



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate 2014

Marking Scheme

Business

Ordinary Level

Note to teachers and students on the use of published marking schemes

Marking schemes published by the State Examinations Commission are not intended to be standalone documents. They are an essential resource for examiners who receive training in the correct interpretation and application of the scheme. This training involves, among other things, marking samples of student work and discussing the marks awarded, so as to clarify the correct application of the scheme. The work of examiners is subsequently monitored by Advising Examiners to ensure consistent and accurate application of the marking scheme. This process is overseen by the Chief Examiner, usually assisted by a Chief Advising Examiner. The Chief Examiner is the final authority regarding whether or not the marking scheme has been correctly applied to any piece of candidate work.

Marking schemes are working documents. While a draft marking scheme is prepared in advance of the examination, the scheme is not finalised until examiners have applied it to candidates' work and the feedback from all examiners has been collated and considered in light of the full range of responses of candidates, the overall level of difficulty of the examination and the need to maintain consistency in standards from year to year. This published document contains the finalised scheme, as it was applied to all candidates' work.

In the case of marking schemes that include model solutions or answers, it should be noted that these are not intended to be exhaustive. Variations and alternatives may also be acceptable. Examiners must consider all answers on their merits, and will have consulted with their Advising Examiners when in doubt.

Future Marking Schemes

Assumptions about future marking schemes on the basis of past schemes should be avoided. While the underlying assessment principles remain the same, the details of the marking of a particular type of question may change in the context of the contribution of that question to the overall examination in a given year. The Chief Examiner in any given year has the responsibility to determine how best to ensure the fair and accurate assessment of candidates' work and to ensure consistency in the standard of the assessment from year to year. Accordingly, aspects of the structure, detail and application of the marking scheme for a particular examination are subject to change from one year to the next without notice.



LEAVING CERTIFICATE 2014

BUSINESS ORDINARY LEVEL

MARKING SCHEME AND EXPECTED RESPONSES

Marking Scheme and Expected Responses for use with the Marking Scheme.

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

- The expected responses presented are not exclusive. Marks may be awarded for any other correct answers.
- The expected responses 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 2014
MARKING SCHEME**

SECTION 1 100 MARKS ANSWER 10 QUESTIONS		
QUESTION	MARKING SCHEME	TOTAL MARKS
1	1 st correct term 2m + 1m + 1m (4) 2 nd correct term 1m + 1m + 1m (3) 3 rd correct term 1m + 1m + 1m (3)	10
2	Two benefits @ 5m each	10
3	Explanation 4 marks (2m + 2m) Two examples @ 3 marks each	10
4	Three stages: 4m + 3m + 3m	10
5	Five answers 4m + 2m + 2m + 1m + 1m	10
6	Explanation 5m + 5m	10
7	Explanation 5m + 5m	10
8	Five answers 4m + 2m + 2m + 1m + 1m	10
9	Balance of Trade calculation: 1,300 2 marks – 1,500 3 marks – 200 3 marks Deficit 2 marks	10
10	Five answers 4m + 2m + 2m + 1m + 1m	10
11	Two explanations @ 5 marks each (3m + 2m)	10
12	Two institutions @ 5m each	10
13	Four answers: 3m + 3m + 2m + 2m	10
14	Three grounds: 4m + 3m + 3m	10
15	Two benefits @ 5m each	10
	Available Marks	100

SECTION 2 – 300 MARKS

PART 1

MINIMUM: 1 QUESTION (75 MARKS)
MAXIMUM: 2 QUESTIONS (150 MARKS)

QUESTION 1

(A)	Consumer Protection Act 2007: Terms of the Act broken and two references to Funky Fotos 10m (7+3) + 5m (4+1)	15
(B)	Two courses of action: 10 marks (7m + 3m) 5 marks (4m +1m)	15
(C)	3 reasons for industrial disputes 10m + 3m + 2m	15
(D)	Explain underlined terms: <u>Trade Union</u> 8 marks (6m + 2m) <u>Picketing</u> 7 marks (5m + 2m)	15
(E)	Two functions of LRC: 12 marks (10m + 2m) 3 marks (2m +1m)	15
Available Marks		75

QUESTION 2

(A)	Explanation of Secondary Sector 10 marks (5m + 5m) Two other sectors 3m + 2m	15
(B)	Two benefits of Glanbia location: 8 marks (4m + 4m) 7 marks (4m +3m)	15
(C)	Two advantages of Glanbia being in 14 countries: 8 marks 7 marks	15
(D)	Two benefits of PLC: 8 marks (4m + 4m) 7 marks (4m +3m)	15
(E)	Two challenges for agri-business sector: 10 marks (5m + 5m) 5 marks (3m +2m)	15
Available Marks		75

QUESTION 3

(A)	Line Graph: Title/heading 3 marks Labels 2 marks (1m + 1m) Points 10 marks (5 x 2m)	15
(B)	Two benefits of reduced VAT rate: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
(C)	Two ways Government assists businesses: 2 x 10 marks (5m + 5m)	20
(D)	Three taxes, other than VAT @ 5 marks each	15
(E)	Explanation of Privatisation: 10 marks (5m + 5m)	10
	Available Marks	75

SECTION 2 – PART 2

MINIMUM: 2 QUESTIONS (150 MARKS)
MAXIMUM: 3 QUESTIONS (225 MARKS)

QUESTION 4

(A)	Three enterprising characteristic/skills @ 5 marks each (3m + 2m)	15
(B)	Two sources of business ideas: 10 marks (7m + 3m) 5 marks (4m + 1m)	15
(C)	Two long-term sources of finance: 10 marks (7m + 3m) 5 marks (4m + 1m)	15
(D)	SWOT analysis: 4 terms @ 3 marks each One explanations @ 3m	15
(E)	Explanation of CEB mentoring service: @ 15 marks (12m + 3m)	15
	Available Marks	75

