



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

**SECTION II**

Marking Scheme  
Answers 10 questions

Available marks: 100 points  
Each question carries 10 marks

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*Scrúduithe Ardteistiméireachta, 2004*

*Gnó*

*Gnáthleibhéal*

*Marking Scheme*

*Leaving Certificate Examination, 2004*

*Business*

*Ordinary level*

**LEAVING CERTIFICATE BUSINESS ORDINARY LEVEL  
2004 MARKING SCHEME**

**SECTION 1:**

Marking Scheme Available marks 100 marks Each  
Answer 10 question carries 10 marks.  
questions. .

| <b>Question</b> | <b>Scheme</b>  |     |
|-----------------|--|-----|
| 1               | (i) 3 @ 1 mark each<br>(ii) 4 @ 1 mark each<br>(iii) 3 @ 1 mark each | 10  |
| 2               | 2 @ 5 marks each   | 10  |
| 3               | 4,3,3  | 10  |
| 4               | 2 skills @ 3 marks each<br>2 examples 2 marks each                   | 10  |
| 5               | Explanation @5 marks<br>Example @.5 marks                            | 10  |
| 6               | 4,3,3  | 10  |
| 7               | 2 reasons @ 3 marks each<br>2 examples @ 2 marks each                | 10  |
| 8               | 5 items @ 2 marks each   | 10  |
| 9               | 4,3,3  | 10  |
| 10              | 2 points @ 5 marks each or<br>10 marks for a good explanation        | 10  |
| 11              | 4 marks<br>3 marks + 3 marks   | 10  |
| 12              | 5 items @ 2 marks each   | 10  |
| 13              | Explanation @ 5 marks<br>Example @ 5 marks                           | 10  |
| 14              | 5 @ 2 marks each   | 10  |
| 15              | 4,3,3  | 10  |
| Section I       | Available Marks  | 100 |

**SECTION 2****MARKING SCHEME TOTAL  
AVAILABLE MARKS 300**

**SECTION 2      PART 1**  
**MINIMUM 1 QUESTION**  
**MAXIMUM 2 QUESTIONS**

**75 MARKS**  
**150 MARKS**

**People in Business****Question 1**

|       |   |       |    |
|-------|---|-------|----|
| 1 (A) | 1 approach @ 10 marks                     | 10    | 10 |
| 1 (B) | 3 rights @ 5 marks                        | 3 x 5 | 15 |
| 1 (C) | 3 advantages @ 5 marks                    | 3 x 5 | 15 |
| 1 (D) | Description 3 valid points @ 5 marks each | 3 x 5 | 15 |
| 1 (E) | 4 Benefits @ 5 marks                      | 4 x 5 | 20 |
|       | Available marks                           |       | 75 |

**Domestic/International Environment****Question 2**

|       |                                    |             |    |
|-------|------------------------------------|-------------|----|
| 2 (A) | Transnational @ 10 marks           | 5+5         | 10 |
| 2 (B) | 3 reasons @ 5 marks each           | 3 x 5m      | 15 |
| 2(C)  | 2 responsibilities @ 10 marks each | 5+5<br>5+5  | 20 |
| 2 (D) | 3 benefits @ 5 marks each          | 5<br>5<br>5 | 15 |
| 2(E)  | 1 agency @ 5 marks                 | 5           |    |
|       | Role/functions = 10 marks          | 10m         | 15 |
|       | Poor point = 5 m                   |             |    |
|       | Available marks                    |             | 75 |

**Domestic/International Environment****Question 3**

|       |   |                |          |
|-------|---|----------------|----------|
| 3 (A) | Explanation - 2 points @ 5 marks each<br>2 effects @ 5 marks each | 5+5<br>5<br>5  | 20       |
| 3 (B) | 3 ways @ 3 marks each<br>3 examples @ 2marks each                 | 3 x 3<br>3 x 2 | 15       |
| 3(C)  | 3 effects of SEM @ 5 marks each                                   | 3 x 5          | 15       |
| 3 (D) | 2 benefits @ 5 marks each   | 2 x 5          | 10       |
| 3 (E) | Explanation: 3 points @ 5 marks<br>Available marks                | 3 x 5          | 15<br>75 |

