



Coimisiún na Scrúduithe Stáit
State Examinations Commission

LEAVING CERTIFICATE 2011

MARKING SCHEME

BUSINESS

ORDINARY LEVEL

LEAVING CERTIFICATE 2011

**BUSINESS
ORDINARY LEVEL**

MARKING SCHEME

AND

SUPPORT NOTES

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

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

- The support notes presented are not exclusive or definitive.
- The support notes in many cases contain key phrases which must appear in the candidate's answer in order to merit the assigned marks.
- Further relevant points of information presented by candidates are marked and rewarded on their merits.
- The detail required in any answer is determined by the context and the manner in which the question is asked and by the number of marks assigned to the answer in the examination paper. Requirements may therefore vary from year to year.

LEAVING CERTIFICATE BUSINESS ORDINARY LEVEL 2011

MARKING SCHEME

SECTION 1 – 100 marks

10 questions to answer. Each question carries 10 marks.

Question	Marking Scheme	
1	1 st correct term 2m+1m+1m 2 nd term 1m+1m+1m 3 rd term 1m+1m+1m	10
2	Explanation @ 6m (3m + 3m) Two examples @ 2m each	10
3	Four answers (3m+3m+2m+2m)	10
4	Two reasons @ 3m each Two examples @ 2m each	10
5	Three situations (4m+3m+3m)	10
6	Workings: Formula @ 2 marks Figures @ 4 marks Answer @ 4 marks	10
7	Five answers @ 2 marks each	10
8	Two advantages @ 5 marks each	10
9	Three methods @ 10 marks: (4m + 3m +3m)	10
10	Two explanations @ 5 marks each (3m + 2m)	10
11	Two functions @ 5 marks each (3m + 2m)	10
12	Three sources @ 10 marks: (4m + 3m +3m)	10
13	Five answers @ 2 marks each	10
14	Two advantages @ 5 marks each (3m + 2m)	10
15	Two answers @ 5marks each	10
Section 1	Available marks	100

SECTION 2 – 300 MARKS

SECTION 2 PART 1

MINIMUM: 1 QUESTION (75 marks)

MAXIMUM: 2 QUESTIONS (150 marks)

PEOPLE IN BUSINESS

QUESTION 1

1 (A)	(i) Four words + year @ 2 marks each	5 x 2m	10
	(ii) Explanation: 3 points @ 5m	3 x 5m	15
	(iii) Three explanations: 9m (5m + 4m) Explanation + reference 8m (4m + 4m) 8m (4m + 4m)	9m + 8m + 8m	25
1 (B)	(i) Three grounds @ 5m	5m + 5m + 5m	15
	(ii) Outline of role @ 10m (7m +3m)	10m	10
	Available marks		75

DOMESTIC / INTERNATIONAL ENVIRONMENT

QUESTION 2

2 (A)	Three effects of recession @ 7m (4m + 3m) + 7m (4m + 3m) + 6m (3m + 3m)	7m + 7m + 6m	20
2 (B)	Two benefits of campaign @ 10 marks each (5m + 5m)	2 x 10m	20
2 (C)	Two advantages to Irish economy @ 10 marks each (5m + 5m)	2 x 10m	20
2 (D)	Two services of County/City Enterprise Boards @ 8m (4m + 4m) + 7m (4m + 3m)	8m +7m	15
	Available marks		75

DOMESTIC / INTERNATIONAL ENVIRONMENT

QUESTION 3

3 (A)	Two benefits of agricultural industry @ 8m (4m + 4m) + 7m (4m + 3m)	8m + 7m	15
3 (B)	Three ways Irish Government help business @ 9m (5m + 4m) + 8m (4m + 4m) + 8m (4m + 4m)	9m + 8m + 8m	25
3 (C)	Two reasons TNCs locate in Ireland @ 8m (4m + 4m) + 7m (4m + 3m)	8m + 7m	15
3 (D)	(i) One reason for increase @ 6m (3m + 3m) (ii) Two effects of increase @ 7marks each (4m + 3m)	6m 7m + 7m	20
	Available marks		75

SECTION 2 PART 2

MINIMUM: 2 QUESTIONS (150 marks)

MAXIMUM: 3 QUESTIONS (225 marks)

