



# Coimisiún na Scrúduithe Stáit State Examinations Commission

*Scéimeanna Marcála*

*Scrúduithe Ardteistiméireachta, 2005*

*Gnó*

*Gnáthleibhéal*

*Marking Scheme*

*Leaving Certificate Examination, 2005*

*Business*

*Ordinary level*

<b>LEAVING CERTIFICATE BUSINESS ORDINARY LEVEL 2005 MARKING SCHEME</b>
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**SECTION 1:**

Marking Scheme  
Answer 10 questions.

Available marks 100 marks  
Each question carries 10 marks.

Question	Scheme	
1	(i) 3 @ 1 mark each (ii) 3 @ 1 mark each (iii) 4 @ 1 mark each	<b>10</b>
2	4,3,3	<b>10</b>
3	2 points @ 5 marks	<b>10</b>
4	4,3,3	<b>10</b>
5	5 x 2 marks each	<b>10</b>
6	4 (2+2) name + elaboration 3 (2+1) 3 (2+1)	<b>10</b>
7	3,3,2,2 Correct order	<b>10</b>
8	2 points @ 5 marks (3+2)	<b>10</b>
9	Stages 3+ 3+ 2 and 2 for product	<b>10</b>
10	4, 3, 3	<b>10</b>
11	2 points @ 5 marks	<b>10</b>
12	2 points @ 5 marks	<b>10</b>
13	Graph (5 points @ 2m each)	<b>10</b>
14	4 m = 3 + 1 name and example 3 m = 2 + 1 3 m = 2 + 1	<b>10</b>
15	4,3,3	<b>10</b>
Section 1	Available Marks	<b>100</b>

<b>SECTION 2</b>	<b>MARKING SCHEME</b>
<b>TOTAL AVAILABLE MARKS 300</b>	

<b>SECTION 2</b>	<b>PART 1</b>	
<b>MINIMUM</b>	<b>1 QUESTION</b>	<b>75 MARKS</b>
<b>MAXIMUM</b>	<b>2 QUESTIONS</b>	<b>150 MARKS</b>

<b>People in Business</b>	<b>Question 1</b>
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<b>1 (A)</b>	5 words @ 2 marks each	5 x 2m	<b>10</b>
<b>1 (B)</b>	Rights and duties 4 points @ 5 marks At least one duty of retailer No repetition rewarded	4 x 5m	<b>20</b>
<b>1(C)</b>	One non –legislative method @ 10m	10 m	<b>10</b>
<b>1 (D)</b>	Explanations Picketing 2 points @ 5 marks Secret Ballot 2 points @ 5 marks	10 10	<b>20</b>
<b>1 (E)</b>	Labour Court 2 points @ 10 + 5	10m + 5m	<b>15</b>
	Available marks		<b>75</b>

<b>Domestic Environment</b>	<b>Question 2</b>
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<b>2 (A)</b>	(i) Explanation Sole Trader 5 marks (ii) 2 advantages @ 5 marks	5 10	<b>15</b>
<b>2 (B)</b>	3 advantages @ 5 marks each	3 x 5m	<b>15</b>
<b>2(C)</b>	1 point about each document @ 5 marks each	5+5	<b>10</b>
<b>2 (D)</b>	Managing Director } Auditor } 2 out of 3 Company Secretary } Explain role 2 @ 10 m (5 + 5)	10m(5+5) 10m(5+5)	<b>20</b>
<b>2(E)</b>	3 responsibilities @ 5 m (3 + 2)	3 x 5m (3 + 2)	<b>15</b>
	Available marks		<b>75</b>

<b>International Environment</b>	<b>Question 3</b>
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<b>3 (A)</b>	2 benefits of TNC for Ireland 2 @ 5 marks (3 + 2)	5m (3 + 2) 5m (3 + 2)	<b>10</b>
<b>3 (B)</b>	(i) Balance of Trade 10 marks (3 + 3 + 4) (ii) Deficit 5 marks	3 +3+4 5	<b>15</b>
<b>3(C)</b>	(i) Explanation 7 marks (ii) 2 examples 4 + 4	7 4+4	<b>15</b>
<b>3 (D)</b>	3 advantages @ 5 marks each	3 x 5	<b>15</b>
<b>3 (E)</b>	2 institutions @ 5 marks Explain role of one 2 points @ 5 marks	5 + 5 5 + 5	<b>20</b>
	Available marks		<b>75</b>

