



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Junior Cycle 2023

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.

Explanation of annotation symbols

Annotation	Use
	Valid information (n marks)
	No marks awarded. Answer incorrect or insufficient.
	Page seen by examiner / Information not valid.
OF	Candidate's own figure earns marks.
[Surplus answer or part of answer. Marks awarded elsewhere.

Section A

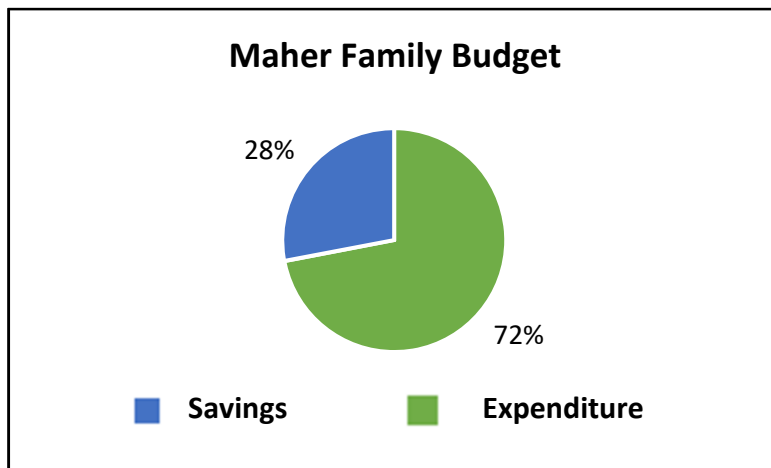
90 marks

Answer all questions.

All questions carry equal marks.

Question 1

The pie chart below shows the expenditure and savings for the Maher family for the month of September.



- (i) If total income for the month of September is €5,400 calculate how much money the Maher family save. Write your answer in the space provided.

Answer	Workings
€ 1,512.00	$5,400 \times .28 = €1,512$ 1m 1m 1m

- (ii) List **three** typical sources of household income.

1.Wages/ Salary/ Overtime
2. Jobseekers Benefit/Social Protection Payments
3.Child Benefit
4.Pension
5.Commission

Question 2

Use a tick (✓) to identify whether each of the following is an example of Primary (Field) or Secondary (Desk) Research. (One has been completed for you.)

	Primary (Field)	Secondary (Desk)
Sending out a questionnaire	✓	
Conducting a door-to-door survey	✓	
Reading reports and statistics online		✓
Focus Group	✓	

Question 3

Complete the following extract from a Credit Note issued by Monty Petcare Ltd.

QUANTITY	DESCRIPTION	CODE	PRICE EACH €	TOTAL €
20	Dog Kennels	DK100	100	2,000
	Reason: Damaged in transit			
			Total (excluding VAT)	2,000
Carriage Paid			Trade discount @ 10%	200 2m
E & OE			Subtotal	1,800 1m O.F
			VAT @	414 2m O.F
			23%	2,214 1m O.F

Question 4

Ed O'Donnell is an entrepreneur from Tipperary. Since 2007 he makes crisps from potatoes grown on his farm.

Explain the term entrepreneur.



A person who takes the initiative, sets up a business, sees a gap in a market and exploits it, taking a personal and financial risk in the hope of making a profit.

e.g., Ed O'Donnell is an entrepreneur making crisps in Tipperary.

Question 5

Outline **two** rights of consumers when shopping online.



1. Right to redress/refund/replacement/repair for faulty goods.
2. The right to change your mind/ cancel / 14 days cooling off period.
3. The right that all personal data used online be secure/safe.
4. The right to a refund for delayed or non-delivery of goods.
5. Information after buying. You must get a copy of the signed contract/receipt or confirmation/ authorisation/ order number of your purchase.

Question 6

Fyffes Fairtrade
€1.99 per kg



Fyffes Non-Fairtrade
€1.39 per kg



Outline **two** reasons a consumer would purchase Fairtrade products, considering Fairtrade products are more expensive.