ENTERPRISE / MANAGING / BUSINESS IN ACTION

QUESTION 4

4 (A)	Three enterprising characteristics/skills @ 5 marks each (3m + 2m)	3 x 5m	15
4 (B)	Two advantages of a partnership @ 8m (4m + 4m) + 7m (4m + 3m)	8m + 7m	15
4 (C)	Two factors @ 8m (4m + 4m) + 7m (4m + 3m)	8m + 7m	15
4 (D)	Three responsibilities of an employer @ 7m (4m + 3m) + 7m (4m + 3m) + 6m (3m + 3m)	7m + 7m + 6m	20
4 (E)	Two forms – purpose: 2 @ 5m each (3m + 2m)	2 x 5m	10
	Available marks		75

MANAGING/BUSINESS IN ACTION

QUESTION 5

5 (A)	Two benefits of household budget @ 8m (4m + 4m) + 7m (4m + 3m)	8m + 7m	15
5 (B)	Leasing – one advantage @ 8m (4m + 4m) one disadvantage @ 7m (4m + 3m)	8m + 7m	15
5 (C)	(i) Three types of insurance @ 1m each (ii) Two explanations @ 6m each (3m + 3m)	3m 12m	15
5 (D)	(i) Two advantages @ 5m each (ii) Two difficulties @ 5m each	10 m 10 m	20
5 (E)	Two explanations @ 5marks each	10m	10
	Available marks		75

BUSINESS IN ACTION

QUESTION 6

6 (A)	Explanation: advantage of limited liability @ 10marks (5m + 5m)	10m	10
6 (B)	(i) Field research: Explanation 5 marks (3m + 2m) One example @ 5 marks (ii) Desk research: Explanation 5 marks (3m + 2m) One example @ 5 marks	10m 10m	 20
6 (C)	Two benefits of a brand name @ 5 marks each	10m	10
6 (D)	(i) One function of advertising @ 5marks (ii) Three advertising media @ 5m each (2m + 3m)	5m 15m	 20
6 (E)	(i) Target Market: Explanation @ 10 marks (5m + 5m) (ii) One example @ 5marks	10m 5m	 15
	Available marks		75

MANAGING / BUSINESS IN ACTION

QUESTION 7

7 (A)	SWOT analysis: Four words @ 2 marks each Explanation or example in each case @ 3 marks each	8m 12m	20
7 (B)	Two benefits of preparing a business plan @ 5 marks each	10m	10
7 (C)	(i) Two advantages of website @ 5marks each (ii) Two challenges of internet @ 5marks each	10m 10m	20
7 (D)	(i) Newspaper advertisement: Background: set-up, fast food, organic 3m Vacancy: Marketing Manager 1m Qualifications: degree, management experience, internet selling, knowledge, team player 8m Application: deadline, name, address. 3m (ii) Two advantages of teamwork @ 5marks each (3m + 2m)	15m 10m	25
	Available marks		75

MANAGING / BUSINESS IN ACTION

QUESTION 8

8 (A)	Two benefits of upgrading hotel @ 8m (4m + 4m) + 7m (4m + 3m)	8m + 7m	15
8 (B)	Three methods to improve motivation @ 7m + 7m + 6m	20m	20
8 (C)	(i) List three levels @ 10marks (4m + 3m + 3m) (ii) Two explanations @ 5marks each (3m + 2m)	10m 10m	20
8 (D)	(i) Formula @ 4 marks Two ratios @ 6 marks each (ii) One explanation @ 4marks	4m 12m 4m	20
	Available marks		75

