



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

**Leaving Certificate 2016**

**Marking Scheme**

**Business**

**Ordinary Level**



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### **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 2016**

## **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. Marks may be awarded for any other correct answers.
- 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 2016  
MARKING SCHEME**

<b>SECTION 1      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                      (4) 2 <sup>nd</sup> correct term    1m + 1m + 1m                      (3) 3 <sup>rd</sup> correct term    1m + 1m + 1m                      (3)	10
2	<b>Three</b> methods:    4m + 3m + 3m	10
3	<b>Four</b> answers:    3m + 3m + 2m + 2m	10
4	<b>Two</b> Factors:       @ 5m each	10
5	<b>(a)</b> 3m <b>(b)</b> 2 x 2m <b>(c)</b> 3m	10
6	<b>Three</b> activities:    4m + 3m + 3m	10
7	<b>Two</b> words:        @ 5m each	10
8	<b>Two</b> reasons:      @ 5m each	10
9	<b>Two</b> ways:         @ 5m each (3m + 2m)	10
10	<b>Five</b> answers:     @ 2m each	10
11	<b>One</b> correct box: 10m	10
12	<b>Two</b> policies:      @ 5m each	10
13	Explanation: 8m (4 + 4)    Example: 2m	10
14	<b>Four</b> answers:     3m + 3m + 2m + 2m	10
15	<b>Five</b> answers:     @ 2m each	10
	<b>Available Marks</b>	<b>100</b>

## SECTION 2 – 300 MARKS

### PART 1

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

#### QUESTION 1

<b>(A)</b>	Sale (2) of Goods (2) and Supply (2) of Services (2) Act 1980 (2)	10
<b>(B)</b>	<b>Two</b> legal rights: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(C)</b>	<b>Two</b> forms of redress: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(D)</b>	<b>Three</b> causes outlined: @ 5 marks each (3m + 2m)	15
<b>(E)</b>	<b>Two</b> types of official industrial action: @ 10 marks each (5m + 5m)	20
	<b>Available Marks</b>	<b>75</b>

#### QUESTION 2

<b>(A)</b>	Explain the secondary sector: 12 marks (4m + 4m + 4m) Name one other sector: 3m	15
<b>(B)</b>	Explain multinational company: 12 marks (7m + 5m) Name one other: 3m	15
<b>(C)</b>	<b>Two</b> reasons why Apple located in Ireland: 2 x 10 marks (5m + 5m)	20
<b>(D)</b>	<b>Two</b> benefits of operating as a PLC: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(E)</b>	<b>Two</b> benefits of economic growth: @ 5 marks each (3m + 2m)	10
	<b>Available Marks</b>	<b>75</b>

### QUESTION 3

<b>(A)</b>	Calculate Balance of Trade Formula 3m Figures 9m (3 x 3m) State whether surplus or deficit 3m	15
<b>(B)</b>	<b>Two</b> examples of imported goods @ 3 marks each <b>Two</b> reasons for imported goods @ 7 marks each (5m + 2m)	20
<b>(C)</b>	<b>Two</b> challenges for Irish businesses: 8 marks (5m + 3m) 7 marks (5m + 2m)	15
<b>(D)</b>	<b>Two</b> uses of ICT: 8 marks (5m + 3m) 7 marks (5m + 2m)	15
<b>(E)</b>	<b>Two</b> advantages Ireland being EU member: @ 5 marks each (3m + 2m)	10
	<b>Available Marks</b>	<b>75</b>

## SECTION 2 – PART 2

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

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

### QUESTION 4

<b>(A)</b>	<b>Three</b> characteristics of an entrepreneur: @ 5 marks each (3m + 2m)	15
<b>(B)</b>	<b>Two</b> risks of setting up a business: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(C)</b>	<b>Two</b> features of a democratic leader: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(D)</b>	<b>Two</b> benefits of having highly motivated employees: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(E)</b>	<b>Two</b> advantages of meetings: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
	<b>Available Marks</b>	<b>75</b>

### QUESTION 5

<b>(A)</b>	Outline <b>three</b> types of insurance for a business: 7 marks (4m + 3m) 7 marks (4m + 3m) 6 marks (4m + 2m)	20
<b>(B)</b>	<b>Two</b> actions to reduce premium: @ 5 marks each	10
<b>(C)</b>	List <b>two</b> taxes, other than motor tax, that a business might pay. 8 marks 7 marks	15
<b>(D)</b>	Explain the term 'bank overdraft'. 10 marks (5m + 5m)	10
<b>(E)</b>	Explain three factors that a bank would consider before giving a loan to a business. 7 marks (4m + 3m) 7 marks (4m + 3m) 6 marks (4m + 2m)	20
	<b>Available Marks</b>	<b>75</b>

### QUESTION 6

<b>(A)</b>	Explain the difference between 'internal recruitment' and 'external recruitment'. 2 @ 10 marks each (4m + 3m + 3m)	20
<b>(B)</b>	(i) Explain 'Job description'. 10 marks (4m + 3m + 3m)  (ii) Explain 'Person specification'. 10 marks (4m + 3m + 3m)	20
<b>(C)</b>	Explain the difference between 'on the job training' and 'off the job training'. 5 marks (3m + 2m) 5 marks (3m + 2m)	10
<b>(D)</b>	Outline <b>three</b> types of rewards for employees. @ 5 marks each (3m + 2m)	15
<b>(E)</b>	List <b>two</b> methods of advertising job vacancies.: @ 5 marks each	10
	<b>Available Marks</b>	<b>75</b>



