



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Junior Cycle 2022

Marking Scheme

Business Studies

Common 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

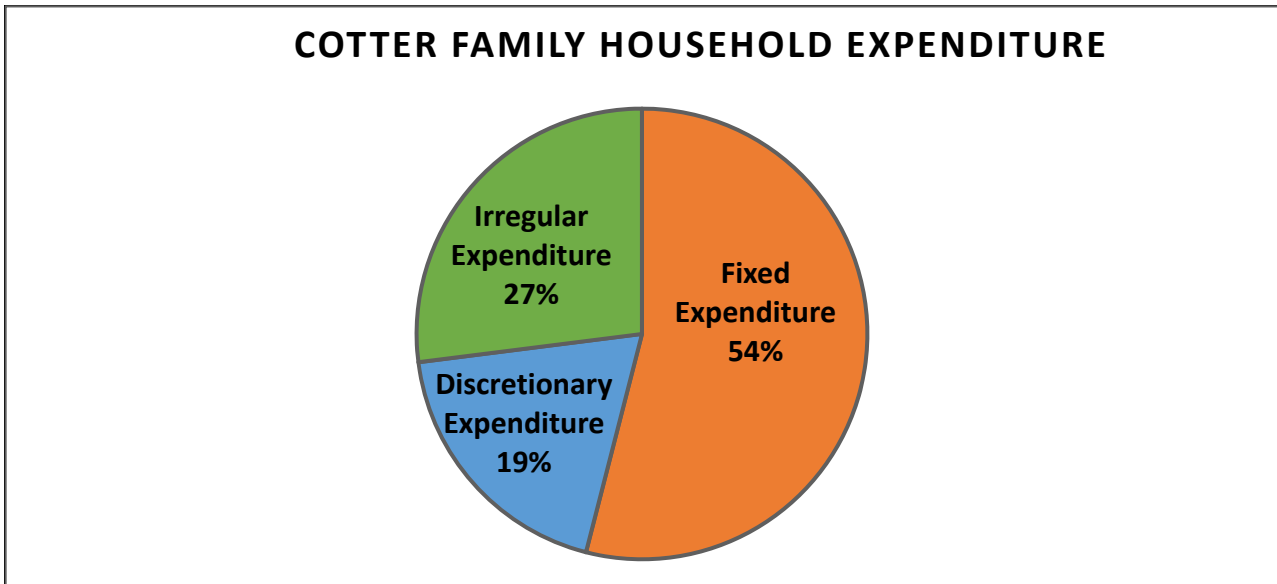
Assumptions about future marking schemes on the basis of past schemes should be avoided. While the underlying assessment principles remain the same, the details of the marking of a particular type of question may change in the context of the contribution of that question to the overall examination in 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.

Answer all questions.

All questions carry equal marks.

Question 1

The pie chart below shows the Cotter family household expenditure.



- (i) Which type of expenditure had the highest percentage of total expenditure in the Cotter household?

Fixed Expenditure

- (ii) Give an example of each type of expenditure below.

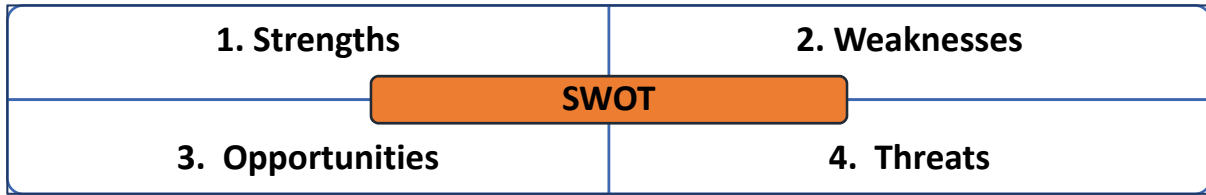
Fixed expenditure: Mortgage/loan repayments, rent, property tax, car tax, TV licence, insurance [premiums], standing order payments.

Irregular expenditure: Groceries, clothing, motor fuel, light and heat/electricity bill, telephone bill, repairs, education costs, car servicing.

