



Coimisiún na Scrúduithe Stáit State Examinations Commission

Scéimeanna Marcála
Gnó

Scrúduithe Ardeistiméireachta, 2007
Gnáthleibhéal

Marking Scheme
Business

Leaving Certificate Examination, 2007
Ordinary Level



**Coimisiún na Scrúduithe Stáit
State Examinations Commission**

LEAVING CERTIFICATE BUSINESS

ORDINARY LEVEL

MARKING SCHEME

**LEAVING CERTIFICATE BUSINESS ORDINARY LEVEL 2007
MARKING SCHEME**

SECTION 1 (100 marks)

Answer 10 questions. Each question carries 10 marks.

Question	Scheme	
1.	(i) 3 @ 1 mark each (ii) 3 @ 1 mark each (iii) 4 @ 1 mark each	10
2.	Four methods: 3 m + 3 m + 2 m + 2 m	10
3.	Explanation 4 m Two examples: 3 m + 3 m	10
4.	5 m + 5 m	10
5.	5 items @ 2 marks each	10
6.	Explanation 5 m One example: 5 m	10
7.	(i) Three items: 3 m + 2 m + 2 m (ii) 3 correct words @ 1 m each	10
8.	5 @ 2 marks each	10
9.	Explanation 10 m (or 5 m + 5 m)	10
10.	Three main headings: 4 m + 3 m + 3 m	10
11.	Calculations: (i) GPM 3 @ 1 m Ans = 2 m (ii) NPM 3 @ 1 m Ans = 2 m	10
12.	Explanation 10 m (or 5 m + 5 m)	10
13.	4 correct ticks (✓) 3 m + 3 m + 2 m + 2 m	10
14.	2 explanations @ 5 m each	10
15.	Two benefits @ 5 m each	10
Section 1	Available Marks	100

SECTION 2

(300 marks)

PART 1

MINIMUM 1 QUESTION (75 marks)

MAXIMUM 2 QUESTIONS (150 marks)

PEOPLE IN BUSINESS

QUESTION 1

(A)	(i) Four words + date	5 x 2 m	10
	(ii) One non-legislative method	1 x 10 m	10
	(iii) Legal rights & duties (at least one of each)	4 x 5 m	20
(B)	(i) Two grounds – unlawful	2 x 10 m	20
	(ii) Role of Rights Commissioner	10 m + 5 m	15
	Available marks		75

DOMESTIC / INTERNATIONAL ENVIRONMENT

QUESTION 2

(A)	‘Limited liability’	10m (5 m + 5 m)	10
(B)	‘Indigenous company’	10 m (5 m + 5 m)	10
(C)	Three challenges – exporting to foreign markets	3 x 5 m	15
(D)	Two environmental responsibilities	2 x 10 m (5 m + 5 m)	20
(E)	(i) Employees 2 @ 5 m (2 + 3) [point + example] (ii) Customers 2 @ 5 m (2 + 3) [point + example]	4 x 5 m	20
	Available marks		75

DOMESTIC / INTERNATIONAL ENVIRONMENT

QUESTION 3

(A)	Three benefits – low employment to economy	3 x 5 m	15
(B)	Three effects – increasing interest rates	3 x 5 m	15
(C)	Two ways – government assists business	2 x 10 m (5 m + 5 m)	20
(D)	Two opportunities and Two challenges – Irish business, enlarged EU	7 m + 6 m 6 m + 6 m	25
	Available marks		75

PART 2

MINIMUM - 2 QUESTIONS (150 marks)

MAXIMUM - 3 QUESTIONS (225 marks)

MANAGING

QUESTION 4

(A)	Three benefits to household - budget	3 x 5 m	15
(B)	(i) Three items – ‘Income’ (ii) Two ways – overcome expected deficit	3 x 5 m 2 x 5 m	25
(C)	Three features – current account	3 x 5 m	15
(D)	Two types – household insurance One type – explanation required	2 x 5 m 1 x 10 m	20
	Available marks		75

ENTERPRISE / MANAGING / BUSINESS IN ACTION

QUESTION 5

(A)	Three enterprising skills/characteristics	3 x 5 m	15
(B)	Two appropriate sources of finance	2 x 10 m	20
(C)	Three disadvantages – setting up own business	3 x 5 m	15
(D)	Two suitable methods - promote new business	2 x 5 m	10
(E)	(i) Human Resource Management (ii) Two functions of Human Resources Manager	5 m 2 x 5m	15
	Available marks		75