Adapted from the cai.ie

1. Fairtrade promotes fair pay which enhances/increases the standard of living for farmers/producers/workers
2. Fairtrade promotes fair working conditions which enhances/increases standard of living for farmers/producers/workers
3. Quality/Higher quality goods which consumers feel is value for money/ achieves more consumer satisfaction
4. Fair trade is better for the environment because it promotes the production of sustainable goods/agriculture.

Question 7

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
2023		€	2023		€
May 1	Balance b/d	450	May 9	Wages	465
16	Cash sales	640	23	Cash purchases	345
			(1m) 31	Balance c/d	280 (1m)
		1,090			O.F
		(1m)			1,090
1/6 1m	Balance b/d	280 (1m)			(1m)
		O.F			

Question 8

The Galway Arts Festival is an example of a cultural enterprise and is held in July. The festival programme includes Irish and international work of the highest quality, featuring theatre, music, comedy, visual arts, opera, street spectacle, dance, discussion and comedy.



Outline **two** reasons why cultural enterprise is important in society.

1.Sense of community pride which enhances/increases wellbeing
2.Attract tourists to local area which increases cash flow
3.Create employment to local area which increases the standard of living of locals.
4.Provides entertainment in local area which increases community spirit
5.Helps promote culture/traditions (past)/sponsor local event i.e., Galway Arts Festival

Question 9

(i) Complete the missing elements of the marketing mix below.



(ii) Outline **one** factor that a business should consider when deciding on the place to sell their product / service. (3m)

The nature of the product/ type of product, i.e., is the good perishable?
Target market/Location or nature of target market e.g. demographics/ age/income/interests
The cost of transport of the product.
Choosing the proper distribution channel to use i.e., online.

Question 10

Identify **three** types of insurance a family might purchase.

1. Motor/Car/Van/Vehicle
2. House/Home/Buildings/Property
3. Health
4. Pet
5. Travel
6. Dental

Question 11

Explain **two** advantages to a business of recycling.

1. Reduces raw material costs which maximizes profitability.
2. Can help create a positive workplace culture which leads to better staff morale.
3. Get/access to grants off the Government for having a recycling/eco-friendly policy.
4. The company could reuse their recycled products which will reduce business costs.

Question 12

Explain **two** reasons why Ireland trades with other countries.

1. To generate funds to pay for imports
2. Small domestic market, international trade gives Irish businesses access to a large market.
3. To acquire goods/services that are not available domestically/ more choice for consumers for example oil, coffee, bananas.
4. To improve Balance of Payments/Trade.
5. Access to cheaper goods rather than producing them domestically.
6. Brings revenue into Ireland through trading relationship with other countries and boosts the economy.
7. Creates Employment which directly benefits the Government through taxation.

Question 13

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

	True	False
A Business Plan should include the aims and objectives of the company.	✓	
The government requires all companies to produce a Business Plan.		✓
A Business Plan should include details of the company's competitors.	✓	

Question 14

2023 is the 50th anniversary of Ireland joining the European Union.



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

Economic benefit: Access to the Single Market/ The largest Trading Bloc in the world/ provides for the free movement of goods/services/capital/ labour/ makes Ireland more attractive to Foreign Direct Investment (FDI).
Social benefit: Greater Consumer Protection for Irish Citizens/Irish citizens have no roaming charges EU regulation with paternity leave/Minimum wage/ Irish citizens can live/ work/ study in any EU Country with no visas/ European Health International Card which helps people in EU countries with hospital/medical visits.

Section B**180 marks**

Answer all 3 questions.

All questions carry equal marks.

Question 16

- (a) Martin Ryan is 18 years old and has just completed his Leaving Certificate. In September he hopes to go to college to study Accounting.

He has a part time job in his local supermarket. He wants to save money to help with college expenses.

- (i) Explain **two** rights and **one** responsibility Martin has as an employee. **(9m)**

Rights
1. Right to a contract of employment.
2. Right to receive a fair day's pay for a fair day's work.
3. To receive at least the minimum wage.
4. Right to work in a safe and healthy environment.
5. To join a trade union.
6. To be treated equally, with respect and dignity.
7. Breaks during work hours/leave entitlements.
8. Under GDPR- Martin has the right for his personal data to be secure.
Responsibility
1. To be honest when applying for a job.
2. To cooperate with fellow employees.
3. To comply with company policies and follow agreed procedures before taking industrial action.
4. To respect the employer's property.
5. To do a fair day's work for a fair day's pay.
6. Not to disclose confidential information.