Discretionary expenditure: Entertainment, holidays, gifts, TV subscriptions, restaurant bills, upgrades to expensive household electronics, takeaway meals, movie channels.

Question 2

Fill in the missing words below.



Question 3

Using the information given on the invoice extract below, complete the three blank spaces.

	€
Total (excluding VAT)	30,000
Trade discount (10%)	3,000
Subtotal	27,000 2m
VAT (23%)	6,210 2m OF
Total (including VAT)	33,210 2m OF

Question 4

Identify two benefits of membership of the European Union for Ireland.

The creation of the single European market (SEM) allows for free movement of goods & services, /capital and / citizens.
The removal of customs barriers has reduced costs for importers and exporters.
The EU provides a larger market for exporters which allows Irish businesses to trade freely with a much bigger market than our domestic market.
Ireland shares a common currency with many of the EU member states- this eliminates exchange rates risk when Irish businesses export to these countries.
Ireland receives huge amounts of EU funding which has helped to develop our infrastructure and our economy.
Lower interest rates have made it cheaper for Irish businesses to expand.
Ireland has become an attractive location for foreign direct investment . Many foreign businesses have chosen to locate their European headquarters in Ireland so that they can access the SEM.
The common agricultural policy (CAP) is a major source of funding for the Irish agricultural sector.
Public procurement: Irish businesses can bid for government contracts in other member states.

Question 5

Meals on Wheels is an example of a social enterprise.



**NATIONAL
MEALS on
WHEELS
NETWORK**

Discuss **two** roles that a social enterprise plays in society.

Social enterprises raise/tackle awareness of social issues- homelessness etc.
Social enterprises offer a platform for people to volunteer and develop new skills.
Social enterprises put people and the community ahead of private gain e.g., meals on wheels.
Social enterprises often offer services that are not provided by the government or private sector e.g., FoodCloud.
Social enterprises provide employment, particularly in local communities.

Question 6

Balance the following bank account and bring down the balance at the end of the month.

Dr		Bank Account				Cr
Date	Details	Total	Date	Details	Total	
2021		€	2021		€	
Oct 1	Balance b/d	550	Oct 10	Wages	300	
Oct 12	Cash sales	340	Oct 20	Cash purchases	200	
		890 (1m)	Oct 31	Balance c/d	390(1m)	
			(1m)		OF	
					890 (1m)	
Nov 1	Balance b/d	390(1m)				
(1m)		OF				

Question 7

When interest rates are high, it encourages saving and when interest rates are low, it encourages borrowing.



(i) What is interest?

Saving: Interest is the reward given by a financial institution for saving money with them.

Borrowing: Interest is the [financial] cost (fee) of borrowing money.

Interest is generally expressed as a percentage, such as an annual percentage rate (APR).

(ii) Outline **one** reason why low interest rates encourage borrowing.

When interest rates are low it means the cost of borrowing is low. Individuals and businesses will be more likely to borrow money because they will not have to pay back as much money when interest rates are low i.e., lower repayments.

Question 8



(i) Identify **two** benefits of shopping locally for the local economy.

Employment: Local businesses provide employment for local people.

Increased standard of living: Employees hired by the business will have more disposable income which will increase their standard of living and they could spend it locally.

Multiplier effect: Extra income leads to increased spending in the local community. The impact of the initial payment is multiplied as it passes around the local community.

(ii) Give **one** reason why a consumer may choose **not** to shop locally.

Less choice / availability- shopping in a local community can often mean less choice for the consumer as there may not be as many shops in that community.

Goods and services may be more costly- local businesses are often small shops and these businesses do not mass produce products and therefore they cannot afford to compete with larger international businesses.

Question 9

On 31 March 2022, Marian Nowak, owner of Party Cosmetics Ltd, lodged cash sales of €5,200. There was no VAT on these sales. Post these transactions to the relevant ledger accounts below:

Dr			Sales a/c			Cr		
Date	Details	Total (€)	Date	Details	Total (€)			
			31/03/22 (1m)	Bank/Cash	5,200 (2m)			

Dr			Bank/Cash a/c			Cr		
Date	Details	Total (€)	Date	Details	Total (€)			
31/03/22 (1m)	Cash Sales	5,200 (2m)						

Question 10

Read the following consumer complaints and then follow the instructions below:

	Complaint
A	My bank has not reduced its loan rates in line with EU regulations
B	I have been waiting four weeks for the electricity company to connect my house to the main electricity supply
C	My mobile phone company keep charging me extra money every month

Match the complaints above with the organisation that the consumer should be referred to by placing A, B and C in the correct box below.