<p>7.</p>	<p>Write TRUE or FALSE after each of the following statements:</p>																			
<table border="1"> <thead> <tr> <th data-bbox="240 293 331 338"></th> <th data-bbox="331 293 1050 338">Statement</th> <th data-bbox="1050 293 1455 338">True or Fals</th> </tr> </thead> <tbody> <tr> <td data-bbox="240 338 331 412">(i)</td> <td data-bbox="331 338 1050 412">Utmost Good Faith means that the insured must tell the truth and disclose all material facts.</td> <td data-bbox="1050 338 1455 412">True</td> </tr> <tr> <td data-bbox="240 412 331 486">(ii)</td> <td data-bbox="331 412 1050 486">Batch Production involve producing identica products continuously.</td> <td data-bbox="1050 412 1455 486">False</td> </tr> <tr> <td data-bbox="240 486 331 560">(iii)</td> <td data-bbox="331 486 1050 560">The average clause rule applies in insurance when an item is underinsured.</td> <td data-bbox="1050 486 1455 560">True</td> </tr> <tr> <td data-bbox="240 560 331 633">(iv)</td> <td data-bbox="331 560 1050 633">An Autocratic leader likes to involve employees in decision-making.</td> <td data-bbox="1050 560 1455 633">False</td> </tr> <tr> <td data-bbox="240 633 331 712">(v)</td> <td data-bbox="331 633 1050 712">Job Production involves producing a one-off single product to a customer’s specification.</td> <td data-bbox="1050 633 1455 712">True</td> </tr> </tbody> </table>		Statement	True or Fals	(i)	Utmost Good Faith means that the insured must tell the truth and disclose all material facts.	True	(ii)	Batch Production involve producing identica products continuously.	False	(iii)	The average clause rule applies in insurance when an item is underinsured.	True	(iv)	An Autocratic leader likes to involve employees in decision-making.	False	(v)	Job Production involves producing a one-off single product to a customer’s specification.	True		
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<p>8.</p>	<p>Outline two advantages to Ireland of EU membership:</p> <ul style="list-style-type: none"> • Common currency – euro – makes trade/travel easier • Large market available to Irish firms for exporting/expansion • Economies of scale can be achieved through expansion • Free trade – no government duties on movement of goods and services • Free movement of capital and labour. 																			
<p>9.</p>	<p>List three methods of Written Communication a business might use:</p> <table border="0"> <tr> <td data-bbox="240 1128 331 1164">(i) Letter</td> <td data-bbox="815 1128 906 1164">(vi) Newsletter</td> </tr> <tr> <td data-bbox="240 1164 331 1200">(ii) Memorandum</td> <td data-bbox="815 1164 906 1200">(vii) E-mail</td> </tr> <tr> <td data-bbox="240 1200 331 1236">(iii) Business documents</td> <td data-bbox="815 1200 906 1236">(viii) Minutes</td> </tr> <tr> <td data-bbox="240 1236 331 1272">(iv) Fax</td> <td data-bbox="815 1236 906 1272">(ix) Notices</td> </tr> <tr> <td data-bbox="240 1272 331 1308">(v) Report</td> <td data-bbox="815 1272 906 1308">(x) Text messages</td> </tr> </table>		(i) Letter	(vi) Newsletter	(ii) Memorandum	(vii) E-mail	(iii) Business documents	(viii) Minutes	(iv) Fax	(ix) Notices	(v) Report	(x) Text messages								
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<p>10.</p>	<p>Explain each of the following terms:</p> <p>(i) On-the-job training: This means training and practical work experience carried out in the workplace. Employees are trained by observing and working with experienced colleagues and supervisors.</p> <p>(ii) Off-the-job training: Any type of work related training that does not take place in the workplace. Employees attend courses, lectures and seminars outside the workplace.</p>																			
<p>11.</p>	<p>Outline two functions of a Trade Union:</p> <ul style="list-style-type: none"> • Securing a fair wage for its members / engaging in National Agreements • Securing fair/improved working conditions for its members • Negotiating on behalf of its members in the event of a trade dispute / representation • Seeking opportunities for promotion and training of its members • Providing for training and recreational facilities / saving schemes for members. 																			