Martin would like to go on holiday with his friends at the end of the summer. He is also interested in buying a laptop which would be useful when he goes to college in September. His two options are shown below:

Option 1	Option 2
Holiday in Spain €450	Laptop €450

Martin has decided to go ahead and purchase the laptop.

(ii) Identify the financial cost and the opportunity cost of Martin's choice:

Financial Cost: €450 3m
Opportunity Cost: Holiday in Spain 3m

(b) Martin has been working in his local supermarket. (9m)

You have been given the following information regarding his wages:

Basic working week:	39 hours	Hours worked:	45 hours
PAYE:	20%	Hourly rate of pay:	€10
PRSI:	4%	Overtime rate:	Time and a half
USC:	2%	Weekly Tax Credit:	€34

(i) Using the above information complete Martin's wage slip below.

Name	Martin Ryan	Week No	16
PPSN	2284381GA	Date	26 Apr 2023
Basic	€ 390 1m	PAYE	€ 62.00 2m O.F
Overtime	€ 90 1m	PRSI	€ 19.20 1m O.F
		USC	€ 9.60 1m O.F
Gross Pay	€ 480 1m O.F	Total Deductions	€ 90.80 1m O.F
		Net Pay	€ 389.20 1m O.F

Workings:			
Basic and Overtime	PAYE and Tax Credit	PRSI	USC
39x€10=€390 6 x €15 = €90 €390 + €90 = €480 O.F	€480 x .20 = €96 O.F €96 - €34 = €62 O.F	€480 x .04= €19.20 O.F	€480 x .02 = €9.60 O.F

Martin volunteers for his local GAA club for the summer months.

(ii) Identify **three** benefits to Martin of volunteering with his local GAA Club Mount Rangers. (6m)



1. Helps to integrate him into the community and potentially make friends.
2. Helps Martin to develop new skills/experience.
3. Something he can include in his CV.
4. Gives a sense of personal/wellbeing satisfaction.
5. Strengthen his ties in the community.

(iii) Differentiate between employment **and** volunteerism for Martin. (2m)

Employment involves getting paid for work done. Volunteers do not receive payment.
There are differences also with regard to Time/Contract/Motivation/Profit.

(c) Mount Rangers GAA Club prepare a cash flow budget each year.

(i) Using the following information **complete** the cash flow budget below:

Estimated Expenditure:

- Purchases; June €172, July €58, August €135
- New equipment; June €450
- Administration costs; June €20, July €26, August €18 **(25m)**

Mount Rangers Cash Flow Budget				
Details	June €	July €	August €	Total (June- August) €
Receipts				
Grant	250	250	250	750
Fundraising	150	350	250	750
Total receipts	400	600	500	1,500
Payments				
Purchases	172 1m	58 1m	135 1m	365 1m
New equipment	450 1m			450 1m
Administration	20 1m	26 1m	18 1m	64 1m
Total payments	642 1m	84 1m	153 1m	879 1m
Net cash	(242) 1m O.F	516 1m O.F	347 1m O.F	621 1m O.F
Opening cash	175	(67) 1m O.F	449 1m O.F	175 1m
Closing cash	(67) 1m O.F	449 1m O.F	796 1m O.F	796 1m

(ii) Based on your above cash flow budget, what advice would you give to the club regarding their closing cash position in June? **(3m)**

Advice: Avoid a deficit at the end of June by staggering the payments for the new equipment over a number of months/ Get a bank overdraft/
Plan an additional fundraising initiative for June/ Apply for new grants/ shop around for better deals/
Delay/ Reduce/ Postpone payment for purchases in June/ Seek an appropriate credit period.

Question 17

The following trial balance was taken from the books of Cupán Eco Ltd, on 31/12/2022, the end of its financial year. The Authorised share capital is 600,000 €1 ordinary shares.