Financial Services Ombudsman	Commission for Communication Regulation	Commission for Energy Regulation
A	C	B

Question 11



Carbon Tax has increased from €33.50 to €41.00 per tonne. The government expect this increase to raise an additional €108 million in revenue for 2022.

(i) What is the social benefit to Irish people of an increase in carbon tax?

A carbon tax is a penalty on all fuel that emits Co2 when burned. Increasing the carbon tax will force people to use alternative more sustainable energy sources e.g. electric cars. This will mean less pollutants in the air and improve the air quality for the Irish people.

Revenue collected by government can be used to improve social benefit of Irish people i.e., create recreational facilities.

People are more likely to walk or cycle which will improve their health and wellbeing.

(ii) Identify who will be negatively affected by this increase in carbon tax.

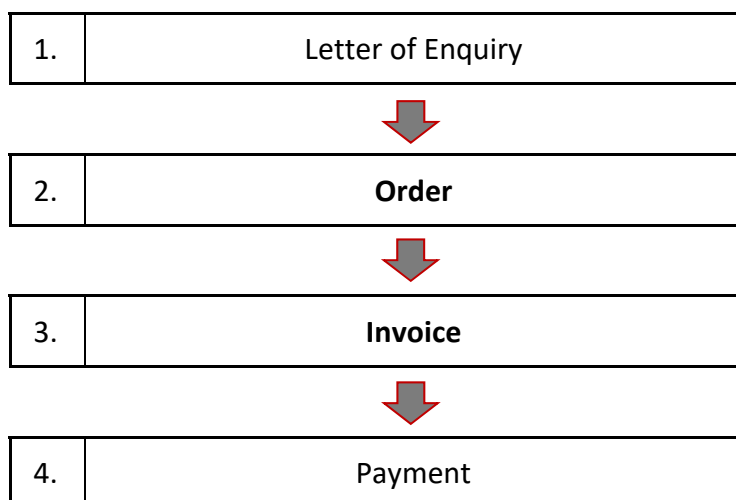
Anyone who uses fuels that emit Co2 when burned. e.g., using oil, gas, coal or peat to heat your house or business.

Using diesel to drive your car. Farmers in Ireland will also be negatively impacted by this.

Question 12

Place the following business documents in the correct order: (Two are completed for you.)

