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**Coimisiún na Scrúduithe Stáit
State Examinations Commission**

Junior Certificate Examination 2004

BUSINESS STUDIES

ORDINARY LEVEL CHIEF EXAMINER'S REPORT

HIGHER LEVEL CHIEF EXAMINER'S REPORT

CONTENTS

1.	General Introduction	3
1.1	The Syllabus	
1.2	The Examination	
1.3	Numbers Taking Business Studies	
1.4	Performance of candidates	
2.	Ordinary Level	6
2.1	Introduction	
2.2	Analysis of Candidate Performance	
2.3	Conclusions	
2.4	Recommendations to Teachers and Students	
3.	Higher Level	18
3.1	Introduction	
3.2	Analysis of Candidate Performance	
3.3	Conclusions	
3.4	Recommendations to Teachers and Students	
4.	Appendix 1 – Exemplars of Standard	35

JUNIOR CERTIFICATE, 2004

BUSINESS STUDIES

1. GENERAL INTRODUCTION

1.1 The Syllabus

Junior Certificate Business Studies was introduced in 1989 and examined for the first time in 1992. This syllabus replaced the Intermediate Certificate Commerce syllabus, which was examined for the last time in 1991.

Business Studies is offered at both Higher Level and Ordinary Level and is examined by a terminal written examination. The syllabus comprises Business, Bookkeeping and Accounts, and Economics. This division of the syllabus is reflected in the examinations.

The Ordinary Level syllabus, while broadly the same as the Higher Level syllabus, does not require candidates to deal with credit transactions, operation of the ledger, adjustments to accounts, assessing the business, and services to business.

This report should be read in conjunction with the examination papers and marking schemes, which are available on the State Examinations Commission website www.examinations.ie

1.2 Format of Examination

Ordinary Level

Business Studies at Ordinary Level consists of one examination paper of two and a half hours duration. The paper consists of two sections:

- Section A: 100 marks – This section consists of twenty short response type questions at five marks each. Candidates are required to attempt all of the questions. Questions range over the entire Ordinary Level syllabus.

- Section B: 300 marks – This section consists of eight questions and candidates are required to attempt five of these. All questions carry an equal weighting of 60 marks.

Higher Level

Business Studies at Higher Level consists of two examination papers – Paper 1 of two and a half hours duration and Paper 2 of two hours duration.

Paper 1 examines the Business Studies syllabus from a household and personal perspective. This paper accounts for 60% of the total marks (240 marks). It is divided into two sections:

- Section A: 80 marks - This section consists of twenty short response type questions at four marks each. Questions range over the entire syllabus. While candidates are required to attempt all questions there is some internal choice within the questions.
- Section B: 160 marks - This section consists of six questions and candidates are required to attempt four of these. All questions carry an equal weighting of 40 marks.

Paper 2 examines the syllabus from a business perspective. This paper accounts for 40% of the total marks (160 marks). It consists of six questions and candidates are required to attempt four of these. All questions carry an equal weighting of 40 marks.

1.3 Numbers taking Business Studies

The number of candidates taking the Business Studies examinations over the last number of years has shown a decline in line with the decline in the overall number of Junior Certificate candidates.

Numbers taking Business Studies - 2001 to 2004

Years	2001	2002	2003	2004
Numbers Sitting Business Studies	38,457	38,041	37,315	34,689
% of Total Junior Certificate Cohort	64	63	63	61

Numbers taking Higher and Ordinary Level Business Studies - 2001 to 2004

Years	2001	2002	2003	2004
Numbers Sitting Higher Level	25,731	25,286	24,535	23,664
Numbers Sitting Ordinary Level	12,725	12,755	12,780	11,025
Total	38,457	38,041	37,315	34,689

1.4 Performance of Candidates

The tables below outline the percentage of candidates achieving each grade at Ordinary Level and at Higher Level in the years 2001 to 2004.

Percentage Grades Awarded - Ordinary Level Candidates 2001 to 2004

Year	A	B	C	D	E	F	NG
2001	8.3	38.7	31.4	15.2	4.2	1.8	0.3
2002	8.9	36.1	29.6	17.8	5.2	2.3	0.3
2003	7.0	38.7	32.4	15.6	4.4	1.9	0.1
2004	7.5	36.8	31.0	17.8	5.0	1.8	0.2

Percentage Grades Awarded - Higher Level Candidates 2001 to 2004

Year	A	B	C	D	E	F	NG
2001	11.6	36.0	35.1	15.3	1.7	0.20	0.1
2002	7.4	31.2	39.4	20.0	1.8	0.20	0.0
2003	11.5	37.2	36.9	13.3	1.0	0.1	0.0
2004	13.0	37.8	33.1	14.3	1.4	0.2	0.0

As can be seen from the data in the tables above, the final results for the examination in 2004 are broadly in line with previous years' results except at the Higher Level where the A grade has improved.

2. ORDINARY LEVEL

2.1 Introduction

A total of 11,025 candidates presented for the Ordinary Level examination in 2004. This represents 32% of the total cohort of candidates who presented for the Business Studies examination. It was evident from the scripts that a significant number of candidates who had taken the Ordinary Level would have been capable of the Higher Level examination.

2.2 Analysis of Candidate Performance

The table below sets out the attempt frequency of questions and the average marks obtained per question. The attempt frequency and average marks given for each question are based on a sample of 40 scripts per examiner and should be used as a general guideline only.

Attempt Frequency and Average Marks Obtained at Ordinary Level-2004

QUESTION	%Attempt	Popularity	Average Marks	Average %
Section A: 20 short answer questions	100	All questions compulsory	71	71%
Section B				
Q.1	93	1	49	81%
Q.2	13	8	29	49%
Q.3	47	6	41	68%
Q.4	81	3	36	60%
Q.5	88	2	41	69%
Q.6	32	7	43	71%
Q.7	79	4	34	57%
Q.8	70	5	38	63%

It is clear from the table above that the Bookkeeping questions (Q.2 and Q.6) were the least popular questions on the paper at this level. This is a concern as both questions continue to appear on the examination paper, since the introduction of the syllabus.

2.3 Question Analysis

SECTION A

Total Marks: 100

This section is mandatory. Candidates are required to attempt all 20 Questions with some internal choice. All questions carry an equal weighting of 5 marks.