Trial Balance of Cupán Eco Ltd as at 31/12/2022		
	€	€
Sales		268,600
Purchases	121,000	
Carriage inwards	9,000	
Stock 01/01/2022	14,000	
Insurance	6,600	
Advertising	42,400	
Wages	52,000	
Light & heat	15,000	
Buildings	274,000	
Equipment	92,800	
Cash	21,600	
Dividends paid	9,200	
Debtors	20,000	
Creditors		14,000
Bank overdraft		7,000
Profit and loss balance 01/01/2022		48,000
Issued share capital		340,000
	<u>677,600</u>	<u>677,600</u>

The following information is also provided:	
Stock 31/12/2022: €25,000	€274,000 1m x .02 1m = €5,480
Depreciation: Buildings 2%	
Equipment 20%	€92,800 1m x .20 1m = €18,560

(a) Complete the Income Statement for Cupán Eco Ltd for year ended 31/12/2022. (18m)

Income Statement of Cupán Eco Ltd for the year ended 31/12/2022			
	€	€	€
Sales			268,600
Less cost of sales			
Stock 01/01/2022		14,000	
Purchases		121,000	
Carriage inwards		9,000	
		144,000	
Less stock 31/12/2022		25,000	119,000
Gross Profit			149,600
Less Expenses: 1m			
Insurance		6,600 1m	
Advertising		42,400 1m	
Wages		52,000 1m	
Light and Heat		15,000 1m	
Depreciation on Buildings	5,480 3m O.F		
Depreciation on Equipment	18,560 3m O.F	24,040	
Total Expenses			140,040
Net Profit 1m			9,560 2m OF
Less Dividend Paid			9,200 1m
			360
Add Profit and Loss Balance 01/01/22 / Opening reserves			48,000 1m
P&L balance 31/12/22 / Closing reserves/retained profit/earnings 1m			48,360 1m OF

(b) Prepare the Statement of Financial Position for Cupán Eco Ltd as at 31/12/2022. (24m)

Statement of Financial Position of Cupán Eco Ltd as at 31/12/2022			
	Cost	Dep	N.B.V.
Fixed Assets 1m	€	€	€
Buildings	274,000 1m	5,480 1m OF	268,520 1m OF
Equipment	92,800 1m	18,560 1m OF	74,240 1m OF
	366,800	24,040	342,760
Current Assets 1m			
Cash	21,600 1m		
Debtors	20,000 1m		
Closing Stock 31/12/22	25,000 1m	66,600	
Current Liabilities/Creditors amounts falling due within 1 year 1m			
Creditors	14,000 1m		
Bank Overdraft	7,000 1m	21,000	
Working Capital 1m			45,600 1m OF
Total Net Assets 1m			388,360 1m OF
Financed by: 1m	Authorised	Issued	
Share Capital €1 Ordinary Shares	600,000 1m	340,000 1m	
Profit & Loss Balance 31/12/22 / Closing reserves / Retained profit		48,360 1m OF	
Capital Employed 1m			388,360 1m OF

(c) Cupán Eco Ltd want to build a large extension to their premises.

(i) Recommend a suitable source of finance that Cupán Eco Ltd could use to fund the expansion. Give a reason for your answer.

Suitable source of finance: Long Term loan/ Grant / Shares/ Reserves (2m)
Reason: (4m)
1. Long-term Loan must have collateral/security and is over 5 years or no dilution of control.
2. Apply for a Grant, this is a source of finance that doesn't have to be repaid but comes with conditions.
3. Cupán Eco Ltd can raise €260,000 by issuing further shares. They would not have to pay interest on this source of finance.
4. Cupán Eco could use its own reserves/retained earnings to help fund the expansion project. No collateral/security needed & they do not have to get a loan to fund expansion.

(ii) Outline **two** economic benefits for the Irish government of the success of companies like 'Cupán Eco Ltd'. **(6m)**

1. Generates more employment which leads to less Social Protection Payments and more income tax collected from workers.
2. More Corporation Tax/ V.A.T collected which increases Government Revenue.
3. Creates a culture of enterprise in the Irish Economy which increases start-up companies. This will lead to increased government revenue.
4. More Spin off benefits which generates employment that leads to increased revenue.

