

Annual Examinations for Schools 2022

YEAR 11	BUSINESS STUDIES	MARKING SCHEME
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SECTION A

10 marks in total – 1 mark for each correct answer.

Jamie and Carls formed a partnership and opened a small grocery shop. Their business form part of the **private** sector of the economy. They succeeded well in business and decided to **grow** by forming a private limited **company**, JamCar supermarket Ltd. Jamie and Carla are the only **shareholders** in this company. They decided to employ workers to be able to cope with the increase in their work. Several **interviews** and assessments were made to a number of job applicants to select candidates with the precise **skills** and competences that the jobs required. When the new employees were **recruited**, training was given to them so that they would make immediate contribution to the business. Such training is known as **induction** training.

The company aims to grow more to achieve economies of **scale**, which makes the business more efficient and thus improve its performance and **profitability**.

SECTION B

10 marks in total – 1 mark for each correct answer.

1 (c) 2 (a) 3 (b) 4 (d) 5 (c) 6 (d) 7 (c) 8 (a) 9 (d) 10 (c)

SECTION C

[60 marks]

Question 1

a.i. *Any two (2) of the following or any other answer deemed suitable:*

- Helping unemployed people to find jobs.
 - Promoting investments in human capital.
 - Facilitating labour mobility.
- (2 marks)

- ii. • Attracting new foreign direct investment.
- Facilitating the growth of existing businesses.
- (2 marks)

b. i. *Any one (1) of the following or any other answer deemed suitable:*

- Market to raise capital finance.
 - Facilitate trading of shares and bonds.
- (1 mark)

- ii. Represents companies from all economic sectors and ensures that entrepreneurs enjoy the best competitive environment and regulatory conditions possible for the conduct of business.
- (1 mark)

c. i. *Any two (2) of the following or any other answer deemed suitable:*

- To remain competitive; to meet the needs of its customers; to survive.
- (2 marks)

- ii. *Any two (2) of the following or any other answer deemed suitable:*
Ignorance, fear and insecurity, loss of power/status and personal factors such as beliefs or living habits. (2 marks)
- d. i. Unemployment is when someone could work and wants to work but is unable to find a suitable job. (1 mark)
- ii. Unemployment is a wastage of resources because workers, as one element of the factors of production, are idle for the time being. (1 mark)
- iii. Frictional unemployment occurs as a result of people voluntarily changing jobs within an economy. (1 mark)
Structural unemployment is caused by a mismatch between the skills that workers in the economy can offer, and the skills demanded from workers by employers. (1 mark)
- e. i. Increase in population: Births and immigration. (2 marks)
Decrease in population: Deaths and emigration. (2 marks)
- ii. Occupational mobility of labour refers to the ease of changing from one type of job to another. Geographical mobility of labour refers to the ease of changing the location of a job. (2 marks)

[Question 1: Total marks: 20]

Question 2

- a. Marketing seeks to match business' products and services to customers who want to access those products. Matching products to customers ultimately ensures profitability. (1 mark)
- b. *Any four (4) of the following:*
Price, product, place, promotion, physical environment, people and process. (4 marks)
- c. Market research investigates what consumers are buying and what they are likely to buy in the future [1]. It is important for a business as it gives an indication about which products a business should sell [1]. (2 marks)
- d. i. Desk research, also called the secondary research, is the process of gathering data which already exists. While field research, also called the primary research, is the process carried out by an organisation for its own purpose, finding out information first-hand. (2 marks)
- ii. Informative advertising aims at highlighting positive features of a product and trying to give as much as possible information about the product whereas persuasive advertising does this to an extent but adds the element of persuasion that is hard to resist for the potential customer. (2 marks)
- iii. Mass marketing is a marketing strategy that targets the whole market and niche marketing is a marketing strategy that targets a specific market. (2 marks)

- e. i. Advertising is a marketing tactic involving paying for space to promote a product, service, or cause. (1 mark)
- ii. *Any two (2) of the following or any other answer deemed suitable:*
- Advertising increases the prices of products.
 - Most adverts try to persuade people to buy even if they don't need the commodity that is being advertised.
 - Some adverts encourage bad habits.
 - Advertising may encourage people to be wasteful. (2 marks)
- f. i. The product life cycle shows how the demand for a product changes over time. (1 mark)
- ii. The understanding of a product life cycle of a particular product is very important for a business to make adequate decisions like; when is the right time to introduce a new product in the market, what price should be fixed and how to plan an effective, up to date marketing strategy for the product. (1 mark)
- iii. *Any two (2) of the following:*
Development, introduction, growth, maturity, saturation, decline and obsolescence. (2 marks)

[Question 2: Total marks: 20]