Candidates performed well in Section A in general. Most candidates attempted all 20 questions, with no particular question being omitted by a significant number of candidates. Some candidates did not seem to have access to a calculator.

QUESTION 1. This was well answered. PAYE was better known than PRSI.

QUESTION 2. This was poorly answered. A significant number of candidates did not know the correct name of the document (Receipt).

QUESTION 3. This was generally well answered.

QUESTION 4. Most candidates had the correct answer for Hire Purchase.

QUESTION 5. This question was generally well answered.

QUESTION 6. This was reasonably well answered. Part (a) caused most problems.

QUESTION 7. A small percentage of the candidates knew **both** missing Factors of Production.

QUESTION 8. It was generally well answered. Most candidates knew the definition of a Consumer.

QUESTION 9. This question was well answered by most candidates.

QUESTION 10. Answering was mixed. Some candidates added figures to get Cost of Sales.

QUESTION 11. One-word answers such as “safer” and “cheaper” were not enough to gain full marks in this question.

QUESTION 12. This question was generally well answered, but some candidates added deductions to gross pay when calculating net pay.

QUESTION 13. The currencies did not present problems in general for most candidates. Some candidates stated the *euro* for the English currency.

QUESTION 14. Some guesswork was evident here. When calculating, many candidates divided instead of multiplied.

QUESTION 15. This economics question was very well answered.

QUESTION 16. Many candidates had difficulty explaining opportunity cost.

QUESTION 17. This question was poorly answered, despite the fact that it often appears in the examination. Many candidates did not know how to calculate units used.

QUESTION 18. This was well answered, but, as in previous years, some candidates had first names in alphabetical order.

QUESTION 19. Poor answering was evident here. The ‘Secretary’ was a common incorrect answer given.

QUESTION 20. Poorly answered in general. Many candidates included all the figures in the calculations.

SECTION B

Total marks: 300

Candidates are required to attempt 5 out of 8 questions in this section. All questions are equally weighted at 60 marks.

QUESTION 1. Household Budget

Attempt Frequency: 93%

Average mark: 49

As in previous years, this was the most popular question in Section B. The average mark was higher than in previous years and was the highest in Section B. Candidates are very familiar with the budget question and obviously practise it during the school year.

(A) This section was generally well answered. However, common errors included:

- House contents insurance incorrectly calculated;
- Telephone costs not correct every month;
- Errors in totalling rows and columns;
- Candidates do not cross-check their calculations;
- Miscalculation of Net Cash;
- Candidates did not complete the final three lines of the budget;
- Opening Cash not carried into Total Column.

Most candidates understood the concept of carrying forward the closing cash each month.

(B) This part was generally well answered, with the correct reason given in the majority of cases.

(C) Many candidates had problems with this part of the question and failed to find the correct figure.

QUESTION 2. Final Accounts and Balance Sheet

Attempt Frequency: 13%

Average mark: 29

This was the least popular question and the percentage attempting it was considerably lower than in previous years. The average mark was also very low.

(A) As in previous years, some of the candidates who attempted this were well prepared for Final Accounts and Balance Sheet and some were not. The fact that an Operating Statement was required did not prevent these candidates from achieving good marks. Some candidates, however, were not familiar with Bookkeeping practice.

Common errors included:

- Omission of company name;
- Current Assets and Current Liabilities mixed up;
- Current Assets added to Current Liabilities;
- One part running into another without any understanding of headings or titles;
- Question just re-written.

(B) The calculation of the insurance percentage was very poorly answered and often omitted.

(C) The explanations given for the Bookkeeping terms were poor in many cases. Some candidates had difficulty defining the terms.

QUESTION 3. Letter and People At Work

Attempt Frequency: 47%

Average mark: 41

This question dropped in popularity to 6th place this year.

(A) The letter was generally well presented and most candidates scored well on this part. The information required on responsibilities of employers and employees was well known and well answered, although there was some repetition in parts.

Common errors included:

- Writing the letter from Tom Spencer to Catherine Doyle;
- Omitting the reference;
- Addresses transposed;
- Poor spelling, grammar and punctuation.

(B) Many candidates did not know the answer to this question (i.e. Trade Union). Some candidates gave a correct example without mentioning trade unions. Both were required for full marks.

(C) Many candidates earned marks for explaining three terms but in most cases the explanations were not fully accurate. The terms Labour Force and Job Description were poorly explained in general. While the other terms were more popular, few candidates obtained full marks.

QUESTION 4. Banking

Attempt Frequency: 81%

Average mark: 36

This was a very popular question, the 3rd most popular question in Section B.

(A) This part was well answered in general, however, some candidates stated that the branch was in Gorey.

(B) Most candidates stated the opening rather than the closing balance.

(C) There were 14 entries required on the Lodgement Slip. Putting a date after “Paid in by” was a common error. Many candidates failed to show the €850. Some recorded €350 or €500.

(D) The majority of candidates were able to explain the ATM transaction.

(E) Although most candidates gained marks here, many candidates found it difficult to explain clearly the Direct Debit system.

(F) This part was answered correctly in general. However, some candidates referred to a Medical Card as the reason why the cheque to the doctor was not on the Bank Statement.

QUESTION 5. Business Documents

Attempt Frequency: 88%

Average mark: 41

This document question was the second most popular question, as in previous years.

(A) Invoice

Common errors included:

- Incorrect date;
- “Your Order No.” was often incorrect or omitted;

- Extra line of goods (“Sturdy Tool Boxes”) included on Invoice by some candidates;
- Trade Discount amount miscalculated, shown as a percentage, or added;
- VAT amount miscalculated and often deducted.

However, the mathematical miscalculations were not as common as in previous years.

(B) Many candidates did not know the answer to this part. Their answers related to checking the order or delivery note rather than the quotation. The *price of the goods* was an essential element in the answer.

(C) The cheque and counterfoil were generally well done. The most common error was the omission of the payee’s name.

(D) An increasing number of candidates are attempting the Bank Account. Some improvement has been noted, but many candidates are still entering the transaction on the incorrect side / column.

QUESTION 6. Farm Accounts

Attempt Frequency: 32%

Average mark: 43

This was the second least popular question, yet it had a very high average mark.

(A) Most candidates ruled their own columns instead of using the analysis pages in the Business Studies answer book provided.

Common errors included:

- Omitting the title;
- Omitting the Cheque and Receipt references;
- Incorrect closing balance, due to arithmetical errors.