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

<b>Managing</b>	<b>Question 4</b>
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<b>4 (A)</b>	3 factors @ 5 marks (3 name + 2 elaboration)	3 x 5m (3 + 2)	<b>15</b>
<b>4 (B)</b>	<b>Bar Chart</b> 6 bars @ 2 marks Title = 1 m Axes = 2 x 1m <b>Histogram</b> = 6 bars x 1m each <b>Line graph</b> = 0	6 x 2m bars Title = 1m Axes = 2 x 1m	<b>15</b>
<b>4(C)</b>	2 reasons for Stock Control - library 2 @ 5 marks each	2 x 5m	<b>10</b>
<b>4 (D)</b>	2 sources @ 5 marks each Explanation @ 5 marks	2 x 5m 5m	<b>15</b>
<b>4 (E)</b>	2 explanations @ 10 marks each (5 + 5)	2 x 10m (5+5)	<b>20</b>
	Available marks		<b>75</b>

<b>Managing/Business in Action</b>	<b>Question 5</b>
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<b>5 (A)</b>	3 enterprising skills /characteristics 3 @ 5 marks	3 x 5m	<b>15</b>
<b>5 (B)</b>	SWOT 4 points (4+4+4+3) Words only = 4 x 2marks	15	<b>15</b>
<b>5 (C)</b>	3 methods @ 5 marks each (3 + 2)	3 x 5 (3 + 2)	<b>15</b>
<b>5 (D)</b>	2 risks @ 5 m each 2 rewards @ 5 m each	4 x 5 m	<b>20</b>
<b>5 (E)</b>	Define Delegation One good sentence for 10 marks or 2 points @ 5 m	10	<b>10</b>
	Available marks		<b>75</b>

<b>Managing</b>	<b>Question 6</b>
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<b>6 (A)</b>	(i) Workings 4 figures @ 2 marks (ii) Average Clause = 2 marks	4 x 2m 2m	<b>10</b>
<b>6 (B)</b>	Name 3 other insurances @ 5 marks each	3 x 5	<b>15</b>
<b>6(C)</b>	State 3 principles 2 x 4m + 1 x 3m Explain 3 principles 3 + 3 + 3	7m (4 + 3) 7m (4 +3) 6m (3 + 3)	<b>20</b>
<b>6 (D)</b>	Three methods of recruiting new employees @ 5 marks each Distinct methods	3 x 5	<b>15</b>
<b>6 (E)</b>	2 similarities or 2 differences 1 @8 m (4 + 4) and 1 @ 7 m (3 + 4)	8 m (4 +4) 7 m (4 +3)	<b>15</b>
	Available marks		<b>75</b>

<b>Business in Action</b>	<b>Question 7</b>
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<b>7 (A)</b>	Explanation Leasing = 5 marks One advantage = 5 marks	5 + 5	<b>10</b>
<b>7 (B)</b>	3 reasons for Cash flow Forecast @ 5 m (3 + 2)	3 x 5m (3 + 2)	<b>15</b>
<b>7 (C)</b>	2 <b>financial</b> items on business loan application	2 x 5m	<b>10</b>
<b>7 (D)</b>	WCR Formula                   1 @ 3 marks 2004 figures            2 @ 3 marks 2004 answer            1 @ 3 marks 2003 figures            2 @ 3 marks 2003 answer            1 @ 3 marks Comment on Trend    1 @ 4 marks	3 6 3 6 3 4	<b>25</b>
<b>7 (E)</b>	ROCE Formula                1 @ 3 marks 2004 figures        2 @ 2 marks 2004 answer        1 @ 2 marks 2003 figures        2 @ 2 marks 2003 answer        1 @ 2 marks	3 4 2 4 2	<b>15</b>
	Available marks		<b>75</b>

