



**Coimisiún na Scrúduithe Stáit**  
**State Examinations Commission**

**Leaving Certificate 2012**

**Marking Scheme**

**BUSINESS**

**Ordinary Level**



# **LEAVING CERTIFICATE 2012**

## **BUSINESS ORDINARY LEVEL**

### **MARKING SCHEME AND SUPPORT NOTES**

Marking Scheme and Support Notes for use with the Marking Scheme.

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

- The support notes presented are not exclusive or definitive.
- The support notes in many cases contain key phrases which must appear in the candidate's answer in order to merit the assigned marks.
- 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 in the examination paper. Requirements may therefore vary from year to year.

# LEAVING CERTIFICATE BUSINESS ORDINARY LEVEL 2012

## MARKING SCHEME

<b>SECTION 1</b>		<b>100 MARKS</b>
ANSWER 10 QUESTIONS – EACH QUESTION CARRIES 10 MARKS		
QUESTION	MARKING SCHEME	TOTAL MARKS
1	1 <sup>st</sup> correct term 2m+1m+1m 2 <sup>nd</sup> correct term 1m+1m+1m 3 <sup>rd</sup> correct term 1m+1m+1m	10
2	Explanation 4 marks <b>Two</b> responsibilities 3m +3m	10
3	(i) <b>Two</b> examples 3m+3m (ii) <b>Two</b> reasons 2m+2m	10
4	<b>Two</b> benefits @ 5m	10
5	(i) 5 marks for correct answer (ii) 5 marks for correct answer (up to 3 marks for workings if incorrect)	10
6	Two factors @ 5 marks each	10
7	Explanation 6 marks (3m+3m) Example 4 marks	10
8	<b>Five</b> answers @ 2 marks each	10
9	<b>Two</b> characteristics @ 5 marks each	10
10	<b>Five</b> answers @ 2 marks each	10
11	<b>Two</b> reasons – Fair 3m + 2m <b>Two</b> reasons – Unfair 3m + 2m	10
12	Layout 6 items @ 1m each Content 4marks	10
13	Explanation 6 marks (3m+3m) Advantage 4 marks	10
14	<b>Two</b> advantages @ 5m (3m+2m)	10
15	<b>Three</b> methods 4m+3m+3m	10

## SECTION 2 – 300 MARKS

### PART 1

**MINIMUM: 1 QUESTION (75 MARKS)**

**MAXIMUM: 2 QUESTIONS (150 MARKS)**

<b>PEOPLE IN BUSINESS</b>
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### QUESTION 1

<b>1 (A)</b>	Explanation of Contract 10m (4m + 3m + 3m)	4m + 3m + 3m	10
<b>1 (B)</b>	Three elements 10m – Explanation (9m) + reference (1m) 10m – Explanation (9m) + reference (1m) 5m – Explanation (4m) + reference (1m)	10m + 10m + 5m	25
<b>1 (C)</b>	Two explanations (examples accepted) 8 marks 7 marks	8m + 7m	15
<b>1 (D) (i)</b>	Explanation <b>or</b> Reference to text: 10m	10m	10
<b>1 (D) (ii)</b>	Two functions: 12 marks 3 marks	12m + 3m	15

<b>DOMESTIC ENVIRONMENT</b>
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### QUESTION 2

<b>2 (A)</b>	Two letters @ 2m each One function @ 6m (3m + 3m)	4m + 6m	10
<b>2 (B)</b>	Two explanations @ 10 marks (5m + 5m)	10m + 10m	20
<b>2 (C)</b>	Two benefits to the town 2 @ 10 marks (5m + 5m)	10m + 10m	20
<b>2 (D)</b>	Explanation of ‘Grant’ @ 6 marks (3m + 3m) One advantage @ 4marks	6m + 4m	10
<b>2 (E)</b>	Two ways to behave ethically towards customers 8 marks 7 marks	8m + 7m	15

## DOMESTIC/INTERNATIONAL ENVIRONMENT

### QUESTION 3

<b>3 (A)</b>	(i) Balance of Trade Calculation – 10marks (3m + 3m + 4m)	3m + 3m + 4m	15
	(ii) Surplus – 5 marks	5m	
<b>3 (B)</b>	(i) Explain ‘visible export’ – 9m (5m + 4m)	5m + 4m	15
	(ii) <b>Two</b> examples – 3 marks each	2 x 3m	
<b>3 (C)</b>	<b>Two</b> benefits of international trade 8m (4 m + 4 m) 7m (4 m + 3 m)	8m + 7m	15
<b>3 (D)</b>	<b>Two</b> effects of reducing mortgage interests rates 8m (4 m + 4 m) 7m (4 m + 3 m)	8m + 7m	15
<b>3 (E)</b>	<b>Two</b> effects on Irish retailers of increasing VAT rates 8m (4 m + 4 m) 7m (4 m + 3 m)	8m + 7m	15

## PART 2

**MINIMUM: 2 QUESTION (150 MARKS)**

**MAXIMUM: 3 QUESTIONS (225 MARKS)**

## ENTERPRISE/MANAGING

### QUESTION 4

<b>4 (A)</b>	<b>Three</b> enterprising skills/characteristics @ 5 mark each (3m + 2m)	3 x 5m	15
<b>4 (B)</b>	Notice : 7 items @ 2m	14m	25
	‘Agenda’: 1m Agenda contents: 4 items (3m + 3m + 2m + 2m)	1m 10m	
<b>4 (C)</b>	<b>Two</b> advantages of meetings @ 5m each	2 x 5m	10
<b>4 (D)</b>	<b>Two</b> functions of Chairperson @ 5m each	2 x 5m	10
<b>4 (E)</b>	<b>Two</b> benefits of Planning 8m (4 m + 4 m) 7m (4 m + 3 m)	8m + 7m	15