12	<p>List three sources of household income:</p> <ul style="list-style-type: none"> (i) Wages/Salary/Overtime/Bonus (ii) Social Welfare / Unemployment/Jobseeker's Benefit / State Pension (iii) Child benefit (iv) Interest on savings (v) Dividends. 												
13	<p>Column 1 is a list of business terms. Column 2 is a list of explanations for these terms. Match the two lists by placing the letter of the correct explanation under the relevant number below.</p> <table border="1" data-bbox="344 636 1219 734"> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>Business Terms</td> <td>D</td> <td>E</td> <td>A</td> <td>F</td> <td>C</td> </tr> </table>		1	2	3	4	5	Business Terms	D	E	A	F	C
	1	2	3	4	5								
Business Terms	D	E	A	F	C								
14.	<p>Outline two advantages of the Small Claims Court for the consumer.</p> <ul style="list-style-type: none"> • Provides a quick solution to consumer claims of up to €2,000 • Very accessible to people – complaint can be made by post or on-line – application form can be downloaded • Not expensive – a fee of €15 • No solicitors involved, saving consumer extra cost • Will get unbiased and fair judgement. 												
15.	<p>If the euro (€) falls in value against the UK (£) sterling, indicate whether each of the following would be expected to increase or decrease:</p> <table border="1" data-bbox="193 1189 1457 1395"> <tr> <td></td> <td style="text-align: center;">Increase or decrease</td> </tr> <tr> <td>(i) Number of UK visitors coming to Ireland</td> <td style="text-align: center;">Increase</td> </tr> <tr> <td>(ii) Irish exports to the UK</td> <td style="text-align: center;">Increase</td> </tr> </table>		Increase or decrease	(i) Number of UK visitors coming to Ireland	Increase	(ii) Irish exports to the UK	Increase						
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SECTION 2

SECTION 2 PART 1

Question 1 – People in Business

1 (A)	<p>(i) Name the law that protects Paula McCarthy in this case. The Sale of Goods and Supply of Services Act 1980.</p> <p>(ii) Explain what Paula should do to try to solve the above situation.</p> <ul style="list-style-type: none">○ Paula should call/send letter of complaint to the FonesToGo shop○ Bring/enclose the receipt○ Explain the problem to the shop assistant/ manager○ Request / insist on a new phone or a refund. <p>(iii) Explain the three underlined terms with reference to Paula’s situation.</p> <p>Merchantable quality: Goods should be of merchantable quality – they should be of reasonable standard/quality taking into account what they are supposed to do, their durability and price. <i>The volume control on Paula’s mobile phone did not work properly</i></p> <p>Fit for its purpose: Goods should be fit for the purpose intended – they must do what they are sold as being capable of doing. <i>The phone had to be recharged several times a day</i></p> <p>Redress: If goods do not fulfil any one of the above, the consumer is entitled to redress or compensation. <i>Paula is entitled to either a refund or replacement in this situation.</i></p>										
1 (B)	<p>(i) List three grounds on which discrimination is unlawful under the Employment Equality Act 1998:</p> <table border="0"><tr><td>(i) Gender/Male/Female</td><td>(vi) Age</td></tr><tr><td>(ii) Marital status</td><td>(vii) Race</td></tr><tr><td>(iii) Family Status</td><td>(viii) Disability</td></tr><tr><td>(iv) Sexual orientation</td><td>(ix) Membership of traveller community.</td></tr><tr><td>(v) Religious beliefs</td><td></td></tr></table> <p>(ii) Outline the role of the Equality Authority.</p> <ul style="list-style-type: none">• To ensure that all people in the country are treated equally and to ensure that discrimination on certain grounds does not occur.• To work towards the elimination of discrimination in employment• To advise businesses, employees and the public on their rights and responsibilities under equality legislation• To promote equality of opportunity in employment• To assist people with complaints about workplace discrimination• To monitor and review the operation of the Act• To advise and support an employee to bring a claim to the Equality Tribunal but it has no power to decide a case.	(i) Gender/Male/Female	(vi) Age	(ii) Marital status	(vii) Race	(iii) Family Status	(viii) Disability	(iv) Sexual orientation	(ix) Membership of traveller community.	(v) Religious beliefs	
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Question 2 – Domestic/International Environment