(iii) "Corporate Social Responsibility is a concept whereby businesses and other organisations integrate their social and environmental responsibilities into their mainstream business operations, and business decisions are made with reference to wider sustainability issues." - The Department of Enterprise, Trade and Employment, January 2023.



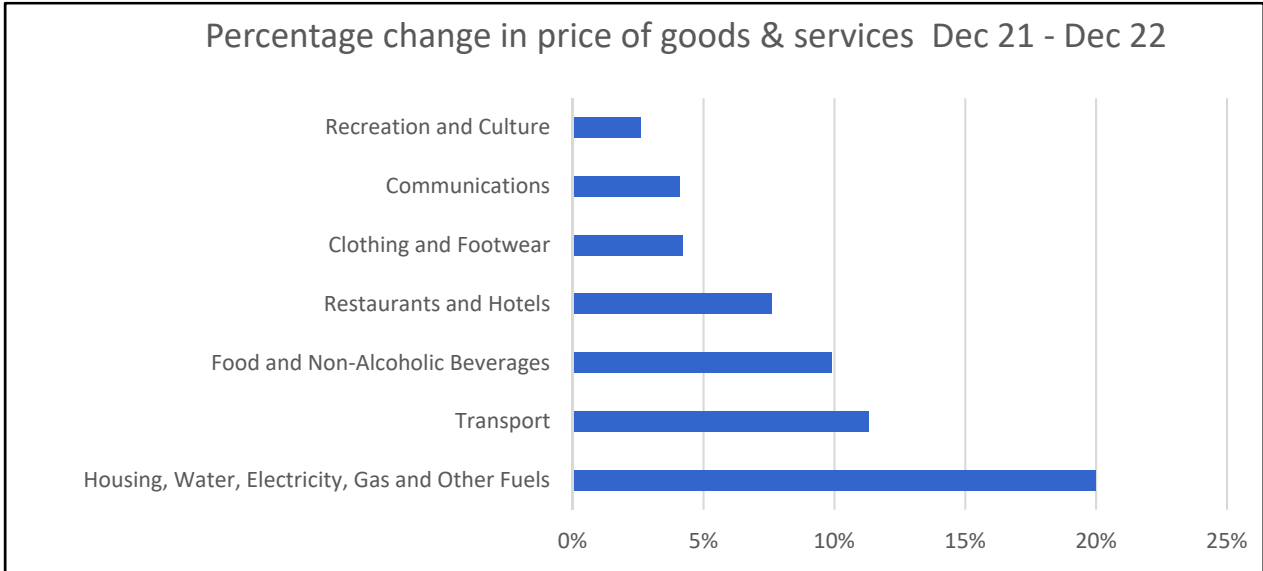
Outline **two** social responsibilities Cupán Eco Ltd has to the local community. **(6m)**

1. Support local charities with financial contributions/Support charities which may have been chosen by the company's employees.
2. Sponsor a local event/community group.
3. Employ locally where possible or use local suppliers.
4. Not to pollute/ congestion / Play a part for the climate in local area.

Question 18

The Central Statistics Office (CSO) conducts inflation measurement in Ireland.

(a) Using the information given below answer the questions that follow.



adapted from cso.ie

(i) Identify which category of goods and services shows the largest increase in price. (5m)