<b>Managing</b>	<b>Question 8</b>
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<b>8(A)</b>	Job Production 2 points @ 5 marks	5 + 5	<b>10</b>
<b>8 (B)</b>	3 benefits of expanding the business 3 @ 5 m	3 x 5m	<b>15</b>
<b>8(C)</b>	Market Research 3 reasons @ 5 marks	3 x 5m	<b>15</b>
<b>8 (D)</b>	2 methods of Sales Promotion @ 5 marks each Alternative: = Promotions Mix excluding PR	2 x 5m	<b>10</b>
<b>8 (E)</b>	(i) Explain PR 2 points @ 5 marks (ii) 2 examples 8 + 7	2 x 5 8 + 7	<b>25</b>
	Available marks		<b>75</b>



**LEAVING CERTIFICATE 2005**

**BUSINESS ORDINARY LEVEL**

**EXPLANATORY SUPPORT NOTES**

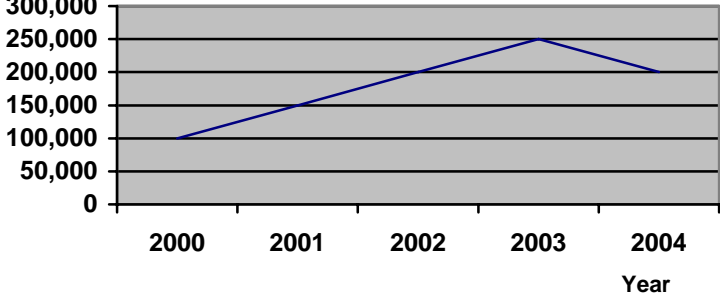
- All explanatory notes enclosed are not exhaustively or definitively complete.
- They are not model answers.
- It is important to realise that in some cases there will be other correct answers which are acceptable.
- Further appropriate points of information, descriptions, elaborations etc. presented 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.**

<b>1</b>	<p><b>What do the following letters stand for?</b>                  (i) AGM: Annual General Meeting                  (ii) LRC: Labour Relations Commission                  (iii) IBEC: Irish Business &amp; Employers Confederation</p>		
<b>2</b>	<p><b>List the three management skills</b>                  Leadership                  Motivation                  Communication</p>		
<b>3</b>	<p><b>Define Global Marketing</b>                  Means marketing a product globally with either a standardised marketing mix or an adapted marketing mix to take account of differences in different markets. A global business sees the <b>whole world</b> as its market and produces a product for that market.</p>		
<b>4</b>	<p><b>Identify three semi-state organisations that help Irish business</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">                     Enterprise Ireland                      FÁS                      Labour Relations Commission                      Labour Court                      Bord Fáilte                      Bord Bia                      (The Environmental Protection Agency)                      (The Competition Authority)                 </td> <td style="width: 50%; border: none;">                     An Post                      Aer Lingus                      ESB                 </td> </tr> </table>	Enterprise Ireland FÁS Labour Relations Commission Labour Court Bord Fáilte Bord Bia (The Environmental Protection Agency) (The Competition Authority)	An Post Aer Lingus ESB
Enterprise Ireland FÁS Labour Relations Commission Labour Court Bord Fáilte Bord Bia (The Environmental Protection Agency) (The Competition Authority)	An Post Aer Lingus ESB		
<b>5</b>	<p>True or False                  (i) False                  (ii) True                  (iii) True                  (iv) False                  (v) True</p>		
<b>6</b>	<p><b>Outline three elements of a valid contract</b>                  Offer, acceptance, consideration, intention to contract, capacity to contract, consent to contract, legality of form</p>		
<b>7</b>	<p><b>Mazlow's Hierarchy of Needs</b>                  1. Physiological/Physical/Basic needs                  2. Safety/Security needs                  3. Acceptance/Social needs                  4. Esteem/Respect needs                  Must be in the correct order</p>		
<b>8</b>	<p><b>Outline two ways in which high interest rates can affect business</b>                  Increases expenses (cost of borrowing)                  Reduces profits                  Discourages expansion,                  May reduce consumer demand,                  May increase prices</p>		