## MANAGING

### QUESTION 5

<b>5 (A)</b>	<b>Three explanations @ 5 m</b>	3 x 5m	15
<b>5 (B)</b>	<b>Two explanations of Insurance Principles</b> 8m – Explanation (3 m + 2 m) + example (3 m) 7m – Explanation (3 m + 2 m) + example (2 m)	8m + 7m	15
<b>5 (C)</b>	<b>Two explanations of terms @ 5 m</b>	2 x 5m	10
<b>5 (D)</b>	<b>Calculation of Net Pay</b> Four figures @ 4m each Four figures @ 1m each	4 x 4m 4 x 1m	20
<b>5 (E)</b>	<b>Two advantages of Leasing or Term Loan</b> 8m 7m	8m + 7m	15

## MANAGING

### QUESTION 6

<b>6 (A)</b>	<b>Two functions of human Resource Manager</b> <b>Any two of (i), (ii) or (iii):</b> (i) 2 @ 5 m (ii) 2 @ 5 m (iii) 2 @ 5 m	2 x 10m	20
<b>6 (B)</b>	<b>Three items in a Job Description @ 5m each</b>	3 x 5m	15
<b>6 (C)</b>	‘Commission’ Explanation 4 m Example 4 m  ‘Benefit-in-kind’ Explanation 4 m Example 3 m	8m + 7m	15
<b>6 (D)</b>	<b>Two benefits of teamwork @ 5 marks</b>	2 x 5m	10
<b>6 (E)</b>	<b>Three other uses of IT @ 5marks each</b>	3 x 5m	15

## BUSINESS IN ACTION

### QUESTION 7

<b>7 (A)</b>	<b>Two</b> reasons for Business Plan @ 10 m (8 + 2)	10m	10
<b>7 (B)</b>	<b>Three</b> factors before choosing source of finance 6 m + 6 m + 3 m	15m	15
<b>7 (C)</b>	<b>Two</b> production processes : 'Job Production' Explanation 4 m Example 4 m  'Batch Production' Explanation 4 m Example 3 m	8m + 7m	15
<b>7 (D)</b>	<b>Two</b> risks and two rewards of sole trader 2 risks @ 5 marks 2 rewards @ 5 marks	10m 10m	20
<b>7 (E)</b>	(i) Explain the term 'target market' 8 marks (ii) Name <b>two</b> possible target markets. 7 marks (6 m + 1 m)	8m 7m	15

## BUSINESS IN ACTION

### QUESTION 8

<b>8 (A)</b>	'Field Research' Explanation 5m (3 m + 2 m) Example 5m  'Desk Research' Explanation 5m (3 m + 2 m) Example 5m	2 x 10m	20
<b>8 (B)</b>	(i) Explain Channel of distribution: 8 m (4 + 4) (ii) Diagram – 7 marks	8m 7m	15
<b>8 (C)</b>	<b>Two</b> Sales Promotion methods @ 5 marks	2 x 5m	10
<b>8 (D)</b>	<b>Three</b> factors in setting price @ 5 marks (3 m+ 2 m)	3 x 5m	15
<b>8 (E)</b>	<b>Three</b> advantages of branding @ 5 marks (3 m + 2 m)	3 x 5m	15



# Support Notes

## SECTION 1

1	<p><b>What do the following letters stand for?</b></p> <p>VAT Value Added Tax          LRC Labour Relations Commission          ECB European Central Bank</p>
2	<p><b>(a) Explain the term ‘employer’.</b>          An employer is a person or business which hires employees/staff to produce goods or provide services and pays them agreed wages/salaries for their work.</p> <p><b>(b) Outline two responsibilities of an employer</b></p> <p>(i) to provide a safe and healthy working environment          (ii) to pay the agreed wage for the work done (at least MWR)          (iii) to adhere to legislation e.g. Employment Equality, Unfair Dismissal          (iv) to provide a contract of employment          (v) to keep appropriate records for income tax and PRSI returns          (vi) to provide appropriate annual leave as per legislation.</p>
3	<p><b>(i) List two examples of Government Expenditure on Health</b></p> <ul style="list-style-type: none"> <li>• Payment of wages/salaries to doctors/nurses/staff</li> <li>• Medical cards</li> <li>• Medical supplies in hospitals</li> <li>• Funding of HSE to provide cost of running hospitals/care centres</li> <li>• Medicines/prescriptions</li> <li>• Ambulance service</li> <li>• Other services – psychological/psychiatry/therapies.</li> </ul> <p><b>(ii) Outline 2 reasons for the high level of expenditure on Social Protection/Welfare</b></p> <ul style="list-style-type: none"> <li>• Increase in unemployment</li> <li>• Increase in birth rate – children’s allowances</li> <li>• Pensions / state benefit – people live longer</li> <li>• Increase in numbers seeking rent allowances</li> </ul>
4	<p><b>Outline two benefits of a good stock control system for a business</b></p> <p>(i) Customer demands will be met by having correct amount/level of stock at all times          (ii) No loss of sales or profits or potential customers due to shortage of stock          (iii) Stock will not become obsolete or go out of date          (iv) Working capital will be used efficiently – not tied up in too much stock          (v) Less risk of pilferage          (vi) Storage costs will be kept at a minimum.</p>