Housing, Water, Electricity, Gas and Other Fuels

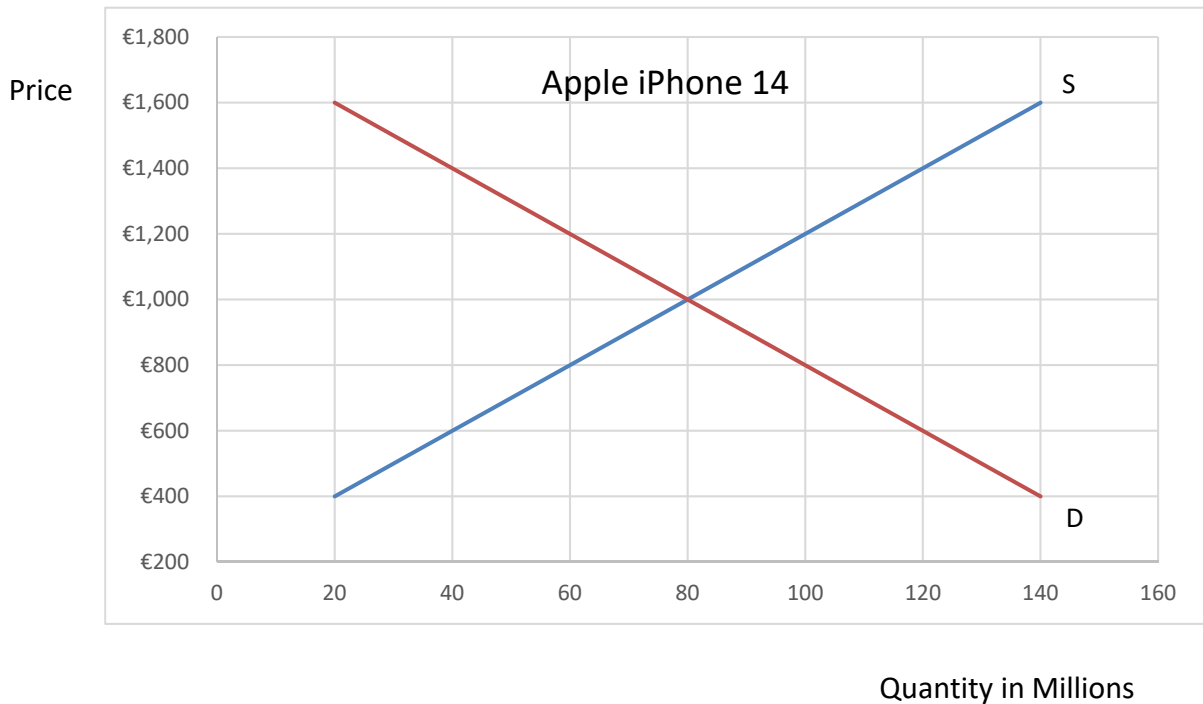
(ii) State the official measure of inflation in Ireland. (3 x 1m)

Consumer	Price	Index
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(iii) Explain one impact a rising level of inflation can have on an individual and a business in your local area. (4m)

<p>An individual: It reduces an individual's spending power/ less disposable income/ struggle to pay bills/ Increased cost of living which would reduce a person's standard of living/ It can make changes to an individual's budget/Increase personal stress/ affect wellbeing.</p>
<p>A business in your local area Prices may have to be raised on goods and services/It may lead to a business becoming less competitive as prices go up/ It can impact on a business budgets. Increased costs which result in businesses having to increase their prices e.g. A local bus company faced with higher fuel costs will have to increase consumer fares/ Uncertainty, volatility leads to lower capital investment.</p>

(b) Apple iPhone 14



- (i)** Use the above diagram to answer each of the following questions. Write your answers in the spaces provided. **(9m)**

Indicate the equilibrium quantity demanded of the 'Apple iPhone 14'.	80 m	Units
Indicate the equilibrium price of the 'Apple iPhone 14'.	€ 1,000	
Indicate the quantity demanded of the 'Apple iPhone 14' at €1,600.	20 m	Units

- (ii)** Explain the term substitute good and give an example of a substitute good for the 'Apple iPhone 14'.

Explanation: (3m)
A Substitute good is an alternative/similar/replacement good that could be used for the same purpose.
Example: (1m)
Samsung Galaxy, Google Pixel 7, Google Pixel 6a, Android, iPhone 13, iPad, laptop