QUESTION 5

(A)	Explanation of two leadership styles: Type 1 2 marks Explanation 6m (3m + 3m) Type 2 2 marks Explanation 5m (3m + 2m)	15
(B)	Explanation for use of batch production: @ 15 marks (8m + 7m)	15
(C)	(i) Explain the term 'quality control' 10 marks (5m + 5m) (ii) Outline one method to improve quality control. 10 marks (5m + 5m)	20
(D)	Memo: To 1m From 1m Date 1m Reference 1m Contents: 4m (Meeting, date, time, venue – 4 @ 1m) Signature 1m Title 1m	10
(E)	Two advantages of meetings: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
	Available Marks	75

QUESTION 6

(A)	Two reasons for business expansion: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
(B)	Explain four underlined terms: @ 5 marks each (3m + 2m)	20
(C)	Explain difference between 'on the job' and 'off the job' training. 2 @ 5 marks each (3m + 2m)	10
(D)	List two methods of advertising job vacancies: 2 @ 5 marks each	10
(E)	Calculate Net Annual Take-home pay: One figure @ 2 marks Six figures @ 3 marks each	20
	Available Marks	75

QUESTION 7

(A)	Two types of household insurance: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
(B)	Two reasons for household budget: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
(C)	Two factors in considering medium-term loan: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
(D)	Explain three features of a Current Account: 6 marks (3m + 3m) 6 marks (3m + 3m) 3 marks (2m + 1m)	15
(E)	Managing office and home: Similarity: 10 marks (5m + 5m) Difference 5 marks (3m + 2m)	15
	Available Marks	75

QUESTION 8

(A)	(i) List two methods of Field Research: 2 @ 5 marks each (ii) Explain one advantage of each method. 2 @ 5 marks each	20
(B)	Explain the term 'break-even': 10 marks (7m + 3m)	10
(C)	Two factors to consider before setting price: 10 marks (7m + 3m) 5 marks (4m + 1m)	15
(D)	Two sales promotion methods: 10 marks (7m + 3m) 5 marks (4m + 1m)	15
(E)	Two benefits of business plan: 12 marks 3 marks	15
	Available Marks	75

LC BUSINESS - ORDINARY LEVEL EXPECTED RESPONSES – 2014

SECTION 1:

SHORT ANSWER QUESTIONS

100 marks

Q.	Expected Responses	Marks															
1.	<p>What do the following letters stand for?</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 15%;">HRM</td> <td>Human Resource Management (Manager)</td> </tr> <tr> <td>CEO</td> <td>Chief Executive Officer</td> </tr> <tr> <td>ICT</td> <td>Information & Communications Technology</td> </tr> </table>	HRM	Human Resource Management (Manager)	CEO	Chief Executive Officer	ICT	Information & Communications Technology	<p>10m</p> <p>4 + 3 + 3</p>									
HRM	Human Resource Management (Manager)																
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2.	<p>Two benefits of a Brand name:</p> <ul style="list-style-type: none"> • Makes product more easily identifiable • Differentiates from competitors products • Aids advertising • Creates customer (brand) loyalty • Higher prices can be charged for product • Easier to launch new products. 	<p>10m</p> <p>2 x 5m</p>															
3.	<p>Explain the term 'stakeholder':</p> <p>A stakeholder is anyone or any group of people that has an interest/involvement or is directly affected by how a business is run.</p> <p>List two examples of stakeholders in a business.</p> <p>Employees, entrepreneurs, investors, shareholders, customers, suppliers, service providers, local community, government, trade associations.</p>	<p>10m</p> <p>4m (2+2)</p> <p>6m (2 x 3m)</p>															
4.	<p>Complete the three missing stages of the Product Life Cycle:</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 15%;">Introduction</td> <td style="width: 15%;">Growth</td> <td style="width: 15%;">Maturity</td> <td style="width: 15%;">Saturation</td> <td style="width: 15%;">Decline</td> </tr> </table> <p style="text-align: center;"><i>[Note: Stages must be in correct order]</i></p>	Introduction	Growth	Maturity	Saturation	Decline	<p>10m</p> <p>4 + 3 + 3</p>										
Introduction	Growth	Maturity	Saturation	Decline													
5.	<p>State whether the following are functions of the CHAIRPERSON or SECRETARY at an AGM.</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 5%;">1.</td> <td style="width: 60%;">Opens and closes the AGM.</td> <td style="width: 35%;">Chairperson</td> </tr> <tr> <td>2.</td> <td>Reads the minutes from the last AGM.</td> <td>Secretary</td> </tr> <tr> <td>3.</td> <td>Ensures the Agenda is followed.</td> <td>Chairperson</td> </tr> <tr> <td>4.</td> <td>Take notes during the meeting and writes up the minutes.</td> <td>Secretary</td> </tr> <tr> <td>5.</td> <td>Has the casting vote if a vote is tied.</td> <td>Chairperson</td> </tr> </table>	1.	Opens and closes the AGM.	Chairperson	2.	Reads the minutes from the last AGM.	Secretary	3.	Ensures the Agenda is followed.	Chairperson	4.	Take notes during the meeting and writes up the minutes.	Secretary	5.	Has the casting vote if a vote is tied.	Chairperson	<p>10m</p> <p>4m + 2m + 2m + 1m + 1m</p>
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6.	<p>Explain the term 'ethical business'.</p> <p>An ethical business is a business which conducts itself in a <u>fair, just and honest manner</u> in its dealings with all its stakeholders. It would have its own code of ethics setting out the moral principles expected in its contacts with employees, customers, the local community and the government.</p>	<p>10m</p> <p>5m + 5m</p>															
7.	<p>Explain the term 'Breach of Contract'.</p> <p>Breach of contract means that one party to a contract did not fulfil his/her part of contract (breaks a condition of the contract) – the contract is incomplete. The other party to the contract may sue for damages.</p>	<p>10m</p> <p>5m + 5m</p>															
8.	<p>Write TRUE or FALSE after each of the following statements:</p> <table border="1" data-bbox="304 804 1174 1176"> <tbody> <tr> <td>1.</td> <td>Indemnity states that you must gain from the item's existence and suffer financially from its loss.</td> <td>FALSE</td> </tr> <tr> <td>2.</td> <td>Loading is an extra charge on the basic premium due to increased risk.</td> <td>TRUE</td> </tr> <tr> <td>3.</td> <td>An insurance policy is a contract.</td> <td>TRUE</td> </tr> <tr> <td>4.</td> <td>Utmost Good Faith: the insured must be truthful about all material facts when applying for insurance.</td> <td>TRUE</td> </tr> <tr> <td>5.</td> <td>An Assessor calculates the premium the insured must pay.</td> <td>FALSE</td> </tr> </tbody> </table>	1.	Indemnity states that you must gain from the item's existence and suffer financially from its loss.	FALSE	2.	Loading is an extra charge on the basic premium due to increased risk.	TRUE	3.	An insurance policy is a contract.	TRUE	4.	Utmost Good Faith: the insured must be truthful about all material facts when applying for insurance.	TRUE	5.	An Assessor calculates the premium the insured must pay.	FALSE	<p>10m</p> <p>4m + 2m + 2m + 1m + 1m</p>
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9.	<p>(i) Calculate the Balance of Trade:</p> $\begin{aligned} \text{BALANCE OF TRADE} &= \quad \text{€1,300m} && \text{(2)} \\ & \quad \text{– €1,500m} && \text{(3) [must show minus]} \\ &= \quad \text{– €200m} && \text{(3) [must show minus]} \end{aligned}$ <p>(ii) Tick (✓) the correct box to state if the Balance of Trade is a surplus or a deficit:</p> <p style="text-align: center;"><input checked="" type="checkbox"/> Deficit (2)</p>	<p>10m</p> <p>8m</p> <p>2m</p>															
10.	<p>Match the two given lists:</p> <table border="1" data-bbox="359 1630 1139 1736"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td>F</td> <td>D</td> <td>E</td> <td>C</td> <td>B</td> </tr> </tbody> </table>	1	2	3	4	5	F	D	E	C	B	<p>10m</p> <p>4m + 2m + 2m + 1m + 1m</p>					
1	2	3	4	5													
F	D	E	C	B													