5	<p><b>Calculate:</b></p> <p>(i) <b>Gross Profit Margin</b> = <math>\frac{\text{Gross Profit}}{\text{Sales}} \times \frac{100}{1} = \frac{84,000}{420,000} \times \frac{100}{1} = 20\%</math></p> <p>(ii) <b>Net Profit Margin</b> = <math>\frac{\text{Net Profit}}{\text{Sales}} \times \frac{100}{1} = \frac{31,500}{420,000} \times \frac{100}{1} = 7.5\%</math></p>											
6	<p><b>Complete the missing Factors of Production</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">LAND</td> <td style="text-align: center;">LABOUR</td> <td style="text-align: center;">CAPITAL</td> <td style="text-align: center;">ENTERPRISE</td> </tr> </table>	LAND	LABOUR	CAPITAL	ENTERPRISE							
LAND	LABOUR	CAPITAL	ENTERPRISE									
7	<p><b>Outline your understanding of a ‘Global Business’ and give one example.</b>  A Global Business sells a standardised product throughout the world using a standardised Marketing Mix. They view the world as one market.  Example: Nike, Coca-Cola, Toyota, Apple etc.</p>											
8	<table border="1"> <tr> <td rowspan="5" style="vertical-align: top;"><b>True or False:</b></td> <td style="text-align: center;">1</td> <td style="text-align: center;">TRUE</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">FALSE</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">FALSE</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">TRUE</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">TRUE</td> </tr> </table>	<b>True or False:</b>	1	TRUE	2	FALSE	3	FALSE	4	TRUE	5	TRUE
<b>True or False:</b>	1		TRUE									
	2		FALSE									
	3		FALSE									
	4		TRUE									
	5	TRUE										
9	<p><b>Outline two characteristics of an autocratic leader:</b></p> <ul style="list-style-type: none"> <li>• The autocratic leader has very little trust or confidence in his/her staff.</li> <li>• He/she is unwilling to delegate power and responsibility to subordinates/wants to be in control</li> <li>• He/she makes all decisions and ignores the opinion of others.</li> <li>• He/she uses authority to force agreement and may use intimidation or fear.</li> </ul>											
10	<p><b>Business Terms</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">1.</td> <td style="text-align: center;">2.</td> <td style="text-align: center;">3.</td> <td style="text-align: center;">4.</td> <td style="text-align: center;">5.</td> </tr> <tr> <td style="text-align: center;"><b>F</b></td> <td style="text-align: center;"><b>E</b></td> <td style="text-align: center;"><b>A</b></td> <td style="text-align: center;"><b>B</b></td> <td style="text-align: center;"><b>C</b></td> </tr> </table>	1.	2.	3.	4.	5.	<b>F</b>	<b>E</b>	<b>A</b>	<b>B</b>	<b>C</b>	
1.	2.	3.	4.	5.								
<b>F</b>	<b>E</b>	<b>A</b>	<b>B</b>	<b>C</b>								
11	<p>(i) <b>Outline two reasons for fair dismissal and two reasons for unfair dismissal under the Unfair Dismissals Act 1977-2007:</b></p> <p><b>Fair:</b></p> <ul style="list-style-type: none"> <li>• Unsuitable qualifications for the post</li> <li>• Incompetence / incapable of carrying out required duties; unable to do the work</li> <li>• Improper / unacceptable conduct / misconduct of employee</li> <li>• Redundancy – due to closure or competition.</li> </ul>											

	<p><b>Unfair:</b></p> <ul style="list-style-type: none"> <li>• Religious opinions</li> <li>• Political opinions</li> <li>• Race or colour</li> <li>• Sexual orientation</li> <li>• Membership of the Traveller community</li> <li>• Unfair selection for redundancy</li> <li>• Pregnancy, giving birth or any matters connected with pregnancy or birth</li> <li>• Availing of legal rights to maternity leave, carer's leave or parental leave</li> <li>• Membership or proposed membership of a trade union or engaging in trade union activities, whether during work or outside of working hours</li> <li>• Legal proceedings against an employer where an employee is a party or a witness.</li> </ul>						
12	<p style="text-align: center;"><b>MEMORANDUM</b></p> <p><b>To:</b> All union members  <b>From:</b> Jennifer King  <b>Date:</b> 14 June 2012  <b>Re:</b> Trade Union branch meeting</p> <p>A (trade union) branch meeting will be held in <i>(venue)</i> the canteen at <i>(time)</i> 5.00 p.m. on <i>(date)</i> Monday 18 June 2012 to discuss <i>(agenda)</i> proposed redundancies.</p> <p><b>Signed:</b> <i>Jennifer King</i>                              <b>Title:</b> Shop steward</p>						
13	<p><b>Explain the term 'franchise' and state one advantage of a franchise as a form of business ownership</b></p> <p>This is the granting of a <i>licence</i> by the franchisor to the franchisee allowing the franchisee the right to supply and sell the franchisor's established product or service. The contractual arrangement allows the franchisee to use the name and logo of the franchisor for a specified period. The licence is expensive and a percentage of sales/royalties must be paid annually.</p> <p><b>Advantages:</b></p> <ul style="list-style-type: none"> <li>• Franchisee has benefit of <i>renting</i> a well established business name and a proven idea.</li> <li>• Advice and training are provided to the franchisee</li> <li>• Less risk of failure because business name and reputation are well established</li> <li>• Usually business is well advertised and promoted.</li> </ul>						
14	<p><b>Outline two advantages for a business of preparing a Cash Flow Forecast</b></p> <ul style="list-style-type: none"> <li>• A Cash Flow Forecast predicts the movement of cash into and out of the business.</li> <li>• It assists the business in decision making as it shows future cash inflows and outflows and their sources and timing.</li> <li>• It identifies future cash shortages and helps the business to plan its borrowing requirements in time.</li> <li>• Comparing the Cash Flow Forecast with actual figures helps the business to keep control of its finances.</li> <li>• It helps the business to use future cash surpluses to best advantage.</li> </ul>						
15	<p><b>List three methods of external communication used in business.</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"><i>Verbal</i></td> <td>Telephone, meeting, radio, conference</td> </tr> <tr> <td><i>Written</i></td> <td>Letter, fax, newsletter, press release, brochure</td> </tr> <tr> <td><i>Electronic</i></td> <td>e-mail, video conference, EDI, website, text message.</td> </tr> </table>	<i>Verbal</i>	Telephone, meeting, radio, conference	<i>Written</i>	Letter, fax, newsletter, press release, brochure	<i>Electronic</i>	e-mail, video conference, EDI, website, text message.
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## SECTION 2