**SECTION 2                      PART 2****MINIMUM 2 QUESTIONS****150 MARKS****MAXIMUM 3 QUESTIONS****225 MARKS****Managing****Question 4**

|       |   |                         |              |
|-------|---|-------------------------|--------------|
| 4 (A) | Notice 4 @ 2 marks<br>Signature @ 2 marks<br>Agenda 5 @ 3 marks | 4 x 2<br>1 x 2<br>5 x 3 | 25           |
| 4 (B) | 2 duties @ 5 marks each   | 10                      | 10           |
| 4(C)  | 2 duties @ 5 marks each   | 10                      | 10           |
| 4 (D) | 2 advantages @ 5 marks each                                     | 10                      | 10           |
| 4 (E) | Describe 2 rights @ 10 marks each<br><br>Available marks        | 2 x 10                  | 20<br><br>75 |

**Enterprise/Managing****Question 5**

|       |  |                   |          |
|-------|--|-------------------|----------|
| 5 (A) | 3 reasons: 1 @ 5 and 2 @ 4 marks                         | 5<br>4<br>4       | 13       |
| 5 (B) | 4 factors @ 5 marks                                      | 4 x 5m            | 20       |
| 5 (C) | Bar Chart: 5 bars @ 2 marks<br>2 axes @ 1 mark each      | 5 x 2m<br>2 x 1 m | 10<br>12 |
| 5 (D) | Business Plan: 30 = 6 points @ 5marks<br>Available marks | 6 x 5m            | 30<br>75 |

**Managing Question 6**

|       |  |            |          |
|-------|--|------------|----------|
| 6 (A) | Training and Development<br>2 explanations 4 + 4<br>2 examples 4+3 | 4+4<br>4+3 | 15       |
| 6 (B) | 1 financial @ 10 marks<br>1 non-financial @ 10 marks               | 10<br>10   | 20       |
| 6(C)  | 2 advantages 8 (4 +4) + 7 (4 +3)                                   | 8+7        | 15       |
| 6 (D) | 2 benefits @ 5 marks each  | 5<br>5     | 10       |
| 6 (E) | Advertisement<br>5 items @ 3 marks each<br>Available marks         | 15         | 15<br>75 |

| <b>Managing 2/ Business in Action</b> |  | <b>Question 7</b>       |              |
|---------------------------------------|--|-------------------------|--------------|
| 7(A)                                  | Marketing Mix elements 4 @ 3<br>1 explanation 2 points @ 4 marks                   | 4 x 3 m<br>2 x 4 m      | 20           |
| 7 (B)                                 | Explanation @ 10 marks (or 5+5)<br>Example @ 5 marks                               | 10<br>5                 | 15           |
| 7 (C)                                 | Market Research<br>3 reasons @ 5 marks   | 3 x 5                   | 15           |
| 7 (D)                                 | 3 insurance policies @ 5 marks (3+2).  | 3 + 2<br>3 + 2<br>3 + 2 | 15           |
| 7 (E)                                 | Risk and Premium<br>Relationship = 5 marks<br>Example = 5 marks<br>Available marks | 5 + 5                   | 10<br><br>75 |

| <b>Business in Action</b> |  | <b>Question 8</b> |              |
|---------------------------|--|-------------------|--------------|
| 8 (A)                     | Distinction 5 + 5                                | 5 + 5             | 10           |
| 8 (B)                     | Explanation @ 10 marks (5 + 5)<br>2 months 3 + 2 | 5 + 5<br>3 + 2    | 15           |
| 8 (C)                     | 3 reasons @ 5 marks                              | 3 x 5             | 15           |
| 8 (D)                     | 2 ways @ 10 marks                                | 2 x 10            | 20           |
| 8 (E)                     | 3 methods @ 5 marks<br><br>Available marks       | 3 x 5 m           | 15<br><br>75 |

**LEAVING CERTIFICATE  
2004**

**BUSINESS ORDINARY  
LEVEL EXPLANATORY  
SUPPORT NOTES**

- All explanatory notes enclosed are not exhaustively or definitively complete.
- They are not model answers.
- It is important to realise that in some cases there will be other correct answers which are acceptable.
- Further appropriate points of information, descriptions, elaborations etc. presented by candidates must be examined and rewarded on their merits by the examiners.