MANAGING

QUESTION 6

(A)	Shareholders - role	10 m (5 m + 5 m)	10
(B)	Two functions – Managing Director	8 m + 7 m	15
(C)	Two leadership styles	2 x 10m (5 m + 5 m)	20
(D)	One theory of motivation (i) 5 points @ 3 m each <u>or</u> (ii) 2 points 10 m + 5 m	5 x 3 m <u>or</u> 10 m + 5 m	15
(E)	Three ways – technology & role of management	3 x 5 m (2 m + 3 m)	15
	Available marks		75

BUSINESS IN ACTION / MANAGING

QUESTION 7

(A)	Franchise	10 m <i>or</i> 5 m + 5 m	10
(B)	Three reasons – market research	3 x 5 m	15
(C)	Research: (i) field and (ii) desk	2 x 10m (7 m + 3 m)	20
(D)	Rewards: one financial and one non-financial	7 m + 3 m	10
(E)	Two taxation forms	2 x 10 m	20
	Available marks		75

BUSINESS IN ACTION

QUESTION 8

(A)	Two differences – co-op and limited company	2 x 5 m	10
(B)	(i) Two other types of production (ii) Three features – batch production	2 x 3 m 3 x 3 m	15
(C)	Four factors – pricing products	4 x 5 m	20
(D)	Three reasons – business expansion	3 x 5 m	15
(E)	Three advantages – brand name	3 x 5 m	15
	Available marks		75

LEAVING CERTIFICATE 2007

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

1.	<ul style="list-style-type: none"> (i) Public Relations Officer (ii) Automated Teller Machine (iii) Pay Related Social Insurance 												
2.	<p>Four methods of written communication (list):</p> <ul style="list-style-type: none"> (i) Fax (ii) E-mail (iii) Letter (iv) Report. 												
3.	<p>Producers manufacture goods or supply services for consumers or other businesses. Two examples: dairy products, clothing <u>or</u> examples like Cadbury, Tayto, etc.</p>												
4.	<ul style="list-style-type: none"> (i) Employer’s liability insurance: protects the employer against claims by employees who have been injured in the workplace. (ii) Public liability insurance: protects a business against claims by members of the public who have sustained loss or injury on its premises. 												
5.	<p style="text-align: center;">Number of Employees in FLYNN MOTORS Ltd (2002-2006)</p> <div style="text-align: center;"> <table border="1" style="margin: 10px auto; border-collapse: collapse;"> <caption>Data for Bar Chart: Number of Employees in FLYNN MOTORS Ltd (2002-2006)</caption> <thead> <tr> <th>Year</th> <th>No. of Employees</th> </tr> </thead> <tbody> <tr> <td>2002</td> <td>25</td> </tr> <tr> <td>2003</td> <td>30</td> </tr> <tr> <td>2004</td> <td>40</td> </tr> <tr> <td>2005</td> <td>35</td> </tr> <tr> <td>2006</td> <td>20</td> </tr> </tbody> </table> </div>	Year	No. of Employees	2002	25	2003	30	2004	40	2005	35	2006	20
Year	No. of Employees												
2002	25												
2003	30												
2004	40												
2005	35												
2006	20												
6.	<p>‘Transnational company’: A company with its headquarters in one country but it operates branches in a number of different countries. One example: Smurfit Kappa Group.</p>												
7.	<ul style="list-style-type: none"> (i) Three items for Agenda (write): Matters arising from the Minutes Chairperson’s Report Fundraising for club (ii) A.O.B. = Any Other Business 												
8.	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 16.6%;">1</td> <td style="width: 16.6%;">2</td> <td style="width: 16.6%;">3</td> <td style="width: 16.6%;">4</td> <td style="width: 16.6%;">5</td> <td style="width: 16.6%;">6</td> </tr> <tr> <td>G</td> <td>F</td> <td>E</td> <td>A</td> <td>D</td> <td>C</td> </tr> </table>	1	2	3	4	5	6	G	F	E	A	D	C
1	2	3	4	5	6								
G	F	E	A	D	C								