(B) This part was poorly answered in general, despite the fact that it has appeared previously on examination papers. The majority of candidates could state only one reason. Many of the reasons given were poor, and probably involved guesswork. Many candidates omitted this part of the question, thereby losing 15 marks.

QUESTION 7. Marketing and Sales Promotion

Attempt Frequency: 79%

Average mark: 34

This was a popular question. It ranked 4th overall, but the average mark was the second lowest.

(A) The majority of candidates showed this information in the form of a Bar Chart.

Common errors included:

- Omitting the title;
- Bars not drawn to scale as the vertical axis did not begin at zero;
- Lines drawn freehand and thus not to scale.

In relation to the Pie Chart the same comments apply regarding title omission and freehand drawing, which meant lack of accuracy. Examiners noted, however, that some candidates prepared excellent Pie Charts, with angles accurately calculated and drawn.

(B) This part was well answered. Most candidates were able to total the number of jerseys sold but many did not multiply by the price €50.

(C) While the target market question seemed an easy question; many candidates did not have the correct answer. Dublin was a common incorrect answer given.

(D) Many candidates did not read this question carefully and stated two types of promotion and one reason instead of one promotion and two reasons. Where two reasons were given, the second reason was often a repeat of the first.

(E) While many candidates wrote about the four Ps, they did not explain how they applied to Sportstyle Ltd, which was required in the question.

QUESTION 8. Production and Foreign Trade

Attempt Frequency: 70%

Average mark: 38

This question was 5th in popularity and had a good average mark.

(A) While many candidates did well in this part, it was obvious from some answers given that quite a few candidates had never heard of Primary, Secondary and Services.

(B) The answering in this part was mixed. Some guesswork was evident. The '*Builder*' caused most problems for candidates.

(C) This was well answered. Most candidates were able to state two valid reasons but there was repetition in some cases.

(D) Most candidates obtained full marks in this part.

(E) This part was generally well answered. Most candidates had one valid reason and many had two.

2.4 Conclusions

- In general, candidates demonstrated satisfactory levels of knowledge and skills.
- Candidates with a thorough knowledge of all aspects of the syllabus performed well in the examination.
- Candidates who performed less well tended to do so because they had not studied all aspects of the syllabus and /or ignored the bookkeeping and accounts elements of questions.
- Failure to read questions carefully, and not completing the required number of questions resulted in some candidates underachieving.
- A significant number of candidates taking the Ordinary Level examination would have been capable of taking the Higher Level examination.

2.5 Recommendations for Teachers and Students

The following recommendations are offered to teachers and students with the view to assisting them in improving examination performance.

Teachers:

- Refer to the published Business Studies Marking Scheme. It is designed to serve as a resource and a guide;
- Pay particular attention to the student outcomes as stated in the Business Studies Syllabus;
- Familiarise students with the examination requirements by ending each topic with examination style questions;
- Emphasise headings, particularly in the Final Accounts and Balance Sheet;
- Encourage students to show workings, where possible;
- Ensure students have plenty of practice in computational and form filling questions;
- Familiarise students with the examination stationery and answer books.

Students:

- Read and practice questions as often as possible;
- Know the number of questions to be attempted;
- Read the questions carefully in the examination;
- Choose carefully the questions you intend answering and complete the required number of questions in order to maximise the marks obtained;
- Complete all sections of the question before moving on to the next question;

- Use the full time allocated in the examination in order to complete the examination paper;
- Take care when drawing charts. They should be drawn to scale, have a title and be labelled correctly.

3. HIGHER LEVEL

3.1 Introduction

A total of 23,664 candidates presented for the Higher Level examination in 2004. This represents 68% of the total cohort of candidates who presented for the Business Studies examination and represents 61% of the total cohort of candidates sitting the Junior Certificate examination.

3.2 Analysis of Candidate Performance

The table below sets out the attempt frequency of questions and the average marks obtained per question. The attempt frequency and average marks given for each question are based on a sample of 40 scripts per examiner and should be used as a general guideline only.

Attempt Frequency and Average Marks at Higher Level-2004

Question	% Attempt	Popularity	Average Marks	Average %
Paper 1				
Section A	100	Compulsory	49	61
Q.1	97	1	28	70
Q.2	65	4	27	68
Q.3	61	5	20	50
Q.4	82	3	29	73
Q.5	54	6	26	65
Q.6	83	2	26	65
Paper 2				
Q.1	35	6	29	73
Q.2	88	1	23	58
Q.3	81	2	32	80
Q.4	76	3	28	70
Q.5	71	5	27	68
Q.6	76	3	32	80

An examination of the table shows that Paper 1 Section A had an average mark of 49 (61%), which has dropped slightly on previous years. While none of the questions in Paper 1 had an average mark over 29 marks (73%) they were all within three marks of each other, with the exception of the question 3 (the Economics question) which was the fifth least popular and had an average mark of 20 (50%).

In Paper 2 the highest average mark was 32 marks (Q.3 & Q.6). All the questions were within four marks of each other with the exception of question.2 (Document and Bookkeeping). Although this was the most popular question it attracted a disappointing average mark of 23 marks (57.5%).

The least popular question in Paper 2, question 1 (Books of First Entry, Ledger and Trial Balance), had the third highest average mark of 29 (73%). The other main Bookkeeping question (Final Accounts and Balance Sheet) had the fourth highest average mark of 28.

3.3 Question Analysis

PAPER 1

SECTION A: Total Marks 80

This section is mandatory. Candidates are required to attempt all 20 questions with some internal choice. All questions carry an equal weighting of 4 marks.

Overall, Section A was answered reasonably well with candidates earning 61% of available marks on average. Examiners' reports indicate that there was a number of centres where candidates ignored the bookkeeping/accounts elements of questions, with consequent loss of marks. This was especially evident in candidates' answers to Section A.

The following is an analysis of candidates' answers to each question in Section A with specific reference to common errors made.

QUESTION 1. Candidates were awarded full marks in the majority of cases.

QUESTION 2. This question was very well answered with the majority of candidates gaining full marks. The most common error was confusing the personnel manager's duties with that of the shop steward.

QUESTION 3. (Answer A or B)

A. This option was not well answered and was sometimes omitted. The ‘mark up’ was not understood and the gross margin of 25% was often calculated in error. Some candidates expressed the cost as a percentage of the selling price.