## SECTION 1 100 marks

Answer 10 questions. Each question carries 10 marks.

- 1 What do the following letters stand for?**
- (i) ATM: Automated Teller Machine 3@1
  - (ii) PAYE: Pay As You Earn 4@1
  - (iii) ROI: Return on Investment 3@1
- 2 Outline the purposes of the following forms**
- Proposal Form:** 2 @ 5 marks each  
This is an application for insurance filled out by the insured describing the insurance cover they are seeking. All material facts must be disclosed and the proposal form is governed by the basic principle of Utmost Good Faith.
- Claim form:**  
This is a form used by the insured when seeking compensation for a loss that has occurred. The claim form describes what happened and the amount being claimed.
- 3 List three ways in which technology can help businesses.** 4,3,3
- Communication - e-mail, video-conferencing  
Accounts, Databases, Wordprocessing  
Advertising - Internet  
CAD, CAM etc.
- 4 List two enterprise skills and illustrate how they could be used in the community:** 2 skills @3 m
- Innovation, risk-taking, decision making, flexible/adaptable, good communication/Human Relations, realistic, motivated, leadership, etc. 2 examples @ 2m
- Uses:  
Community enterprise, clubs, Tidy Towns, Action groups, festivals, Neighbourhood Watch. committees, Credit Union, childcare + other services etc.  
Allow Entrepreneur as an example
- 5 Explain the term 'franchising' and illustrate your answer with an example.** Explanation @ 5 marks
- This is the granting of a *licence* by the franchiser to the franchisee allowing the sale of their product or service.  
The licence is expensive and a percentage of sales must be paid annually. The franchisee has the benefit of *renting* a well established business name and a proven idea. Example @ 5 marks
- Examples:  
McDonalds, SuperMacs, The Body Shop, O'Brien's Sandwich Bars, etc
- 6 List the three management activities.** 4,3,3
- Planning  
Organising  
Control
- 7 Give 2 reasons why Irish firms export and give 2 examples of Irish exports. Reasons:** 2 reasons @3m
- (i) Home market too small
  - (ii) Business growth/to increase sales + profits
  - (iii) Free trade EU
  - (iv) Larger market - less dependent on home market
- Examples:** 2 examples @2m  
Agricultural + food products, computers, software, pharmaceuticals, tourism, Guinness, etc.



**Memo**

8. To: All departmental managers  
From: Seem Murphy, Managing Director  
Date: 16th June 2004  
Re: Managers' meeting  
This is to remind you that the next managers' meeting will be held on the 26th June 2004 in the conference room.  
Signed: &u !/.,.,;

5 items @ 2 marks each

9 **List three different types of business organisation. Example: Sole Trader**

- |                              |                        |       |
|------------------------------|------------------------|-------|
| (i) Partnership              | (vii) Franchise        | 4,3,3 |
| (ii) Private Limited Company | (viii) Indigenous Firm |       |
| (iii) Public Limited Company |                        |       |
| (iv) Co-operative            |                        |       |
| (v) State Enterprise         |                        |       |
| (vi) Transnational Company   |                        |       |

10 **Explain the term 'Limited Liability'** 2 pts @ 5m  
This means that if a business fails the investors/shareholders can only lose the amount they have invested in the business. They cannot lose their private property to pay for the debts of the business. or 10m. for a good expl.

11 **Calculate** 4 marks  
(i) **The Working Capital** €300,000 - €100,000 = €200,000  
(ii) **The Working Capital Ratio** €300,000 : €100,000 = 3:1 3 marks + 3 marks

12 **Complete the following organisation structure for a private limited company with four departments.** 5 items @ 2m  
Managing Director/Chief Executive Officer/general Manager  
Marketing Mgr/ Production Mgr/ Accounts/Finance/Purchasing

13 **Explain the term Batch Production and illustrate your answer with an example of a product produced using Batch Production.** Explanation @ 5 marks  
A process whereby a certain amount or quantity of a product is produced and then production switches to a different batch/group. Example @ 5 marks  
Skilled/semi-skilled workers, average price/quality,  
**Examples:** bread, shoes, clothes, printing books, etc.