9.	<p>‘Prototype development’ (explain): Producing the first working example/mock-up of a product. It will prove it can be made, it can be tested and improved and problems can be highlighted at this stage.</p>								
10.	<p>Three main headings in a business plan (list):</p> <ul style="list-style-type: none"> (i) Description of business (ii) Description of owners/legal structure (iii) Marketing Strategy/Marketing Mix. 								
11.	<p>(i) Gross Profit Margin: $\frac{100,000 \times 100}{500,000} = 20\%$</p> <p>(ii) Net Profit Margin: $\frac{37,500 \times 100}{500,000} = 7.5\%$</p>								
12.	<p>‘Quality control’ (explain): The process by which products are checked to ensure they conform to standards set by law, customer’s requirements and expectations. Benefits include: cuts down waste/costs, enhances reputation, customer loyalty, easier to enter new markets and to introduce new products, etc.</p>								
13.	<p>Tick (✓) the appropriate boxes:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Irish beef sold abroad</td> <td>Visible Export</td> </tr> <tr> <td>Foreign music bands on tour in Ireland</td> <td>Invisible Import</td> </tr> <tr> <td>French fans coming to a match in Dublin</td> <td>Invisible Export</td> </tr> <tr> <td>Japanese cars sold in Ireland</td> <td>Visible Import</td> </tr> </table>	Irish beef sold abroad	Visible Export	Foreign music bands on tour in Ireland	Invisible Import	French fans coming to a match in Dublin	Invisible Export	Japanese cars sold in Ireland	Visible Import
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Japanese cars sold in Ireland	Visible Import								
14.	<ul style="list-style-type: none"> (i) On-the-job training: involves experienced staff teaching the employee the skills and knowledge required for the job in the workplace. (ii) Off-the-job training: involves doing courses outside the workplace, e.g. in a training centre or college. 								
15.	<p>Two benefits which business brings to a community (outline):</p> <ul style="list-style-type: none"> (i) Employment (ii) Spin-off effects – wages spent locally in shops, etc. 								

SECTION 2**PART 1****QUESTION 1**

(A)	<p>(i) Name: Sale of Goods and Supply of Services Act 1980</p> <p>(ii) One non-legislative method (outline): Discuss with shop manager replacing/refunding the paving slabs</p> <p>(iii) Legal rights of the O'Briens – (at least one)</p> <p>Goods should correspond to sample Goods should be as described Goods should be of merchantable quality Goods should be fit for the purpose intended Entitled to refund/replacement.</p> <p>Duties of Healy's Garden Centre Ltd – (at least one)</p> <p>The seller is responsible for putting things right Should sell goods of merchantable quality Should sell goods that correspond to sample Should sell goods that are fit for their purpose Should sell goods as described Should provide suitable redress for the consumer. * Explanations required but repetition not allowed</p>
(B)	<p>(i) Two grounds on which discrimination is unlawful (describe):</p> <ul style="list-style-type: none">• Gender• Marital status. <p>(ii) Role of Rights Commissioner (outline):</p> <ul style="list-style-type: none">- investigates disputes involving one or a small group of employees- investigates unfair dismissals- recommends solution (non-binding)- can be appealed to EAT/Labour Court.

QUESTION 2

(A)	<p>‘Limited liability’ (explain): The shareholders in a company only lose the amount they have invested in the business if the company goes bankrupt. Their private property cannot be used to pay for the debts of the company.</p>
(B)	<p>‘Indigenous company’: a company which is set up by Irish people and located in Ireland.</p>
(C)	<p>Three challenges Goodfoods Ltd may face if they start exporting to foreign markets (outline):</p> <ul style="list-style-type: none"> • Competition • Establishing their brand name abroad • Payment difficulties.
(D)	<p>Two environmental responsibilities of Goodfoods Ltd (describe):</p> <p>(i) Air Pollution - ensure that factory emissions do not pollute the air</p> <p>(ii) No illegal dumping/waste disposal</p>
(E)	<p>Ethical behaviour towards</p> <p>(i) Employees:</p> <ul style="list-style-type: none"> • Pay fair wages /minimum wage • No discrimination • Provide safe and healthy workplace • Provide secure jobs/ employment contracts. <p>(ii) Customers:</p> <ul style="list-style-type: none"> • Provide good quality products • Charge reasonable prices • Ensure products are safe and healthy • Deal with customers’ complaints fairly. <p>* Descriptions and examples required.</p>