### QUESTION 7

<b>(A)</b>	Explain <b>three</b> sources of new product/service ideas for a business: @ 5 marks each (3m + 2m)	15
<b>(B)</b>	Outline <b>two</b> reasons why a business would carry out market research: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(C)</b>	<b>Two</b> medium term sources of finance: @ 5 marks each (3m + 2m)	10
<b>(D)</b>	List <b>two</b> examples of well-known brand names: @ 4 marks each Outline <b>two</b> benefits of a brand name for a business: @ 6 marks each	20
<b>(E)</b>	Describe <b>two</b> sales promotions: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
	<b>Available Marks</b>	<b>75</b>

### QUESTION 8

<b>(A)</b>	(i) Explain the term 'sole trader'. 5 marks (3m + 2m)  (ii) Outline <b>two</b> benefits of being a sole trader. @ 5 marks each	15
<b>(B)</b>	(i) Outline <b>two</b> features of batch production. @ 5 marks each (3m + 2m)  (ii) List the <b>two</b> other types of production used in business. @ 5 marks each	20
<b>(C)</b>	Outline <b>three</b> factors that Dolly should consider when setting the price of her products: 7 marks (4m + 3m) 7 marks (4m + 3m) 6 marks (4m + 2m)	20
<b>(D)</b>	Explain the term 'target market': 10 marks (5m + 5m)	10
<b>(E)</b>	Explain the term 'Channels of Distribution'. 10 marks (5m + 5m)	10
	<b>Available Marks</b>	<b>75</b>

## LC BUSINESS - ORDINARY LEVEL SUPPORT NOTES – 2016

**SECTION 1:**

**SHORT ANSWER QUESTIONS**

**100 marks**

Q.	Expected Responses	Marks																																										
<b>1</b>	<p><b>What do the following letters stand for?</b></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="width: 15%;"><b>VAT</b></td> <td>Value Added Tax</td> </tr> <tr> <td><b>WWW</b></td> <td>World Wide Web</td> </tr> <tr> <td><b>AGM</b></td> <td>Annual General Meeting</td> </tr> </table>	<b>VAT</b>	Value Added Tax	<b>WWW</b>	World Wide Web	<b>AGM</b>	Annual General Meeting	<p><b>10m</b></p> <p>(4+3+3)</p>																																				
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<b>2</b>	<p><b>List three methods of written communication a business might use:</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li>• Email</li> <li>• Letter</li> <li>• Memo/Memorandum</li> <li>• Business Document; Invoice, Statement, Credit Note etc.</li> </ul> </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li>• Report</li> <li>• Agenda</li> <li>• Minutes</li> <li>• Notice</li> <li>• Texting</li> <li>• Social Media – Twitter</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li>• Email</li> <li>• Letter</li> <li>• Memo/Memorandum</li> <li>• Business Document; Invoice, Statement, Credit Note etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Report</li> <li>• Agenda</li> <li>• Minutes</li> <li>• Notice</li> <li>• Texting</li> <li>• Social Media – Twitter</li> </ul>	<p><b>10m</b></p> <p>(4+3+3)</p>																																								
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<b>3</b>	<p><b>Calculate Ken McGrath’s net annual take home pay from the following details. Show your workings.</b></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 40%;">Name: Ken McGrath</th> <th style="width: 10%;"></th> <th style="width: 10%; text-align: center;">€</th> <th style="width: 10%; text-align: center;">€</th> </tr> </thead> <tbody> <tr> <td>Gross Pay</td> <td></td> <td></td> <td style="text-align: right;">30,000</td> </tr> <tr> <td><b>Deductions</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>PAYE (20% of €30,000)</td> <td style="text-align: right;">6000</td> <td></td> <td></td> </tr> <tr> <td>- Tax Credit</td> <td style="text-align: right;"><u>3200</u></td> <td></td> <td></td> </tr> <tr> <td>Net PAYE</td> <td></td> <td style="text-align: right;">2,800</td> <td></td> </tr> <tr> <td>PRSI (4% of €30,000)</td> <td></td> <td style="text-align: right;">(i) 1,200</td> <td></td> </tr> <tr> <td>USC (3% of €30,000)</td> <td></td> <td style="text-align: right;">(ii) 900</td> <td></td> </tr> <tr> <td><b>Total Deductions</b></td> <td></td> <td></td> <td style="text-align: right;">(iii) 4,900</td> </tr> <tr> <td><b>Net Annual Take Home Pay</b></td> <td></td> <td></td> <td style="text-align: right;">(iv) 25,100</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="width: 50%; padding: 5px;">           Show Workings  <b>PRSI</b>    <math>30,000 \times 4 / 100 = 1,200</math> </td> <td style="width: 50%; padding: 5px;">           Show Workings  <b>USC</b>    <math>30,000 \times 3 / 100 = 900</math> </td> </tr> </table>	Name: Ken McGrath		€	€	Gross Pay			30,000	<b>Deductions</b>				PAYE (20% of €30,000)	6000			- Tax Credit	<u>3200</u>			Net PAYE		2,800		PRSI (4% of €30,000)		(i) 1,200		USC (3% of €30,000)		(ii) 900		<b>Total Deductions</b>			(iii) 4,900	<b>Net Annual Take Home Pay</b>			(iv) 25,100	Show Workings <b>PRSI</b> $30,000 \times 4 / 100 = 1,200$	Show Workings <b>USC</b> $30,000 \times 3 / 100 = 900$	<p><b>10m</b></p> <p>(3) (3) (2) (2)</p>
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<b>4</b>	<p><b>Complete the missing Factors of Production in the spaces provided.</b></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px; text-align: center;"> <tr> <td style="width: 25%; background-color: #cccccc;">LAND</td> <td style="width: 25%; background-color: #cccccc;">LABOUR</td> <td style="width: 25%; background-color: #cccccc;">CAPITAL</td> <td style="width: 25%; background-color: #cccccc;">ENTERPRISE</td> </tr> </table>	LAND	LABOUR	CAPITAL	ENTERPRISE	<p><b>10m</b></p> <p>(5+5)</p>																																						
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5	<p><b>The given chart illustrates the projected sales of new cars for Maher Motors Ltd for the six-month period January to June 2017.</b></p> <p>(a) Name the method of visual communication presented. Bar Chart (3)</p> <p>(b) (i) Identify the month with the highest projected sales. January (2)</p> <p>(ii) Identify the forecast number of cars that will be sold in that month. 300 (2)</p> <p>(c) Name one other method of visual communication. Pie Chart, Pictogram, Line graph, Breakeven chart, Map. (3)</p>	10m
6	<p><b>Name the three management activities.</b></p> <p>(i) Planning</p> <p>(ii) Organising</p> <p>(iii) Controlling</p>	10m (4+3+3)
7	<p><b>Choose the given words to complete the sentence below.</b> <b>POWER DECISIONS TARGETS</b></p> <p>Employee Empowerment provides staff with more <b>POWER</b> to make their own <b>DECISIONS</b> about how to do their jobs.</p>	10m (5+5)
8	<p><b>List two reasons for unfair dismissal, under the Unfair Dismissals Act 1977/2007.</b></p> <ul style="list-style-type: none"> <li>• If the employer can't prove the employees' incompetence/misconduct.</li> <li>• Employer has not followed the correct procedures, e.g. not giving the employee a verbal or written warning, right of appeal, right to representation at a hearing, opportunity to contest.</li> <li>• Member of a trade union/engaging in trade union activities.</li> <li>• Sexual Orientation.</li> <li>• Religious or political beliefs/opinions.</li> <li>• Pregnancy or matters connected with pregnancy or birth.</li> <li>• Availing of rights under legislation to maternity leave, parental leave, adoptive leave, carer's or force majeure leave.</li> <li>• Legal proceedings against an employer where an employee is a party or a witness.</li> <li>• Membership of the traveller community.</li> <li>• Race or colour.</li> </ul>	10m 2 x 5m