9	<p><b>Complete the missing 3 stages</b></p> <p>Wholesaler Retailer Consumer Product – any valid example</p>												
10	<p><b>Name 3 taxes paid by business</b></p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li>(i) Corporation Tax</li> <li>(ii) Motor Tax</li> <li>(iii) Commercial Rates</li> <li>(iv) Capital Gains Tax</li> <li>(v) Deposit Interest Retention Tax</li> </ul> </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li>(vi) Income Tax</li> <li>(vii) Import Taxes</li> <li>(viii) PRSI</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li>(i) Corporation Tax</li> <li>(ii) Motor Tax</li> <li>(iii) Commercial Rates</li> <li>(iv) Capital Gains Tax</li> <li>(v) Deposit Interest Retention Tax</li> </ul>	<ul style="list-style-type: none"> <li>(vi) Income Tax</li> <li>(vii) Import Taxes</li> <li>(viii) PRSI</li> </ul>										
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11	<p><b>What is the function of Small Claims Court</b></p> <ul style="list-style-type: none"> <li>(i) Provides a quick solution to consumer claims of up to €1270</li> <li>(ii) Very accessible to people – District Court</li> <li>(iii) Not expensive – a fee of €8</li> <li>(iv) No solicitors</li> <li>(v) Will get unbiased and fair judgement</li> </ul>												
12	<p><b>List two uses of WWW for business</b></p> <ul style="list-style-type: none"> <li>(i) Advertising on website</li> <li>(ii) Contact with and orders from customers/E-mail</li> <li>(iii) Access to worldwide market</li> <li>(iv) Market research</li> </ul>												
13	<p style="text-align: center;"><b>Sales Cast Ltd</b></p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <caption>Sales Data for Sales Cast Ltd</caption> <thead> <tr> <th>Year</th> <th>Sales</th> </tr> </thead> <tbody> <tr> <td>2000</td> <td>100,000</td> </tr> <tr> <td>2001</td> <td>150,000</td> </tr> <tr> <td>2002</td> <td>200,000</td> </tr> <tr> <td>2003</td> <td>250,000</td> </tr> <tr> <td>2004</td> <td>200,000</td> </tr> </tbody> </table>	Year	Sales	2000	100,000	2001	150,000	2002	200,000	2003	250,000	2004	200,000
Year	Sales												
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2001	150,000												
2002	200,000												
2003	250,000												
2004	200,000												
14	<p><b>Three categories of industry + three examples</b></p> <ul style="list-style-type: none"> <li>(i) Primary/Extractive – agriculture/farming, fishing, forestry, mining, quarrying</li> <li>(ii) Secondary/Manufacturing/Construction – any construction /manufacturing example</li> <li>(iii) Tertiary/Services – banking, insurance, transport etc.</li> </ul>												
15	<p><b>List three functions of HR manager</b></p> <ul style="list-style-type: none"> <li>(i) Manpower planning</li> <li>(ii) Recruitment &amp; Selection</li> <li>(iii) Training &amp; Development</li> <li>(iv) Industrial/Staff Relations</li> <li>(v) Performance Appraisal</li> <li>(vi) Rewarding</li> <li>(vii) Teamwork</li> </ul>												

<b>SECTION 2</b>	<b>TOTAL AVAILABLE MARKS 300</b>
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	<b>SECTION 2</b>	<b>PART 1</b>
<b>MINIMUM</b>	<b>1 QUESTION</b>	<b>75 MARKS</b>
<b>MAXIMUM</b>	<b>2 QUESTIONS</b>	<b>150 MARKS</b>

**Question 1                      People in Business**

<b>1</b> <b>(A)(i)</b>	<b>Name the law that protects the consumer</b> The <u>Sale of Goods</u> and <u>Supply of Services Act 1980</u>
<b>(A)(ii)</b>	<b>Explain Ciara’s legal rights and the duties of Quality Lawnmowers Ltd.</b> <b>Legal Rights –</b> Goods should be of merchantable quality Goods should be fit for the purpose intended Goods should be as described Goods should be as per sample Entitled to refund/replacement/repair <b>Duties of shop – (at least one)</b> The seller is responsible for putting things right Should sell goods of merchantable quality Should sell goods that are fit for their purpose etc. Should provide redress for the consumer (refund/replacement/repair) <ul style="list-style-type: none"> <li>• Repetition not rewarded</li> </ul>
<b>(A)(iii)</b>	<b>Outline one non-legislative method of solving the above problem</b> Discuss (in person, phone, write) with shop manager with regard to replacing, repairing or getting a refund for the lawnmower
<b>1</b> <b>(B) (i)</b>	<b>Explain the terms ‘Picketing’ and ‘Secret Ballot’</b> <u>Picketing</u> This means that workers involved in a dispute gather together outside the workplace and carry placards giving information about their dispute. Must be peaceful. Primary and Secondary picketing. <u>Secret Ballot</u> A trade union must hold a secret ballot of its members before deciding on a strike/industrial action. A secret vote by workers / can be held at a meeting or by post
<b>(B) (ii)</b>	<b>Describe the role of the Labour Court</b> The court of last resort in industrial disputes. Labour Court hears cases <ul style="list-style-type: none"> <li>• of appeals of decisions of Rights Commissioners and Director of Equality Investigations</li> <li>• cases if requested by Minister of Enterprise and Employment</li> <li>• cases which the LRC cannot or will not resolve</li> <li>• exceptional circumstances</li> </ul> Establish JLCs Register /Employment Agreements

