



Coimisiún na Scrúduithe Stáit
State Examinations Commission

JUNIOR CERTIFICATE 2009

MARKING SCHEME

BUSINESS STUDIES

HIGHER LEVEL – PAPER 1

Junior Certificate Examination 2009

Business Studies

Higher Level – Paper 1

Marking Scheme and Support Notes for use with the Marking Scheme

In considering this marking scheme the following points should be noted:

- The support notes presented are not exclusive or definitive and alternative answers may be acceptable if deemed valid;
- They are support notes and not model or suggested answers;
- The book-keeping layout as presented in the support notes may be accepted as best practice. However, in some book-keeping questions there can be a number of alternative approaches and formats that can be validly used by candidates;
- Further relevant points of information presented by candidates are marked and rewarded on their merits;
- The detail required in any answer is determined by the context and the manner in which the question is asked and by the number of marks assigned to the answer on the examination paper. Requirements and mark allocations may therefore vary from year to year.

JUNIOR CERTIFICATE 2009

BUSINESS STUDIES - HIGHER LEVEL PAPER I

**SECTION A
(80 Marks)**

Each question carries 4 marks

20 questions @ 4 marks each = 80 marks

For questions 2, 6, 11, correct answer with workings 4 marks
without workings ½ marks

Q. 19 (ii) no workings ½ marks

[Total 80 marks]

**SECTION B
(160 marks)**

All questions carry equal marks (40 marks)

Question 1: Household Budget

- | | | | |
|------------|-------------------------------|---|----------|
| (A) | Figures 30 @ ½ each | = | 15 marks |
| | Figures 5 @ 1 each | = | 7 marks |
| | 1 @ 2 marks | | |
| (B) | 4 Points | = | 10 marks |
| (C) | (i) 2 pieces of Advice | = | 4 marks |
| | (ii) 2 Reasons | = | 4 marks |

(40 marks)

Question 2: Club Accounts

(A)	(i) <u>Income & Expenditure Account</u>		
	Title and date (1 + 1)	=	2 marks
	Figures 17 @ 1 mark each	=	17 marks
	Relevant word surplus/deficit	=	1 mark
			(20 marks)
	(ii) <u>Balance Sheet</u>		
	Title and date (1+ 1)	=	2 marks
	Headings 4 @ ½ mark each	=	2 marks
	Figures 18 @ ½ mark each	=	9 marks
			(13 marks)
(B)	(i) Depreciation – Explanation	=	3 marks
	Reasons 2 @ 2 marks each	=	4 marks
			(7 marks)
			[40 marks]

Question 3: National Budget

(A)	(i) Identify 3 @ 2 marks each	=	6 marks
	(ii) Explain 2 @ 3 marks each	=	6 marks
	(iii) Effects 2 @ 3 marks each	=	6 marks
			(18 marks)
(B)	(i) Explain 2 @ 2 marks each	=	4 marks
	Example 2 @ 2 mark each	=	4 marks
	(ii) (a) Figures 6 @ 1 mark each	=	6 marks
	(b) Identify 2 @ 1 mark each	=	2 marks
	(iii) Explain 2 @ 3 marks each	=	6 marks
			(22 marks)
			[40 marks]

Question 4: Banking

(A)	(i) Identify and Reason (1+1)	=	2 marks	
	(ii) Explain (1+ 1)	=	2 marks	
	Advantages 2 @ 2	=	4 marks	
	(iii) Linked difference 1 @ 6 marks	=	6 marks	
	(iv) Initials	=	2 marks	
	Services 3 @ 2 marks each	=	6 marks	
	(v) Explain “DR”	=	2 marks	
	(vi) Items 2 @ 2 marks	=	4 marks	
				(28 marks)
(B)	(i) Figure	=	4 marks	
	<u>Or</u> (Workings 2 marks)			
	(ii) Differences (2+2) (2+2)	=	8 marks	
				(12 marks)
				[40 marks]