14 **Match terms:** 5 @ 2 marks  
1.     2.     3.     4.     5.     6.  
E     D     F     A     G     C

15 **Name three of the main institutions in the European Union**  
(i) The European Parliament (v) European Central Bank  
(ii) The Council of Ministers (vi) Court of Auditors 4,3,3  
(iii) The European Commission  
(iv) European Court of Justice

| <b>MARKING SCHEME</b>            |   |                                      |
|----------------------------------|---|--------------------------------------|
| <b>TOTAL AVAILABLE MARKS 300</b> |   |                                      |
| <b><u>SECTION 2</u></b>          | <b>SECTION 2</b>  | <b>PART 1</b>                        |
|                                  | <b>MINIMUM</b>  | <b>1 QUESTION 75 MARKS</b>           |
|                                  | <b>MAXIMUM</b>  | <b>2 QUESTIONS 150 MARKS</b>         |
|                                  | <b><u>Question 1</u></b>  | <b><u>People in Business</u></b>     |
| <b>1 (A)</b>                     | <p><b>Outline <u>one</u> approach for solving the above problem</b><br/>           Discuss (in person, phone, write) with shop manager replacing/refunding the computer game<br/>           The Small Claims Court</p>  | 10m                                  |
| <b>1 (B)</b>                     | <p><b>Explain <u>three</u> rights that Kevin has under the Sale of Goods and Supply of Services Act 1980</b><br/>           Legal Rights<br/>               . Goods should be of merchantable quality<br/>               . Goods should be fit for the purpose intended a normal purpose of such a good! or a particular purpose, of which the seller was informed ( buyer relying on the seller's skill and judgement)<br/>               . As described<br/>               . As per sample<br/>               . Entitled to refund/replacement/repair = 1 point<br/>               . The retailer is responsible for dealing with the problem</p> | 3 x 5                                |
| <b>I(C)</b>                      | <p><b>State <u>three</u> advantages of taking a case to the Small Claims Court.</b><br/>           (i) Very accessible to people - District Court<br/>           (ii) Not expensive - a fee of €8<br/>           (iii) No solicitors<br/>           (iv) Provides a quick solution to consumer claims of up to €1270<br/>           (v) Will get unbiased and fair judgement</p>  | 3 x 5                                |
| <b>1 (D)</b>                     | <p><b>Describe the relationship which exists between an employer and an employee.</b><br/>           Co-operative:<br/>           Employers and employees must work together to produce goods or provide services. They must co-operate if they are to gain profits/wages.<br/>           Also co-operation in areas such as profit-sharing, share options, productivity, etc.<br/> <b>Competitive:</b><br/>           The employees may want higher pay while the employers want costs kept to a minimum..<br/>           Employers want profits/cost reductions, which may lead to redundancies while employees want job security.</p>            | 3 valid points<br>@5meach<br><br>4x5 |
| <b>1 (E)</b>                     | <p><b>Describe the benefits to Kate of joining a trade union.</b><br/> <b>The trade union will</b><br/>           (i) try to improve the members' pay<br/>           (ii) try to improve the members' working conditions<br/>           (iii) resolve disputes! engage in National Agreements<br/>           (iv) negotiate on behalf of its members in the event of a trade dispute/representation<br/>           protect job security of its members</p>  | 4x5                                  |