B. Candidates, generally, performed better in option **B** than in option **A** and most candidates were able to calculate both figures in **B**. The workings boxes were rarely used.

QUESTION 4. Most candidates were able to name only one correct document.

QUESTION 5. Many candidates scored 3 marks out of 4 here. Some candidates stated the euro as the Danish currency and some candidates did not know that the Italian currency was the euro.

QUESTION 6. (Answer A or B)

A. This was not a popular option. Many candidates could state only one valid point, thereby scoring only 2 marks.

B. Hire Purchase was well explained. A minority of candidates confused it with leasing.

QUESTION 7. Candidates failed to exhibit a good knowledge of Bookkeeping. Many candidates did not indicate that it was a bank account and did not identify the €500 as an overdraft.

QUESTION 8. This question proved to be a challenge and candidates, generally, did not perform well. Many candidates did not understand the term ‘legal tender’. The average score was 2 marks.

QUESTION 9. This Bookkeeping question was poorly answered in general. Most candidates got one mark for calculating €250 but then incorrectly presented it as the bad debts figure. Some candidates just subtracted 25c from €1000.

QUESTION 10. Some candidates confused the question with what a bank required before granting a loan. Trade reference, Bank reference or Stubbs gazette were rarely given.

QUESTION 11. Candidates in general failed to exhibit a good knowledge of double entry. The most common error was failure to identify the account to be debited, incorrectly debiting Dolan's account, Goods account or Purchased Goods account.

QUESTION 12. (Answer A or B)

Both options were attempted in the majority of cases with option **B**, generally, scoring better than option **A**. Compound Annual Rate (CAR) and Annual Percentage Rate (APR) caused some difficulty.

Option **B** was well answered, with candidates usually scoring full marks. A small number of candidates listed different Commercial Banks, rather than different types of financial institutions.

QUESTION 13. A small number of candidates chose the correct answer but many candidates incorrectly opted for the Purchases Book.

QUESTION 14. The correct answer was given in almost all instances but a small number of candidates incorrectly chose 'Total Net Assets.'

QUESTION 15. The majority of candidates calculated this invoice correctly but a small number of candidates subtracted the VAT and added the Trade Discount.

QUESTION 16. This question was not well answered. Many candidates got the correct figures but put them in the reverse order.

QUESTION 17. This question was generally well done but some candidates incorrectly recorded both the bar of chocolate and the can of orange in Part (i). In Part (ii) the bar of chocolate was sometimes given as the financial cost.

QUESTION 18. This was well answered with the majority gaining full marks for 'expansion,' 'the purchase of fixed assets', or 'save reserves for the future.' Some candidates misinterpreted the question and explained 'how' and not 'why' profits are retained.

QUESTION 19.

(i) This part was very well answered.

(ii) The majority of candidates had the correct answer, 'scanner'. The most common incorrect answers given were 'bar code' and 'hard copy.'

QUESTION 20. Candidates demonstrated a lack of knowledge of the continuous balancing ledger. The detail and folio were incorrect in most cases. The €200 was often entered in the credit column and deducted from the balance.

PAPER 1

SECTION B: Total Marks 160

Candidates are required to attempt 4 out of 6 questions in this section. All questions are equally weighted at 40 marks.

Approximately 37% of candidates attempted an extra question in this section, which signifies that there was adequate time for the completion of the examination paper.

QUESTION 1. Household Budget

Attempt Frequency: 97%

Average mark: 28

This was the most popular question in Section B and it attracted the second highest average mark. This outcome may account for the increase in overall grade A's, as the Household Budget does not normally score as well.

(A) This part was very well answered with many scoring the full 30 marks. The main errors were treating annual salary as monthly and incorrectly calculating the 30% reduction in Mrs. O'Mahony's salary.

(B)

(i) Candidates in general scored well in this section

(ii) Most candidates were able to state that the family had an overdraft of €100. Those who did not have it correct were able to identify the figure of €100 but did not state that it was an overdraft or owed by the family.

(iii) Many candidates got full marks as their figures and comments were consistent with their own budget. Some candidates expressed their answers in general terms without focusing on the closing cash position.

QUESTION 2. Banking Document and Club Account

Attempt Frequency: 65%

Average mark: 27

This question was not as popular as one might expect. The Income and Expenditure account may have deterred some candidates.

(A) The majority of candidates scored full marks here. A small number lost 1 mark due to entering 'current' on the account line instead of Rovers FC. Occasionally 'Cork' was entered for Bank Branch, rather than 'Wilton'.

(B)

(i) The Income and Expenditure Account was generally well answered with many scoring full marks.

The common errors included:

- Incomplete heading, 'date' omitted or 'for the year' omitted;
- Including the opening cash as an income;
- Including equipment as an expense;
- Including the net value of equipment as an expense.

Some candidates presented the answer in T format but had the account transposed. Prepayments and accruals were treated accurately in general.

(ii) Only a minority of candidates gave the correct answer here. Many candidates stated the balance in their Income and Expenditure Account as the cash position.

QUESTION 3. National Budget, Factors of Production and Trade

Attempt Frequency: 61%

Average mark: 20

This was the second least popular question and it had the lowest score. It was frequently taken as an extra question. The stimulus material may have been inviting and may have encouraged candidates with a very superficial knowledge of the subject area to attempt the question.

(A) This part was generally well answered but occasionally income tax was considered as Capital Income.

(B)

(i) This section was well answered. The most common answers were the loss of PAYE and Corporation Tax.

(ii) This section was well answered with many candidates referring to dole and unemployment benefit.

(iii) Many candidates found it difficult to achieve maximum marks here. Most candidates mentioned a reduction in exports and an increase in imports of computer chips. There was rarely any reference to Surplus or Deficit and candidates found it difficult to explain the effects from the data given, displaying a lack of knowledge of the Balance of Trade concept.

(C) The concept of opportunity cost was well understood in general. *School Buildings* was the most common example given. Explanations given were generally poor.

(D) While many candidates were able to name the 4 factors of production they did not give economic examples for land and capital. A minority of candidates gave the 4 Ps of Marketing and some candidates gave the Chain of Distribution.

(E)

(i) Good definitions were common. Some answers omitted to state that it was a plan.

(ii) Many candidates omitted the word 'visible' from their answer, or omitted reference to trading in goods.