QUESTION 3

(A)	<p>Three benefits of low unemployment to the Irish economy (outline):</p> <ul style="list-style-type: none"> • Wealth creation • More demand for goods and services – increased consumer spending • More tax revenue to the Government – PAYE, PRSI, VAT, etc.
(B)	<p>Three effects of increasing interest rates on Irish business (outline):</p> <ul style="list-style-type: none"> • Increased costs – of existing borrowings • Less investment/business expansion • Consumer spending falls – leading to a decrease in business sales and profits.
(C)	<p>Two ways in which the Irish Government assists business (describe):</p> <ul style="list-style-type: none"> • Grant Aid – capital, feasibility study, etc • Agencies – Enterprise Ireland, Údarás na Gaeltachta, etc
(D)	<p>Enlarged European Union</p> <p>Two opportunities for Irish business (discuss):</p> <ul style="list-style-type: none"> • Larger market – 500m people • Free trade – no barriers within EU. <p>Two challenges for Irish business (discuss):</p> <ul style="list-style-type: none"> • Increased competition • Payment difficulties.

SECTION 2**PART 2****QUESTION 4**

(A)	Three benefits of preparing a household budget (explain): Allows a household to <ul style="list-style-type: none">• anticipate finance problems/cash shortages and plan how to deal with them e.g. overdraft.• classify different types of expenditure, e.g. discretionary.• save for the future.
(B)	(i) Three items in 'Income' section of budget (identify): Wages and Salaries Child benefit Interest on savings. (ii) Two ways to overcome expected deficit (suggest): <ul style="list-style-type: none">• Try to cut down on unnecessary expenditure e.g. entertainment• Spread bills over longer period of time e.g. car tax, insurance.
(C)	Three features of a current account (explain): <ul style="list-style-type: none">• Cheque book• Overdrafts• Standing Order/Direct Debit.
(D)	Two types of insurance for a household (name): <ul style="list-style-type: none">(i) Motor Insurance(ii) House and Contents. * Explanation of one type required

QUESTION 5

(A)	<p>Three enterprising skills/characteristics (describe):</p> <ul style="list-style-type: none"> • Innovation • Risk-taking • Decision-making.
(B)	<p>Two appropriate sources of finance to purchase van (explain):</p> <ul style="list-style-type: none"> • Hire-purchase • Term Loan. <p>* Explanation of each source required</p>
(C)	<p>Three disadvantages of setting up own business (outline):</p> <ul style="list-style-type: none"> • Unlimited liability • Excessive workload/stress • Difficult to get all the capital.
(D)	<p>Two suitable methods of promoting his new business (outline):</p> <p>Advertising:</p> <ul style="list-style-type: none"> (i) Local radio (ii) Flyers. <p>Sales Promotion:</p> <ul style="list-style-type: none"> (i) Free consultation/quotation (ii) Discount for repeat/loyal customers, etc.
(E)	<ul style="list-style-type: none"> (i) ‘Human Resource Management’ (explain): The function of management that recruits, trains and rewards the workforce so that the objectives of the organisation are achieved. (ii) Two functions of Human Resources Manager (identify and explain): <ul style="list-style-type: none"> • Human Resource Planning • Recruitment and Selection.

QUESTION 6

(A)	<p>Shareholders - role (explain): Shareholders are the owners of a company. They invest in a company by buying shares and they receive a dividend. Ordinary shareholders have one vote per share and they elect the Board of Directors at the AGM. They have limited liability.</p>
(B)	<p>Two functions of a Managing Director (describe):</p> <ul style="list-style-type: none"> • Manages the company on a day-to-day basis on behalf of the shareholders and the Board of Directors • The Managing Director delegates areas of responsibility to the department managers.
(C)	<p>Two leadership styles – characteristics (describe):</p> <p>Autocratic</p> <ul style="list-style-type: none"> - does not consult with others before making decisions - does not delegate authority - gives orders and wants to be in control - does not trust employees. <p>Democratic</p> <ul style="list-style-type: none"> - delegates authority to employees - consults with employees before making decisions - trusts employees to be responsible - motivates workers rather than giving orders. <p>Laissez-faire</p> <ul style="list-style-type: none"> - allows the employees get on with their work - rarely intervenes/interferes with the work being done - has a lot of trust in the employees - delegates almost all authority to employees allowing them to make decisions without consultation.