### PART 1

#### QUESTION 1

#### PEOPLE IN BUSINESS

<b>1(A)</b>	<b>What is a contract?</b>  This is a legally binding agreement between two or more parties. <i>e.g.</i> a contract for the sale of a car.
<b>1(B)</b>	<b>Explain three of these elements. Illustrate your answer with reference to given text</b>  <b>Offer:</b> A voluntary proposal/promise with conditions made by one party (offeror) to another (offeree) which must be accepted by the other party to be legally binding. The offer can be made orally, in writing or by conduct and is a clear indication of the offeror's willingness to enter into an agreement under specified terms. <i>e.g.</i> <i>They agreed the price of €9,000 – Joe offered €9,000 for the car</i>  <b>Acceptance:</b> Assent / agreement / consent to the terms of the offer. Offer must be accepted / taken up by other party as it stands, without conditions. Acceptance can be made orally, in writing or by conduct. <i>e.g.</i> <i>Michael accepted Joe's offer of €9,000</i>  <b>Consideration:</b> Each party in a contract must give something of value to the other party / something of value must be exchanged. <i>e.g.</i> <i>John pays Michael €9,000 and receives a car</i>  <b>Consent to Contract:</b> Both parties in a contract must enter into a contract of their own free will – no undue pressure or duress <i>e.g.</i> <i>Michael had advertised the car for the agreed price and he and Joe signed all the relevant documentation.</i>
<b>1(C)</b>	<b>Explain 'Performance' or 'Frustration'</b>  <b>Performance:</b> Both parties to the contract fulfil their obligations and the contract is completed Both parties have done what they agreed to do.  <b>Frustration:</b> An unforeseen event prevents the contract from being completed. Something happens which makes it impossible to complete the contract <i>e.g.</i> the death or bankruptcy or insanity of one of the parties to the contract.

<p><b>1(D)</b></p>	<p><b>(i) Explain how Murray’s Garage broke the terms of the Consumer Protection Act 2007 (with reference to given text):</b></p> <p>The Consumer Protection Act 2007</p> <ul style="list-style-type: none"> <li>• protects the consumer from <b>false</b> advertising/information</li> <li>• requires that the information in advertisements is fair and accurate</li> <li>• Under the Act, it is illegal for an advertiser or business to make false or misleading claims about goods, services or prices.</li> </ul> <p><i>e.g. The car was advertised as having 32,000 km on the clock but it had actually travelled 62,000 km.</i></p> <p><b>(ii) Outline two functions of the National Consumer Agency</b></p> <p>The main functions of the NCA are:</p> <ul style="list-style-type: none"> <li>• To promote and protect the interests and welfare of consumers. To inform consumers of their rights / publish shopper’s rights leaflets / provide a consumer phone service/website.</li> <li>• To enforce the relevant consumer law. These powers include the right to enter premises, get documentation and other evidence in relation to any trade or business which is being investigated. Enforcement tools include prohibition notices, undertakings from traders, compliance notices, on the spot fines for offences relating to price display, and the ability to "name and shame" with the publication of non-compliant trader names.</li> <li>• To encourage compliance with the relevant law.</li> <li>• To refer cases to the Director of Public Prosecutions where appropriate.</li> <li>• To conduct research into consumer issues/attitudes</li> <li>• To advise the government of the impact of laws on consumers</li> <li>• To conduct pricing surveys to raise awareness of price differences.</li> </ul>
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**QUESTION 2**

**DOMESTIC ENVIRONMENT**

<p><b>2(A)</b></p>	<p><b>What do the letters MD stand for? State one function of a MD</b></p> <p>MD = Managing Director</p> <p>Functions:</p> <ul style="list-style-type: none"> <li>• Manages the company on a day-to-day basis. He/she has overall responsibility for the running of the company.</li> <li>• He/she is elected by and is answerable to the Board of Directors</li> <li>• He/she must ensure the company achieves its objectives and that the decisions of the Board are implemented</li> <li>• He/she must inform the Board about the progress of the company.</li> </ul>
<p><b>2(B)</b></p>	<p><b><u>Limited Liability</u>’ and <u>Continuity of Existence</u>’ are two advantages of a Private Limited Company. Explain these underlined terms.</b></p> <p><b>Limited Liability:</b> If a business fails / goes bankrupt, the shareholders can only lose the amount they have invested in the business. They cannot lose their private property to pay for the debts of the business.</p> <p><b>Continuity of Existence:</b> This means that if a shareholder dies or leaves, the company does not cease to operate. It continues as normal, unlike a sole trader.</p>
<p><b>2(C)</b></p>	<p><b>Describe two benefits to the town of Kilduff, of the Fitzpatrick brothers setting up Solar Solutions Ltd.</b></p> <ul style="list-style-type: none"> <li>• Creates jobs/employment for people in the area</li> <li>• Spin off business – other businesses will benefit from the existence of Solar Solutions Ltd. e.g. more money spent in local shops, cafes, etc</li> <li>• Attracts other business to set up in area, creating a culture of enterprise</li> <li>• May lead to training employees in new skills – apprenticeships – upskilling</li> <li>• Improved infrastructure – more investment in roads / services</li> <li>• Improves local economy – more consumer expenditure.</li> </ul>