Order, Payment, Letter of Enquiry, Invoice

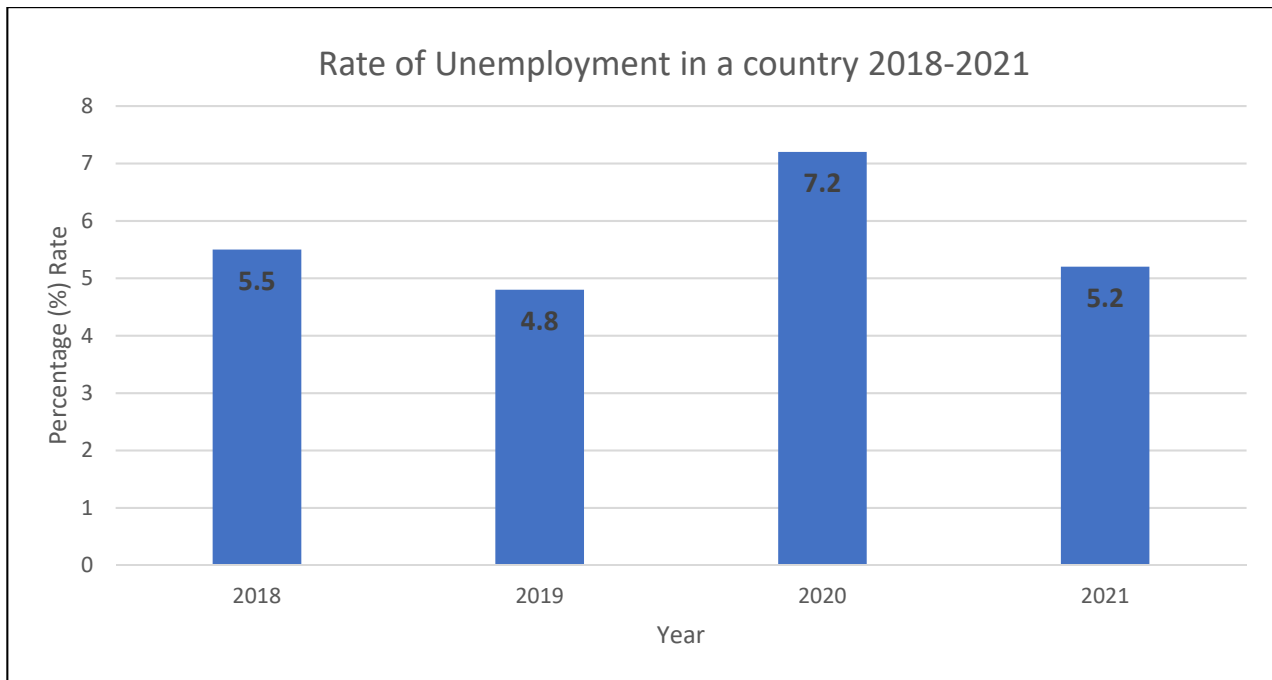


Question 13

Complete the following extract from the Dolan household budget for three months.

Months	July	August	September	Total
Net cash	150	(300)	(150)	(300)
Opening cash	210	360	60 (1m)	210
Closing cash	360 (3m)	60	(90) (1m)	(90) (1m)
Workings				

Question 14



Based on the graph above indicate whether the following statements are true or false. Tick (✓) the correct box.

Statement	True	False
The unemployment rate was closest to full employment in 2019.	✓	
The unemployment rate decreased in 2020 from the previous year.		✓
There was a positive trend in the unemployment rate for 2021 when compared with the previous year.	✓	

Question 15

The old country: Get ready for an ageing Ireland.



Adapted from the Irish Times

- (i) Name a Government Department that will be affected by an older Irish population.

Department of Health/Department of Social Protection/ Department of Finance/Department of Transport/Department of Education/Department of Public Expenditure & Reform/Department of Environment, Climate and Communications.

- (ii) Explain **two** ways this change in age profile will increase Government expenditure.

The Government will have to invest more in hospitals and medical equipment due to the greater demand on services.

There will be a greater demand for pensions on the Government as people retire there will be an entitled to a state pension either contributory or non-contributory.

Everyone over the age of 66 is entitled to the Free travel scheme. This will mean the Government will have to invest more in Bus Éireann / Irish Rail to cope with extra passengers.

A GP visit card is available to everyone over the age of 70, this will mean the Government will have to increase funding for GPs to meet the demand of an aging population.

Answer all questions.

All questions carry equal marks.

Question 16

- (a) Lohan Ltd, a large fashion retailer, recently closed its stores and moved all its business to online only, leaving employees without jobs or redundancy packages. This has led to a bitter industrial relations dispute between the business and its former employees.

Industrial Relations

- (i) Explain the term industrial relations. **(3m)**

Industrial relations refer to the relationship that exists between employers and their employees in the workplace.
Good Industrial Relations leads to high morale/ poor Industrial Relations leads to less productivity.

- (ii) Use your knowledge of industrial relations to match the following sentences to the correct terms by placing a tick (✓) in the box. **(9m)**

	Shop Steward	Labour Court	Trade Union
An organisation that represents workers and protects their rights.			✓
An employee selected by workers to represent them in dealing with the employer.	✓		
It investigates disputes and recommends a solution in a process known as arbitration.		✓	

- (iii) If employer/employee relations breakdown, industrial action may be taken by employees. Explain **two** types of industrial action that employees may take. **(2 x 3m)**