## Question 2 Domestic Environment

- 2 (A) Explain the term 'Transnational Company'.**  
 A company with its headquarters in one country but it operates facilities in a number of different countries. Subsidiaries/factories in different countries producing different components 5 +5  
 \* Exporting not acceptable \* Global f1m1 not acceptable  
 Examples: Ford, Intel, Jefferson Smurfit Group, Nestle, Coca-Cola, etc.
- 2 (B) List three reasons why Chemphar might like to locate a new factory in Rosstown** 3 x 5
- (i) Industrial Estate with services (planning Permission easier)
  - (ii) Housing Estates - available workforce
  - (iii) Shopping Area/ banks/ Post Office
  - (iv) Airport nearby
  - (v) Port nearby for importing /exporting/travelling
- 2(C) Describe two environmental responsibilities that Chemphar may have if they locate their factory in Rosstown.** State and explain
- (i) Air Pollution: - ensure that factory emissions do not pollute the air 5+5
  - (ii) Water Pollution: - Ross river - no effluent into water
  - (iii) Noise pollution: - noise levels are kept to a minimum
  - (iv) Traffic/ adequate parking 5+5
  - (v) Compliance with Planning laws etc.
  - (vi) Environmental Impact Study
  - (vii) illegal dumping/waste disposal
  - (viii) Consult with local community groups and environmental bodies to ensure consensus
- 2 (D) Outline three benefits to the local community of Rosstown if Chemphar were to locate their factory there.** 5
- (i) Employment to local people - increased prosperity
  - (ii) Spin-off effects -local businesses (shops, restaurants, transport etc) will benefit from increased prosperity 5
  - (iii) Attract more industry/business into the area e.g. service suppliers 5
  - (iv) Attract more and better infrastructure e.g. Government investment in roads etc.
  - (v) Possible sponsorship of local events/teams etc.
- 2 (E) Describe the role of one state agency that may influence Chemphar's decision to locate in Rosstown.** 1 agency name @5m
- (i) Environmental Protection Agency
    - issues pollution control licences, monitors pollution levels, prosecues firms with unacceptable pollution levels Role = IOm
  - (ii) FAS
    - provides assistance with youth training, apprenticeship training, training for the long term unemployed, new technology skills, management and staff training, grants for feasibility studies and assistance with recruitment and selection. Poor point = 5m
  - (iii) IDA Ireland
    - grants to foreign investors 1
    - attracts foreign investors to Ireland 5
- \* Not Enterprise Ireland or County Council

### Question 3 Domestic/ International Environment

#### **3 (A) Explain the term 'inflation'.**

Inflation is an increase in the general level of prices of goods and services from one year to the next. It is expressed in percentage terms.

Expl. 2 points @ 5  
One good  
`Sentence  
= 10 marks

- (ii) Outline two effects that a high rate of inflation would have on business.
1. Increase in the cost of production e.g. raw materials
  2. Increased wage demands to keep up with the rate on inflation
  3. Increase in the selling price may lead to a fall in demand
  4. Exports become less competitive because of increases in prices

2 effects @  
5rn

#### **3 (B) Outline three ways in which low taxation rates can help business.**

**Use examples to illustrate your answer.**

- (i) More profit if Corporation Tax is low
- (ii) Competitive selling price if Value Added Tax/Excise Duty rates are low
- (iii) More demand/sales if Value Added Tax/Excise Duty rates are low
- (iv) Employees have more incentive to work if PAYE/PRSI rates are low
- (v) Cost of employing staff is reduced if PRSI is low

3 x 3 ways

3 x 2 ex's

#### **3(C) Outline three effects of the Single European Market on Irish Firms**

- (i) Large market available to Irish firms for exporting/expansion
- (ii) More competition - smaller firms may not be able to compete and may close down causing unemployment
- (iii) Economies of scale can be achieved through expansion
- (iv) Free trade - free movement of goods and services
- (v) Free movement of capital and labour
- (iv) Public procurement - public contracts in the EU

3 x 5

#### **3 (D) Describe two benefits of state-owned enterprises.**

- (i) Development of natural resources of the country e.g. Bord na Mona, Bord Gais
- (ii) Provision of essential services that may not be profitable e.g. Bus Eireann
- (iii) Provision of important infrastructure for the development of the economy e.g. AerRianta
- (iv) Private enterprise may not have the capital e.g. Iarnrod Eireann
- (v) Employment - state owned enterprises employ thousands