2 (A)	Describe three effects of the recession on the town of Carrig, using examples from text.	
	Effects	Examples from text
	Shop closures	Several shops in the town have closed down
	More unemployment	The number of unemployed people has doubled
	Local shops and restaurants experience a decrease in sales/profits	Because of the 46 redundancies at Martin Power Construction Ltd.
	Co-operation of business people to try and keep jobs in the town	Launch of ‘ShopLocal’ campaign
Young, talented, labour force emigrates.	Martin and 20 of his former employees will work in London for a year to complete the contract.	
2 (B)	Explain two benefits of the ‘ShopLocal’ campaign to the town of Carrig.	
	<ul style="list-style-type: none"> (i) Local business will benefit – sales and profits increase (ii) Local services (e.g. retailers, petrol station) are maintained in the town (iii) Employment is more secure and may increase (iv) More shops may open/reopen in the town (v) More money spent by business e.g. sponsorship of local teams/events. 	
2 (C)	Outline two advantages for the Irish economy of Martin Power Construction Ltd winning the contract for London Olympics 2012.	
	<ul style="list-style-type: none"> (i) Less money spent by the Irish Government on social welfare/unemployment benefit (ii) Some of the wages earned by the workers will be returned and spent in Carrig thus increasing VAT receipts and helping Irish business (iii) Corporation Tax paid on profits made by Martin Power Construction Ltd will help the Irish economy (iv) Reduction in overall unemployment as 20 workers taken on. 	
2 (D)	Explain two services that City/County Enterprise Boards provide for businesses.	
	<ul style="list-style-type: none"> • Grants – capital grants/employment grants/feasibility study grants • Mentoring Programme – an experienced business owner helps an entrepreneur overcome challenges in starting up a new business • Business Support – assistance with marketing, steps involved in setting up a business, employment advice • Training – programmes in starting a business, managing a business, website design, accounts and taxation. 	

Question 3 – Domestic/International Environment

3 (A)	<p>Explain two benefits of the agricultural industry for the Irish economy.</p> <ul style="list-style-type: none"> (i) Creates employment – about 4% of labour force (ii) Provides raw materials for the food processing industry – agribusiness (iii) Exports of agricultural produce contributes greatly to the Balance of Trade/Payments (iv) Provides food products for the Irish market / farmers' markets / more sales (v) Provides organic food products for healthier options / environment (vi) Rural development promoted and encouraged (vii) Promotes agri-tourism – pet farms attract visitors.
3 (B)	<p>Outline three ways in which the Irish government could help Irish business.</p> <ul style="list-style-type: none"> (i) Grants through agencies such as Enterprise Ireland / Údarás na Gaeltachta / IDA (ii) Training through FÁS (iii) Low tax rates – Corporation Tax / VAT reductions (iv) Development of better infrastructure – new motorways (v) Enact legislation which helps business, e.g. Safety, Health and Welfare at Work Act 1989 Industrial Relations Act 1990. (vi) Trade missions abroad, e.g. to China.
3 (C)	<p>Explain two reasons why transnational companies (multinational companies) locate in Ireland.</p> <ul style="list-style-type: none"> (i) Grants from IDA Ireland (ii) Educated and skilled labour force in Ireland (iii) Gateway into EU market (iv) Low rate of Corporation Tax (v) Low level of industrial unrest.
3 (D)	<p>The Government increased taxes on petrol and diesel in its 2011 Budget.</p> <p>(i) Outline one reason for this increase in taxes.</p> <p>The Government needs to increase tax receipts and cut expenditure to reduce its Budget deficit. Easy tax to impose and collect Carbon Tax to reflect environmental cost of burning fuel.</p> <p>(ii) Describe two effects of this increase in taxes.</p> <ul style="list-style-type: none"> • Transport costs increase for the general public, reducing other disposable income • Government receives more revenue • Haulage and distribution costs increase, thus increasing the cost of goods • Fall in general standard of living • Increased use of public transport, cycling and walking to work.

SECTION 2 PART 2

Question 4 – Enterprise / Managing / Business in Action

4 (A)	Outline three enterprising characteristics/skills displayed by Jason. <ul style="list-style-type: none">• Innovative / opportunistic – able to see opening for a new business• Decisive – set up in business / purchased three mini road sweepers• Flexible/adaptable – responded to change by employing two part-time staff• Realistic – decided to attend night classes• Risk-taker – set up in business with his friend Gerry / took on new staff• Good communicator – borrowed from bank and persuaded parents to give financial help.
4 (B)	Explain two advantages of a partnership as a form of business. <ul style="list-style-type: none">• More capital is available, as there are more owners / investors.• Better decision making as a result of combined effort.• Risk is shared• Workload and responsibility is shared• Different skills / experience / knowledge / expertise of partners• Easy to set up.
4 (C)	Outline two factors that a bank would take into account before lending to a business. <ul style="list-style-type: none">(i) Ability to repay / profitability(ii) Credit Rating / history / creditworthiness(iii) Details of owners + management(iv) Collateral / security for the loan / guarantee(v) Business plan / purpose of the loan(vi) Duration of the loan.
4 (D)	Describe three responsibilities of an employer towards employees. <ul style="list-style-type: none">(i) to provide a safe and healthy working environment(ii) to pay the agreed wage for the work done (at least MWR)(iii) to adhere to legislation e.g. Employment Equality, Unfair Dismissal(iv) to provide a contract of employment(v) to keep appropriate records for tax and PRSI returns(vi) to provide appropriate annual leave as per legislation.