9	<p><b>Outline two ways in which a business could become more environmentally friendly.</b></p> <ul style="list-style-type: none"> <li>• Minimise waste/safe disposal of waste.</li> <li>• Cleaner production methods/energy efficiency (this can include switching to renewable energy sources).</li> <li>• The business could adopt the 4Rs: reduce, reuse, recycle and recover.</li> <li>• Pollution prevention – minimise emissions.</li> <li>• Code of Ethics: The business could establish a code of ethics setting out the modes of behaviour expected from the employee/business in its dealings with the environment.</li> <li>• Encouraging a culture of openness, consultation, honesty and awareness of environmental issues.</li> <li>• Regular environmental audits/Advice from the EPA (Environmental Protection Agency)/Promotion of environmental issues (rewarding “Green” initiatives).</li> </ul>	<p><b>10m</b></p> <p>2 x 5m (3 + 2)</p>										
10	<p><b>Write TRUE or FALSE after each of the following statements.</b></p> <table border="1" data-bbox="312 981 1283 1375"> <tr> <td>Inflation refers to an increase in general prices from one year to the next.</td> <td><b>True</b></td> </tr> <tr> <td>A recession leads to increased spending by consumers.</td> <td><b>False</b></td> </tr> <tr> <td>Lower interest rates mean the cost of borrowing money is cheaper.</td> <td><b>True</b></td> </tr> <tr> <td>Exchanges rates refer to the price of one currency expressed in terms of another currency.</td> <td><b>True</b></td> </tr> <tr> <td>High unemployment leads to an increase in government spending on social welfare.</td> <td><b>True</b></td> </tr> </table>	Inflation refers to an increase in general prices from one year to the next.	<b>True</b>	A recession leads to increased spending by consumers.	<b>False</b>	Lower interest rates mean the cost of borrowing money is cheaper.	<b>True</b>	Exchanges rates refer to the price of one currency expressed in terms of another currency.	<b>True</b>	High unemployment leads to an increase in government spending on social welfare.	<b>True</b>	<p><b>10m</b></p> <p>5 x 2m</p>
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11	<p><b>Indicate which government body is responsible for further education and training. Place a (✓) in the correct box.</b></p> <p>Solas (Formerly known as FÁS) <input checked="" type="checkbox"/></p> <p>IDA (Industrial Development Authority) <input type="checkbox"/></p>	<p><b>10m</b></p> <p>10</p>										