2 x 5

#### **3 (E) Explain what is meant by 'Balance of Payments'.**

The Balance of Payments is the difference between the value of Total exports (visible and Invisible) and the value of Total Imports (Visible and Invisible). It is expressed as a surplus or Deficit

3 x 5

Visible Exports - Visible Imports = Balance of Trade

+

Invisible Exports - Invisible Imports

= Balance of Payments

Money coming in to a country minus money going out of a country

**Question 4      Managing 1**

SECTION 2                      PART 2  
MINIMUM 2 QUESTIONS      150 MARKS  
MAXIMUM 3 QUESTIONS      225 MARKS

- 4 (A) Draft the Notice and Agenda for the AGM.**                      Notice 4 @ 2 marks  
**The Agenda should include ~ items that you would expect**

Fairways Golf Club  
Notice is hereby given that the 10th Annual  
General Meeting of the Club will take place on  
the 1<sup>st</sup> of July 2004 at 7.30 p.m. in the  
Clubhouse. Agenda:

Agenda 5 @ 3 marks

1. Minutes of the last Annual General Meeting
2. Matters arising from the minutes
3. Chairperson's report
4. Treasurer's report
5. Election of new officers
6. Membership fees/New clubhouse
7. A.O.B.

Martin Browne  
Secretary

Signature  
2m

- 4 (B) Outline two duties of a Chairperson at meetings.**                      2 duties @ 5 marks each
- (i) Open the meeting and ensure that there is a quorum
  - (ii) Keep order at the meeting
  - (iii) Ensure that the agenda is followed
  - (iv) Run the meeting in an orderly way ensuring compliance with the standing orders
  - (v) Make sure that everybody gets a chance to participate
  - (vi) Ensure that voting is carried out properly and announce results. Chairperson may have Casting Vote in the event of a tie.

- 4 (C) Outline two duties of a Secretary at meetings.**                      2 duties @ 5 marks each
- (i) Ensure that all who are entitled to attend have received the Notice and Agenda in advance of the meeting
  - (ii) Ensure all facilities are arranged and all necessary documentation is available
  - (iii) Read the minutes of the last meeting
  - (iv) Read out any correspondence
  - (v) Take notes of discussions and decisions and write up the minutes after the meeting

- 4 (D) Outline two advantages of a meeting as a method of communication.**                      2 advantages @ 5m
- (i) Allow people to exchange ideas and information
  - (ii) Allow decisions to be made by voting on proposals
  - (iii) Problems can be discussed and solutions put forward
  - (iv) People can report findings etc. to other participants
  - (v) Allows for face-to-face communication

- 4 (E) Under the Data Protection Act 1988 people about whom personal information is kept on a computer have several rights.**

**Describe two of these rights.**

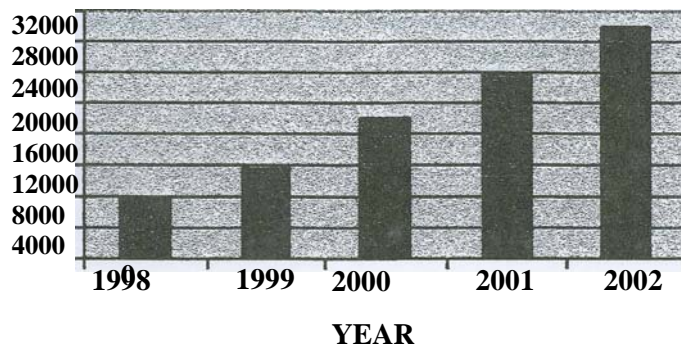
- (i) Right of access - data subjects have the right to get a copy of the information within 40 days of requesting it                      2 rights @ 10 marks each
- (ii) Errors to be corrected
- (iii) They can have their name removed from a direct marketing list
- (iv) They can complain to the Data Protection Commissioner
- (v) Data subjects can claim compensation in the courts if they have suffered as a result of misuse of information held on computer.