Question 5: Insurance

(A)	(i) Letter			
	Layout 6 @ 1 mark each	=	6 marks	
	Content 4 @ 2 marks each	=	8 marks	
	English (1+1)	=	2 marks	
	(ii) Document	=	2 marks	
	State principles 2 @ 2 marks	=	4 marks	
	Explain principles 2 @ 2 marks	=	4 marks	
				(26 marks)
(B)	(i) Correct Premium	=	4 marks	
	<u>Or</u> (Workings 6 @ ½ = 3)			
	(ii) Compensation figure	=	4 marks	
	(Workings 6 @ ½ = 3)			
	Explain (3+3)	=	6 marks	
				(14 marks)

Note: Correct answer no workings ½ marks

[40 marks]

Question 6: Wages and People at Work

(A)	(i) Name, Week No.	=	6 marks	
	Figures (Basic, Union, Savings, Total Net)	=	10 marks	
	Figures (Gross)	=	1 mark	
	Figures (Tax Credit, PAYE, PRSI)	=	4 marks	
	Figure (Overtime)	=	1 marks	
	(ii) Benefits 3 points	=	6 marks	(28 marks)
(B)	(i) Responsibilities 3 @ 3 marks	=	9 marks	
	(ii) State	=	1 mark	
	Explain	=	2 marks	(12 marks)
				[40 marks]

BUSINESS STUDIES - HIGHER LEVEL - PAPER 1

SUPPORT NOTES

SECTION A:

1. **Input Devices:** Scanner, Keyboard, Mouse, Monitor, Web-Camera, Floppy Disk, Joy-Stick, Modem, CD, DVD Drive, Microphone, Light Pen, USB Stick

Output Devices: Monitor, Printer, Floppy Disk, Plotter, Speaker, CD, DVD Re-write, Web-Camera, USB Stick, Data Key, Modem, MP3 players, ipods, memory cards.

2. **Answer:** €1,620

Workings:	
$\frac{P \times T \times R}{100}$	$\frac{13500 \times 6 \times 2}{100}$

3. Free Samples, Gift Coupons, Competitions, Draw, Temporary Price Reductions, Joint-Selling, Vouchers for Discount of Next Purchase, Buy One and Get One Free, Merchandising/Displays, Flash pack, Piggy Back Selling, Loss Leader.

4. (i) 300,000
(ii) Purchases
(iii) Closing Stock/Stock 31/3/09
(iv) Gross Profit

- 5.
- Repay any outstanding debt/future debt
 - Purchase of fixed assets.
 - Increase future dividends/pay dividends.
 - Expand existing business.
 - Expand into a new line of business/new product/invest.
 - Take over another business.
 - Buy back some of its own shares.

6. **Answer** 5%

Workings:	
$\frac{\text{Net Profit} \times 100}{\text{Capital Employed}}$	$\frac{30,000 \times 100}{600,000}$

7. (i) K. Davoren
(ii) Sales
(iii) Sales
(iv) K. Davoren/Debtor

8. **Mixed Economy:** This is an economy where some industries are controlled by the government and some controlled by private entrepreneurs (e.g. Ireland).

9. Quotations Invoice Credit Note Cheque

10. D, A, E, C.

11. **Answer:** 9750

Workings: $\frac{15,000 \times 65}{100}$ $\frac{15,000 \times 35}{100} = 5250$ $15,000 - 5250$
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12. Goods are perishable / can't be stored/ short shelf-life.
 Personal Service /Goods made to the customers' specifications.
 Reduce costs/eliminate wholesaler/sell cheaper
 Buying on line/catalogues/factory sale/shop

13.

Dr		Debtors Control Account				Cr	
Date	Details	€		Date	Details	€	
April	<i>Balance</i>	910			<i>Cash</i>	17,800	
	<i>Sales</i>	<u>21,590</u>			<i>Balance</i>	<u>4,700</u>	
		<u>22,500</u>				<u>22,500</u>	

OR

Debtors Control Account				
Date	Details	Dr	Cr	Balance
April	<i>Balance</i>			910
	<i>Sales</i>	21,590		22,500
	<i>Cash</i>		17,800	4,700

14. (i) Communication: RTE, An Post.
 (ii) Transport: Irish Rail, Bus Eireann, Dublin Bus, DART, Luas, CIE
 (iii) Health: V.H.I.
 (iv) Marketing: Bord Fáilte, Bord Bia, Bord Tráchtala, BIM, Tourism Ireland, Enterprise Ireland, Bord na gCon, Bord na gcapall, Bord Gais, IDA, Failte Ireland, National Dairy Council.