An official strike- employees refuse to work for their employer. The trade union must hold a secret ballot/ give at least one weeks' notice of strike action/ to make it an official strike.
Unofficial strike- these strikes are not supported by the Trade Union- no notice is given to the employer. Workers will not receive strike pay from the union in the event of an unofficial strike.
Wildcat/ Lightning strike- This is an unofficial strike where workers suddenly call a strike and walk out of work usually a reaction to an unexpected event.
Work to rule- Workers only do exactly what is in their job description and refuse to anything outside of this.
Go-slow- Workers still do their job but at a much slower pace.
Overtime bans- Workers refuse to do overtime.
Token stoppage- Workers stop working for a short period of time e.g., 4 hours. This will disrupt the flow of work on the day it happens.
Sympathetic strike- A strike in support of other striking workers. For example, doctors may go on strike in support of nurses.

- (b) While Lohan Ltd have closed all their stores, they continue to sell goods online.

- (i) Discuss **two** costs that have been reduced because of Lohan Ltd moving their business to online only. **(2 x 3m)**



Reduced fixed costs: will no longer have to pay rent/rates/insurance/salaries to store managers/owners.
Reduced variable costs: decreased wage bill/decrease light and heat etc.

(ii) An increase in online shopping could reduce impulse buying.

Explain the **term impulse buying. (3m)**

Impulse buying occurs when consumers buy goods in an unplanned way or 'on the spur
of the moment'. It creates a risk of buying items that are not needed and may turn out
to be wasteful or poor value for money.

(iii) Outline **two** methods businesses use to encourage their customers to impulse buy when shopping in-store. **(2 x 3m)**

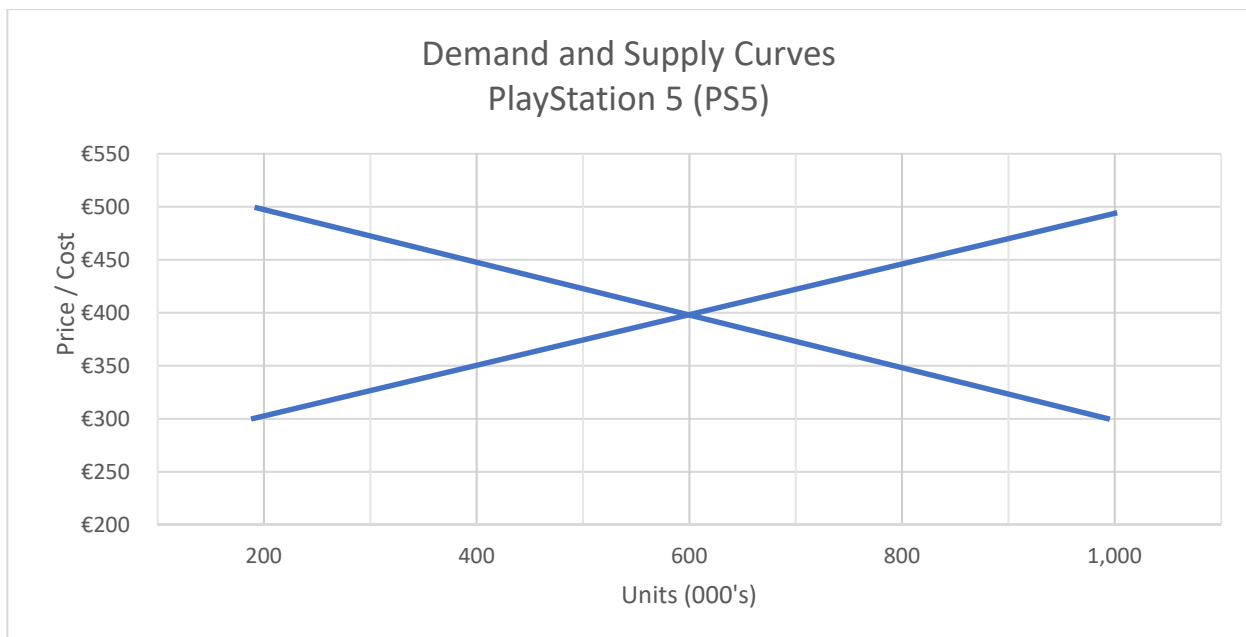
Offers- e.g., 3 for 2 offers encourage customers to buy more products than they need.
Discounts and sales- consumers often buy an item because it is discounted regardless of whether they need the item.
Loyalty card and rewards schemes- supermarkets give vouchers for money off when a specified amount of money is spent- to use these vouchers consumers often spend more money than initially planned.
Placing sweet treats/magazine and other small items at the checkout- while queuing up to pay, customers are looking around thus placing products close to the checkout will increase impulse buying.