4 (E) The following forms are used in PAYE taxation. Outline the purpose of two of these.

P60

- must be given by the employer to the employee at the end of the tax year
- it shows the employee gross pay for the year
- it also shows tax and PRSI deductions made during the year
- it can be used as proof of earnings
- it can be used as proof of income if applying for a loan or a mortgage.

P45

- must be given by the employer to the employee if an employee leaves a job / or is made redundant during the tax year
- it shows the gross pay for year to date and the tax and PRSI deductions made
- it shows the date of leaving
- it can be given to a new employer or to Dept of Social Protection if claiming Jobseeker's Benefit

P21

- a statement of total income, tax credit and tax paid for a particular tax year
- it is issued on request by the Inspector of Taxes to PAYE taxpayers
- it compares amount of tax paid with the amount that should have been paid
- can be used to claim a tax refund if tax was overpaid
- can be used to demand further tax payment if tax was underpaid
- it differs from a P60 because a taxpayer may have more than one source of income or may be jointly assessed which means that a P60 from one employer would not give the full information.

Question 5 – Managing / Business in Action

5 (A)	<p>Outline two benefits of preparing a household budget. Helps a household to</p> <ul style="list-style-type: none"> • Plan its spending in line with its income • Calculate money coming in/going out • Identify times of high expenditure • Identify when cash flow problems will occur • Identify times when extra finance is needed, e.g. bank overdraft • Help to solve cash flow problems • Identify times of cash surplus • Plan fixed, irregular and discretionary spending.
5 (B)	<p>Explain one advantage and one disadvantage of leasing.</p> <p>Advantages:</p> <ul style="list-style-type: none"> • The lessee has the possession and use of an asset during the period of the lease • The lessee does not have to save up, use capital or borrow to buy the asset, no lump sum required • Lease may have an option to purchase clause • Lease may have an option to replace clause • Planned expenditure – easier to budget and manage cash flow • No security needed • No depreciation provision required for leased asset • Lease repayments can be set against profits to reduce tax liability. <p>Disadvantages:</p> <ul style="list-style-type: none"> • Usually more expensive than purchasing an asset outright • Lease contract usually required for a minimum period of time • Lessee does not own the asset; no transfer of ownership unless option to purchase.
5 (C)	<p>(i) Name three types of insurance the Doyle household might have. (ii) Explain two of them.</p> <ul style="list-style-type: none"> • House/Buildings Insurance – provides protection against loss or damage to the structure of the building – fire, flood, storm • Contents insurance – provides protection against loss or damage to contents caused by burglary, fire, flood • Motor insurance – compulsory by law to have third party insurance. Other policies Third Party Fire and Theft and Comprehensive • Health Insurance – provided by VHI, Aviva, Quinn – covers the cost of hospital care and some medical bills in the event of serious illness or accident • Life Assurance – three types of policies – Whole Life, Endowment Life assurance and Term assurance. Is used to provide lump sum compensation on the death of the insured and/or a method of saving.

<p>5 (D)</p>	<p>(i) Outline two advantages for Jim of setting up his own business.</p> <ul style="list-style-type: none"> • Can earn profits/income • Personal satisfaction of succeeding • Put his own ideas into operation / relies on his own decisions • Does not have to work for someone else • Challenge of achieving goals and creating own business • Does not have to publicly disclose financial information. <p>(ii) Outline two difficulties Jim might face in setting up his own business.</p> <ul style="list-style-type: none"> • Risk of business failure; his pricing of painting jobs must be competitive • Failure would mean loss of investment – creditors must be paid • Could mean loss of personal assets e.g. house – unlimited liability • Complete responsibility for decision making rests on one person • Getting finance for expansion, e.g. bank loan difficult • Current recession – less consumer spending on painting/decorating • Takes a long time to build up a good profile in the painting/decorating business.
<p>5 (E)</p>	<p>Explain the terms:</p> <p>Gross Pay: This is the total wage/salary earned before any deductions are made. It includes basic pay, overtime, commission, bonus pay and benefit-in-kind.</p> <p>Net Pay: This is the take-home pay of an employee after all deductions have been made from the Gross Pay. It is the Gross Pay less statutory deductions (PAYE, PRSI, USC) and voluntary deductions (e.g. health insurance, trade union subscriptions).</p>