## Question 2 Domestic Environment

<b>2 (A)</b>	<p><b>(i) Explain what is meant by a 'Sole Trader'</b> A person who owns and runs his/her own business.</p> <p><b>(ii) Give two advantages of setting up in business as a sole trader</b></p> <ul style="list-style-type: none"> <li>• He/she do not have to share the profits</li> <li>• He/she makes all the decisions/can make quick decisions</li> <li>• There are few legal formalities in setting up a sole trader business</li> <li>• Confidentiality – don't need to disclose information to the public</li> </ul>
<b>2 (B)</b>	<p><b>List <u>three</u> advantages of a private limited company</b></p> <ul style="list-style-type: none"> <li>(i) Shareholders have limited liability</li> <li>(ii) More capital can be raised from up to fifty shareholders</li> <li>(iii) The company is a separate legal entity from the shareholders</li> <li>(iv) Better credit rating with lenders</li> <li>(v) Continuity of existence</li> <li>(vi) Shared risk/responsibility</li> </ul>
<b>2 (C)</b>	<p><b>Distinguish between Articles of association and Memorandum of Association</b></p> <p><u>Articles of Association:</u> This document sets out the internal rules and regulations for the running of the company e.g. share capital structure, voting rights of shares, conduct and procedures of company meetings, issue and transfer of shares, duties and powers of directors etc</p> <p><u>Memorandum of Association</u> This document gives information about the company to outsiders e.g. name of the company with Ltd., the registered address, the objectives of the company, the authorised share capital, signature of each subscriber</p>
<b>2 (D)</b>	<p><b>Explain role of two of these people involved in a company</b></p> <p><b>Managing Director:</b> The person elected by the Board of Directors to take overall responsibility for running of the company and ensuring that company objectives are achieved</p> <p><b>Auditor:</b> Checks the final accounts of the company and reports to the shareholders at the AGM. Accounts must be sent to the tax authorities</p> <p><b>Company Secretary:</b> Responsible for sending annual returns to the Registrar of Companies and maintaining an up-to-date register of shareholders, organises the AGM of the company and keeps the minutes of the meeting.</p>

<b>2 (E)</b>	<p><b>Outline three environmental responsibilities a company may face when setting up in a locality</b></p> <p>Compliance with Planning laws etc  Environmental Impact Study  Air Pollution: - ensure that factory emissions do not pollute the air  Water Pollution: no effluent/chemicals into water  Noise pollution: - noise levels are kept to a minimum  Traffic/ adequate parking.  Illegal dumping/waste disposal  Consult with local community groups and environmental bodies to ensure consensus</p>
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**Question3 International Environment**