(c) Sam, a former Lohan Ltd employee secured a job as a buyer of electrical goods for resale for an electrical retailer. As a buyer of stock for resale, they need to project demand for various products to ensure that the store has the correct quantity to meet consumer demand.

(i) Use the information in the table below to draw the demand and supply curves for the PlayStation 5 (PS5).

Price	Quantity Demanded (000's units)	Quantity Supplied (000's units)
€300	1,000	200
€350	800	400
€400	600	600
€450	400	800
€500	200	1,000

(12m)



(ii) Use your diagram to identify the equilibrium price and equilibrium quantity.

Write your answers in the table below. **(5m)**

Equilibrium Price of the PS5	€400
Equilibrium Quantity of the PS5	600,000 units

(iii) The price of substitute goods and complementary goods are factors that affect the level of demand for a product.

Indicate whether the following items are substitutes for or complimentary to a PS5 by placing a tick (✓) in the correct box. **(8m)**

Good	Substitute	Complimentary
Xbox	✓	
PS5 Controller		✓
Headset		✓
Gaming chair		✓

(iv) When demand for a product remains high despite limited supply, consumers often turn to the black market, also known as the shadow economy.

Indicate which of the following statements are true or false by placing a tick (✓) in the correct box. **(2m)**

Statement	True	False
Participation in the black market is illegal	✓	
The black market is beneficial for businesses in Ireland		✓

Question 17

The following trial balance was taken from the books of Cadden Ltd on 31/12/2021, the end of its financial year. The authorised share capital is 400,000 €1 ordinary shares.

Trial Balance of Cadden Ltd as at 31/12/2021

	Dr	Cr
	€	€
Cash sales		270,000
Cash purchases	165,000	
Carriage inwards	1,000	
Stock 01/01/2021	6,000	
Telephone & broadband	2,500	
Light & heat	11,500	
Rent	16,000	
Wages	43,500	
Marketing expenses	8,800	
Dividends paid	10,000	
Buildings	220,000	
Equipment	40,000	
Cash in hand	5,700	
Debtors	12,000	
Creditors		9,000
Bank overdraft		5,000
Issued share capital		160,000
Profit and loss balance 01/01/2021		17,000
Nine year loan		<u>81,000</u>
	<u>542,000</u>	<u>542,000</u>

The following additional information is provided on 31/12/2021:

Dep: €40,000 x 20% = €8,000

- Stock 31/12/2021, €5,000
- Equipment to be depreciated by 20%

(a) Complete the Income Statement for Cadden Ltd for the year ended 31/12/2021. (17 marks)

Income Statement for Cadden Ltd for the year ended 31/12/2021			
	€	€	€
Cash sales			270,000
Less Cost of Sales			
Stock 01/01/2021		6,000	
Cash purchases		165,000	
Add carriage inwards		<u>1,000</u>	
		172,000	
Less stock 31/12/2021		<u>5,000</u>	
Cost of goods sold			<u>167,000</u>
Gross Profit			103,000
Less Expenses: (1m)			
Telephone & Broadband		2,500 (1m)	
Light & Heat		11,500 (1m)	
Rent		16,000 (1m)	
Wages		43,500 (1m)	
Marketing expenses		8,800 (1m)	
Depreciation on equipment		8,000 (3m) OF	<u>90,300</u>
Net Profit (1m)			12,700(2m) OF
Less Dividends paid			<u>10,000(1m)</u>
			2,700
Add opening P&L balance 01/01/21 / Opening reserves			<u>17,000(1m)</u>
P&L balance 31/12/21 / Closing reserves/retained profit/earnings (1m)			19,700(2m) OF

(b) Complete the Statement of Financial Position of Cadden Ltd as at 31/12/2021. (24 marks)