(D)	<p>One of the following theories of motivation (describe):</p> <p>(i) Maslow’s Hierarchy of Needs</p> <p>Diagram of Maslow’s Hierarchy of Needs</p> <ol style="list-style-type: none"> 5. Self-actualisation needs 4. Esteem needs 3. Acceptance needs 2. Security/safety needs 1. Physiological/basic needs <p>* Description of each type of need required</p> <p><u>or</u></p> <p>(ii) Mc Gregor’s Theory X and Theory Y</p> <p><u>Theory X</u></p> <p>Managers believe</p> <ul style="list-style-type: none"> - that employees are lazy and dislike work - that they must be supervised closely - that employees don’t want responsibility - that workers are not ambitious and don’t want new challenges. <p><u>Theory Y</u></p> <p>Managers believe</p> <ul style="list-style-type: none"> - that employees enjoy work - that they can be left to get on with their work - that employees accept responsibility - that workers are ambitious and like new challenges.
(E)	<p>Three ways in which technology has changed the role of management (describe):</p> <ol style="list-style-type: none"> (i) Speed of communication – e-mail, fax (ii) Access to worldwide markets – internet websites (iii) Production technology – CAD, CAM. <p>* Examples required</p>

QUESTION 7

(A)	<p>‘Franchise’ (explain): This is the granting of a licence by the franchiser to the franchisee allowing the sale of its 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. Examples: McDonalds, Supermac’s, The Body Shop, O’ Briens Sandwich Bars, etc.</p>
(B)	<p>Three reasons why businesses carry out market research (outline): To find out:</p> <ul style="list-style-type: none"> (i) information about the target market (ii) if demand exists for a new product/service (iii) the best marketing mix – 4Ps Price, product, place, promotion.
(C)	<p>(i) Field research (Primary Research)</p> <ul style="list-style-type: none"> - this involves the firm going out into the marketplace and finding the information - methods include questionnaires, observation, interviews, etc. <p>(ii) Desk research (Secondary Research)</p> <ul style="list-style-type: none"> - this involves research which is based on information that is already available within or outside the firm - sources include company files and sales records, customer feedback, the Internet, Central Statistics Office, magazines and trade journals, Government and other reports, etc. <p>*Explanations and examples required.</p>
(D)	<p>One financial reward and one non-financial reward that Michael may receive in his new job (outline): Financial: Salary/wages Non-financial: Benefits-in-kind.</p>
(E)	<p>Purpose of two taxation forms (outline): Form P21 This is also known as a balancing statement and all PAYE taxpayers are entitled to receive a P21 annually. It contains details of a taxpayer’s income, tax credits and tax paid. If tax is overpaid a taxpayer will be entitled to a refund and if tax is underpaid then it will be deducted the following year. Form P60 Given by the employer to the employee at the end of the tax year. It shows the total amount of money earned and the amounts of PAYE & PRSI deducted during the year. Form P45 Cessation Certificate – given by the employer to the employee when the employee leaves the job. It is given by the employee to the new employer to ensure that the correct amount of tax is deducted. It shows the total amount of money earned and deductions for PAYE & PRSI paid to date.</p>

QUESTION 8

(A)	<p>Two differences between a co-operative and a limited company (outline):</p> <p>Co-operative:</p> <ul style="list-style-type: none"> - Democratically run – one person –one vote - Run by an elected management committee. <p>Limited Company:</p> <ul style="list-style-type: none"> - One share – one vote - Run by a Board of Directors.
(B)	<p>(i) Two other types of production (name):</p> <p style="padding-left: 20px;">Job production Mass production</p> <p>(ii) Three features of batch production (outline):</p> <ul style="list-style-type: none"> • A process whereby a certain amount or quantity of a product is produced and then production switches to a different batch/group. • Skilled/semi-skilled workers • Uses a lot of flexible machines/automation, e.g. ovens.
(C)	<p>Four factors to consider when setting the price of products (identify):</p> <p>(i) cost of production</p> <p>(ii) competition</p> <p>(iii) image of product</p> <p>(iv) pricing strategies.</p>
(D)	<p>Three reasons for expansion (describe):</p> <p>(i) Economies of Scale</p> <p>(ii) Reduce/eliminate competition</p> <p>(iii) Increase sales</p>
(E)	<p>Three advantages of having a brand name (outline):</p> <ul style="list-style-type: none"> • helps identify the product • creates customer loyalty • allows new products to be launched.