Question 6 – Business in Action

6 (A)	<p>What is meant by ‘the advantage of limited liability’?</p> <p>If a business fails / goes bankrupt, the shareholders can only lose the amount they have invested in the business. If she sets up a limited company, Maria cannot lose her private property to pay for the debts if the business fails.</p>
6 (B)	<p>Explain the following market research terms and give one example of each:</p> <p>(i) Field research This involves the firm going out into the marketplace to gather new business information directly from customers. In Maria’s case, this would mean potential customers. (Primary research). Examples include customer surveys (questionnaires, interviews) and observation research.</p> <p>(ii) Desk research This involves research which is based on information that is already available (gathered by others) within or outside the firm. (Secondary research). Examples include company files and sales records, the Internet, Central Statistics Office, magazines and trade journals, Government and other reports.</p>
6 (C)	<p>Outline two benefits to Maria of having a brand name for her knitwear.</p> <ul style="list-style-type: none"> • helps identify the product / it differentiates the product from other products • creates customer loyalty / easier for the customer to select the product • allows new products to be launched because of association with existing brand name • can allow a firm to charge a higher price and make extra profits • makes it easier to market and advertise the products.
6 (D)	<p>(i) Explain one function of advertising.</p> <ul style="list-style-type: none"> • To inform / give information to consumers about product/service • To persuade consumer to purchase products • To remind consumers of continued existence of products/services • To compete with other products/services • To reinforce the purchasing decision of the consumer. <p>(ii) Describe three advertising media that Maria might consider.</p> <p>Press: National newspapers – expensive, more suitable for large companies Local newspapers – cheaper but seen by a smaller audience Magazines – specific market – glossy write-ups</p> <p>Electronic: Television – large national market Radio – many listeners Internet – international market – immediate feedback</p> <p>Cinema: captive local audience Posters and billboards: can be eye-catching in public places Direct mail: Information on special offers posted directly to potential customers.</p>
6 (E)	<p>(i) What is meant by the term ‘target market’?</p> <p>The 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. (People sharing common needs).</p> <p>(ii) Name one example of a target market. Any valid example, e.g. energy drinks for athletes.</p>

Question 7 – Managing / Business in Action

7 (A)	<p>Explain the term ‘SWOT analysis’.</p> <p>This is an analysis of the present position of a business and is usually done before drawing up a business plan.</p> <p>Strengths: The internal good points of the business which give it an advantage <i>e.g.</i> organising skills, USP.</p> <p>Weaknesses: The internal factors which make it difficult for the business to achieve its objectives and which must be remedied <i>e.g.</i> current size, no website, lack of marketing expertise</p> <p>Opportunities: Factors which are external to the business and of which it could take advantage in the future. Factors which should be exploited where possible. <i>e.g.</i> new/potential markets, possible expansion, internet marketing.</p> <p>Threats: Factors which are external to the business and may pose problems in the future and reduce profits <i>e.g.</i> competition, costs of organic food, downturn in the economy.</p>
7 (B)	<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 obtain finance from lenders • To attract potential investors • To identify resources required for future • To motivate employees and management • To give direction to the firm’s efforts • To set out clearly the objectives and targets of the firm • To give documentary evidence of the viability of the business idea.
7 (C)	<p>(i) Outline two advantages for SuperDeli of having a website.</p> <ul style="list-style-type: none"> • Method of advertising/selling • Worldwide market 24/7 • Increased sales/profits • Form of fast communication with potential customers. <p>(ii) Explain two challenges of the internet for business.</p> <ul style="list-style-type: none"> • Risks of viruses etc that can damage IT systems • Cost of setting up / maintaining website • Staff need to be trained in IT skills • A lot of competition on the internet • Websites must be kept up-to-date.

7 (D) (i) Draft a suitable newspaper advertisement seeking a Marketing Manager.