Statement of Financial Position of Cadden Ltd as at 31/12/2021			
	€	€	€
	Cost	Depreciation	N.B.V.
Fixed Assets (1m)			
Buildings	220,000(1m)	-	220,000(1m)
Equipment	<u>40,000 (1m)</u>	<u>8,000(1m) OF</u>	<u>32,000 (1m) OF</u>
	<u>260,000</u>	<u>8,000</u>	252,000
Current Assets (1m)			
Closing Stock/Stock 31/12/21	5,000 (1m)		
Cash in hand	5,700 (1m)		
Debtors	<u>12,000(1m)</u>	22,700	
Current Liabilities/Creditors amounts falling due within 1 year (1m)			
Creditors	9,000(1m)		
Bank Overdraft	<u>5,000(1m)</u>	<u>14,000</u>	
Working Capital (1m)			<u>8,700(1m) OF</u>
Total Net Assets(1m)			<u>260,700(1m) OF</u>
Financed by: (1m)			
	Authorised	Issued	
Share Capital: €1 Ordinary shares	<u>400,000(1m)</u>	160,000(1m)	
Reserves			
Profit & Loss Balance 31/12/21 / Closing reserves / Retained profit		19,700(1m) OF	
Long-term liabilities/Creditors falling due after more than 1 year			
Nine-year loan		<u>81,000(1m)</u>	
Capital Employed (1m)			<u>260,700(1m) OF</u>

(c)

(i) Cadden Ltd are planning to install Solar Panels.

Outline the environmental benefit of Cadden Ltd using Solar Panels to generate electricity for their business.



(6m)

By generating their own electricity, it will reduce carbon emissions.
Reduced air pollution. Electricity from fossil fuels can generate harmful carbon dioxide and methane gases which results in poor air quality.
Reduced reliance on fossil fuels / renewable energy which results in a more stable future/ doesn't damage the environment.
Helps to slow climate change. Solar energy does not contribute to climate change.

(ii) Cadden Ltd are applying for a grant from the Sustainable Energy Authority of Ireland (SEAI) to help fund the Solar Panels.



Explain the term grant. (6m)

A grant is a sum of money given to an individual or business that does not have to be repaid as long as it is used for its intended purpose.
Grants are generally given by the Government, through Enterprise Ireland, Local Enterprise Offices, SEAI or the European Union.

(iii) Cadden Ltd are planning to export their products to the United Kingdom (UK) and the European Union (EU).

Outline **two** benefits of International Trade for Irish businesses. (7m)

Increased sales/profits: The Irish market is quite small by exporting Irish businesses can increase sales
Spread risk: A business can spread its risk by not relying on the Irish market only.
Raw materials: Irish businesses need to import some raw materials as we do not produce them in Ireland e.g., oil
Lower costs: Irish businesses have to increase production to satisfy demand from abroad. The more products that are made the cheaper it becomes to make each one. This is known as economies of scale.

Question 18

- (a) Kevin lives with his parents in Emo, Co Laois. He recently passed his driving test and bought a car. He is now considering his motor insurance options.
- (i) Read the following definitions of some of the principles of insurance.

	Explanation
A	A profit cannot be made from insurance
B	When the same risk is insured with more than one insurer, they will divide the cost of any claim between them
C	When applying for insurance, all material facts relating to the policy must be disclosed



Match the definitions above with the correct principle of insurance by placing A, B and C in the correct box below. (9m)

Utmost Good Faith	Indemnity	Contribution
C	A	B

Kevin is researching different car insurance policies.

- (ii) Outline one method of research Kevin could use to find the best quote for his insurance policy. **(3m)**

Price comparison websites: Online brokers compare the prices of different policies available and offer advice on the best policy for the customer.
Insurance broker: An insurance broker sells insurance for a number of companies. They can offer advice about which insurance company is best suited to a person's needs.
Contact different companies for quotes: Kevin could contact a number of different insurance companies for quotes, compare the quotes to find the best policy for him.
Ask family and friends for advice: Kevin could ask family and friends what insurance companies and policies they have chosen.