11.	<p>Explain the following stages in the development of a new product/service:</p> <p>(i) Feasibility Study: A Feasibility Study is carried out to see if the product can actually be made and brought to the market. It would check:</p> <ul style="list-style-type: none"> • If the firm has the ability to manufacture the product • If the firm has the finances to develop, produce and market it • If it can be produced at a reasonable cost and in large enough quantities to sell at a profit. <p>(ii) Prototype Development: An original working example of a new product is produced and tested – this proves if the product can actually be made and identifies changes or improvements which may be required.</p>	<p>10m</p> <p>5m (3+2)</p> <p>5m (3+2)</p>																									
12.	<p>List two European Union (E.U.) institutions.</p> <ul style="list-style-type: none"> • European Parliament • European Commission • Council of EU (formerly Council of Ministers) • European Court of Auditors • European Court of Justice • European Central Bank. 	<p>10m</p> <p>2 x 5m</p>																									
13.	<p>Complete the following table which refers to the Sale of Goods & Supply of Services Act 1980:</p> <table border="1" data-bbox="304 1234 1262 1599"> <thead> <tr> <th data-bbox="304 1234 727 1312">Consumer Issue</th> <th data-bbox="727 1234 895 1312">Not of merchantable quality</th> <th data-bbox="895 1234 1007 1312">Not fit for purpose</th> <th data-bbox="1007 1234 1134 1312">Not as described</th> <th data-bbox="1134 1234 1262 1312">Does not match the sample</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 1312 727 1384">Waterproof coat that allows the water in.</td> <td data-bbox="727 1312 895 1384"></td> <td data-bbox="895 1312 1007 1384">✓</td> <td data-bbox="1007 1312 1134 1384"></td> <td data-bbox="1134 1312 1262 1384"></td> </tr> <tr> <td data-bbox="304 1384 727 1456">Curtains have a different pattern to that seen in the shop.</td> <td data-bbox="727 1384 895 1456"></td> <td data-bbox="895 1384 1007 1456"></td> <td data-bbox="1007 1384 1134 1456"></td> <td data-bbox="1134 1384 1262 1456">✓</td> </tr> <tr> <td data-bbox="304 1456 727 1527">A black phone inside a box labelled silver phone.</td> <td data-bbox="727 1456 895 1527"></td> <td data-bbox="895 1456 1007 1527"></td> <td data-bbox="1007 1456 1134 1527">✓</td> <td data-bbox="1134 1456 1262 1527"></td> </tr> <tr> <td data-bbox="304 1527 727 1599">The water dispenser of a fridge is leaking.</td> <td data-bbox="727 1527 895 1599">✓</td> <td data-bbox="895 1527 1007 1599"></td> <td data-bbox="1007 1527 1134 1599"></td> <td data-bbox="1134 1527 1262 1599"></td> </tr> </tbody> </table>	Consumer Issue	Not of merchantable quality	Not fit for purpose	Not as described	Does not match the sample	Waterproof coat that allows the water in.		✓			Curtains have a different pattern to that seen in the shop.				✓	A black phone inside a box labelled silver phone.			✓		The water dispenser of a fridge is leaking.	✓				<p>10m</p> <p>3</p> <p>3</p> <p>2</p> <p>2</p>
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14.	<p>List three grounds for which dismissal is deemed to be unfair under the Unfair Dismissals Act 1977/2007.</p> <ul style="list-style-type: none"> • Membership of a trade union or engaging in trade union activities • Religious or political beliefs/opinions • Legal proceedings against an employer where an employee is a party or a witness • Race or colour • Sexual orientation • Age • Membership of the Traveller community • Pregnancy or any matters connected with pregnancy or birth • Availing of rights under legislation to maternity leave, adoptive leave, carer's leave, parental or force majeure leave • Unfair selection for redundancy. 	<p>10m</p> <p>4m + 3m + 3m</p>
15.	<p>Explain two benefits to a business of having highly motivated employees.</p> <ul style="list-style-type: none"> • Employees work harder leading to increased productivity • Staff loyalty – staff stay long-term – low labour turnover • High morale – less industrial relations problems • Workplace happier – positive atmosphere - sense of achievement • Staff willing to undergo training – improved skills help business. 	<p>10m</p> <p>2 x 5m</p>

