	395	245	
Closing Cash	1,110	1,490	395	650	650	

1 (B) Discretionary Expenditure: **Spending on non-essential items.**

**5 marks**

1 (C) Calculate how much the family expects to pay for their house mortgage in the full year (2012) if there is no further change in the monthly payments.

Answer: **€8,640**

Workings: **670 × 6 + 770 × 6**

**5 marks**

## Question 2

(A)

Trading, Profit & Loss Appr. A/c of Daly Ltd for year ending 31-Dec-11			
	€	€	€
Sales			237,000
Cost of Sales:			
Opening Stock		32,750	
Purchases		160,400	
Carriage Inwards		4,800	
		197,950	
Closing Stock		43,250	154,700
Gross Profit <b>1m</b>			82,300
Less Expenses			
Insurance		14,600	
Telephone		4,950	
Rent and Rates		15,700	
Interest on Overdraft		3,700	
Advertising		19,650	58,600
Net Profit <b>1m</b>			23,700
Less Dividends			21,100
Reserves			2,600

### BALANCE SHEET of Daly Ltd as at 31 Dec 11

	Cost	Dep	N B V	
<i>Fixed Assets</i> <b>2m</b>				
Premises			89,500	
Equipment			47,500	
Motor Vehicles			64,000	
			201,000	
<i>Current Assets</i> <b>2m</b>				
Closing Stock	43,250			
Cash in Hand	15,350	58,600		
<i>Less Current Liabilities</i> <b>2m</b>				
Bank Overdraft		37,000		
Working Capital			21,600	
TOTAL NET ASSETS			222,600	10 × 1
FINANCED BY <b>2m</b>				
Ordinary Share Capital:	Authorised <b>1m</b>	Issued <b>1m</b>		4 x 1 for figures
	350,000	220,000		
Reserves		2,600		
CAPITAL EMPLOYED			222,600	

12 marks for headings

(B) **Closing Stock** means the amount of purchases (goods) remaining unsold at the end of the year (trading period). **5 marks**

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

$$\frac{\text{Net Profit}}{\text{Cash Sales}} \times \frac{100}{1} = \frac{23,700}{237,000} \times \frac{100}{1} = 10\%$$

**10 marks**

### Question 3

(A)

Enterprise Ireland

Layout	14 marks (7 × 2)
Content	20 marks (introduction 2, closing 2, 4 points @4 marks each for sole trader advantages and disadvantages)
English	4 marks
Neatness	2 marks
Part (B)	12 marks
Part (C)	8 marks

Enterprise Ireland  
Dawson Street  
Dublin 2  
24 February 2012

Mr John Burke  
32 Mountain View  
Mitchelstown  
Co. Cork

#### Re: Sole Trader

Dear Mr Burke

Thank you for your telephone call about setting up as a Sole Trader.

The advantages of a Sole Trader are:

- Easy to set up
- Owner makes all the decisions
- All the profit goes to the owner
- Owner is able to give personal attention to customers
- Can open late to suit customers.

The disadvantages of a Sole Trader are:

- Owner has unlimited liability
- Owner suffers all the losses
- Lack of capital might hinder expansion
- Late opening means long working hours
- Prices usually higher than larger shops due to lack of bulk buying discounts

I hope this information will be helpful to you and I wish you well with your new business.

Yours faithfully,  
Mary Delaney  
Manager

<b>(B)</b>	Give <b>two</b> advantages of a Private Limited Company.	
	(i) Shareholders have limited liability (ii) Decision making is shared (iii) Easier to raise capital (iv) Continues to exist after death of a shareholder	Any 2 @ 6 marks each
<b>(C)</b>	Two documents required when setting up a Private Limited Company:	
	ARTICLES OF ASSOCIATION MEMORANDUM OF ASSOCIATION	4 + 4

#### Question 4

(A)	(i)	In what bank and branch does Una have her account?	
		<b>Bank:</b> Bank of Ireland	4
		<b>Branch:</b> Castle Street, Limerick	4
	(ii)	Is Una's account a deposit account or current account?	
		<b>Answer:</b> Current Account	4
		<b>Reason:</b> Una uses it for transferring money by cheques, direct debits, credit transfers and debit cards (Laser). It is not for savings.	6
	(iii)	According to Bank of Ireland, how much money does Una have in her account on 31 March 2012?	
		<b>Answer:</b> €135.00	2
	(i)	Explain the entry of 8 March 2012	
		<b>Answer:</b> On 8 March 2012, Una withdrew €300 in cash from her Current Account through the Automated Teller Machine at the Roxboro Branch of the Bank of Ireland.	10
	(ii)	Una noticed that cheque No. 3586, for €70, which she had paid her vet on 21 March 2012, did not appear on her Bank Statement. Explain <b>one</b> reason for this.	
		<b>Answer:</b> The vet had not yet lodged the cheque to his own account. The cheque had not yet been presented for payment.	10