- (iii) Based on your answer above, indicate with a tick (✓) whether this method is primary or secondary research, give a reason for your answer. **(6m)**

Primary research or Secondary research accepted based on answer above.
Candidate should indicate some feature primary research linked to answer from Primary research involves gathering information through self-conducted research methods/Involves getting firsthand information from individuals/up-to-date, new information.
Student should indicate some feature secondary research linked to answer from (ii). Secondary research involves using information gathered from previously conducted studies/Involves examining existing information.

(iv) Outline **one** responsibility Kevin has as a consumer, while shopping for insurance. (3m)

Kevin should read all small print, terms and conditions contained in insurance policy.
Kevin should support business that treat their employees fairly and give back to society.
Kevin should know his legal rights when shopping for insurance.
Kevin should shop around to get the best value for money.
Kevin should find out as much information as he can about the policy before he purchases it.
Utmost good faith. Kevin should always tell the truth when filling out proposal form.

(v) Kevin purchased comprehensive insurance, with a policy excess of €500. Unfortunately, Kevin had an accident, which led to damage of €2,500 to his car.

Use the box below to calculate how much compensation Kevin will receive from his insurance company. **Show your workings. (3m)**

Workings: $2,500 - 500 = 2,000$	Answer: €2,000
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(vi) Describe the impact this claim will have on Kevin's insurance premium next year. (3m)

Kevin will have to pay more for his car insurance next year which will result in higher/increased premium.
Kevin will lose his no claims discount/bonus.

(b) Kevin started a new job as a trainee accountant. His salary is €32,000 per annum. He gets paid via Paypath, once a month directly into his current bank account.

(i) Indicate which of the following statements are true or false by placing a tick (✓) in the correct box. **(6m)**

Statement	True	False
A salary is a fixed amount of money received by an employee	✓	
The more hours an employee works, the more wages they receive	✓	

(ii) Outline **two** advantages of Paypath for Kevin. **(2 x 3m)**

It is safer than cash or cheque as the money is guaranteed to go straight into Kevin's account with no risk of losing the cash or cheque.
Convenient- Kevin can look online or at an ATM to get his banking information, he doesn't have to go to the bank to lodge his earnings.
It is dependable/fast- Kevin's pay will come into his account at a specified date and time- he will be able to set up payments out of his account without worrying that his salary has not gone into his account to cover these payments.
Environmentally friendly- there is no paper involved in Paypath payments which reduces his carbon footprint.

(iii) Kevin works from home, identify **two** responsibilities he has to his employer. **(2 x 3m)**

Kevin must carry out his duties as stated in his contract of employment.
Kevin must show respect to coworkers and customers/ not discriminate against or bully other employees.
Kevin must obey health and safety laws/ follow workplace rules.
Kevin must follow GDPR regulations / not disclose confidential business/customer information
Kevin must begin work on time/ complete the number of hours required daily in his contract.
Kevin must attend training provided by the business.
Kevin must do a fair day's work for a fair day's pay.

(c) Now that Kevin has a steady income, he has decided to start saving.

(i) List **three** reasons for saving. (3m)

• For future planned expenditure or example.
• For emergencies/unplanned events or example.
• For major family events or example.
• For retirement.
• To improve your credit rating.
• To earn interest.

(ii) Interest earned from savings is subject to DIRT. What does DIRT stand for? (4m)

Deposit	Interest	Retention	Tax
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(iii) Kevin plans to save €8,000 this year. He researches two different options of places to save and found the following information.

An Post



Savings rate 3%
No DIRT

Commercial Bank



Savings rate 4%
DIRT 33%

Using the information above, calculate; the interest he will receive for each option **and** calculate the total value of Kevin's savings after one year. (8m)

An Post	Bank
Workings: €8,000 x 3% x 1 year = €240 interest Total €8,000 + €240 = €8,240 OF	Workings: €8,000 x 4% x 1 year = €320 interest DIRT 33% x €320 = €105.60 OF Interest – DIRT = €320- €105.60 = €214.40 OF Total = €8,000 + €214.4 = €8,214.40 OF
Interest received: €240 Total savings: €8,240	Interest Received: €214.40 Total savings: €8,214.40