<p><b>2(D)</b></p>	<p><b>Explain the term ‘Grant’ and state one advantage of a grant as a source of finance.</b></p> <p>A grant is a long term source of finance given by Government agencies (Enterprise Ireland / IDA Ireland / CEBs / Údarás na Gaeltachta) to a business and which does not have to be repaid as long as certain conditions are fulfilled.</p> <p>Grants may be used for different purposes, <i>e.g.</i> purchase of factories/machinery, R &amp; D, feasibility studies, training of workers.</p> <p>Advantages:</p> <ul style="list-style-type: none"> <li>• Grants do not have to be repaid unless the conditions of the grant are broken</li> <li>• No interest has to be paid on a grant</li> <li>• Grants help/encourage new business start-ups</li> <li>• Grants help create employment – thus helping the economy</li> <li>• Grants help to attract foreign direct investment (FDI) to Ireland</li> <li>• Receipt of a grant has no effect on the control of a company</li> <li>• No security/collateral required.</li> </ul>
<p><b>2(E)</b></p>	<p><b>Outline two ways in which Solar Solutions Ltd can behave ethically towards its customers.</b></p> <ul style="list-style-type: none"> <li>• Provide good quality products</li> <li>• Charge reasonable prices</li> <li>• Ensure products are safe and healthy</li> <li>• Deal with customers’ complaints fairly</li> <li>• Provide honest information about products.</li> <li>• Provide an after-sales service.</li> </ul>

**QUESTION 3 DOMESTIC/INTERNATIONAL ENVIRONMENT**

3(A)	<p><b>(i) Using the above information, calculate the Balance of Trade (Show workings)</b></p> <p style="text-align: center;"><b>Balance of Trade</b> = Visible Exports – Visible Imports          = €1,400m – €1,200m = €200m</p> <p><b>(ii) State whether it is a surplus or a deficit.</b>      Surplus</p>
3(B)	<p><b>(i) Explain the term ‘visible export’.</b></p> <p>Visible exports are physical goods that are sold by Irish firms to customers in other countries. Money/foreign currency is received into Ireland.</p> <p><b>(ii) Name two examples of Irish agricultural visible exports.</b></p> <p>Beef, butter, cheese, mushrooms.</p>
3(C)	<p><b>Outline two benefits for Irish business engaged in International Trade.</b></p> <ul style="list-style-type: none"> <li>• Larger market means more sales – domestic market too small</li> <li>• Increased sales should lead to increased profits</li> <li>• Free trade with EU countries – no trade barriers – leads to increased sales/purchases</li> <li>• Spread the business risk by not relying on local market only</li> <li>• Helps Irish business to achieve economies of scale by selling in large quantities</li> <li>• Irish business need to import essential raw materials.</li> </ul>
3(D)	<p><b>Outline two effects of reducing mortgage interest rates on Irish households.</b></p> <ul style="list-style-type: none"> <li>• A reduction in mortgage interest rates will help many Irish households who are having difficulty meeting their mortgage repayments</li> <li>• It may prevent having to negotiate repayment plans with banks/building societies and reduce the number of repossessions.</li> <li>• Households have more disposable income leading to increased expenditure on other goods and services</li> <li>• This increased expenditure could generate an improvement in overall economic activity</li> <li>• More incentive to take out a new mortgage.</li> </ul>
3(E)	<p><b>Outline two effects on Irish retailers of increasing the VAT rate from 21% to 23%.</b></p> <ul style="list-style-type: none"> <li>• It may lead to a decrease in sales and profits due to a decrease in consumer expenditure on goods</li> <li>• Irish consumers may shop more online to get cheaper prices</li> <li>• VAT increase may lead to the closure of businesses due to decreased demand for goods.</li> </ul>



**PART 2**

**QUESTION 4**

**ENTERPRISE/MANAGING**

<p><b>4(A)</b></p>	<p><b>Outline three enterprising skills/characteristics required for the <i>Renew Rathnew Campaign</i> plan to succeed.</b></p> <ul style="list-style-type: none"><li>• Innovation/initiative – the ability to see new opportunities and come up with new ideas e.g. uses for the unused buildings</li><li>• Decisive – being able to make good decisions quickly and with the information available</li><li>• Realistic – knowing what is realistic and can be achieved in the town e.g. the local walking trails</li><li>• Risk-taking – being willing to take a chance knowing there is a risk of failure</li><li>• Good communication – to attract more business and tourists</li><li>• Leaders – determined to improve their town.</li></ul>
<p><b>4(B)</b></p>	<p><b>Using today’s date, draft the Notice and Agenda for the first meeting of the Renew Rathnew Committee. (The Agenda should contain at least four items.)</b></p> <div data-bbox="351 1043 1315 1738" style="border: 1px solid black; padding: 10px;"><p style="text-align: center;"><b>Renew Rathnew Committee</b></p><p style="text-align: center;"><b>Notice</b></p><p style="text-align: right;">14 June 2012</p><p>The first meeting of the Renew Rathnew Committee will take place in Rathnew Community Centre on Thursday 21 June 2012 at 8.00p.m.</p><p><b>Agenda:</b></p><ol style="list-style-type: none"><li>1. Introduction of committee members</li><li>2. Chairperson’s address</li><li>3. Plans/ideas for unused buildings</li><li>4. Plans/ideas for walking trails</li><li>5. Development of tourism plan</li><li>6. Fundraising ideas</li><li>7. AOB</li></ol><p>Signed: <i>Danny Kelly</i> Secretary</p></div>