**Question 5**

**Enterprise Managing:**

- 5 (A) **Outline three reasons for business expansion.** 5
- (i) Economies of Scale
  - (ii) Reduce/eliminate competition 4
  - (iii) Secure source of raw materials
  - (iv) Increase sales
  - (v) Increase profits 4
  - (vi) Acquire new technology/products/expertise (vii)
  - Gain new customers
  - (viii) Diversification - spread the risk
- 5 (B) **Outline four factors that the bank would take into account when deciding on whether to grant the loan to Philip.** 4x5
- (i) Ability to repay
  - (ii) Credit Rating/history/
  - (iii) Details of owners + management
  - (iv) Collateral/Security for the loan
  - (v) Profitability
  - (vi) Purpose of the loan
  - (vii) Business plan
  - (viii) Duration of the loan
- 5 (C) **Illustrate this information using a bar chart.**
- Horizontal/Vertical Bar chart acceptable

**The Book Shelf**



5bars@2 marks

axes @ 1 mark each

5(D) Draft a business plan for Philip to help his loan application to the bank under the following three headings:

6 points @  
Smarks

**1. Ownership 2. Finance 3. Marketing**

**The Book Shelf**

**Main Street**

**Tralee**

**BUSINESS PLAN**

**OWNERSHIP:**

The Book Shelf, Main Street, Tralee is owned and managed by Philip Moran. The business was opened five years ago and it supplies an extensive range of books. We supply the local primary and secondary schools.

2x5m

**FINANCE:**

I would like to expand the business by purchasing an adjacent premises which has recently come on the market.

The costs are as follows:

Premises €75,000

Shelving/equipment €35,000

Repairs/decoration €5,000

Total cost €115,000

2x5m

Financed by:

Longterm loan €80,000

Savings €35,000

Total €115,000

I would be able to use the new premises as security for the loan. I enclose the Net Profit figures for the last five years.

1

**MARKETING:**

We supply an extensive range of books including Schoolbooks to the local primary and secondary schools.

We also sell a wide range of general books and often have promotions offering bestsellers at reduced prices.

The expansion would allow us to increase our range to include the sale of stationery, greeting cards and gifts.

Our market research shows that there would be a good demand for these goods and there is no other business in the area supplying these goods.

We advertise regularly on local radio and in the local papers and we sponsor a local football team.

2x5m

### Question 6 Business in Action

- 6 (A) Explain the term 'Training and Development'.** 2  
Training involves supplying the skills, knowledge and attitudes explanations  
needed by employees to do their jobs better. 4+4  
Types: Induction., On-the-job, Off-the-job.  
Development involves preparing the employees to take on more 2 examples  
responsibility and new challenges in the workplace. 4+3  
Includes: certificateldiplomaldegreelpostgrad courses, management  
courses etc.
- 6 (B) Outline one financial reward and one non-financial reward that Murray's could give to their sales staff.** L0m  
**Financial:** Salary/wages, commission, bonuses, profit-sharing scheme, share ownership, pension plan.,  
**Non-financial:** Benefits-in-kind e.g., club membership, health insurance, staff discount in store, company car etc. 10m  
\* Promotion not acceptable as non-financial
- 6 (C) Outline two advantages of internal recruitment.**
- (i) Motivation - employees will see that hard work and commitment can be rewarded through promotion 8 (4+4)
  - (ii) Knowledge - existing employees know the business better than external recruits +  
7 (4+3)
  - (iii) Less resentment among staff to an outsider
  - (iv) The business knows the employee - achievements, strengths, training needs, etc.
  - (v) Less expensive to recruit internally
- 6(D) State two benefits of teamwork.**
- (i) Motivation - teamwork encourages greater effort and recognition is given for everyone's achievements 5
  - (ii) More ideas - members of a team are more forthcoming with solutions and ideas 5
  - (iii) Support - team members share the responsibility and can help each other
  - (iv) Direction - all team members are working towards the same objectives and targets



- 6(E) **Draft a suitable newspaper advertisement for the vacancy in Murray's Department Store.**

**Murray's Department Store**

**Vacancy for position of Office Manager**

The ideal candidate would be a confident, motivated person with good communication and organisational skills and must be able to work as part of a team.

Management experience although not essential is desirable and good Information Technology skills are essential for this position.