12	<p><b>Name two European Union (EU) policies.</b></p> <ul style="list-style-type: none"> <li>• Common Agricultural policy</li> <li>• Common Fisheries Policy</li> <li>• Social Policy/EU Social Charter</li> <li>• Economic and Monetary Policy/European Monetary Policy</li> <li>• European Competition Policy</li> </ul>	<p><b>10m</b></p> <p>(2 x 5m)</p>										
13	<p><b>Insomnia coffee company is an example of an Irish franchise.</b></p> <p><b>(i) Explain the term franchising.</b></p> <p>This is the granting of a <u>licence</u> by the franchisor to the franchisee allowing the right to supply and sell its product or service. The franchisee uses the name and logo of the franchisor. The <u>fee</u> for the licence is expensive and a percentage of sales/royalties/profits must be paid annually. The franchisee has the benefit of renting a well-established business name and a proven idea.</p> <p><b>(ii) Give one other example of a franchise.</b></p> <p>Examples: Supermac's, Costa Coffee, Starbucks, KFC.</p>	<p><b>10m</b></p> <p>8m (4 + 4)</p> <p>2m</p>										
14	<p>Fill in the <b>missing</b> stages of given Product Life Cycle.</p> <table border="1" data-bbox="480 1099 1034 1473"> <tr> <td><b>Stage 1</b></td> <td>Launch/Introduction</td> </tr> <tr> <td><b>Stage 2</b></td> <td>Growth</td> </tr> <tr> <td><b>Stage 3</b></td> <td>Maturity</td> </tr> <tr> <td><b>Stage 4</b></td> <td><b>Saturation</b></td> </tr> <tr> <td><b>Stage 5</b></td> <td>Decline</td> </tr> </table>	<b>Stage 1</b>	Launch/Introduction	<b>Stage 2</b>	Growth	<b>Stage 3</b>	Maturity	<b>Stage 4</b>	<b>Saturation</b>	<b>Stage 5</b>	Decline	<p><b>10m</b></p> <p>(3+3+2+2)</p>
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15	<p><b>Match the two given lists:</b></p> <table border="1" data-bbox="384 1603 1177 1733"> <tr> <td><b>1</b></td> <td><b>2</b></td> <td><b>3</b></td> <td><b>4</b></td> <td><b>5</b></td> </tr> <tr> <td>B</td> <td>D</td> <td>F</td> <td>C</td> <td>A</td> </tr> </table>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	B	D	F	C	A	<p><b>10 m</b></p> <p>5 x 2m</p>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>								
B	D	F	C	A								

## SECTION 2

### PART 1

QUESTION 1		
<b>(A)</b>	<p><b>Name the law that protects Ciara in given situation.</b></p> <p>The Sale of Goods and Supply of Services Act 1980.</p> <p>Sale (2) of Goods (2) and Supply (2) of Services (2) Act 1980 (2)</p>	<p><b>10m</b></p> <p>(5 x 2m)</p>
<b>(B)</b>	<p><b>Explain two legal rights of the consumer under this law.</b></p> <ul style="list-style-type: none"> <li>• <u>Goods should be of merchantable quality</u> – they should be of reasonable standard taking into account what they are supposed to do, their durability and price.</li> <li>• <u>Goods should be fit for the purpose intended</u> – they must do what they are sold as being capable of doing.</li> <li>• <u>Goods should be as described</u> – the description on the package must not be misleading. The goods must match the description provided by the salesperson, brochure etc.</li> <li>• <u>Goods should match the sample</u> – all the goods received must be the same as the sample that was shown to the consumer.</li> </ul> <p><u>Services:</u></p> <ul style="list-style-type: none"> <li>• <u>Should be provided by a person with the necessary skill/qualification.</u></li> <li>• <u>Due care &amp; diligence must be used</u> – The service provider must carry out an attentive job of high quality.</li> <li>• <u>Also:</u> Illegal signs/ Guarantees/ Unsolicited Goods.</li> </ul>	<p><b>15m</b></p> <p>8m (4 + 4)</p> <p style="text-align: center;">+</p> <p>7m (4 + 3)</p>
<b>(C)</b>	<p><b>Outline <u>two</u> forms of remedy/redress that Ciara is entitled to in given case.</b></p> <ul style="list-style-type: none"> <li>• <u>Refund:</u> Ciara can get her money back as the product is faulty/ not of merchantable quality.</li> <li>• <u>Replacement:</u> The retailer can give Ciara a replacement laptop. This is a perfect product as a substitute for the imperfect product that was sold.</li> <li>• <u>Repair:</u> The retailer can offer to repair/fix the faulty laptop for Ciara.</li> </ul>	<p><b>15m</b></p> <p>8m (4 + 4)</p> <p style="text-align: center;">+</p> <p>7m (4 + 3)</p>

<b>(D)</b>	<p><b>Outline three causes of industrial relations disputes.</b></p> <ul style="list-style-type: none"> <li>• <u>Pay /Disputes over pay</u>: Workers may launch a variety of different pay or pension claims, e.g. cost of living claim, comparability claim or relativity claim. If the employer resists or rejects these pay claims it could lead to industrial disputes.</li> <li>• <u>Disputes over working conditions/duties</u>: Safety is a fundamental need for employees. Failure by management to provide safe working conditions, safe equipment, proper hygiene and adequate heating can lead to industrial disputes. Changes to working conditions may also cause a dispute.</li> <li>• <u>New work practices/New Technology</u>: Workers may resist the introduction of new technology if they believe that the employer has not provided adequate training or financial reward for their increased productivity.</li> <li>• <u>Redundancies</u> – selection for redundancy, redundancy package. If workers feel that unfair procedures for selection are being used or if redundancy payments are not adequate e.g. employers may wish to 'cherry pick' employees for redundancy while a trade union representing the employees may prefer a LIFO system.</li> <li>• <u>Demarcation issues</u> – Differences in pay and conditions of work between similar groups of workers.</li> <li>• <u>Also</u>: Pensions, Holiday entitlements, Trade Union Recognition, Unfair Dismissal, Discrimination.</li> </ul>	<p><b>15m</b></p> <p>3 x 5m (3 + 2)</p>
<b>(E)</b>	<p><b>Outline two types of official industrial action a trade union can take as part of an industrial relations dispute.</b></p> <ul style="list-style-type: none"> <li>• <u>Official Strike</u> – where the employees do not enter their workplace and do not do their duties. An official strike involves a secret ballot, proper notification to the employer and sanction by ICTU.</li> <li>• <u>Work- to- rule</u> – where employees only undertake the exact jobs written in their job description or contract of employment.</li> <li>• <u>Overtime ban</u> – where workers refuse to do overtime. This can cause major disruption, leading to lost orders and lost sales, especially at peak trading times e.g. a toy shop at Christmas, an airline during holiday time.</li> <li>• <u>Token Stoppage</u> – A brief stoppage of work by the workers to highlight their frustration. Highlights their intention to carry the threat of further, more serious action if agreement is not reached.</li> </ul>	<p><b>20m</b></p> <p>2 x 10m (5 + 5)</p>