(C)	Complete, in full, <b>each</b> sentence below using the information supplied.		
	(i)	<i>Paypath is a system where an employer pays an employee's wages into the employee's bank account electronically.</i>	4
	(ii)	<i>A standing order is an instruction given to a bank to pay a fixed sum of money from a customer's account to a certain person or company on a fixed date each month.</i>	4
	(iii)	<i>A stale cheque is a cheque that is more than six months old.</i>	4
	(iv)	<i>A dishonoured cheque is a cheque that the bank refuses to accept because there is not enough money in the account.</i>	4
	(v)	<i>A direct debit is an instruction given to a bank to pay a varied sum of money from a customer's account to a certain person or company, usually on a monthly basis.</i>	4

**Question 5**

**(A) Invoice**

<b>Kitchen Supplies Ltd</b> Rosslands Industrial Estate, Tullamore, Co. Offaly					<b>INVOICE No: 7968</b>
Telephone: 057 9329844 Fax: 057 9329777 e-mail: kitchen@rosslands.com			VAT Reg. No. IE 2378445		
			Date: 17 April 2012		1
			Your Order No.:4785		2
The Manager House Electricals Ltd Waterhill Shopping Centre Athlone Co. Westmeath					2
QUANTITY	DESCRIPTION	MODEL No.	PRICE EACH €	TOTAL €	
10	Hotpoint Dishwashers	SX234	250.00	2,500.00	5
25	Whirlpool Washing Machines	ED125	320.00	8,000.00	5
40	Indesit Tumble Driers	XX541	275.00	11,000.00	5
			Total (excluding VAT)		2
			<b>Less</b> Trade Discount 25%		2
Carriage Paid			Subtotal		2
E & O E			<b>Add</b> VAT 20%		2
			Total (including VAT)		2

**[30 marks]**

**Question 5 (continued)**

**(B) Cheque:**

1	Date	18 April 2012	<b>Bank of Ireland</b> 42-76-33 MAIN STREET, ATHLONE, Co. WESTMEATH		
1	To	Kitchen Supplies Ltd		Date 18 April 2012	2
	Balance	€ 40,000.00	Pay Kitchen Supplies Ltd	Or order euro euro euro	2
1	This Cheque	€19,350.00	Nineteen thousand, three hundred and fifty euro only	€19,350.00	2 × 2
2	New Balance	€20,650.00	HOUSE ELECTRICALS LTD		
				Kate O'Connor	2
		76548	76548 427633 59421823		

**Cheque and counterfoil 15 marks**

**(C) (i) Receipt:**

<b>Receipt No. 213</b>		
<b>Kitchen Supplies Ltd</b>		
Rosslands Industrial Estate, Tullamore, Co. Offaly		
Telephone: 057 9329844		
Fax: 057 9329777		VAT Reg. No. IE 2378445
e-mail: kitchen@rosslands.com		
Date:	20 April 2012	2
Received From:	House Electricals Ltd	2
The Sum of: Nineteen thousand, three hundred and fifty euro	€19,350.00	2 + 3
<i>With Thanks</i>	Signed: Emma Byrne	(Cashier) 3

**Receipt 12 marks**

(ii) State <b>one</b> reason why a receipt is an important document.
A Receipt is written <b>proof</b> that the buyer has <b>paid</b> for the goods or services purchased. It can be used as evidence in any dispute about the goods purchased
<b>3 marks</b>

### Question 6

(A) **Analysed Receipts and Payments Book (Analysed Cash Book) of Tom Donoghue (Farmer)**

Dr															Cr
Date	Details	Rec. No.	Bank	Cattle	Grants	Other	Date	Details	Cheque No.	Bank	Cattle	Feed	Repairs	Other	
2012			€	€	€	€	2012			€	€	€	€	€	
Mar 1	Balance		3,500				Mar 5	Cattle feed	201	1,750		1,750			
2	Sales	741	9,000	9,000			13	Tractor diesel	202	400				400	
9	EU Grant	742	2,400		2,400		14	Repairs to barn	203	1,800			1,800		
20	Milk Cheque	743	2,000			2,000	16	Fertilisers	204	600				600	
21	Sales	744	3,000	3,000			22	Purchases - calves	205	4,500	4,500				
							26	Repairs to machinery	206	800			800		
							27	Vet fees	207	950				950	
							29	Cattle feed	208	2,300		2,300			
										13,100	4,500	4,050	2,600	1,950	
							31	Balance c/d		6,800					
			19,900	12,000	2,400	2,000				19,900					
31	Balance b/d		6,800												

**Summary of Marks:** Figures 32 marks; Headings 4 marks ↗ Dr  
↘ Cr Balancing 4 marks

<p>(B) <b>Reasons why farmers should keep accounts:</b></p> <ol style="list-style-type: none"> <li>1. To find out if they are making a profit or a loss</li> <li>2. To determine the income and expenditure of the farm</li> <li>2. To find out which sections of the farm are most profitable</li> <li>3. To show to the Revenue Commissioners for tax purposes</li> <li>4. To show bank manager or ACC when making loan applications</li> <li>5. For use with applications for State or EU grants.</li> <li>6. To determine share of profits/losses</li> <li>7. To assess the value of the farm</li> <li>8. Can be used when applying for third level grants.</li> </ol>	3 × 5			(C) Tom wants to borrow €20,000 to purchase new machinery. The rate of interest is 5% per year. Calculate how much interest Tom will pay at the end of the first year.	
			<b>Answer: €1,000</b>	Workings: $20,000 \times 5/100 = 1,000$	5
			<b>5 marks</b> (2 for correct answer and 3 for workings)		