SECTION 2

PART 1

QUESTION 1		
(A)	<p>Explain how Funky Fotos has broken terms of the Consumer Protection Act 2007:</p> <ul style="list-style-type: none"> • It is illegal for a business to make misleading claims about services: ‘Photos printed immediately’ – The shop assistant told Jenny it was a busy day; therefore, the photos would be ready the following day. • It is illegal for a business to make false/misleading claims about prices: ‘100 Photos - Only €5.99’ – When Jenny returned the following day to collect the photos, she was told the price was €10.99, not €5.99. • The Act requires information in advertisements to be fair and accurate. Advertisement did not specify size of prints. The shop should have honoured Jenny’s request for 5’x7’ photos at the quoted price. 	<p>15m</p> <p>10m (7+3) + 5m (4+1)</p>
(B)	<p>Outline two courses of action the National Consumer Agency can take against Funky Fotos:</p> <ul style="list-style-type: none"> • The NCA may (as a first step) accept a written undertaking from Funky Fotos containing whatever terms and conditions the NCA thinks are appropriate, e.g. compensate consumers. • The NCA may advise Funky Fotos to refer to the NCA Guidelines on appropriate advertising. The aim of these guidelines is to assist traders in meeting their obligations to consumers under the Consumer Protection Act in terms of price promotions and related issues. • The NCA has the power to impose on-the-spot penalties for offences relating to the display of prices. It has the power to enter the business premises and take evidence. • Businesses that break consumer law can be ‘named and shamed’ on its website (Consumer Protection List). • Can apply to the court for a prohibition order to stop shops engaging in illegal practices. (repeat offenders) • Can refer the case to the Director of Public Prosecutions if it feels it to be appropriate. 	<p>15m</p> <p>10m (7+3) + 5m (4+1)</p>

(C)	<p>List three reasons, other than working conditions, which may cause industrial relations disputes:</p> <ul style="list-style-type: none"> • Pay rates • New work practices • Discrimination – employer treats some worker worse than others • Pensions • Holiday entitlements • Dismissal – employee dismissed unfairly • Redundancies – selection for redundancy, redundancy package • Demarcation issues – responsibility of tasks. 	<p>15m</p> <p>10m +3m +2m</p>
(D)	<p>Explain underlined terms:</p> <p>Trade Union: A Trade Union is an organisation that represents workers (employees) in their dealings with employers. It negotiates with employers for better pay and working conditions for its members and represents members in trade disputes.</p> <p>Picketing: Picketing involves workers engaged in industrial action (strike) who assemble outside employer’s premises with placards giving information about their dispute. Picketing must be peaceful.</p>	<p>15m</p> <p>8m (6+2)</p> <p>7m (5+2)</p>
(E)	<p>Explain two functions of the Labour Relations Commission (LRC):</p> <ul style="list-style-type: none"> • Provides Industrial Relations Advisory Service Advice and assistance to employers, employees and trade unions to help create positive working relationships and to identify underlying problems to help prevent disputes. • Provides Conciliation service It appoints an industrial relations officer to mediate between both parties in an industrial dispute to try to negotiate an agreement. • Provides Rights Commissioners Investigate disputes involving one person/small group in relation to issues such as unfair dismissal. • Prepares Codes of Practice Rules, practices and procedures to be followed when dealing with industrial relations problems/conflict. • Conducts research Monitors developments in industrial relations. 	<p>15m</p> <p>12m (10+2) + 3m (2+1)</p>

QUESTION 2		
(A)	(i) Explain what is meant by the "secondary sector".	15m
	<p>The secondary sector includes the manufacturing and construction industries.</p> <p>The manufacturing industry takes raw materials from the primary sector and processes them into finished products, e.g. furniture, computers, cheese. It includes indigenous firms, transnational companies and agri-business.</p> <p>The construction industry is involved in building, e.g. houses, hospitals, roads. It provides good employment when economic conditions are favourable.</p>	5m + 5m
(B)	(ii) Name the two other sectors of the economy.	3m +2m
	<p>Primary Sector (Extractive Industry)</p> <p>Tertiary Sector (Services)</p>	
(B)	<p>Explain two benefits to the people of Kilkenny and the wider community, of Glanbia plc being located there.</p> <ul style="list-style-type: none"> • Creates employment for people in the area • Improves standard of living in area – staff wages spent locally • Spin off effect – other businesses set up to supply services to Glanbia • Sponsorship of local events generates further revenue • Generates business in the area – customers/suppliers of Glanbia • Improves standard of living for local farmers. <p><i>Note: The expected responses are not exhaustive. Marks may be awarded for any other correct answer.</i></p>	15m
		8m (4+4) + 7m (4+3)
(C)	<p>Outline two benefits to Glanbia plc of being located in 14 different countries.</p> <ul style="list-style-type: none"> • Large customer base • Increased sales/profits • Economies of Scale • Quicker access to customers. 	15m
		8m+7m
(D)	<p>Explain two benefits of operating as a Public Limited Company (plc)</p> <ul style="list-style-type: none"> • More capital available – can issue more shares as required – minimum 7 shareholders, no maximum • Limited Liability – shareholders risk only amount invested • Continuity of existence – doesn't close on death of shareholder • Can attract high calibre management by paying larger salaries • Daily publicity – quoted on stock exchange. 	15m
		8m (4+4) + 7m (4+3)