<b>3 (A)</b>	<p><b>Explain two benefits of Transnational Companies for Ireland</b></p> <ul style="list-style-type: none"> <li>(i) Employment: they employ large numbers of people</li> <li>(ii) Spin-off effects: local businesses benefit by supplying goods and services to TNCs</li> <li>(iii) Exporting: exports by TNCs contributes to a positive Balance of Payments</li> <li>(iv) Revenues to the Government: employees PAYE, PRSI, tax on profits and VAT on purchases</li> <li>(v) Local economy benefits: spending by employees boosts local economy</li> </ul>															
<b>3 (B)</b>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">(i) Balance of Trade</td> <td style="width: 20%; text-align: right;">€m</td> <td style="width: 30%;"></td> </tr> <tr> <td>Visible Exports</td> <td style="text-align: right;">550</td> <td style="text-align: right;">(3m)</td> </tr> <tr> <td>Visible Imports</td> <td style="text-align: right;"><u>900</u></td> <td style="text-align: right;">(3m)</td> </tr> <tr> <td>Balance of Trade deficit</td> <td style="text-align: right;">(350)</td> <td style="text-align: right;">(4m)</td> </tr> <tr> <td>(ii) Deficit</td> <td></td> <td style="text-align: right;">(5m)</td> </tr> </table>	(i) Balance of Trade	€m		Visible Exports	550	(3m)	Visible Imports	<u>900</u>	(3m)	Balance of Trade deficit	(350)	(4m)	(ii) Deficit		(5m)
(i) Balance of Trade	€m															
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(ii) Deficit		(5m)														
<b>3(C)</b>	<p><b>(i) Explain what is meant by Invisible Exports</b></p> <ul style="list-style-type: none"> <li>- these are <u>services</u> that are exported/ sold abroad and bring money into the Irish economy</li> </ul> <p><b>(ii) Give two examples of invisible exports</b></p> <ul style="list-style-type: none"> <li>- tourists coming to Ireland,</li> <li>- sale of Irish airline tickets</li> <li>- Irish musicians touring abroad etc</li> </ul>															
<b>3 (D)</b>	<p><b>State <u>three</u> advantages to Ireland of membership of the European Union</b></p> <p>Large market available to Irish firms for exporting/expansion  Economies of scale can be achieved through expansion  Free trade – free movement of goods and services  Free movement of capital and labour  Public procurement – public contracts in the EU  EU grants and subsidies  Common Currency</p>															

**3 (E)**

**Name two E.U. institutions. Explain the role of one of them**

The European Parliament

- the only EU body directly elected by EU citizens
- discusses new laws and proposes amendments
- approves the annual EU budget and monitors spending
- can question EU Commissioners and approve/reject their appointment

The European Commission

- must act in the best interests of the EU and independently of member governments
- brings forward proposals for new laws
- enforces existing legislation
- implements agreed policies of the EU

The Council of Ministers

- made up of a Minister from each member state
- main decision making body in the EU
- they decide on legislation
- set objectives for the EU

The Court of Auditors

- checks that the EU budget is spent according to the regulations of the EU and the purposes intended
- can conduct audits of organisations

The Court of Justice

- an independent court which supervises the implementation of agreements
- ensures that member countries interpret community legislation uniformly
- hears cases brought before it

European Central Bank

- responsible for monetary policy of the EU
- manages the Euro currency system



4 (E)	<p><b>Explain the terms:</b></p> <p><b>(i) Credit Control</b> Means controlling the amount of credit and payment period given to customers and ensuring that payments are made on time. This involves checking creditworthiness of customers, setting credit limits and periods, deciding penalties for late payments, offering incentives for early payment, reducing bad debts etc.</p> <p><b>(ii) Quality Control</b> Means ensuring that the final product is of the highest standard so as to increase customer satisfaction and loyalty and to minimise customer complaints and returns. Reduce costs / Zero faults Quality Control symbols include ISO9000, Q mark etc.</p>
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**Question 5 Managing/Business in action**

5 (A)	<p><b>Identify three enterprising skills/characteristics that John will need.</b> Innovation, risk-taking, decision making, flexible/adaptable, good communication/human relations, realistic, motivated, leadership, identifying opportunities, inner control confidence, motivation, ambition, determined/hard working</p>
5 (B)	<p><b>What is a SWOT analysis:</b> This is an analysis of the present position of a business and is usually done before drawing up a business plan</p> <p><b>Strengths:</b> The good points of the business which give it an advantage e.g. the assets, skills, personnel, expertise, USP, etc</p> <p><b>Weaknesses:</b> The things which make it difficult for the business to achieve its objectives and which must be remedied e.g. cash flow, lack of capital, lack of expertise</p> <p><b>Opportunities:</b> Factors which are external to the business and of which it could take advantage in the future e.g. new markets, possible expansion, improvements in the economy and rates of employment, etc.</p> <p><b>Threats:</b> Factors which are external to the business and may pose problems in the future e.g. competition, new laws being introduced, rising wage/insurance costs,</p>