(iii) Many candidates had the correct idea but were unable to articulate it. They mentioned *change in production* rather than an *increase in production*. The time element was also often omitted.

QUESTION 4. Insurance

Attempt Frequency: 82%

Average mark: 29

This was the second most popular question and it scored the highest marks with candidates generally showing a good understanding of insurance.

(A)

(i) The correct term was given in most cases.

(ii) The majority of candidates answered the first part correctly. In relation to car insurance full marks were obtained by candidates who correctly mentioned the legal obligation to have third

party insurance and also stated the risk to others.

(iii) Candidates scored well here, displaying a very good knowledge of insurance. Some answers included inflation, loss of no claims bonus, increased claims, and location.

(B)

(i) This section was poorly answered and many candidates interpreted the question as ‘why is it important to have insurance?’ There were frequent references to compensation but not many candidates referred to ‘*under insurance*’ or ‘*average clause*’.

(ii) Most candidates named the correct document.

(iii) This section was well answered. Incorrect answers included: John’s income, bank details, credit record, marital status, mortgage, and having four children.

(iv) The majority of candidates understood this concept very well.

(C) This part was well answered in general with candidates scoring at least 6 of the 8 marks available. Common errors included: multiplying the full value of the house and contents by €12 and €8 respectively, miscalculating the discount figure or calculating the discount on the house premium only.

QUESTION 5. Banking and Borrowing

Attempt Frequency: 54%

Average mark: 26

This question was the least popular question but not the lowest scoring one.

(A)

(i) Most candidates were able to identify that this was a current account and stated the correct reason.

(ii) This section was well answered by the majority of candidates. Most candidates stated at least one advantage.

(iii) This section was not well answered in general. Most candidates recognised the Direct Debit system as a means of payment via the bank. Some candidates confused the Direct Debit with a Standing Order.

(iv) The explanations of the transactions did not present problems for most candidates.

(B)

(i) This section was poorly answered and full marks were rarely achieved. Candidates made separate correct statements about bank overdrafts and loans but failed to distinguish between the two sources of finance.

(ii) The majority of candidates scored full marks. The most common answers included: the purpose of the loan; the ability to repay and previous payment record.

(C)

(i) Candidates in general had no difficulty with this, giving Hire Purchase and Credit Unions as suitable alternatives.

(ii) Candidates did very well here especially when Hire Purchase was chosen as the source of finance.

QUESTION 6. People at Work

Attempt Frequency: 83%

Marks awarded: 26

This was the second most popular question.

(A) This part of the question was poorly answered in general. The most common error occurred in the calculation of commission where candidates calculated it on the sales figure of €8,440 and forgot to subtract the €3,000 from the €8,440 initially.

(B)

(i) In many cases the question was not read properly with some candidates referring to the difference between being employed and being self-employment. Some candidates failed to mention 'without payment' and 'with payment' and also omitted to give examples.

(ii) **Rewards:** Full marks were earned by most candidates in spite of a lot of duplication of points e.g. 'make all your own decisions,' 'you are your own boss,' 'can chose you own working hours.' Candidates treated these as separate points in some cases.

Risks: Candidates did less well with risks. There was a lot of duplication resulting in many candidates earning only 2 instead of 4 marks for their answers.

(iii) Examiners encountered a wide variety of answers and candidates, in general, scored well. Some candidates misread the question and expanded on the responsibilities of the employer, rather than the employee, as was required.

(iv) Answers to this section were correct in most cases. There was some confusion between statutory and non-statutory deductions and some candidates incorrectly recorded VAT as an example.

(v) Many candidates lost marks in this section. They explained the statutory deductions but failed to outline their purpose e.g. PAYE was money for the government, or deducted by government from wages. The answers given for the purposes of PRSI were, generally, better. Although, the correct terms were not always given, candidates were able to explain the purpose in their own words.

(C) This part was generally well answered. The majority of candidates had no difficulty and scored full marks. Some candidates, however, calculated monthly expenses €12,500 correctly but then subtracted the monthly profit of €4,500 instead of adding it.

PAPER 2 Total Marks 160

Candidates are required to attempt 4 out of 6 questions in this section. All questions are equally weighted at 40 marks.

QUESTION 1. Books of First Entry and Ledger

Attempt Frequency 35%

Average mark: 29

This guaranteed question was the least popular choice and had the third highest average mark. It was attempted by a range of candidates, some very well prepared and some not well prepared. The marks ranged from 4 to 40 marks. Examiners reported that, generally, those candidates who answered the question poorly showed little understanding of the basic bookkeeping knowledge required to answer the question. Examiners, however, noted an improvement in presentation. The allowance for appropriate own figures makes this question rewarding for candidates. The Analysed Cash Book and the Trial Balance were generally well done but the Ledger is still causing problems for many candidates.

Common errors included:

- Omission of the Opening Balance;

- Omission of Cheque and Receipt numbers in the Analysed Cash Book and the Year in the dates;
- Incorrect details in the ledger;
- Giving two accounts for the same item;
- Showing individual entries instead of total entries for Purchases and VAT accounts;
- Incorrect calculation of VAT on Purchases;
- Incorrect payment to DIRDAM Ltd, due to the omission of purchases on 3/5/04.

QUESTION 2. Integrated Document and Bookkeeping

Attempt Frequency: 88%

Average mark: 23

This was the most popular question but it had the lowest average mark. Where candidates attempted five or more questions this was generally the extra question taken.

(A) This part was poorly answered, with very few candidates stating more than two ways of treating the documents.

(B) The Credit Note was well done in general.

Common Errors on the documents included:

- Incorrect Name and Address on the Credit Note and Receipt;
- Omission of reason for sending a Credit Note;
- Inserting 20 instead of 10 in the quantity column of the Credit Note, resulting in incorrect figures;
- Incorrect calculation of Trade Discount and VAT figures;
- Failure to deduct the Credit Note figure from €3,200 to determine the Receipt figure;
- Incorrect name signed on Receipt;
- Incorrect date and details in Cash Book.

(C) This part was generally well done.

QUESTION 3. Marketing

Attempt Frequency: 81%

Average mark: 32

This was the second most popular question with the joint highest average mark.

(A) This part was generally well answered. Some candidates, however, gave the 4 Factors of Production.

(B) This part was very well answered and the most common methods given were Desk Research and Field Research. Many candidates, however, did not explain the methods.