(E)	<p>Outline two challenges/difficulties that the agri-business sector in Ireland may face.</p> <ul style="list-style-type: none"> • Many agri-business firms in Ireland are small on a worldwide scale – makes it more difficult to compete. • Free trade in EU countries means greater competition for Irish agri-business companies. • Large supermarkets offer low prices for their products – this makes it very difficult to make a profit. • More R & D necessary to develop new products – very costly. • Consumer concerns about quality of food due to recent health scares – horsemeat in burgers, CJD. • Unpredictable Irish weather – crop failure – affects supply to agri-business companies. • Traceability of products now essential – extra cost of packaging. • Threat of takeover by larger firms or foreign firms. • Changes in EU Legislation may put extra pressure on costs. • Consumer trends may change – marketing essential. <p><i>Note: The expected responses are not exhaustive. Marks may be awarded for any other correct answer.</i></p>	<p>15m</p> <p>10m (5+5) + 5m (3+2)</p>
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QUESTION 3														
(A)	<p>Construct a Line Graph:</p> <table border="1"> <caption>Employment Levels in Hospitality Sector in Ireland 2005-2013</caption> <thead> <tr> <th>Year</th> <th>Number Employed</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>135,000</td> </tr> <tr> <td>2007</td> <td>133,000</td> </tr> <tr> <td>2009</td> <td>130,000</td> </tr> <tr> <td>2011</td> <td>115,000</td> </tr> <tr> <td>2013</td> <td>130,000</td> </tr> </tbody> </table>	Year	Number Employed	2005	135,000	2007	133,000	2009	130,000	2011	115,000	2013	130,000	<p>15m</p> <p>Heading 3</p> <p>Labels: Year 1 No.empl 1</p> <p>Correct Points: 5 x 2m</p> <p>[Does not have to be scaled from '0']</p>
Year	Number Employed													
2005	135,000													
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(B)	<p>Outline two benefits to the tourism/hospitality sector of the reduced 9% VAT rate.</p> <ul style="list-style-type: none"> • Keeps prices lower – prices paid by customers much lower • Cheaper hotel rates attract more tourists to Ireland • Increased sales/profits – lower prices results in increased sales/more profit • Creates more employment in sector – increased sales results in more jobs being created. <p><i>Note: The expected responses are not exhaustive. Marks may be awarded for any other correct answer.</i></p>	<p>15m</p> <p>8m (4+4) + 7m (4+3)</p>												
(C)	<p>Outline two other ways the Government assists businesses in Ireland.</p> <ul style="list-style-type: none"> • Grants – provides grant aid for start-up, expansion. • Infrastructure – transport, telecommunications. • Government agencies - Enterprise Ireland, IDA, Dept of Enterprise Jobs & Innovation, Solas – assist business to set up, expand, export. • Low rate of corporation tax on company profits. • Loans to start-up companies with less than 10 employees, via Microfinance Ireland (MFI). • National pay deals help businesses to control costs. • Help provide essential services, e.g. water, electricity. 	<p>20m</p> <p>2 x 10m (5+5)</p>												

(D)	<p>Name three taxes, other than VAT, which the Government collects.</p> <ul style="list-style-type: none"> • Corporation Tax • PAYE (Income Tax) • Capital Gains Tax • Capital Acquisitions Tax • DIRT • Local Property Tax (LPT) • Motor Tax • Customs & Excise duties. 	<p>15m</p> <p>(3 x 5m)</p>
(E)	<p>Explain the term 'privatisation of state-owned enterprise'.</p> <p>Privatisation involves the Government <u>selling off</u> state-owned enterprise <u>to privately owned firms</u>. e.g. Aer Lingus, National Lottery.</p>	<p>10m</p> <p>(5m+5m)</p>

PART 2:

QUESTION 4		
(A)	<p>Outline three enterprising skills/characteristics displayed by Jordan.</p> <ul style="list-style-type: none"> • Decisive – Jordan decided to set up his own business after being made redundant • Innovative/Creative – spotted an opportunity to set up surf school • Risk taker – set up his own business from a hobby – no guarantee of success • Realistic – he was aware of his limitations • Initiative – sought help from CEB • Planning – undertook SWOT analysis <p style="text-align: center;"><i>*Accept other relevant skills/characteristics</i></p>	<p>15m</p> <p>3 x 5m (3+2)</p>
(B)	<p>Outline two other sources of new business ideas (apart from hobby).</p> <ul style="list-style-type: none"> • Brainstorming: List as many ideas as possible, without limits or judgements. One idea often sparks another idea. After an agreed time, the ideas are evaluated and a shortlist of best ideas may be drawn up for further development. • Research & Development: Putting money into trying to develop a new/improved product e.g. Samsung develop improved mobile phones. R & D sometimes leads to a different and more successful product. • Customer Feedback: Market Research / surveys / complaints – help to find out what products consumers want or dislike. • Intrapreneurship / Staff suggestions: Employees act like entrepreneurs and come up with new ideas or new ways of doing things. • Family/Friends/Social Networking/Community: May mention products/services that they would like to be able to buy or are not available in the area where they live. • Competitors: Monitoring competing firms may lead to ideas of improving products. 	<p>15m</p> <p>10m (7+3) + 5m (4+1)</p>