<b>QUESTION 2</b>		
<b>(A)</b>	<p><b>(i) Explain the term the secondary sector.</b></p> <p>The secondary sector includes the manufacturing and construction industries. 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, multinational companies and agri-business.</p> <p><b>(ii) Name one other sector of the economy.</b></p> <p>Primary sector or Tertiary/Services sector.</p>	<p><b>15m</b></p> <p>12m (4 + 4 + 4)</p> <p>3 m</p>
<b>(B)</b>	<p><b>(i) Apple is a multinational company. Explain the term multinational company.</b></p> <p>A company with its head office in one country and branches in a number of other countries throughout the world.</p> <p><b>(ii) Name one other multinational company.</b></p> <p>Intel, Pfizer, Google, Glanbia.</p>	<p><b>15m</b></p> <p>12m (7 + 5)</p> <p>3 m</p>
<b>(C)</b>	<p><b>Outline two possible reasons why Apple decided to locate in Ireland.</b></p> <ul style="list-style-type: none"> <li>• Low corporation tax, 12.5 % – Companies are attracted by the low tax on profits.</li> <li>• English speaking country – Ireland is the only country using the euro whose primary language is English.</li> <li>• Access to the EU /Single Market – Gateway to EU. No duties/ charges. Single Market provides an opportunity to increase sales and achieve economies of scale.</li> <li>• Government/IDA Supports/Grants – Government give grants for setting up/infrastructure development through the IDA.</li> <li>• Well educated and highly skilled workforce.</li> <li>• Track Record – Multinationals follow businesses who are in the same industry as themselves. Cluster effect. Tech firms / Social Media firms followed Google in choosing Ireland as their European base. Also, a large number of medical device companies in the Galway area.</li> </ul>	<p><b>20m</b></p> <p>2 x 10 m (5 + 5)</p>



<b>(D)</b>	<p><b>Apple is a Public Limited Company (plc).</b>  <b>Explain two benefits of operating as a plc.</b></p> <ul style="list-style-type: none"> <li>• Limited liability – Shareholders only lose what they invest into the business. They are not personally responsible for the debts of the business.</li> <li>• Easier to raise finance – More capital available – can issue more shares as required – minimum 7 shareholders, no maximum.</li> <li>• Continuity of existence – The business doesn't close on death of shareholder. Business does not end if a shareholder dies.</li> <li>• Easier to attract high quality staff – Can afford to get the best staff as they are usually able to pay high wages. Can attract high calibre management by paying larger salaries.</li> <li>• Daily publicity/Reputation – quoted on stock exchange.</li> </ul>	<p><b>15m</b></p> <p>8m (4 + 4)  +  7m (4 + 3)</p>
<b>(E)</b>	<p><b>Outline two benefits of economic growth for the Irish economy.</b></p> <ul style="list-style-type: none"> <li>• Increased Employment/Creates Jobs/Reduces Unemployment – A period of economic growth can lead to an increase in employment. This reduces the national level of unemployment.</li> <li>• Reduced Government Expenditure – Economic growth leads to the decreased spending on social welfare.</li> <li>• Increase Government Revenue Government receives more revenue via taxation; VAT, PAYE, USC.</li> <li>• Increase Business Sales/Profits – Consumer spending increases and as a result sales and profits rise for businesses.</li> <li>• Confidence – Economic growth creates confidence. This encourages potential entrepreneurs to set up their own business. Existing businesses are more likely to expand.</li> <li>• Improved standard of living, likely pay increases.</li> </ul>	<p><b>10m</b></p> <p>2 x 5m  (3 + 2)</p>

**QUESTION 3**

<p><b>(A)</b></p>	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td>Visible Imports</td> <td>€3,700m</td> </tr> <tr> <td>Visible Exports</td> <td>€4,800m</td> </tr> </table> <p><b>(i) Using the above information, calculate the Balance of Trade. Show your workings.</b></p> <p><b>(ii) State whether it is a surplus or a deficit.</b></p> <p>(i) Formula: Visible Exports minus Visible Imports = Balance of Trade</p> <p>Workings: €4,800m – €3,700m = €1,100m</p> <p>(ii) Surplus.</p>	Visible Imports	€3,700m	Visible Exports	€4,800m	<p><b>15m</b></p>           <p>Formula 3m</p> <p>Workings 3 + 3 + 3</p> <p>‘Surplus’ 3m</p>
Visible Imports	€3,700m					
Visible Exports	€4,800m					
<p><b>(B)</b></p>	<p><b>(i) List two examples of goods imported into Ireland.</b></p> <p>Cars, Lemons, Oil, Wine.</p> <p><b>(ii) Outline two reasons why goods are imported into Ireland.</b></p> <ul style="list-style-type: none"> <li>• Production – We do not produce certain products, for example, cars.</li> <li>• Climate – We do not have the climate to grow certain products.</li> <li>• Natural resources – We do not have oil so we have to import it.</li> <li>• Consumer Choice – Consumers want a variety of products.</li> <li>• Growth in E-Commerce – The ability of consumers to buy goods from other countries has been simplified due to the internet and smart technology.</li> </ul>	<p><b>20m</b></p>           <p>2 @ 3m</p>           <p>2 @ 7m (5 + 2)</p>				
<p><b>(C)</b></p>	<p><b>Outline two challenges for Irish businesses involved in international trade.</b></p> <ul style="list-style-type: none"> <li>• Language difficulties – translating slogans, advertisements.</li> <li>• Cultural differences – ways of life, e.g. people in India do not eat beef.</li> <li>• Transport costs – It is expensive; channel of distribution may need to be adapted; use of agents.</li> <li>• Currency exchange rates – for example the dollar and sterling rates may fluctuate – affecting competitiveness.</li> <li>• Competition from other countries – competition from domestic producers who have lower transport costs</li> <li>• Taxes and duties charged by other countries.</li> </ul>	<p><b>15m</b></p>           <p>8m (5 + 3)</p> <p>+</p> <p>7m (5 + 2)</p>				