15.

	Operating Statement	Balance Sheet
Client fees	√	
Wages	√	
Stock of hair products	√	√

16.

- Recruit new members.
- Collect Subscriptions.
- Represent members in their dealing with management.
- Communicate any information to or from Union H.Q.
- Call Union Meetings.
- Give advice to members on labour issues.

17.

Browne Ltd – General Journal				
Date	Details	F	Dr	Cr
			€	€
1/1/09	Bank	CB1	47,000	
	Premises	GL1	240,000	
	Creditor: Casey Ltd	CL1		21,000
	Ordinary Share Capital	GL2		266,000
	Assets, Liabilities and Share Capital of Browne Ltd on this date.		287,000	287,000

18.

Date	Details	C N No.	F	Net	VAT €	Total €
3/6/09	Murray Ltd	5		4,000	860	4,860

19. (i) **Imprest:** The same/fixed amount of cash with which the petty cashier starts at the beginning of each month.

(ii) **Answer:** 80

Workings: (19+36+25) or 100 – 80 = 20
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20.

- (i) Rent
- (ii) Capital
- (iii) Profit/Loss
- (iv) Labour

Section B

Q 1 Household Budget

(A) Budget Comparison Statement for the Casey household for the year 2008

INCOME	Budget Jan – Dec €	Actual €	Difference €
Salaries	52,000	38,480	(13,520)
Child benefit	3,600	3,900	300
Interest	540	280	(260)
Other		4,200	4,200
TOTAL INCOME	56,140	46,860	(9,280)
EXPENDITURE			
<i>Fixed</i>			
Mortgage	10,200	10,605	405
Car insurance	670	460	(210)
House insurance	580	551	(29)
Subtotal	11,450	11,616	166
<i>Irregular</i>			
Household costs	8,880	9,990	1,110
Car costs	1,640	1,340	(300)
Clothing and footwear costs	1,900	1,750	(150)
Light and heat costs	3,100	3,782	682
Health insurance	1,600	1,808	208
Subtotal	17,120	18,670	1,550
<i>Discretionary</i>			
Entertainment costs	3,000	2,250	(750)
Presents	1,000	1,300	300
Holidays	7,500	4,900	(2,600)
Subtotal	11,500	8,450	(3,050)
TOTAL EXPENDITURE	40,070	38,736	(1,334)
Net Cash	16,070	8,124	(7,946)
Opening Cash	2,225	2,225	
Closing Cash	18,295	10,349	

(22 marks)

Q 1: (B)

(i) Budgeted to save	16,070
(ii) Budgeted Closing Cash	18,295
(iii) Actual Closing Cash	10,349
(iv) Expenditure difference	1,334

(v)

- Increase in claims.
- Increase in hospital/doctors/drugs charges.
- Increase in business administration costs.
- Fall in membership.
- Make more profit

(10 marks)

Q 1 (C)

(i) Advice

- Cut down on expenditure on presents.
- Save on household cost by shopping around.
- Limit, light and heat costs to a minimum.
- Get the best return on savings and on the closing cash/invest wisely.
- Consider trading down their house as the mortgage is huge/pay off mortgage
- Shop around for cheaper health insurance.

(ii) Reasons

- To plan to live within their income/plan income and expenditure.
- To identify the main areas of expenditure.
- To identify expensive months
- To identify which months will have a surplus or deficit.
- To project the closing cash at the end of each month.
- Budgeting is the basis for good financial management.
- To support a loan application.