(C)	<p>Explain two long-term sources of finance Jordan could use to set up his business</p> <ul style="list-style-type: none"> • Long-term Loan/Debenture – a long-term loan from bank which must be repaid with interest over a long term (e.g.10 years) • Grant – money provided by Govt. via CEBs to start-up business which does not have to be repaid • Owner’s Capital – Jordan can use his redundancy money to set up his business • Share Capital/Investors – Jordan could seek out investment from others who would become part-owners of the firm. 	<p>15m</p> <p>10m (7+3) + 5m (4+1)</p>
(D)	<p>Explain why Jordan should carry out a SWOT Analysis.</p> <p>A SWOT analysis is undertaken by a firm to assess its:</p> <p>Strengths (Internal) – the factors that make the business work well and give it an advantage, e.g. good product, employees, USP.</p> <ul style="list-style-type: none"> ❖ Jordan’s strength is his knowledge of and skills in surfing. <p>Weaknesses (Internal) – the factors within the business which need improvement in order to be successful. They weaken the business and must be remedied if it is to succeed, e.g. poor management.</p> <ul style="list-style-type: none"> ❖ Jordan is aware of his weakness – he needs mentoring and help with marketing. <p>Opportunities (External) – outside factors that could help the firm to succeed and grow, e.g. increase in consumers’ disposable income, new markets, internet marketing.</p> <ul style="list-style-type: none"> ❖ Jordan seeks help from outsiders – the CEB. <p>Threats (External) – outside factors that might cause problems for the business and prevent it from achieving its objectives, e.g. new competitors, economic situation/recession.</p> <ul style="list-style-type: none"> ❖ The threats to Jordan could include planning permission requirement, the current economic situation, safety legislation and existing surfing lessons at nearby beaches. 	<p>15m</p> <p>4 x 3m + 1 expl. @ 3m</p>
(E)	<p>Outline how the mentoring system provided by the County Enterprise Board works.</p> <p>An experienced businessperson acts as an advisor to a new business / entrepreneur during the start-up period. This involves speaking to the entrepreneur about their own experiences, advising them on how to start-up and run the business and overseeing the running of the business in a guidance role.</p>	<p>15m</p> <p>12m + 3m</p>

QUESTION 5		
(A)	<p>Explain two types of Leadership styles.</p> <p>Autocratic Leader:</p> <ul style="list-style-type: none"> • also known as authoritarian leader • prefers to make own decisions • does not consult with others • gives employees orders and expects to be obeyed • does not delegate responsibility to staff/ distrusts staff • communication is only one way – top-down • objectives achieved by threats, fear and position of authority. <p>Democratic Leader:</p> <ul style="list-style-type: none"> • more inclusive style of leadership • delegates responsibility/authority to employees/staff • consults with staff/hears opinions before making decisions • trusts employees to be responsible • communication is two way • persuasion and motivation rather than giving orders. <p>Laissez-faire/Free-rein Leader:</p> <ul style="list-style-type: none"> • relaxed leadership style • all authority/responsibility delegated to staff • considerable trust in employees • little or no involvement from management • communication may be difficult • suitable for creative industries. 	<p>15m</p> <p>2m + 6m (3+3)</p> <p>2m + 5m (3+2)</p>
(B)	<p>Explain why BestoPesto would use batch production methods for its sauces?</p> <p>Batch Production: Producing a certain/limited amount/quantity of identical products at the same time or in one production run. BestoPesto manufactures sauces in five different flavours.</p> <ul style="list-style-type: none"> • Batch production suits them because they could produce a quantity of maybe 5,000 pepper sauces in one run. Then they would produce 5,000 mint sauces in the next batch. This assumes sales of 5,000 of each sauce per week. • Sauces are perishable goods and therefore have a relatively short shelf life so it is more suitable than mass production. • Waste is reduced / production is more efficient because they only have to produce the expected level of sales for their product at any one time. 	<p>15m</p> <p>8m + 7m</p>

<p>(C)</p>	<p>(i) Explain the term ‘Quality Control’.</p> <p>Quality Control is checking that the methods of production are the most efficient to ensure that the finished product consistently meets the standards set by law and required by customers. A good quality control system can lead to cost savings, fewer customer complaints, enhanced reputation and increased sales.</p> <p>(ii) Outline one method that BestoPesto could use to improve quality control.</p> <ul style="list-style-type: none"> • BestoPesto could appoint a Quality Controller to oversee all aspects of production • The staff could be trained to ensure quality standards are maintained at all times • Reward staff for consistently high standards • Set up a Quality Circle among staff to discuss/resolve quality issues • BestoPesto could apply for quality standard certification (e.g. Q mark or ISO). 	<p>20m</p> <p>10m (5 + 5)</p> <p>10m (5 + 5)</p>
<p>(D)</p>	<p>Using today’s date, draft the memo sent by Maria Conlon to the staff informing them of the upcoming staff meeting.</p> <hr/> <p style="text-align: center;">MEMO</p> <p>To: All Staff (1) From: Maria Conlon, Manager (1) Date: 12 June 2014 (1) Re: Staff Meeting (1)</p> <p>A staff meeting to discuss quality control issues (1) will be held on Friday, 27th June 2014 (1) starting at 9.00 a.m. (1) in the conference room (1).</p> <p>Signed: Maria Conlon (1) Title: Manager (1)</p>	<p>10m</p> <p>(10 x 1m)</p>
<p>(E)</p>	<p>Outline two advantages of meetings as a method of communication.</p> <ul style="list-style-type: none"> • Information can be given and understood more easily – information can be explained to avoid confusion • Problems can be solved more easily - Face to face meetings build up relationships between people this makes it easier to solve problems • Decisions can be made more quickly – people are face to face and can make decisions on the spot. A vote can be taken if necessary • Opinions can be heard – allows people present to give opinions and feedback. 	<p>15m</p> <p>8m (4+4) + 7m (4+3)</p>