## Question 7

(A)	(i)	Calculate the total number of kilometres that Cian travelled:	
		Answer: <b>546km</b>	Workings: $49 + 49 + 170 + 130 + 148 = 546$
	(ii)	Cian travelled at an average speed of 78 km per hour. Calculate how many hours driving he completed that day:	
		Answer: <b>7 hours</b>	Workings: $546 / 78 = 7$
	(iii)	At 14 km per litre of diesel used, calculate how many litres of diesel were used:	
		Answer: <b>39 litres</b>	Workings: $546 / 14 = 39$
	(iv)	If the price of diesel was €1.55 per litre, calculate the total cost of diesel used:	
		Answer: <b>€60.45</b>	Workings: $39 \times 1.55 = 60.45$
	(v)	Using all the information, calculate the exact time Cian arrived back in Mullingar:	
		Answer: <b>5.30 p.m.</b>	Workings: Driving (7) + Stops (3 x 30m) + Lunch (1) = 9 hours and 30 mins. $8.00 + 9.30 = 17.30 = 5.30 \text{ p.m.}$

<b>(B)</b> Factors a business would consider when choosing a transport system to deliver to customers.	
Name of factor	Importance of factor
Cost	Delivery costs add to selling price; lower costs mean higher profits
Reliability	Customers will be lost if service not reliable
Speed	Essential for fresh products; delays could mean lost contracts
Safety	Essential for drivers, helpers and the general public
Distance	Delivery systems for short journeys may not suit long journeys
Type of goods	Heavy, light, bulky or perishable goods need different systems

**3 factors @ 5 marks each**

<b>(D)</b> Explanation of terms:	
Toll roads	Roads for which a fee must be paid in order to drive on them
Roll-on Roll-off	Lorries with goods can drive on and off ferries without having to unload and reload at ports. Most Irish firms who trade with European countries use this – it means goods are loaded and unloaded once.
Motorways	High quality roads designed to carry heavy traffic quickly and safely.
DART system	A passenger rail system serving Dublin city and suburbs.
Tunnels	Underground roads to carry traffic through mountains or built-up areas or below rivers.

**2 explanations @ 6 marks each**

### Question 8

(A)	(i) Identify <b>each</b> of the computer components numbered 1-4.		(ii) State whether <b>each</b> of the above is an input or output device.	
	<b>1. Printer</b>	2	<b>1. Output</b>	4
	<b>2. Mouse</b>	2	<b>2. Input</b>	4
	<b>3. Keyboard</b>	2	<b>3. Input</b>	4

(iii) Matching of Information Technology terms:

Answer:

1.	2.	3.	4.
<b>B</b>	<b>C</b>	<b>D</b>	<b>A</b>

**4 terms @ 2 marks each**

(B)	(i) Siobhan Hogan is employed as a Sales Assistant in Pricerite Computers Ltd	
	(a) Last week Siobhan worked 39 hours at €9.65 per hour. Calculate her gross pay for the week.	
	<b>Answer: €376.35</b>	<b>Workings: <math>39 \times 9.65</math></b>
		5
	(b) State whether she is paid on a 'time rate' or 'piece rate'. Explain your answer.	
	<b>Answer: Time Rate</b>	2
	<b>Explanation: She is paid a rate for each hour or part of each hour worked.</b>	3

	Two rights and two responsibilities Siobhan has as an employee of Price Rite Computers Ltd.
B (ii)	<p><b>Rights:</b></p> <ul style="list-style-type: none"> <li>To have safe working conditions.</li> <li>To receive at least a minimum wage.</li> <li>To get annual holidays.</li> <li>To be treated equally.</li> <li>To join a trade union.</li> </ul> <p><b>Responsibilities:</b></p> <ul style="list-style-type: none"> <li>To do an honest day's work.</li> <li>To be punctual.</li> <li>To respect employer's property.</li> <li>To attend every working day.</li> <li>To follow employer's instructions and regulations.</li> <li>To promote the good name of Price Rite Computers Ltd.</li> </ul>

**2 rights @ 4 marks each**  
**2 responsibilities @ 4 marks each**

(iii)	Two rights and two responsibilities Price Rite Computers Ltd have as Siobhán's employer.
	<p><b>Rights:</b></p> <ul style="list-style-type: none"> <li>To set up a business.</li> <li>To decide the aims and objectives of the business.</li> <li>To hire staff who are suitable for the work of the business.</li> <li>To dismiss staff who are in breach of agreed regulations.</li> <li>To expect employees to honour their contracts.</li> </ul> <p><b>Responsibilities:</b></p> <ul style="list-style-type: none"> <li>To provide safe and healthy working conditions.</li> <li>To pay agreed wages to each staff member.</li> <li>To keep employee records for tax and PRSI purposes.</li> <li>To comply with all employment legislation.</li> </ul>

**2 rights @ 2 marks each**  
**2 responsibilities @ 2 marks each**