(D)	<p><b>Outline two uses of Information and Communications Technology (ICT) in international trade.</b></p> <ul style="list-style-type: none"> <li>• <u>E Commerce</u> – selling goods and services online via own website, and <u>M Commerce</u> – selling goods and services via mobile devices</li> <li>• Marketing and access to global markets – Internet/websites</li> <li>• Quick decision making – budgets, cash flow forecasts on spreadsheets</li> <li>• Market research – Internet reports, surveys</li> <li>• Stock Control – Speedy stock ordering through Electronic Data Interchange (EDI).</li> <li>• <u>Also</u>: Email, Video conferencing/Skype, Smartphones, Messaging Apps/WhatsApp, Social Media.</li> </ul>	<p><b>15m</b></p> <p>8m (5 + 3) + 7m (5 + 2)</p>
(E)	<p><b>Outline two advantages to Ireland of being a member of the European Union.</b></p> <ul style="list-style-type: none"> <li>• Single Market / Free Movement of goods – Can sell goods to any country in the EU and there are no taxes or tariffs.</li> <li>• EU Grants to improve infrastructure – Improved road and rail network.</li> <li>• Access to huge pool of workers – Option to work abroad for Irish people without the requirement of a permit.</li> <li>• EU funded grants to business and agri business. CAP &amp; SFP/BPS have improved Irish agriculture and fisheries</li> <li>• Increased Sales/Profits – EU has a market of 500 million consumers.</li> <li>• Single currency – 19 EU countries (including Ireland) in eurozone. No Exchange Rate risks or costs, no currency fluctuation.</li> <li>• Economies of scale – can produce and sell a high quantity of goods due to the SEM policy.</li> <li>• Attracts Multinationals/MNC's as a doorstep to European Market, which creates more employment in Ireland and helps to boost exports.</li> <li>• Increased tourism from EU countries – benefits catering industry.</li> </ul>	<p><b>10m</b></p> <p>2 x 5m (3 + 2)</p>

## PART 2:

QUESTION 4		
<b>(A)</b>	<p><b>Outline three characteristics/skills of an entrepreneur.</b></p> <ul style="list-style-type: none"> <li>• Innovative/Creative – comes up with new ideas.</li> <li>• Uses initiative – sees an opportunity and uses his initiative to set up the business/ has the drive or “get up and go” to take action.</li> <li>• Risk taker – takes personal and financial risk. No guarantee of success.</li> <li>• Hardworking/Energetic – willing to commit long hours and work as much as possible to achieve goals.</li> <li>• Decisive/Decision Making – makes quick and effective decisions.</li> <li>• Resilient – able to keep going when the going gets tough.</li> <li>• Future focused /ambitious – look to future and come up with plans to stay ahead of competitors.</li> <li>• Proactive – do things oneself rather than waiting on others to do it.</li> <li>• Independent – able to work on one’s own.</li> <li>• Confident – know he/she can achieve goals.</li> <li>• Flexible – Able to adapt to changing situations.</li> <li>• Human Relations skills – gets on well with people.</li> </ul>	<p><b>15 m</b></p> <p>3 x 5m (3 + 2)</p>
<b>(B)</b>	<p><b>Outline two risks for Sean of setting up his own business.</b></p> <ul style="list-style-type: none"> <li>• Financial problems/No guaranteed income – may not have enough money to run the business.</li> <li>• Hard to raise finance/acquire loans – Sean might find it difficult to raise finance for his business.</li> <li>• Stress – must work long hours to get business going.</li> <li>• Competition – Sean may not be able to compete with existing businesses in terms of quality of service and price.</li> <li>• Business failure – The business model might not be successful and Sean may be forced to close down.</li> </ul>	<p><b>15m</b></p> <p>8m (4 + 4) + 7m (4 + 3)</p>
<b>(C)</b>	<p><b>Explain two features of a democratic leadership style.</b></p> <ul style="list-style-type: none"> <li>• Consults with subordinates/staff before making decisions.</li> <li>• Delegates authority and responsibility to the subordinates.</li> <li>• Trusts employees to carry out their duties.</li> <li>• Persuades and motivates rather than give orders.</li> <li>• Encourages Intrapreneurship.</li> <li>• Communication is a two-way process.</li> </ul>	<p><b>15m</b></p> <p>8m (4 + 4) + 7m (4 + 3)</p>