QUESTION 6		
(A)	<p>Outline two reasons for business expansion.</p> <ul style="list-style-type: none"> • To increase profits: The entrepreneur wants to increase profits. As the firm grows, it can make more efficient use of resources. It can also reach a wider market. • Survive economic shocks: Bigger businesses are better able 'ride the storm' and survive economic shocks such as a recession. • Eliminate competition: A business might take over one of its competitors to get rid of the opposition and gain control of market. • Esteem needs/ambition: the entrepreneur wants to have the largest business in their industry – they want to be 'empire builders'. • To acquire new technology: a business may take over another business to get access to technology the business may have. • Economies of scale: producing goods on a large scale lowers the cost of production per item, e.g. cheaper raw materials due to bulk buying, advertising costs spread over larger amount of goods – leading to reduced costs. They can sell their products for less and stay competitive. • Diversification: a business might develop new products or enter new markets to spread the risk and not rely only on one product/market. 	<p>15m</p> <p>8m (4+4) + 7m (4+3)</p>
(B)	<p>Explain the four terms:</p> <p>Job Description: This document shows <u>details of the position/vacancy to be filled</u>, including the job title, work details, duties and responsibilities of the job, conditions of employment and place of work.</p> <p>Person Specification: This describes the <u>qualities that the successful candidate for the job should have</u>. These would include academic qualifications, previous work experience and relevant personal characteristics and skills. E.g. to work for Smartsell, a person would need marketing and ICT skills.</p> <p>Bonuses Extra payments made to employees to reward them for reaching/achieving a <u>specific target</u>.</p> <p>Benefits-in-kind <u>Non-cash payments</u> given to employees, usually in addition to their wages/salaries or as part of an overall package. They include subsidised meals, company car, free telephone, free laptop/tablet, free health insurance, free gym membership.</p>	<p>20m</p> <p>4 x 5m (3+2)</p>

<p>(C)</p>	<p>Explain the difference between ‘on the job’ training and ‘off the job’ training. Refer to Smartsell in your answer.</p> <p>On-the job training: This means teaching the skills and knowledge required for the job in the actual workplace. e.g.: Smartsell staff being shown how to use software by the manager/ work shadowing</p> <p>Off-the-job training: This means training that takes place away from the work place. e.g.: Smartsell staff being sent on a training course at an outside venue.</p>	<p>10m</p> <p>2 x 5m (3 + 2)</p>
<p>(D)</p>	<p>List two methods of advertising the job vacancies.</p> <ul style="list-style-type: none"> • National/local newspapers • Local radio • Online – Company website/Facebook/Twitter • Recruitment/employment agency • Head hunting • Posters / store window • Universities/Colleges – meet groups of students. 	<p>10m</p> <p>2 x 5m</p>
<p>(E)</p>	<p>Calculate Net Annual Take-home pay from information given:</p> <p>Gross Pay: €60,000 (2)</p> <p><u>Less Deductions:</u></p> <p>PAYE: 20% of €32,800 = €6,560 (3) 41% of €27,200 = <u>€11,152</u> (3)</p> <p>Gross PAYE Payable = €17,712 Less Tax Credit: = <u>(€3,600)</u> (3) Net PAYE Payable = €14,112</p> <p>PRSI: 4% of €60,000 = €2,400 (3)</p> <p>USC: 3% of €60,000 = <u>€1,800</u> (3)</p> <p><u>Total Deductions:</u> <u>€18,312</u> Net Annual Take-home pay: €41,688 (3)</p>	<p>20m</p> <p>1 x 2m 6 x 3m</p> <p>Note: <i>Must show workings</i></p>

QUESTION 7		
(A)	<p>Outline two types of insurance the Sanders household might have.</p> <p>House / Buildings Insurance: Provides compensation/protection if the structure of the building is damaged by fire, flood, storm.</p> <p>Contents Insurance: Provides compensation/protection against loss or damage to the contents (anything of value in the house) caused by fire, flood, burst pipes, burglars.</p> <p>Motor Insurance: By law the Sanders must have third party motor insurance for their car. This protects against damage caused to others while driving. They may also have third party fire and theft or comprehensive insurance for their car.</p> <p>Health Insurance: Covers the cost of hospital care and some medical bills in the event of serious illness or accident to any family member. The main providers of health insurance are VHI, Laya, Aviva, Glo Health, HSF Health Plan.</p> <p>Mortgage Protection Insurance: Mortgage will be cleared if mortgage holder passes away.</p> <p>Employees PRSI: Must be paid by law – entitles the family to illness benefit, disability benefit.</p> <p>Also: Life assurance, pet Insurance, Phone Insurance, travel insurance, income protection insurance.</p>	<p>15m</p> <p>8m(4+4) + 7m (4+3)</p>
(B)	<p>Outline two reasons why the Sanders Household would prepare a Household Budget.</p> <ul style="list-style-type: none"> • To plan future income and expenditure. • To identify months of overspend and make plans to cut back. • To identify months of surplus and make plans to deal with surplus cash. • To plan savings – extension, holiday, car etc. • To plan fixed, irregular and discretionary spending. • To identify times when extra finance is needed e.g. bank overdraft. • To help solve cash flow problems. 	<p>15m</p> <p>8m (4+4) + 7m (4+3)</p>
(C)	<p>Outline two factors the Sanders household must consider before taking out a medium term bank loan.</p> <ul style="list-style-type: none"> • Purpose of finance – they need a second car • Cost of finance – interest rates/repayments/APR. • Length of time finance is required – approx. 5 years • Security/collateral required as a backing for the loan • Can they afford repayments – cash flow budget will help them • Other financial commitments – they have an overdraft. 	<p>15m</p> <p>8m (4+4) + 7m (4+3)</p>