Question 3

- a. $A = 42,500 \quad B = 80,000 \quad C = 60,000$ (3 marks)
- b. i. Working Capital = Current Assets – Current Liabilities $37,500 - 15,000 = €22,500$ (2 marks)
- b. ii. Capital Employed = Total Assets – Current Liabilities $80,000 - 15,000 = €65,000$ (2 marks)
- b. iii. $\frac{\text{Net Profit}}{\text{Capital Employed}} \times 100$ $\frac{13,000}{65,000} \times 100 = 20\%$ (2 marks)
- b. iv. $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ $\frac{37,500}{15,000} = 2.5$ or 2.5:1 (2 marks)
- c. i. Cost of sales = Opening inventory + Purchases – Closing inventory
 $15,500 + 54,860 - 16,800 = €53,560$ (2 marks)
- c. ii. Gross Profit = Sales – Cost of sales $80,420 - 53,560 = €26,860$ (2 marks)
- c. iii. Net Profit = Gross Profit – Expenses $26,860 - 13,630 = €13,230$ (2 marks)
- d. i. Depreciation is the loss in the value of an asset over time. (1 mark)
- d. ii. Drawings are assets taken by the owner from the firm for personal use. (1 mark)
- d. iii. Liabilities are amounts owing by the business to third parties (people outside the business). (1 mark)

[Question 3: Total marks: 20]

SECTION D**[20 marks]****Question 1.**

- a. Rent payment is regarded as revenue expenditure because it helps to maintain the operational ability of the business [1] and does not add or improve the business' non-current assets [1]. (2 marks)
- b. i. Internal sources of finance refer to money that is generated within a business while external sources of finance are those sources of finance which come from outside the business. (2 marks)
- ii. Internal sources of finance: Selling of old business' assets, retained profits. (2 marks)
External sources of finance: Loan, issue of shares. (2 marks)
- c. i. An organisation chart is a diagram that shows the structure of an organization and the relationships and relative ranks of its parts and positions/jobs. (1 mark)
- ii. Centralisation refers to the concentration of control of an activity or organisation under a single authority. (1 mark)
- iii. Decentralisation refers to a specific form of organizational structure where the top management delegates decision-making responsibilities and daily operations to middle and lower subordinates. (1 mark)
- d. i. The leader gives full freedom to his/her subordinates to act on their own. (1 mark)
- ii. One person controls all the decisions and takes very little input from other group members. (1 mark)
- iii. The leader allows members of the group to take a more participative role in the decision-making process. (1 mark)
- e. *Any three (3) of the following:*
Physiological, safety, social, ego and self-actualization. (3 marks)
- f. Theory X – Assumes that employees dislike work, are lazy, dislike responsibility and must be forced to perform. (1 mark)
Theory Y – Assumes that employees like work, are creative, seek responsibility and can exercise self-direction. (1 mark)
- g. These won't encourage employees to work harder but they will cause them to become unmotivated if they are not present. (1 mark)

Question 2.

a. *Any three (3) of the following or any other answer deemed suitable:*

- Profit – The owners of a business should aim to earn the highest possible profit to provide the best financial return to the owners and to finance future business investments.
- Survival – This is the business' owner/s desire for the firm to continue in business for a long time.
- Growth – Some owners may decide to start with a small business and then they will use the profit earned to expand their business.
- Customer satisfaction – For a business to survive for long, it must make sure that consumers are satisfied by their purchases.

(6 marks)

b. *Any one (1) of the following, for each department, or any other answer deemed suitable:*

i. Finance Department:

- Preparing the firm's accounts in accordance to the laws.
- Speed up slow-paying customers.
- Prevent fraud and theft.
- Calculating and paying all taxes owing.

(1 mark)

ii. Research and Development Department:

- Making new products for the business.
- Choosing suitable designs to make new products more attractive.
- Finding out new production techniques for the business to lower its production costs.
- Finding out new technologies that can be used in the business.

(1 mark)

iii. Purchasing Department:

- Buying all items that the business needs.
- Ensuring that all items are bought at the right price, quality and quantity, and that these are delivered on time.
- Checking that the items delivered are in good condition and the quantity and quality are as ordered.

(1 mark)

iv. Production Department:

- Ensuring that raw materials are available.
- Supervising the work of employees.
- Trying to make workers' work more efficient and enjoyable.

(1 mark)

- c. *Any two (2) of the following or any other answer deemed suitable:*
- The managers of different departments should communicate with each other to see if they are working according to the business' plans.
 - Managers should explain to workers what job should they do.
 - The business should communicate with consumers to encourage them to buy.
 - A business should be able to communicate with agents (to buy the required things for the business), the government (for tax purposes and for help) and other interesting groups. (2 marks)
- d.
- i. Wants are goods or services which people would like to have, but which are not essential for their living. Needs are goods or services which are essential for our living. (2 marks)
 - ii. The private sector includes all those businesses which are owned by individuals or groups of individuals. The public sector includes all businesses that are owned by the government. (2 marks)
 - iii. Limited liability means that the liability of a business owner is limited to the amount that the owner has invested in the business. Unlimited liability means that the owner of a business is liable for all business debts, if the assets of the firm cannot meet its debts or liabilities. (2 marks)
 - iv. A public limited company is a company listed on a recognized stock exchange and its shares are traded publicly. On the other hand, a private limited company is neither listed on the stock exchange nor are its shares traded publicly. It is privately held by its shareholders only. (2 marks)