<b>(D)</b>	<p><b>Outline two benefits of having highly motivated employees.</b></p> <ul style="list-style-type: none"> <li>• Increased Productivity/Sales – Employees work harder leading to increased productivity.</li> <li>• Staff loyalty – staff stay long-term – low labour turnover.</li> <li>• High morale – Workplace is happier – positive atmosphere - sense of achievement.</li> <li>• Less industrial relations’ disputes – Staff are less likely to take industrial action.</li> <li>• Staff willing to undergo training – improved skills help the business.</li> </ul>	<p><b>15m</b></p> <p>8m (4 + 4) + 7m (4 + 3)</p>
<b>(E)</b>	<p><b>Outline two advantages of meetings as a method of communication.</b></p> <ul style="list-style-type: none"> <li>• Better Decisions: Everyone gets to voice their opinions leading to many contributions/ideas that aid decision making.</li> <li>• Feedback: immediate feedback on information is given.</li> <li>• Clarity: Clear understanding. Issues can be clarified immediately</li> <li>• Rapport/Positive relations: Good for discussion and consultation purposes.</li> <li>• Good for staff morale as opportunity to get to get point across.</li> <li>• Can see people’s reactions to decisions made.</li> <li>• Speed of decision making/Problem Solving: Meetings can deal with issues and resolve problems quicker than written correspondence. People are face to face at a meeting.</li> </ul>	<p><b>15 m</b></p> <p>8m (4 + 4) + 7m (4 + 3)</p>



<b>(D)</b>	<p><b>Explain the term bank overdraft.</b></p> <p>A bank overdraft is a short term source of finance. It is an agreement which allows account holders to withdraw/spend more money than they have in their account. An overdraft must be paid back/cleared within one year. Overdrafts have a limit. Interest is charged on the overdrawn amount.</p>	<p><b>10m</b></p> <p>(5 + 5)</p>
<b>(E)</b>	<p><b>Explain three factors that a bank would consider before giving a loan to a business.</b></p> <ul style="list-style-type: none"> <li>• Ability/capacity to pay back the loan – A bank will want to see the financial accounts of a business that indicate it will be able to repay the loan e.g. Cash flow forecasts.</li> <li>• Credit history – Has it paid back previous loans? Has the business a good record of repaying its borrowings?</li> <li>• Purpose of the loan – The bank will want to know what is the finance going to be used for.</li> <li>• Security – has the business any collateral to provide against the loan?</li> <li>• Duration/Length of the loan – How long is the loan required for?</li> <li>• Business plan / Future direction – The information contained in a business plan / final accounts.</li> <li>• Profitability – Has the business made a profit/loss in the last number of years?</li> </ul>	<p><b>20m</b></p> <p>7m (4 + 3) + 7m (4 + 3) + 6m (4 + 2)</p>

<b>QUESTION 6</b>		
<b>(A)</b>	<p><b>Explain the difference between ‘internal recruitment’ and ‘external recruitment’.</b></p> <p><b>Internal Recruitment</b> Internal recruitment means finding someone from among those who already work in the business. It involves offering a position to an existing employee. It can involve promoting an employee or asking an employee to move to a different department or office.</p> <p><b>External Recruitment</b> External recruitment means finding someone who does not already work in the business. It involves offering a position in the business to someone from outside the business. An individual from outside the business can bring a fresh perspective, new ideas or greater expertise.</p>	<p><b>20m</b></p> <p>10 (4 + 3 + 3)</p> <p>10 (4 + 3 + 3)</p>
<b>(B)</b>	<p><b>Explain the following terms with reference to the given advertisement:</b></p> <p><b>(i) Job description</b> This document shows details of the position/vacancy to be filled, including the job title, work details, duties and responsibilities of the job, conditions of employment and place of work. E.g. Responsibilities include listening to the clients and then creating digital marketing campaigns to promote the clients’ products and services.</p> <p><b>(ii) Person specification.</b> This describes the qualities that the successful candidate for the job should have. These would include academic qualifications, previous work experience and relevant personal characteristics and skills. E.g. to work for Tech Tastic Digital Marketing Agency, a person would need three years’ experience in digital marketing, excellent interpersonal and communication skills.</p>	<p><b>20m</b></p> <p>10 (4 + 3 + 3)</p> <p>10 (4 + 3 + 3)</p>
<b>(C)</b>	<p><b>Explain the difference between ‘on the job training’ and ‘off the job training’.</b></p> <p><b>On-the job training:</b> This means teaching the skills and knowledge required for the job in the actual workplace by observing experienced employees performing their duties. E.g. Tech Tastic staff being shown how to use company software by the manager / work shadowing a colleague.</p> <p><b>Off-the-job training:</b> This means training that takes place outside the work place, usually with specialist trainers. It could be lectures, demonstrations, or university courses, all at venues away from the work place. E.g. Tech Tastic staff being sent on a training course at an outside venue.</p>	<p><b>10m</b></p> <p>5m (3+2)</p> <p>5m (3+2)</p>



<b>(D)</b>	<p><b>Outline three types of rewards for employees.</b></p> <ul style="list-style-type: none"> <li>• Wages / basic pay – financial remuneration for a role/set of duties. Can be a flat rate or a piece rate.</li> <li>• Overtime – Employees can be rewarded with the option to work extra hours above set working week for extra pay.</li> <li>• Commission – sales personnel earn a percentage of the products’ sale value.</li> <li>• Benefit in kind – non-cash form of income.</li> <li>• Promotion – a higher position/role/title.</li> <li>• Share ownership scheme – the option for employees to purchase shares in the business at discounted/low prices.</li> <li>• Job enrichment – means providing employees with work requiring greater responsibility, control and input into their decision-making.</li> <li>• Job enlargement – reduces employee boredom by increasing the variety of tasks the employee undertakes.</li> <li>• Bonus – extra payment for reaching targets e.g. Productivity, time-keeping. Often paid at key times, e.g. Christmas if the business is making profit.</li> <li>• Pension – a regular sum of money received on retirement.</li> </ul>	<p><b>15m</b></p> <p>3 x 5m (3 + 2)</p>
<b>(E)</b>	<p><b>List two methods of advertising job vacancies.</b></p> <ul style="list-style-type: none"> <li>• Website – on the company website</li> <li>• Newspapers</li> <li>• Trade Magazines</li> <li>• Recruitment agency; Recruitment Websites – <a href="http://www.jobs.ie">www.jobs.ie</a></li> <li>• LinkedIn</li> <li>• Social Media - Social Media sites such as Facebook</li> <li>• Word-of-mouth</li> <li>• Head-hunting</li> <li>• Shop Window.</li> </ul>	<p><b>10m</b></p> <p>2 x 5m</p>