(C)

(i) While this section appeared easy, very few candidates scored full marks. In some cases the advertisement information given by the candidate was incorrect and marks were lost also due to poor presentation. Some candidates described how to prepare the advertisement rather than drafting the advertisement.

(ii) Most candidates could state three methods of advertising a low cost airline.

QUESTION 4. Final Accounts and Balance Sheet

Attempt Frequency: 76%

Average mark: 28

Like Question 1, this is a guaranteed question on the examination paper. It has improved in popularity in recent years. It was joint third in popularity and had the fourth highest average mark.

(A) The presentation of answering was good in general but there are a number of mistakes, which continue to appear year on year.

Common Errors included:

- Incorrect headings for the Trading Profit and Loss and Appropriation Account of KELLY Ltd (i.e. inserting as on instead of for year ending 31/5/2004 in the heading);
- Incorrect heading for the Balance Sheet (i.e. inserting for the year ended instead of as on or as at in the heading);
- Omitting Bad Debts from the Expenses and inserting it either under Current Assets or Current Liabilities;
- Not totalling the Depreciation figures in the Expenses section or in the Balance Sheet;
- Not totalling the Cost of Fixed Assets column in the Balance Sheet;

- Incorrect calculation of dividends declared and adding instead of subtracting it in the Appropriation Section;
- Omitting Authorised Share Capital;
- Treating Rent Receivable as an expense rather than an income;
- Confusing Current Assets with Current Liabilities.

(B) Candidates continue to omit this section of the question thus losing 5 marks.

QUESTION 5. Private Limited Company Assessment, and Business Plan

Attempt Frequency: 71%

Average mark: 27

This was the second least popular question and had the second lowest average mark.

(A) Many candidates did not read the question properly. Some incorrect answers given included from two to fifty to as many as they like.

(B)

(i) In many instances, answers were not calculated to two decimal points as was required in the question.

(ii) Many incorrect answers were given for the amount of finance to be raised.

(iii) Incorrect/incomplete data was inserted in the Business Plan, in many cases.

QUESTION 6. Monitoring Overheads and Analysed Cash Book.

Attempt Frequency: 76%

Average mark: 32

This was the joint third most popular question and had the joint highest average mark.

(A) The answers to this part were very vague and candidates did not seem to be familiar with the terms ‘monitor’ and ‘overheads’. (see Business Studies Syllabus page 15).

(B) While many candidates correctly identified the overheads they did not, in some cases, provide an adequate business reason for the differences between actual and budgeted figures.

The term Bad Debts were often not understood by candidates.

(C) This part was generally well answered, with the most common error being the omission of the opening bank balance or treating the balance as a bank overdraft. Incorrect/incomplete dates were inserted in some cases and Receipt and Cheque numbers were occasionally omitted.

3.4 Conclusions:

- Generally there was a correlation between the popularity of the questions and the marks attained.
- Business Studies continuous to be a very popular optional subject in schools with over sixty per cent of the total Junior Certificate cohort taking it.
- In general candidates demonstrated satisfactory levels of knowledge and skills.
- Candidates with a thorough knowledge of all aspects of the syllabus performed well in the examination.
- Candidates who performed below their potential tended to do so because they had not studied all aspects of the syllabus and /or ignored the bookkeeping/accounts elements of questions.

3.4 Recommendations for Teachers and Students

The following recommendations are offered to teachers and students with the view to assisting them in improving examination performance.

Teachers:

- Refer to the published Business Studies Marking Scheme. It is designed to serve as a resource and a guide;
- Pay particular attention to the student outcomes as stated in the Business Studies Syllabus;
- Familiarise students with the examination requirements, by ending each topic with examination style questions;
- Emphasise to students the importance of integration and double entry bookkeeping;
- Pay particular attention to outcome verbs particularly *State, Outline and Explain* as the amount of detail required in the answers will vary;
- Emphasise Headings, particularly, in the Final Accounts and Balance Sheet as there are up to four marks assigned for these;
- Encourage students to show workings, where possible;
- Ensure students have plenty of practice in computational and form filling questions.
- Familiarise students with the examination stationery and answer books;

Students:

- Read and practice questions as often as possible. By doing one or two extra examination questions per week your revision will be more manageable;
- Know the number of questions to be attempted;

- Choose carefully the questions you intend answering and complete the required number of questions and sections in order to maximise the marks attained;
- Use the full time allocated in the examination, in order to complete the examination paper.
- Take care when drawing Charts. They should be drawn to scale, have a title and be labelled correctly.
- Note that marks are awarded for layout and presentation including where appropriate, Folios and Dates showing the day, month and year. The instruction is printed on the examination paper.
- Allow more time for answering Section A instead of trying to answer extra questions in Section B.
- Practice more Section A type questions especially in the Bookkeeping and Economics area.

4. Appendix 1 Exemplars of Standard

The following is a selection of exemplars from the scripts of candidates who sat the Business Studies at Higher and Ordinary Level, 2004. These exemplars should be read in conjunction with the Business Studies examination papers and Marking Schemes available on the website www.examinations.ie

These exemplars are produced as they were written by candidates.

Exemplars of Standard

ORDINARY LEVEL

SECTION B

QUESTION 3. Letter and People at Work

(A) Write the letter that Catherine Doyle sent to Tom Spencer on 6 April 2004. (40 marks)

40 Marks were allocated to the letter as follows:

Format 13 marks; **Presentation** 7 marks; **Letter Content** 20 marks.

Candidate's Answer:

*Catherine Doyle
IBEC Office
Corrib Street
Galway*

*Tom Spencer
Well Road
Athenry
Co. Galway*

6/4/'04

Dear Mr. Spencer

I am writing in reply to the letter you sent to our IBEC Office on 2/4/'04 in relation to advice on the responsibilities of employers and employees.

Three responsibilities an employer has are:

- 1. To pay each employee a fair wage i.e. the standard rate per hour.*
- 2. To treat every employee equally no matter what sex, race or religion.*
- 3. To make sure the conditions in the workplace are safe for the employees, or if needed to supply safety gear e.g. helmet.*

Three responsibilities an employee has towards his/her employer are:

- 1. To do an honest days work for an honest days pay.*
- 2. To keep confidential any information in relation to the business that he/she will come across while working.*
- 3. To treat property with respect (i.e. no vandalism).*

I hope this information will be of some help to you. I wish you every success in the future in your new business.