5 (C)	<p><b><u>Describe</u> three methods of advertising that John could use to promote his business</b></p> <ul style="list-style-type: none"> <li>(i) Radio</li> <li>(ii) Newspapers</li> <li>(iii) Flyers</li> <li>(iv) Direct mail</li> <li>(v) Internet</li> <li>(vi) Magazines</li> <li>(vii) Television</li> <li>(viii) Cinema</li> <li>(ix) Transport</li> </ul> <p>Description = a relevant sentence/point about the method</p>
5 (D)	<p><b>Identify two risks and two rewards of setting up your own business</b></p> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>- Personal failure</li> <li>- Business losses</li> <li>- Loss of personal assets e.g. house</li> <li>- Competition</li> <li>- Complete responsibility</li> </ul> <p><b>Rewards:</b></p> <ul style="list-style-type: none"> <li>- Can earn profits/income</li> <li>- Personal satisfaction of succeeding</li> <li>- Put their own ideas into operation</li> <li>- Not have to work for someone else</li> <li>- Challenge of achieving goals and creating own business</li> </ul>
5 (E)	<p><b>Define the term ‘Delegation’</b></p> <p>Means giving authority and responsibility to subordinates for carrying out specific tasks or for particular areas of work. It allows managers to use their time more effectively to deal with more important matters and it motivates employees.</p>

### Question 6 Managing

<b>6 (A)</b>	<p>(i) <b>Calculate the amount of compensation that Patricia will receive from the insurance company. (Show your workings)</b></p> $\begin{aligned} \text{Compensation} &= \frac{\text{€ } 200,000 \times \text{€ } 150,000}{\text{€ } 250,000} && 2\text{m} + 2\text{m} \\ &= \text{€ } 120,000 && 2\text{m} \end{aligned}$ <p>(ii) Average Clause <span style="float: right;">2m</span></p>		
<b>6 (B)</b>	<p><b>Apart from fire insurance, name <u>three</u> other types of insurance that Patricia should take out for her business.</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li>(i) Public Liability Insurance</li> <li>(ii) Employers Liability</li> <li>(iii) Fidelity Guarantee</li> <li>(iv) Burglary /Theft</li> <li>(v) Buildings and Contents</li> <li>(vi) Consequential Loss</li> <li>(vii) Cash insurance</li> </ul> </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li>(viii) Plate Glass</li> <li>(ix) Cash in Transit</li> <li>(x) Flooding</li> <li>(xi) All risks</li> <li>(xii) Product Liability</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li>(i) Public Liability Insurance</li> <li>(ii) Employers Liability</li> <li>(iii) Fidelity Guarantee</li> <li>(iv) Burglary /Theft</li> <li>(v) Buildings and Contents</li> <li>(vi) Consequential Loss</li> <li>(vii) Cash insurance</li> </ul>	<ul style="list-style-type: none"> <li>(viii) Plate Glass</li> <li>(ix) Cash in Transit</li> <li>(x) Flooding</li> <li>(xi) All risks</li> <li>(xii) Product Liability</li> </ul>
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<b>6 (C)</b>	<p><b>State and explain three principles of insurance</b></p> <ul style="list-style-type: none"> <li>(i) <b>Insurable Interest</b> – a person can only insure something where they benefit from its existence and would suffer from its loss or damage</li> <li>(ii) <b>Utmost Good Faith</b> – the insured must disclose all material facts to the insurer. A material fact is anything which would affect the level of risk the insurer is being asked to cover or the premium charged</li> <li>(iii) <b>Indemnity</b> – the insured cannot make a profit out of insurance and the compensation received must equal the amount of loss suffered.</li> <li>(iv) <b>Subrogation</b> – once compensation has been paid to the insured, any rights which the insured had such as the right to sue a third party, pass to the insurer</li> <li>(v) <b>Contribution</b> – if the same risk is insured with more than one insurer, the insurers will divide the cost of any claim between them. The insured cannot claim full compensation from each insurer.</li> </ul>		
<b>6(D)</b>	<p><b>Outline three methods Patricia could use to recruit new employees</b></p> <ul style="list-style-type: none"> <li>(i) Advertisements – local/national/radio/papers = 1 point</li> <li>(ii) Recruitment agencies / internet</li> <li>(iii) FAS</li> <li>(iv) Head hunting</li> <li>(v) Post leaving Cert./Third level colleges</li> </ul>		