(8 marks)

[40 marks]

Q 2: Club Account

(A) (i)

Income and Expenditure Account for year ending 30/04/2009

<u>INCOME:</u>			
Gate Receipts		23,940	
Subscriptions	34,100		
Less: Subs. Pre-paid	<u>1,600</u>	32,500	
Lotto Income	53,700		
Less: Prizes	<u>19,400</u>	<u>34,300</u>	
			90,740
			[110,140]
<u>LESS EXPENSES:</u>			
Maintenance		3,780	
Stationery	1,730		
Less: Closing Stock	<u>170</u>	1,560	
General Expenses		34,610	
Insurance		9,330	
Light & Heat	2,260		
Add: Light & Heat Due	<u>290</u>	2,550	
Depreciation Clubhouse		10,920	
Depreciation Equipment		<u>12,000</u>	
			74,750
Excess of Income/Surplus			15,990
			[94,150]

Note:

- (i) If no headings are presented the first detail with figure signifies the heading/ list.
- (ii) Debit /Credit format the expenses must be on the debit side, if reversed allow half earned marks.
- (iii) In the vertical format income first otherwise ½ earned marks excluding total and date

(A) (ii)

BALANCE SHEET AS AT 30/04/2009

FIXED ASSETS	COST	DEPR.	N.B .V.
Clubhouse	364,000	10,920	353,080
Equipment	80,000	12,000	68,000
	444,000	22,920	421,080
CURRENT ASSETS			
Stock of Stationery	170		
Bank	7,840	8,010	
Less CURRENT LIABILITIES			
Subscription Prepaid	1,600		
Light and Heat Due	290	1,890	
Working Capital			6,120
Total Net Assets			427,200
FINANCED BY			
Accumulated Fund		411,210	
Excess of income/Reserve		15,990	
Capital Employed/Accumulated Fund			427,200

(33 marks)

B. (i) Depreciation: Decline in the value of a fixed **asset**.

- (ii) Usage/Wear and Tear
Obsolete
Extraction/Depletion.
Passage of time/age

(7 marks)
[40 marks]

Q 3: National Budget And Economics

- (A) (i) (a) **Current Income :** Excise duties
 (b) **Current Expenditure:** Social Welfare
 (c) **Capital Income:** Army barracks

(ii) **Limited Resources:** this means factors/incomes are scarce and choices must be made.

National Budget: It's a plan of government expected future income and expenditure of a period of time usually a year.

(iii)

- Increase in Social Welfare payments.
- Decrease in tax revenue i.e. PAYE/VAT.
- Increase in Budget Deficit/Decrease in the Budget Surplus.

(18 marks)

(B) (i) **Visible Imports:** The buying of physical products from other countries –
 Example: Car, Oil, Coal.

Invisible Imports: The purchase of services from foreign countries.
 Example: Going on holidays abroad, foreign bands playing in Ireland, giving foreign firms the contract to build our roads.

(ii) (a)

Visible Exports	740	
Less: Visible Imports	750	
Balance of Trade Deficit		(10)
Invisible Exports	820	
Less: Invisible Imports	860	
Net Invisible Earnings		(40)
Balance of Payments Deficit		(50)

OR

Total Exports	820 + 740	= 1560
Total Imports	750 + 860	= 1610
Balance of Payments Deficit		= (50)

(b) Balance of Trade - Deficit
Balance of Payments - Deficit

(iii) **Inflation:** A rise in the general level of prices from one period of time to another.
An increase in the cost of living over a period of time.

Debt Servicing: The interest on the national debt paid by the government on its borrowings.

(22 marks)

[40 marks]

Q 4: Banking

- (A) (i) **Current Account:** As there are cheques, S.O. and D.D. paid out of it.
- (ii) **Paypath:** Electronic method for transferring wages from employers to the bank accounts of their employees.
- Advantages:** Safe, Convenient/Time saving, Private, Accessible.
- (iii) **Direct Debit:** This is permission given to a creditor/person to withdraw fixed or variable amounts from one's account at any time.

Whereas

Standing Order: This is an instruction to one's bank to pay a fixed amount to a stated creditor on specific dates/fixed time.

- (iv) **A.T.M. – Automated Teller Machine.**

Withdraw Cash	Order a statement
Lodge Cash	Change PIN
Check the A/C Balance	Pay Bills
Top up phone credit	Order a cheque book

- (v) The account is overdrawn by €54, after a cheque for €2,350 was presented.
- (vi) Current account fees for C.T., S.O., D.D., A.T.M., Laser Card usage, Clearing charges, lodging, withdrawing.

(28 marks)

- (B) (i) **Answer: €894 or €704 (Workings: €77 + €95 – €178 = €894)**
- (ii) **Stale Cheque:** One which is not presented for payment within six months of the date on it and the bank then refuses to cash it as it's out of date.