SuperDeli

Vacancy for Marketing Manager

SuperDeli is a successful delicatessen café established in Cork in 2008. We prepare good quality fast food for both sit down and take away customers. We use locally sourced organically produced ingredients. We are in the process of expanding the business and are seeking a Marketing Manager.

The ideal candidate: must have a marketing degree and a minimum of three years' management experience including internet selling. Knowledge of the catering industry is desirable and the ability to work as part of a team is essential.


Applications to be returned by 30th June 2011 to:

Ms. Margaret Moran
Human Resource Manager
SuperDeli
63 Main Street
Cork.

(ii) Outline two advantages of teamwork in a business.

- (i) Motivation – teamwork encourages greater effort and recognition is given for everyone's achievements
- (ii) Improved decision making because of a wider range of views
- (iii) More ideas – members of a team are more forthcoming with ideas leading to more creative solutions
- (iv) Support – team members share the responsibility and can help each other
- (v) Workload is shared / greater use of people's talents / work gets done faster/better
- (vi) Improved job satisfaction – reduces labour turnover and absenteeism.

Question 8 – Managing / Business in Action

8 (A)	<p>Explain two benefits of upgrading Brady’s hotel.</p> <ul style="list-style-type: none"> (i) The hotel can offer better services to existing customers thus increasing customer loyalty (ii) They can attract new customers and possibly target different markets (iii) Better able to compete with other hotels (iv) Can use upgrade as a marketing/advertising tool to attract attention. 										
8 (B)	<p>Outline three methods that Mark could use to improve staff motivation.</p> <ul style="list-style-type: none"> • Look for opportunities to praise their work • Delegate greater authority to staff • Give them a financial reward – bonus, profit sharing scheme • Give them a non-financial reward – free use of facilities e.g. swimming pool/gym • Provide opportunities for promotion • Introduce incentives – employee of the month • Organise social events for staff. 										
8 (C)	<p>Maslow’s Hierarchy of Needs is presented below.</p> <div style="text-align: center; margin: 10px 0;">  </div> <p>(i) List levels 2, 3 and 5.</p> <p style="margin-left: 40px;">Level 2: Safety/Security needs Level 3: Social needs Level 5: Self-actualisation needs</p> <p>(ii) Briefly explain two of the five levels.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 30%;">Physical Needs</td> <td>the need for food, clothing, shelter and warmth, fair pay/wage.</td> </tr> <tr> <td>Safety/Security Needs</td> <td>the need for job security / safe working conditions.</td> </tr> <tr> <td>Social Needs</td> <td>the need to be accepted by fellow workers / peers</td> </tr> <tr> <td>Esteem Needs</td> <td>the need to be respected and given recognition by superiors</td> </tr> <tr> <td>Self-actualisation Needs</td> <td>the need for people to achieve their potential and be the best they can be – self-fulfilment, job satisfaction.</td> </tr> </table>	Physical Needs	the need for food, clothing, shelter and warmth, fair pay/wage.	Safety/Security Needs	the need for job security / safe working conditions.	Social Needs	the need to be accepted by fellow workers / peers	Esteem Needs	the need to be respected and given recognition by superiors	Self-actualisation Needs	the need for people to achieve their potential and be the best they can be – self-fulfilment, job satisfaction.
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8 (D)	<p>(i) Calculate the Working Capital Ratio for 2010 and 2009. (Show formula and workings.)</p> <p>Formula: Current Assets : Current Liabilities</p> <table style="width: 100%; border: none; margin-top: 10px;"> <tr> <td style="width: 15%;">Workings:</td> <td style="width: 40%; text-align: center;">2010</td> <td style="width: 45%; text-align: center;">2009</td> </tr> <tr> <td></td> <td style="text-align: center;">900,000 : 500,000</td> <td style="text-align: center;">800,000 : 400,000</td> </tr> <tr> <td></td> <td style="text-align: center;">1.8 : 1</td> <td style="text-align: center;">2 : 1</td> </tr> </table> <p>(ii) Explain whether the ratio has improved or disimproved</p> <p>The ratio has disimproved from a WCR of 2:1 (ideal ratio) in 2009 to 1.8:1 in 2010. The firm could be heading for liquidity problems and may have difficulty in paying its short term debts as they fall due.</p>	Workings:	2010	2009		900,000 : 500,000	800,000 : 400,000		1.8 : 1	2 : 1	
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