Yours faithfully

*Catherine Doyle
IBEC*

Comment:

The candidate was awarded 12 marks out of 13 for Format. The candidate lost 1 mark for omitting the reference i.e. **Re: Advice and Responsibilities**

The candidate was awarded 7 marks out of 7 for Presentation, which included grammar, punctuation, paragraphs and neatness.

The candidate was awarded 20 marks for Content which included 4 marks for Acknowledgement, 4 marks for Conclusion, 3@2marks for Employer Responsibilities and 3@2marks for Employee Responsibilities. The candidate was awarded a total of 39 marks out of a possible 40 marks

QUESTION 3.

(C) There are many terms connected with employment. Explain clearly three of these terms.

(15 marks)

Candidate's Answer

Labour Force: *Labour force is the number of people working in a country, the working population.*

Comment: Candidate was awarded 3 marks out of 5 for mentioning working population. However to achieve full marks candidate had to mention 'available for work'.

Shop Steward: *Talks on behalf of the Trade Union in the workplace. He is a member of the Trade Union in the workplace. Represents workers' views.*

Comment: Candidate awarded 5 marks out of 5 as the definition is clearly explained.

Strike: *Is when the workers of a certain factory, business etc. stop working in order to get such things as a rise in pay or better working conditions.*

Comment: Candidate was awarded 5 marks out of 5. 'Stop working' implies a withdrawal of labour, which was what was required for full marks.

QUESTION 7. Marketing

(D) Which method would you choose to promote the jerseys and make them known to the public? State 2 reasons for your choice. (15 marks)

Candidate's Answer:

Special Offer

“Buy one and get money off the next purchase”.

Reason 1: Would increase customers as they like bargains

Reason 2: Would encourage customers to come back again and buy other items.

Comment: Candidate was awarded 5 marks for Special Offer and 2@ 5 marks for reasons, totalling 15 marks.

(E) Product, Price, Promotion and Place are often known as the 4 Ps of Marketing. Explain briefly how each of the Four Ps apply to Sportstyle Ltd (one sentence in each case) (12 marks)

Candidate's Answer:

Product: This is the thing you wish to sell-in this case it is football jerseys.

Price: The price is the amount of money you have to pay-in this case it is €50.

Promotion: This is how you get your product recognised-Sportstyle Ltd use window advertising.

Place: This is where your store is situated. Sportstyle Ltd has many stores around Leinster, which is good.

Comment: Candidate linked the 4 Ps to the specific question and therefore achieved full marks, 4@3 marks, totalling 12 marks.

QUESTION 8. Production and Foreign Trade

(A) Explain briefly what is meant by the 3 links in the Chain of Production. (18 marks)

Candidate's Answer:

Primary: *Primary is where raw materials are taken from nature by people employed in Primary Production i.e. Miner- Coal*

Secondary: *Secondary is where raw materials are produced as finished goods i.e. wheat – cereal*

Services: *Is where people are employed and provide us with a service i.e. teacher*

Comment: Candidate was awarded 4 marks for each explanation and 2 marks for each example, totalling 18 marks. It is clear from the examples given that this candidate clearly understood the Chain of Production.

(C) State two reasons why Ireland imports goods and services from other countries. (12 marks)

Candidate's Answer:

(i) To give Irish people a better choice in what they want to buy.

(ii) To make Ireland have the goods that can't be produced in Ireland.

Comment:

Candidate awarded 2@6 marks, totalling 12 marks. The second point is interpreted as a lack of certain natural skills in Ireland.

(E) State two reasons why Ireland exports goods and services to other countries. (10 marks)

Candidate's Answer:

1. We make profit on it, as Ireland produces more than it needs and we can sell the extra to other countries.

2. To give other countries a better variety of goods to choose from.

3. To get money to pay for Ireland's imports

Comment:

While point 2. is an outcome of Ireland exporting rather than a reason for Ireland exporting goods, the candidate had 2 other acceptable points and was awarded 2@5 marks, totalling 10 marks.

Exemplars of Standard

HIGHER LEVEL

Paper 1

Section B

QUESTION 3. National Budget, Factors of Production and Trade

(B) Study the following newspaper report and answer the questions that follow:

Explain the effects of the closure on

- (i) Government Current Income;**
- (ii) Government Current Expenditure;**
- (iii) Ireland's Balance of Trade.**

(12 marks)

Candidate's Answer:

(i) The Government Current Income will decrease, as there will be less PAYE income tax, as the numbers of workers will have fallen.

(ii) The Government Current Expenditure will increase, as there will be more social welfare to be paid out, as more people are unemployed,

(iii) Ireland will be exporting less so the Balance of Trade may change to a Trade Deficit.

Comment:

One effect was required in each case.

The candidate demonstrated a good understanding of the economic concepts and examples are used appropriately. The Candidate was awarded 3@4 marks, totalling 12 marks.

(C) The Government has decided to build more hospitals. Identify and explain one opportunity cost of this decision, for the Government. (4 marks)

Candidate's Answer:

By building more hospitals the Government will not be building more schools and so the opportunity cost of the hospitals is the schools.

Comment:

Candidate identified and explained the concept of opportunity cost.

The candidate explained the opportunity foregone by means of an acceptable example and was awarded the full 4 marks.

(E) Explain two of the following terms:

- (i) National Budget**
- (ii) Trade Surplus**
- (iii) Economic Growth**

(6 marks)

Candidate's Answer:

- (i) The government's plan for national future income and expenditure.*
- (ii) The Total Exports of goods are greater than the total imports of goods.*
- (iii) The annual increase in GNP (Gross National Product).*

Comment:

Two clearly defined terms were required

The candidate explained the 3 terms clearly and was awarded 2@3 marks, totalling 6 marks.

QUESTION 4. Insurance Question

(A) (ii) Is John required by law to insure his house, his car? Explain your answer in each case.

(6 marks)

Candidate's Answer:

John is not required by law to ensure his house because if it were damaged only he would be affected and not anyone from outside the family.

Comment: *Not required* was awarded 1 mark and explanation was awarded 2 marks out of 2 as no risk to another party was highlighted in the answer.

Candidate's Answer:

John is required by law to insure his car (third party insurance) because if he was in a car accident and damaged another person's car or injured someone else he would be liable for it.