Whereas

Dishonoured Cheque: One which the bank refuses to cash because of insufficient funds / words and figures differ/ mutilated/ instructed by the drawer / suspicious of the presenter / incorrect signature / stale.

General Crossing: One with the words "and Company" between two parallel lines on the face of the cheque. It has to be lodged to any bank account and can't be cashed at the counter.

Whereas

Special Crossing: One with the name of a bank between two lines on the face of the cheque. It has to be lodged to an account at the specific bank named between the parallel lines. One with "Account Payee only" written on its face.

(12 marks)

[40 marks]

Q 5: Insurance

(A) (i)

Church View,
Navan,
Co. Meath.

9th June 2009

Miss Kate Quinn,
47. Quay Lane,
Dun Laoghaire,
Co. Dublin.

Dear Kate,

In response to your query, concerning the two main types of car insurance cover, the following is my advice:

Third Party Insurance provides compensation to people injured while in or by your car and to the owners of property damaged by your car, but it does not compensate for any damage to your car.

Comprehensive Insurance provides compensation to all parties injured by your car and also compensation for any damage to your car.

Due to the extra benefit provided by comprehensive, the premium will be higher but may be worth it, since it's your first car.

I hope this is of some help to you and feel free to contact me any time.

Yours sincerely,

Michelle Hughes

(ii) **Proposal form**

(iii) **Insurable Interest:** One must have a financial interest in the item insured. One must stand to gain by its existence or lose by its distribution. One can insure only their own property and not their neighbours' property.

Utmost good faith: One must answer all the questions on the proposal form truthfully/disclose all material facts which may effect the contract.

(26 marks)

(B) (i) **Answer:** €500

<u>Workings:</u>		
House:	$225 \div 15 \times 12$	= 180
Content:	$60 \div 3 \times 16$	= 320

(ii) **Answer:** €44,450

<u>Workings:</u>		
Buildings:		= 35,000
Contents:	$12,000 \times 60 \div 75$	= <u>9,600</u>
		44,600
Excess		<u>150</u>
		44,450

The principle of **average clause** applies. The contents were under-insured up to four-fifths of their value and therefore, the insured will receive only four-fifths of the replacement cost.

Policy excess means the insured has agreed to forego the first €150 of any compensation.

(14 marks)

[40 marks]

Q 6: Wages And People At Work

(A) Workings

<u>Gross Pay</u>	€	<u>P.A.Y.E.</u>	€
Basic	= 592	848 x 41 ÷ 100	= 347.68
O.T. 16 x 1.5 x 8hrs = 192			
16 x 2 x 2hrs = 64		Less: Tax Credit	= (140)
	= 256		207.68
	= 848		
<u>Tax Credit</u>	€	<u>Other</u>	€
€7,820 ÷ 52wks	= 140	PRSI: € 48 x 8 ÷ 100	= 67.84

(i)

Wage Slip		
Name: Mark Ryan		
Week No: 21		
Basic Pay	€92.00	
Overtime *	€256.00	
Gross Pay *	→	€48.00
Tax Credit	€140.00	
Deductions:		
PAYE *	€207.68	
PRSI *	€67.84	
Trade Union	€7.00	
Savings	€40.00	
Total Deductions	→	€22.52
Net Pay	→	€25.48

(ii) Benefits:

- Unemployment Benefit/Assistance/Dole
- Contributory Old Age Pension
- Disability Benefit/Injury Benefit
- Dental Treatment
- Optical Treatment
- Sickness Benefit
- Invalidity Benefit

(28 marks)

(B) (i) Responsibilities:

- Punctual at all times.
- Confidential with sensitive information.
- Honest in all dealings.
- Courteous to customers.
- Co-operative with the staff.
- Obey the rules and regulations of the employer.
- Respect equipment and property.
- Don't damage good name of the firm

(ii) Piece Rate: Based on the workers output e.g. €5 per item made, €1 per block laid.

Commission: Income based on a percentage of one's financial sales, e.g. 15% of gross sales in euro.

Flat Rate: Fixed amount per year/week.

(12 marks)
[40 marks]