4(C)	<p><b>Outline two advantages of meetings as a method of communication.</b></p> <ul style="list-style-type: none"> <li>• Problems can be discussed and solutions put forward</li> <li>• People can exchange ideas/give opinions/plan ahead</li> <li>• Face-to-face communication</li> <li>• Decisions can be made by voting on proposals</li> <li>• Meetings encourage co-operation and teamwork.</li> </ul>
4(D)	<p><b>Describe two functions of the Chairperson at a meeting.</b></p> <ul style="list-style-type: none"> <li>• Drawing up the agenda, in consultation with the secretary</li> <li>• Ensuring there is a quorum, opening the meeting and running it in an orderly manner</li> <li>• Ensuring that minutes of previous meeting are read, adopted and signed</li> <li>• Ensuring that the agenda is followed / ensuring compliance with standing orders</li> <li>• Making sure that everybody gets a chance to participate and air their views</li> <li>• Allowing discussion only of matters on the agenda</li> <li>• Ensuring that any voting is carried out according to standing orders</li> <li>• Chairperson may have casting vote in the event of a tie.</li> </ul>
4(E)	<p><b>Outline two benefits of planning for the Renew Rathnew Committee.</b></p> <ul style="list-style-type: none"> <li>• Sets clear targets/objectives – the committee can monitor progress</li> <li>• Helps to anticipate problems/threats – the committee can have solutions prepared</li> <li>• Identifies strengths – the committee can use them to best effect</li> <li>• Identifies weaknesses – the committee can work around them</li> <li>• Identifies opportunities / resources required e.g. finance – borrowing can be planned</li> <li>• Assists leadership and motivation – gets the whole community involved</li> <li>• Supports application for finance – committee may seek development grants.</li> </ul>

**QUESTION 5**

**MANAGING**

<p><b>5(A)</b></p>	<p><b>Explain the three underlined terms.</b></p> <p><b>PAYE</b>          Pay As You Earn – this is a direct tax paid by employees on their income /wages /salaries. It is deducted at source by the employer at a specified rate and forwarded the Revenue Commissioners. It is a statutory deduction from wages/salaries.</p> <p><b>PRSI</b>          Pay Related Social Insurance – this is a compulsory insurance scheme for all employees and employers to cover unemployment, illness, maternity and disability benefits. It is calculated as a percentage of gross income and is deducted at source by the employer who must forward the full amount (employee and employer portion) to the state. It is a statutory deduction from wages/salaries.</p> <p><b>Tax Credit</b>          A tax credit is a reduction in the amount of tax payable by the taxpayer and depends on the taxpayer’s personal circumstances. Gross Tax less Tax Credits = Tax Payable.          Examples of tax credits include: Blind Credit, Dependent Relative Credit, Guide Dog Allowance, Home Carer Credit, Incapacitated Child Credit, One Parent Family Credit, PAYE Credit, Rent Credit, Widow/Widower's Credit.</p>
<p><b>5(B)</b></p>	<p><b>Explain two of the following Principles of Insurance and give one example in each case.</b></p> <p><b>Insurable Interest:</b>          A person seeking insurance must benefit financially from the continued existence of the item and suffer by its loss/damage.  <i>e.g.</i> people can insure their own house but have no insurable interest in insuring their neighbour’s house.</p> <p><b>Indemnity:</b>          A person cannot make a profit from an insurance claim. The compensation received from the insurer will be equal to the financial loss suffered. This protects the insurer from over-insurance.  <i>e.g.</i> car insured for €10,000. Market value of €8,000. Insured will only receive €8,000 compensation in the event of a write-off.</p> <p><b>Utmost Good Faith</b>          When completing a proposal form for insurance, the insured must disclose truthfully all material facts to the insurer. A material fact is anything which affects the level of risk the insurer is being asked to cover and therefore the premium charged.  <i>e.g.</i> when taking out motor insurance, type of licence, previous claims (if any), age and gender must all be disclosed.</p>

5(C)	<p><b>Explain the insurance terms:</b></p> <p><b>(i) Claim</b> When a risk which is covered by an insurance policy actually occurs the insured can apply to the insurance company to get money to cover the loss. He/she will fill out a claim form describing what happened and the amount of the loss.</p> <p><b>(ii) Compensation</b> This is the amount of money paid by the insurer to the insured after a claim has been made for a loss which has occurred and the insurer has established that the claim was genuine.</p>																											
5(D)	<p><b>Calculate Elaine's Net Annual Take Home Pay:</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Gross Income</td> <td style="width: 20%;"></td> <td style="width: 20%; text-align: right;">€32,000</td> </tr> <tr> <td>Less Deductions:</td> <td></td> <td></td> </tr> <tr> <td>PAYE (20% of 32,000)</td> <td style="text-align: right;">6,400</td> <td></td> </tr> <tr> <td>Less Tax Credit</td> <td style="text-align: right;">– 3,600</td> <td></td> </tr> <tr> <td>Net PAYE</td> <td style="text-align: right;">2,800</td> <td></td> </tr> <tr> <td>PRSI (4% of 32,000)</td> <td style="text-align: right;">1,280</td> <td></td> </tr> <tr> <td>USC (3% of 32,000)</td> <td style="text-align: right;"><u>960</u></td> <td></td> </tr> <tr> <td>Total Deductions</td> <td></td> <td style="text-align: right;"><u>€ 5,040</u></td> </tr> <tr> <td>Net Take Home Pay</td> <td></td> <td style="text-align: right;">€26,960</td> </tr> </table>	Gross Income		€32,000	Less Deductions:			PAYE (20% of 32,000)	6,400		Less Tax Credit	– 3,600		Net PAYE	2,800		PRSI (4% of 32,000)	1,280		USC (3% of 32,000)	<u>960</u>		Total Deductions		<u>€ 5,040</u>	Net Take Home Pay		€26,960
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5(E)	<p><b>Choose either Term Loan or Leasing and outline two advantages of your chosen source of finance.</b></p> <p><b>Term Loan:</b></p> <ul style="list-style-type: none"> <li>(i) Gives Elaine the advantage of being a cash buyer and getting a discount</li> <li>(ii) Repayment is spread over a number of years</li> <li>(iii) Elaine does not have to wait to save up for the car – immediate ownership</li> <li>(iv) She will know in advance the amount and number of repayments and can budget accordingly.</li> </ul> <p><b>Leasing:</b></p> <ul style="list-style-type: none"> <li>(i) Elaine will have immediate use of the car</li> <li>(ii) She does not have to come up with a lump sum to purchase the car</li> <li>(iii) No security is required</li> <li>(iv) She does not have to worry about depreciation of the car</li> <li>(v) She may have an option to purchase the car when the lease period is up.</li> </ul>																											