<b>6(E)</b>	<p><b>Outline two similarities <u>or</u> two differences in managing a household and in managing a business</b></p> <p><b>Similarities:</b></p> <p>(i) <b>Taxation/Insurance/Finance</b> – both must pay taxes, assess risks and insure people and property, and raise suitable sources of finance</p> <p>(ii) <b>Forms</b> – both must complete forms such as proposal and claim forms, loan applications, tax forms etc</p> <p>(iii) <b>Records</b> – both must keep financial records, and keep documents such as tax forms, insurance policies safe</p> <p>(iv) <b>Management Activities</b> – both must plan, organise and control to achieve goals and objectives.</p> <p><b>Differences:</b></p> <p>(i) <b>Taxation</b> – different taxes apply to households (PAYE, Capital acquisitions Tax) and to businesses ( Commercial rates and Corporation Tax)</p> <p>(ii) <b>Insurance</b> – businesses need to cover a wider range of risks than households e.g. Public Liability, Employers Liability, Fidelity Guarantee etc</p> <p>(iii) <b>Finance</b> – businesses have a wider range of sources of finance e.g. share capital,</p> <p>(iv) <b>Motivation</b> – motivation in business is mainly profit whereas in a household the main motivating factor is love</p> <p>(v) <b>Scale of Operation</b> – business is on a bigger scale e.g finance/ personnel etc</p>
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### Question 7 Managing

<b>7 (A)</b>	<p><b>Explain the term Leasing and give one advantage of Leasing</b></p> <p>Leasing is a medium term source of finance for both households and businesses and involves the renting of an asset from a finance company.</p> <ul style="list-style-type: none"> <li>- The lessee has the possession and use of an asset during the period of the lease but doesn't own it</li> <li>- The lessee does not have to save up, use capital or borrow to buy the asset, no lump sum required</li> <li>- Lease may have an option to purchase clause</li> <li>- Lease may have an option to replace clause</li> <li>- Planned expenditure – easier to budget</li> <li>- No security needed</li> <li>- Lease repayments can be set against profits to reduce tax liability</li> </ul>
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### Question 8 Business in Action

<b>8 (A)</b>	<p><b>Job Production:</b>  Producing goods to order  Once-off unique product  Expensive and high quality  Skilled labour  Examples: Wedding dress/suit made to order etc.</p>
<b>8 (B)</b>	<p><b>Outline three benefits of expanding the business</b></p> <ul style="list-style-type: none"> <li>(i) Increased sales</li> <li>(ii) Increased profits</li> <li>(iii) Diversification/increased security</li> <li>(iv) Economies of Scale</li> <li>(v) Larger market/ more customers</li> </ul>
<b>8 (C)</b>	<p><b>Outline <u>three</u> reasons why Market Research is needed before developing new products.</b>  To find out:</p> <ul style="list-style-type: none"> <li>• information about the target market</li> <li>• if demand exists for a new product/service</li> <li>• information about the competition</li> <li>• the best marketing mix – 4Ps</li> <li>• to reduce risk of failure</li> </ul>
<b>8 (D)</b>	<p><b>Outline <u>two</u> methods of Sales Promotion, other than Public Relations (PR) that the O'Brien Brothers could use increase sales.</b></p> <ul style="list-style-type: none"> <li>(i) Special Offers</li> <li>(ii) Free trial period</li> <li>(iii) Competitions</li> <li>(iv) Discounts</li> <li>(v) Vouchers</li> <li>(vi) Money off coupons</li> </ul> <p><b>** If Promotions Mix given (Advertising, Sales Promotion and Direct Selling) then reward in the same way</b></p>
<b>8 (E)</b>	<p><b>(i) Explain PR as a method of promotion</b></p> <p>Public relations is concerned with creating and maintaining a good image of the firm and its products/services. It aims to generate goodwill and a positive attitude to the firm amongst its customers and the general public. The person in business who manages public relations is called the Public Relations Officer.</p> <p><b>(ii) Give two examples of PR that the business might use</b></p> <ul style="list-style-type: none"> <li>Sponsorship</li> <li>Press Releases</li> <li>Press Conferences</li> <li>Open days</li> <li>Visits to schools, clubs etc</li> <li>Official opening using a celebrity</li> </ul>