<b>(D)</b>	<p><b>(i) List two examples of well-known brand names.</b></p> <p>Apple, Nike, Tayto, Costa.</p> <p><b>(ii) Outline two benefits of a brand name for a business.</b></p> <ul style="list-style-type: none"> <li>• Product is more recognisable.</li> <li>• Makes product stand out and be different from rivals.</li> <li>• Easier to introduce new products.</li> <li>• Recognised all over the world.</li> <li>• Creates brand loyalty.</li> <li>• Enables supplier to charge a higher price if brand is successful and well known, e.g. Nike.</li> <li>• Aids marketing / can be used to advertise product.</li> </ul>	<p><b>20m</b></p> <p>2 x 4m</p> <p>2 x 6m</p>
<b>(E)</b>	<p><b>Describe two sales promotions that Theo's Mexican Street Food could offer consumers to increase sales.</b></p> <ul style="list-style-type: none"> <li>• Price reduction/discounts – Theo could offer 20% reduction on slow trade days e.g. Monday.</li> <li>• Buy one get one free – Theo could offer a free taco/burrito for every taco/burrito purchased, or three for the price of two.</li> <li>• Free samples – Theo could offer small samples of his products to allow people taste and experience his food.</li> <li>• Money off coupon for next purchase – Theo could offer vouchers that allowed a person €1 off their next purchase.</li> <li>• Loyalty Cards – Theo could offer a free meal/burrito for every five meals purchased.</li> <li>• Competitions – Theo could run competitions on social media. He could encourage people to share his posts on Facebook by offering the winner a free meal for four people.</li> </ul>	<p><b>15m</b></p> <p>8m (4 + 4)</p> <p>+</p> <p>7m (4 + 3)</p>

<b>QUESTION 8</b>		
<b>(A)</b>	<p><b>(i) Explain the term 'sole trader'.</b></p> <p>A person who owns and runs his/her own business.</p> <p><b>(ii) Outline two benefits for Dolly of being a sole trader.</b></p> <ul style="list-style-type: none"> <li>• Profits – As the sole owner, the sole trader keeps all the profit after taxes are paid.</li> <li>• Decisions – get to make the decisions herself and decisions can be made quickly.</li> <li>• Control – full control over the business. Control is not diluted/shared.</li> <li>• Formation/Set up – relatively easy for Dolly to set up as a sole trader.</li> <li>• Accounts – The accounts and the financial records of a sole trader are confidential and only have to be revealed to the Revenue Commissioners.</li> </ul>	<p><b>15m</b></p> <p>5m (3 + 2)</p> <p>2 x 5m</p>
<b>(B)</b>	<p><b>(i) Outline two features of batch production.</b></p> <ul style="list-style-type: none"> <li>• A limited amount of identical goods is manufactured at the same time.</li> <li>• Work is completed on each stage of the production before a new batch is started. After one group of products is manufactured, production would switch to a different batch or group. e.g. in Dolly's bakery, a batch of cakes followed by a batch of buns.</li> <li>• Batch production reduces costs and has better economies of scale than job production.</li> <li>• Batch produced products tend to be less expensive for consumers than those that are job produced.</li> </ul> <p><b>(ii) List the two other types of production used in business.</b></p> <p>Job Production</p> <p>Mass Production</p>	<p><b>20m</b></p> <p>2 x 5m (3 + 2)</p>   <p>2 x 5m</p>

<b>(C)</b>	<p><b>Outline three factors that Dolly should consider when setting the price of her products.</b></p> <ul style="list-style-type: none"> <li>• Cost of production / research &amp; development – Dolly must consider the cost of manufacturing each item before deciding on the price of each item.</li> <li>• The target market – Dolly must consider the group of people that each product is aimed at. e.g. Dolly may have different prices for cakes sold at the markets in comparison to customised cakes for wedding couples.</li> <li>• Competition – A business must consider the prices of its competitors’ products. Dolly must decide whether to charge the same, a higher or a lower price than her competitors.</li> <li>• Type of product – may require special packaging, which may add to cost. All of Dolly’s products would require a “use-by” date.</li> <li>• Economic conditions/demand – higher prices can be charged in a booming economy. Dolly may decide to charge a higher price for her products if the economy continues to grow.</li> <li>• Break-even point – the minimum price to cover costs.</li> </ul>	<p><b>20m</b></p> <p>7m (4 + 3) + 7m (4 + 3) + 6m (4 + 2)</p>
<b>(D)</b>	<p><b>Explain the term ‘target market’.</b></p> <p>A target market 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 etc. (People sharing common needs). The target market is a precise description of the customers to whom a product will be aimed. e.g. Dolly’s new target market is at wedding fairs.</p>	<p><b>10m</b></p> <p>10 (5 + 5)</p>
<b>(E)</b>	<p><b>Explain the term ‘Channels of Distribution’.</b></p> <p>Channels of Distribution refer to the method by which a product gets from the producer/manufacturer to the consumer. It could go through a wholesaler and/or retailer.</p> <p>Factors that are considered when deciding on a channel of distribution include target market, product image, type of good, ease of transport, cost, impact on cash flow and special conditions.</p> <p>Dolly’s channel of distribution for her cakes and buns would be:</p> <p style="text-align: center;">MANUFACTURER</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">CONSUMER</p>	<p><b>10m</b></p> <p>10 (5 + 5)</p>

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