**QUESTION 6**

**MANAGING**

<b>6(A)</b>	<p><b>Explain two of the following functions of Deirdre’s job as a Human Resource Manager.</b></p> <p><b>(i) Training and Development</b></p> <ul style="list-style-type: none"> <li>• <b>Training</b> involves supplying the skills, knowledge and attitudes needed by employees to do their jobs better.</li> <li>• Types: Induction, On-the-job, Off-the-job.</li> <li>• Training improves skill levels and increases staff morale.</li> <li>• <b>Development</b> involves preparing the employees to take on new/extra responsibility and new/greater challenges in the workplace.</li> <li>• Includes: employees taking certificate/diploma/degree/post-graduate courses, management courses, which would enable them to take on other tasks in future.</li> <li>• It prepares employees for promotion, increases their self esteem and gives them a broader understanding of the business.</li> <li>• However, it can be costly for the firm; other employees may resent not being offered courses; trained employees may transfer to another firm.</li> </ul> <p><b>(ii) Recruitment</b></p> <p>The process of attracting suitable candidates to apply for vacancies in a firm. Involves job description, person specification, advertising and receiving applications.</p> <p><b>Selection</b></p> <p>Deciding on the most suitable candidate for the position. This involves screening, short-listing, interviews / aptitude tests, reference check, making an offer to successful candidate, employment contract, and notification to unsuccessful candidates.</p> <p><b>(iii) Employer/Employee Relations</b></p> <p>It is essential to maintain good industrial relations in an organisation. This results in positive attitudes from staff, higher productivity, co-operation and a good atmosphere in the workplace.</p> <p>Poor relations would lead to lack of motivation, stress, disputes, absenteeism and low productivity.</p> <p>HR Manager must</p> <ul style="list-style-type: none"> <li>• establish agreed procedures for dealing with issues/disputes</li> <li>• create a pleasant work environment</li> <li>• communicate openly, honestly and fairly with employees</li> <li>• meet regularly with shop steward and listen to employees’ grievances</li> <li>• organise social activities for employees</li> <li>• facilitate training/management courses for employees</li> <li>• ensure health/safety/welfare of employees is prioritised.</li> </ul>
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6(B)	<p><b>Deirdre must prepare a Job Description when recruiting new staff. Outline three items included in a Job Description.</b></p> <ul style="list-style-type: none"> <li>• Job Title</li> <li>• Details of work</li> <li>• Place of work</li> <li>• Duties and responsibilities</li> <li>• Salary and conditions / hours of work</li> <li>• Person to whom applicant will report.</li> </ul>
6(C)	<p><b>Explain the terms below and illustrate your answer with one example of each.</b></p> <p><b>Commission:</b></p> <ul style="list-style-type: none"> <li>• Payment based on sales – employee earns a percentage of value of sales made</li> <li>• Used to motivate staff to sell more</li> </ul> <p><i>e.g. sales staff may receive 4% commission on sales (in addition to basic wage).</i></p> <p><b>Benefit-in-Kind:</b></p> <p>Non-financial method of reward given to employees; also known as ‘perks’. It has a financial value which is subject to income tax.</p> <p><i>e.g. company car, health insurance, gym membership, subsidised meals.</i></p>
6(D)	<p><b>Explain two benefits of Teamwork:</b></p> <ul style="list-style-type: none"> <li>• Improves employee morale/motivation/job satisfaction</li> <li>• Work is shared/shared responsibility/each member contributes</li> <li>• Tasks are completed more quickly</li> <li>• Better decisions are made / solutions are better thought out</li> <li>• Generates creative ideas / suggestions can spark new ideas</li> <li>• Quality of work improves.</li> </ul>
6(E)	<p><b>Illustrate three other uses of Information Technology for ‘White Water’ Department Store</b></p> <ol style="list-style-type: none"> <li>(i) Advertising – website</li> <li>(ii) Online sales – website</li> <li>(iii) Payroll – payroll software – Paypath</li> <li>(iv) Accounts – accounts software package – Sage, Quickpro – spreadsheets</li> <li>(v) Communication - e-mail / Facebook / Twitter</li> <li>(vi) Stock Control - EDI</li> <li>(vii) EFTPOS – transactions using Laser cards.</li> </ol>