(D)	<p>Explain three features of a Current account.</p> <ul style="list-style-type: none"> • ATM/Debit card can be used to withdraw cash and make payments • Bank overdraft can be taken out which allows a/c holder to withdraw more money than is in the current account • Direct Debit and Standing Orders can be used to make regular payments from one current a/c to another/pay bills • A/c can be accessed and managed online/telephone • Access to money at all times • Fee/bank charge payable for use of the account • Cheque book can be used to make payments from Current a/c • Wages/Salary can be paid directly into Current a/c via Paypath. 	<p>15m</p> <p>6m (3+3) + 6m (3+3) + 3m (2+1)</p>																								
(E)	<p>Outline one similarity and one difference for Linda between managing her office and managing her home.</p> <p><u>Similarities:</u></p> <table border="1" data-bbox="311 835 1299 1346"> <thead> <tr> <th></th> <th>OFFICE</th> <th>HOME</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Plans office cash flow</td> <td>Plans household budget</td> </tr> <tr> <td>2</td> <td>Sources of finance – short, medium and long-term (e.g. stock, equipment, business expansion)</td> <td>Sources of finance – short, medium and long-term (e.g. clothes, car, house extension)</td> </tr> <tr> <td>3</td> <td>Identifies insurance requirements e.g. property, public liability,</td> <td>Identifies insurance requirements e.g. house and contents, car</td> </tr> <tr> <td>4</td> <td>Ensures taxes are paid. e.g. VAT, corporation tax</td> <td>Ensures taxes are paid. e.g. DIRT, motor tax, income tax</td> </tr> <tr> <td>5</td> <td>Must keep financial records</td> <td>Must keep financial records</td> </tr> <tr> <td>6</td> <td>Delegates jobs to staff</td> <td>Delegates chores to family</td> </tr> <tr> <td>7</td> <td>Planning, organising, controlling.</td> <td>Planning, organising, controlling.</td> </tr> </tbody> </table> <p><u>Differences:</u></p> <ul style="list-style-type: none"> • Different types of taxation • Businesses need a wider range of insurance cover • Businesses have a wider range of sources of finance • Scale of activities much greater in business • Business subject to more legislation • Business must keep financial records • Business subject to high levels of legislation • HR problems could arise in business • Specific types of management expertise required in business. 		OFFICE	HOME	1	Plans office cash flow	Plans household budget	2	Sources of finance – short, medium and long-term (e.g. stock, equipment, business expansion)	Sources of finance – short, medium and long-term (e.g. clothes, car, house extension)	3	Identifies insurance requirements e.g. property, public liability,	Identifies insurance requirements e.g. house and contents, car	4	Ensures taxes are paid. e.g. VAT, corporation tax	Ensures taxes are paid. e.g. DIRT, motor tax, income tax	5	Must keep financial records	Must keep financial records	6	Delegates jobs to staff	Delegates chores to family	7	Planning, organising, controlling.	Planning, organising, controlling.	<p>15m</p> <p>10m (5+5)</p> <p>5m (3+2)</p>
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QUESTION 8		
(A)	<p>(i) List two methods of Field Research which Niamh could use.</p> <ul style="list-style-type: none"> • Survey/Questionnaire • Interview • Consumer panel • Observation <p>(ii) Explain one advantage of each method.</p> <p><i>[Note: Distinct advantage for each. Advantages of each method may overlap.]</i></p> <p>Survey/ Questionnaire Niamh can determine from the responses how customers will react to her new products. It could identify if there is a target market for her products It could save her money if it shows in advance that the product will not be in demand.</p> <p>Interview Face to face – Niamh can see the reaction to her questions. Personal feedback may point her in a different direction.</p> <p>Consumer Panel A group of people (focus group) could use the products and give Niamh valuable feedback.</p> <p>Observation This could show how producers of competing products run their business. Consumer reaction could also be observed.</p>	<p>20m</p> <p>2 x 5m</p> <p>2 x 5m</p>
(B)	<p>Explain the term ‘break-even’.</p> <p>Break-even means a business takes in enough revenue/has enough sales to cover all its costs – it does not make a profit or a loss.</p>	<p>10m</p> <p>10m (7+3)</p>
(C)	<p>Outline two factors Niamh must consider before setting the price of her products and services.</p> <ul style="list-style-type: none"> • Cost of production / research & development – costs must be calculated and recouped over the life of the product. • Break-even point – the minimum price to cover costs • Identify a target market – good demand expected so higher price can be charged • Competition – price must be similar to competitors to gain market share. Niamh must decide whether to charge the same or a lower price. • Type of product – may require special packaging / will it require a sell-by date? • Economic conditions/demand – higher prices charged in a booming economy. 	<p>15m</p> <p>10m (7+3) + 5m (4+1)</p>

(D)	<p>Describe two sales promotion methods to increase sales for Madra Mia.</p> <ul style="list-style-type: none"> • Free gifts – Niamh can give customer a free gift with every grooming service • Money-off vouchers – Niamh can give reductions in price to regular customers • Special offers – Buy one product, get one free/ three grooming services for the price of two • Competitions – Niamh can run competitions to win grooming service/products • She might consider Loyalty Cards/Schemes but would need a large number of customers. <p style="text-align: center;"><i>[Note: Only accept one type of any Sales Promotion]</i></p>	<p>15m</p> <p>10m (7+3) + 5m (4+1)</p>
(E)	<p>Outline two benefits of preparing a business plan.</p> <p>Preparing a business plan can help a business</p> <ul style="list-style-type: none"> • To set out clearly the objectives and targets of the firm • To assess actual performance with targets set • To obtain finance from lenders, who must be convinced that the plan has a good chance of success • To attract potential investors as they can assess the risk before investing • To identify resources required for future • To foresee future difficulties and take steps to address them. 	<p>15m</p> <p>12m + 3m</p>

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