Comment:

Is required by law was awarded 1 mark and explanation awarded 2 out of 2 as the idea of risk to another person highlighted.

(iii) Outline two possible reasons why John's insurance costs have increased. (6 marks)

Candidate's Answer:

(1) John's insurance may have increased due to a claim made against his insurance-damage to another car. The more claims made the higher the insurance costs.

(2) John may have had penalty points on his license due to speeding. He is a higher risk driver and therefore will have to pay a higher insurance premium.

Comment:

2 reasons with explanations required for full marks.

The candidate was awarded 2@ 3 marks, totalling 6 marks for two acceptable reasons with brief explanations.

(B) (i) Explain the need for adequate insurance on his car and house. (4 marks)

Candidate's Answer (exemplar 1):

Adequate insurance is needed on his house and car because there is always a risk of damage being done. If you have adequate insurance then you will be compensated for it.

Comment: No marks were awarded for this answer, as candidate did not answer the question asked. A knowledge of under insurance was required to obtain full marks.

Candidate's Answer (exemplar 2):

If his house or car is underinsured he will only receive compensation in proportion to the amount he has insured for e.g. If he insures his car worth €10,000 for only €5,000(to reduce his premium). If the car is completely destroyed in an accident he will only get €5,000 compensation from the insurance company i.e. the amount he had it insured for. He will have to pay the rest of the money out of his own pocket.

Comment:

Candidate understood the concept and provided an example as part of the answer. The answer was awarded 4 marks out of 4.

(iv) Explain what is meant by the principle of 'utmost good faith'. (4 marks)

Candidate's Answer:

The insured must be truthful on the proposal form. For example if a person with a heart condition was looking for a Life Assurance Policy and did not tell the insurance company of this the company would not pay out anything because relevant information was not given.

Comment:

The candidate explained the concept clearly and provided an example. The candidate was awarded 4 marks out of 4.

QUESTION 5. Banking and Borrowing Question

(B) (i) State two differences between a loan and an overdraft.

(6 marks)

Candidate's Answer:

A loan involves payments of fixed amounts at regular intervals while an overdraft can be paid back at anytime and in any amounts over a year.

A loan is usually for a longer term, 2 to 7 years while an overdraft is a temporary loan and must be paid back within a year.

A Current Account is required for an overdraft and for loan a current account is not required.

Comment:

Candidate did what was asked in the question and distinguished between the two sources of finance.

The candidate was awarded 2@3 marks, totalling 6 marks for two acceptable points.

QUESTION 6. People at Work

(B) (i) Explain, with an example, how work differs from employment.

(4 marks)

Candidate's Answer:

Work is any activity, which requires effort without payment e.g. washing the dishes at home.

Employment is work in return for payment e.g. working in a factory canteen washing dishes.

Comment:

Candidate gave a clear distinction and included examples, therefore was awarded 4 marks out of 4.

(v) Outline the purpose of the statutory deductions chosen.

(4 marks)

Candidate's Answer:

PAYE is a tax paid on income. It is required to be paid by law and is used by the government to pay for necessary government expenditure in the country like teachers wages.

Employees pay PRSI on their wages. It is used to pay employees when they are sick or unable to work. It is also used to pay women's maternity benefit.

Comment:

The candidate outlined the purposes of the statutory deductions clearly and was awarded 2@2 marks, totalling 4 marks.

HIGHER LEVEL

Paper 2

QUESTION 2. Document and Bookkeeping Question

(A) Outline how ALFA Ltd should treat:

- (i) Credit Notes issued;
- (ii) Receipts Issued.

(12 marks)

Candidate's Answer (exemplar 1):

- (i) *ALFA Ltd should give NOLAN Ltd their money back as the goods (bicycles) were damaged and so they could not be sold or used.*
- (ii) *ALFA Ltd should issue receipts giving NOLAN Ltd the cost of the money for the damaged bicycles, as they could not be used.*

Comment:

Three points were required for each document @ 2 marks each, totalling 12 marks.

This answer obtained 0 marks out of 12 marks. The candidate did not answer the question asked.

Candidate's Answer (exemplar 2):

- (i) *They should keep a list of people who they have issued credit notes to. They should keep a copy of a credit note so they have proof that they sent one out and they will know the details in the credit note, like how much was the Trade Discount and how much VAT was charged and the total amount of money to be paid.*

Comment:

This answer obtained 2 marks out of 6 (one point) for stating that a copy of the credit note should be kept. The rest of the answer received no marks.

Candidate's Answer (exemplar 2):

- (ii) *All receipts that are issued should be checked to state that the right figures and names have been put on it. Also ALFA Ltd should keep a copy of the receipt as proof that they sent it.*

Comment:

This answer obtained 6 marks out of 6 for stating that the figures (2m), names (2m) should be checked for accuracy, and that ALFA Ltd should keep a copy as proof of payment (2m).

QUESTION 6. Monitoring of Overheads and Analysed Cash Book

(B) The following table shows the Budgeted and Actual figures for a business's overheads for 2003

Business Overheads 2003

Overheads	Budgeted €	Actual €
Wages	75,000	60,000
Bad Debts	25,000	15,000
Carriage Outwards	14,000	14,000
Telephone	17,000	21,000
Light and Heat	12,000	9,200
Loan Interest	900	1,400

(i) List the overheads whose actual figures are greater than the budgeted figures and give one possible reason for the difference in each case.

(ii) List the overheads whose actual figures are less than the budgeted figures and give one possible reason for the difference in each case. (15 marks)

Candidate's Answer

*The overheads that are greater are
Telephone- they made more calls
Loan Interest – they took out an extra loan*

*The overheads that are less than are
Wages – some employees resigned from the business and were not replaced
Light and Heat – they over budgeted the amount they thought they would use
Bad debts – creditors paid up quicker*

Comment:

The correct answer required the candidate to identify the overheads that were greater than or less than (5@1 mark) and to state a relevant (business related) reason for each answer (5 @2 marks each).

The candidate correctly identified the overheads that were greater than or less than, earning 5 marks. The reasons given for Loan Interest, Wages and Light and Heat were also satisfactory earning the candidate an extra 6 marks (3 @ 2 marks).

The candidate did not receive marks for the reason given for telephone because it was not stated why more calls might have been made or for the reason given for bad debts as the candidate confused creditors with debtors.