Excellent salary and conditions for the successful candidate

Apply in writing and enclose CV to:

Ms. Anne O'Brien

Human Resources Manager

Murray's Department Store

Main Street

Anytown.

Closing date: 20th June 2004

5 items @ 3  
marks each

Must include  
**contact**  
information  
as one item

## Question 7     Managing 2/IBusiness in Action

- 7 (A)**     **(i) List the elements of the Marketing Mix (4Ps).**     Elements  
 Product, Place, Price, Promotion     4@3m
- (ii) Explain of these elements.**
- Product:** design, brand name, packaging, product life cycle, USP, trademarks, patents, product nUx,
- Place:** Channels of distribution, chain of distribution, retailer, wholesaler, transport, delivery methods,     1 explanation  
 2 pts @4  
 marks
- Price:** factors which determine price e.g cost of production, competition, discounts, pricing strategies, break-even chart, target market,
- Promotion:** Advertising types + media, Sales Promotion, Public Relations, Personal Selling, Merchandising,
- 7 (B)**     **What does the term 'target market' mean?**     Explanation  
 Use an example to illustrate your answer.     = 10 marks  
 The target market is the group of people at whom a particular product/service is aimed. The target market may be characterised by age, income level, gender, location, lifestyle etc.     (or 5+5)  
 Example  
 5 marks
- 7 (C)**     **Give three reasons why businesses carry out market research.**
- To find out:**
- (i) information about the target market     3x5m
- (ii) if demand exists for a new product/service
- (iii) information about the competition
- (iv) the best marketing mix - 4Ps
- 7 (D)**     **Outline three types of insurance policies you would expect a supermarket to have.**
- (i) Public Liability Insurance - in case of injury to a customer on the premises     3+2
- (ii) Employers Liability Insurance - in case of injury to an employee in the workplace     3+2
- (iii) Fidelity Guarantee - to protect against pilferage by employees     3+2
- (iv) Fire- to protect against damage caused by a fire on the premises
- (v) Burglary - to protect against theft / break-ins
- (vi) Cash- in-transit
- (vii) Buildings and Contents
- (viii) Vehicle insurance on delivery vans
- \*PRSI not acceptable
- 7 (E)**     **Explain the relationship between premium and risk in insurance.**     Relationship =  
 5 marks  
 Give one example to illustrate your answer.     Example = 5  
 The higher the risk, the higher the premium     marks  
 E.G. Previous claims, health history, young driver, smoker,

## Question 8      Business in Action

- 8 (A)      Distinguish between a wholesaler and a retailer.**  
 Wholesaler: purchases in large quantities from different manufacturers and sell in smaller quantities to retailers. Types: Traditional, Cash and Carry, Specialised, Exporting, Importing  
 Retailer: purchases from the wholesaler or direct from the manufacturer and sells to the consumer
- 5  
+5
- 8 (B)      What is a bank overdraft?**  
 A bank overdraft is a short term loan which allows current account holders to withdraw more money from the account than the account holds. A limit is set for the overdraft and interest is charged on the overdrawn amount.  
**In which month(s) will Greenfare need a bank overdraft?**  
 February and March
- Expl. @ 10  
m (5 + 5)  
2 months  
(3 + 2)
- 8 (C)      Outline three reasons why a business would prepare a cash flow forecast.**
- (i)          to plan for future cash shortages e.g. arrange overdraft  
 (ii)        identify times of high expenditure  
 (iii)       identify future cash needs  
 (iv)        to use future cash surpluses to the firm's best advantage
- 3x5
- 8 (D)      Outline two ways in which Greenfare Ltd. could persuade their customers (debtors) to pay on time.**
- (i)          Offer incentives e.g. cash discount for prompt payment  
 (ii)        Penalty/ interest on overdue amounts  
 (iii)       Credit Control- invoices on time, reminders etc.
- 2@10m
- 8 (E)      Describe three methods of sales promotions that Greenfare could use to attract new customers and increase sales.**
- (i)          Special Offers  
 (ii)        Free goods with bulk orders  
 (iii)       Free samples  
 (iv)        Competitions  
 (v)        Buy two, get one free
- 3x5m