**QUESTION 7**

**BUSINESS IN ACTION**

<p>7(A)</p>	<p><b>Identify two reasons why a Business Plan should be prepared:</b></p> <ul style="list-style-type: none"> <li>• To set out clearly the objectives and targets of the firm</li> <li>• To identify resources required</li> <li>• To obtain finance from lenders</li> <li>• To attract potential investors</li> <li>• To motivate employees and management</li> <li>• To give direction to the firm’s efforts</li> <li>• To anticipate problems and prepare possible solutions.</li> </ul>
<p>7(B)</p>	<p><b>Explain three factors Rory should consider before choosing a source of finance.</b></p> <ul style="list-style-type: none"> <li>(i) Purpose - this will determine whether it is short, medium or long term.</li> <li>(ii) Cost of finance – interest charged – APR</li> <li>(iii) Collateral / Security required – can Rory offer an acceptable type if required?</li> <li>(iv) Risk involved – will he be able to meet the repayments on time?</li> <li>(v) Will his business prosper in the current economic climate?</li> <li>(vi) Will his control of the business be affected? – <i>e.g.</i> repossession of assets.</li> </ul>
<p>7(C)</p>	<p><b>Explain the following production options/processes and give one example in each case.</b></p> <ul style="list-style-type: none"> <li>(i) <b>Job Production:</b> Firm produces one-off goods to order – high quality expensive goods – employees are highly skilled – machinery/equipment used is expensive – high cost of production per unit. <i>e.g.</i> hand crafted furniture, tailored suits, cruise liners.</li> <li>(ii) <b>Batch Production:</b> A process whereby a certain amount or quantity of a product is produced at the same time and then production switches to a different batch/group. Work is completed on each stage of the production process before another batch is started. <ul style="list-style-type: none"> <li>• Skilled/semi-skilled employees</li> <li>• Uses a lot of flexible machines/automation, such as ovens in a bakery.</li> </ul> <i>e.g.</i> a batch of loaves followed by a batch of scones. </li> </ul>

7(D)	<p><b>Outline two risks and two rewards of setting up a Sole Trader business.</b></p> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>• Unlimited Liability if business fails / Loss of personal assets e.g. house.</li> <li>• Heavy workload / long hours / stress</li> <li>• Difficult to raise finance, especially in current climate</li> <li>• No continuity of existence</li> <li>• Some years may be loss making – no other source of income.</li> </ul> <p><b>Rewards:</b></p> <ul style="list-style-type: none"> <li>• Complete control / makes all decisions</li> <li>• Keeps all the profits / does not have to publish accounts</li> <li>• Personal satisfaction of succeeding and seeing decisions vindicated</li> <li>• Not having to work for someone else</li> <li>• Easy to set up.</li> </ul>
7(E)	<p><b>(i) Explain the term ‘target market’.</b></p> <p>A <b>target market</b> is the group of people at whom a particular product or service is aimed. The target market may be characterised by age, income level, gender, location, lifestyle. (People sharing common needs).</p> <p><b>(ii) Name two possible target markets that Rory might consider.</b></p> <ul style="list-style-type: none"> <li>• Early morning café for people on way to work</li> <li>• Low calorie foods for the health conscious/healthy options</li> <li>• Vegetarian food</li> <li>• Gourmet food</li> <li>• Fast food</li> <li>• Ethnic food</li> <li>• Organic food</li> <li>• Home catering</li> <li>• School lunches.</li> </ul>



**QUESTION 8**

**BUSINESS IN ACTION**

<p><b>8(A)</b></p>	<p><b>Explain Field Research and Desk Research and give one example in each case.</b></p> <p><b>Field Research:</b> This involves going out to the public to find out new information directly from customers (Primary Research) <i>e.g.</i> questionnaires/surveys, interviews – face-to-face / by phone, focus groups, observation.</p> <p><b>Desk Research:</b> This involves accessing information that is already available (gathered by others) within or outside the firm. (Secondary Research). Examples include company files and sales records, the Internet, Central Statistics Office, magazines and trade journals, Government and other reports.</p>
<p><b>8(B)</b></p>	<p><b>(i) Explain what is meant by the term ‘Channels of Distribution’.</b> <b>(ii) Illustrate, using a diagram, a suitable channel of distribution for Sweetdreams Ltd.</b></p> <p><b>(i) Channels of Distribution:</b> Refers to the various paths/methods by which goods are transferred from producer to consumer.</p> <p><b>(ii) Channel of Distribution for Sweetdreams Ltd.</b></p> <div style="text-align: center;"> <pre> graph TD     A[PRODUCER / MANUFACTURER] --&gt; B[WHOLESALER]     B --&gt; C[RETAILER]     C --&gt; D[CONSUMER]             </pre> </div>
<p><b>8(C)</b></p>	<p><b>Describe two Sales Promotion methods that Sweetdreams Ltd may use to increase sales.</b></p> <ul style="list-style-type: none"> <li>(i) Buy one, get one free / three for price of two</li> <li>(ii) Free samples (to wholesales / retailers / consumers)</li> <li>(iii) Price reduction / money off packs</li> <li>(iv) Competitions / prizes</li> <li>(v) Bonus offer <i>e.g.</i> 25% extra free</li> <li>(vi) Free gift if buying a certain amount</li> <li>(vii) Loyalty Cards/Schemes.</li> </ul>

8(D)	<p><b>Outline three factors Sweetdreams Ltd must consider when setting the price of its products</b></p> <ul style="list-style-type: none"> <li>• Cost of production / research &amp; development – costs must be calculated and recouped over the life of the product.</li> <li>• Competition – price must be similar to competitors to gain market share</li> <li>• Type of product – chocolate and confectionary are perishable and may require special packaging, thereby increasing the price.</li> <li>• Economic conditions/demand – higher prices charged in a booming economy</li> <li>• Break-even point – the minimum price to cover costs</li> <li>• Seasonal influences – certain goods in demand or supplied only at specific times <i>e.g.</i> special brands of chocolate at higher prices for Christmas / Easter egg markets</li> <li>• Government taxes/VAT – will be added to final price</li> <li>• Target market – different prices may be charged in different markets.</li> </ul>
8(E)	<p><b>Outline three advantages of branding for Sweetdreams Ltd.</b></p> <ul style="list-style-type: none"> <li>• Helps identify the product / makes it more recognisable / differentiates it from other products</li> <li>• creates customer loyalty – consumers tend to remain with satisfactory product</li> <li>• allows new products associated with the brand to be launched</li> <li>• a well-known brand name can command a higher price leading to more profits.</li> </ul>