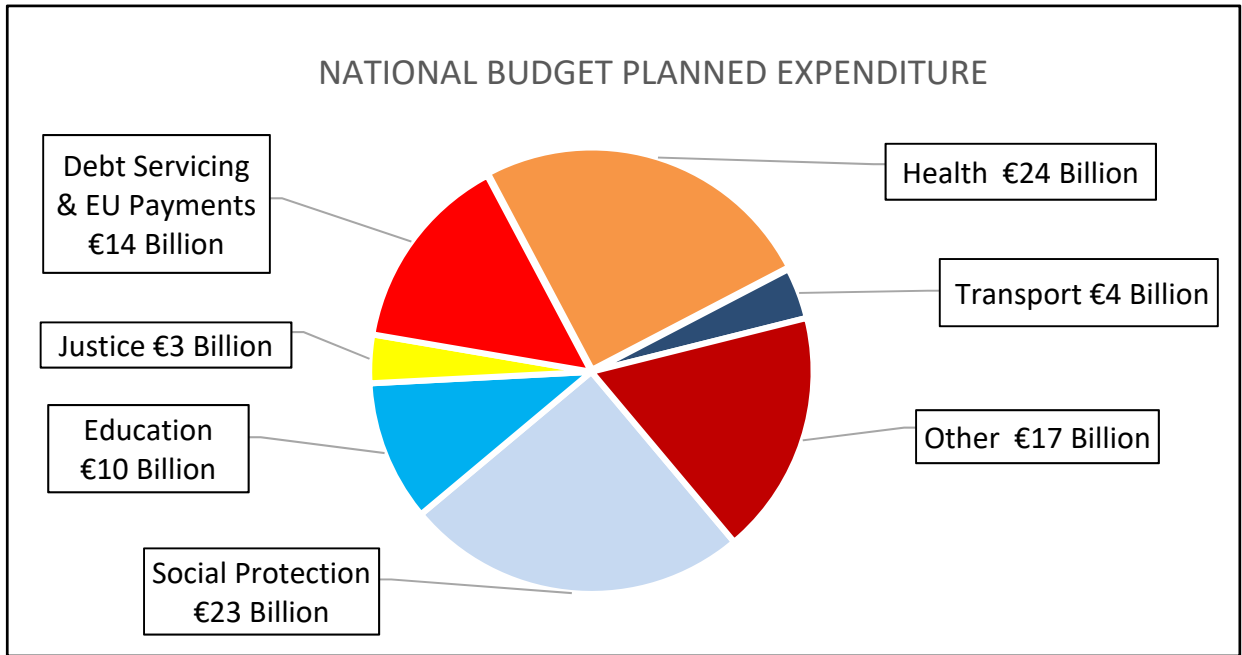
- (iii) If there was a reduction in supply of Apple iPhones, what impact would this have on the price of Apple iPhones? Give a reason for your answer. (5m)

Impact: Prices would increase.
Reason: Due to the reduction in supply, prices will increase due to scarcity/rarity/less goods available.

- (iv) What impact would the following have on the supply of the Apple iPhone 14? Place a tick (✓) in the correct box. (9m)

	Increased supply of Apple iPhone 14	Decreased supply of Apple iPhone 14
Decrease in the cost of producing an Apple iPhone 14	✓	
Industrial action by Apple employees		✓
A storm blew the roof off a factory producing the Apple iPhone 14		✓

- (c) The figures below were presented on budget day for a country as projections for the following year.



- (i) Using the information from the pie chart above prepare the National Budget for the following year.

National Budget for the year		
	€ Billions	€ Billions
Income		105
Expenditure		
Health	24 1m	
Transport	4 1m	
Other	17 1m	
Social Protection	23 1m	
Education	10 1m	
Justice	3 1m	
Debt Servicing & EU Payments	14 1m	
Total Expenditure		95 1m
	Answer:	€ 10 1m O.F
Is the government budget for the year a deficit or surplus?		Surplus 2m O.F

- (ii) Using the pie chart of National Budget Planned Expenditure, on the previous page, identify the sector the government plans to spend most money on next year. **(4m)**

Health

- (iii) In the event of a surplus in the National Budget, advise the Minister for Finance what to do with the surplus money? **(2m)**

Repay some of the National Debt.
Increase Government spending on any Government Dept. e.g., Education.
Use some of the surplus to improve public services e.g., build more hospitals and employ more doctors
Invest the surplus money.

- (iv) Identify **one** example of capital expenditure and **one** example of current expenditure for the Department of Education. **(4m)**

Capital expenditure: Building schools/colleges/buying school equipment, school chairs/school tables.
Current expenditure: Paying teachers/ staff/ lecturers/SNA's wages.

