



Coimisiún na Scrúduithe Stáit
State Examinations Commission

LEAVING CERTIFICATE 2009

MARKING SCHEME

BUSINESS

ORDINARY LEVEL

LEAVING CERTIFICATE 2009
BUSINESS ORDINARY LEVEL
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.
- They are support notes and not model or suggested answers.
- 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 2009

MARKING SCHEME

SECTION 1 100 marks
Answer 10 questions. Each question carries 10 marks.

Question	Marking Scheme	
1	(i) 3 @ 1 mark each (ii) 4 @ 1 mark each (iii) 3 @ 1 mark each	10
2	Two correct statements @ 5m each	10
3	Explanation 4m 2 examples @ 3m each	10
4	Three items 4m + 3m + 3m	10
5	5 x 2m	10
6	Explanation 7m (4m + 3m) Example 3m	10
7	Explanation 4m 2 examples 3m + 3m	10
8	Three barriers 4m + 3m + 3m	10
9	Two advantages 5m (3m + 2m) + 5m (3m + 2m)	10
10	Explanation 5m + 5m	10
11	Two responsibilities 5m (3m + 2m) + 5m (3m + 2m)	10
12	2 explanations 5m (3m + 2m) + 5m (3m + 2m)	10
13	Two explanations 5m (3m + 2m) + 5m (3m + 2m) Example only, 2m	10
14	Matching correctly 4m + 3m + 3m	10
15	Three sources 4m + 3m + 3m	10
Section 1	Available marks	100

SECTION 2 – 300 MARKS

SECTION 2 PART I

MINIMUM: 1 QUESTION (75 Marks)

MAXIMUM: 2 QUESTIONS (150 Marks)

People in Business

1 (A)	(i) 2 reasons Unfair Dismissal	15 m	8 + 7	15
	(ii) 2 reasons Fair Dismissal	15 m	8 + 7	15
	(iii) Explanation (one right)	15 m	15	15
(B)	(i) 2 elements of valid contract	8 m 7 m	6 + 2 5 + 2	15
	(ii) Explanation	15 m	15	15
Available Marks				75

Domestic / International Environment

2 (A)	One reason (sentence required)	10 m	10	10
(B)	Explanation: 3 benefits @ 10 marks each		5 + 5	30
			5 + 5	
			5 + 5	
(C)	2 effects explained @ 10 marks each		5 + 5 5 + 5	20
(D)	2 reasons outlined:	8 m	4 + 4	15
		7 m	4 + 3	
Available Marks				75

Domestic / International Environment

3 (A)	(i) Calculation	10 m	3 + 3 + 4	15
	(ii) Deficit	5 m	5	
(B)	Explanation	10 m	5 + 5	10
(C)	(i) Two reasons	15 m	8 + 7	30
	(ii) Two challenges	15 m	8 + 7	
(D)	Two examples	10 m	5 + 5	20
	Two effects	10 m	5 + 5	
Available Marks				75

SECTION 2 PART 2

MINIMUM: 2 QUESTIONS (150 Marks)

MAXIMUM: 3 QUESTIONS (225 Marks)

Enterprise / Managing

4 (A)	Three enterprising characteristics/skills		3 + 2	15
	@ 5marks each		3 + 2	
			3 + 2	
(B)	Two characteristics	15 m	8 + 7	15
(C)	SWOT – Four words	12 m	4 x 3	20
	Explanation or example in each case	8 m	4 x 2	
(D)	(i) Two types of plans	10 m	5 + 5	25
	(ii) Two benefits	15 m	8 + 7	
Available Marks				75

Managing / Business in Action

5 (A)	Explanation	10m	5 + 5	10
(B)	Notice (5 items)	10 m	5 x 2	25
	Agenda (5 items)	15 m	5 x 3	
(C)	Explanation of Minutes	10 m	5 + 5	10
(D)	Two advantages	10 m	5 + 5	10
(E)	Two sources of finance	10 m	5 + 5	20
	Explanation of one source	10 m	5 + 5	
Available Marks				75

Managing / Business in Action

6 (A)	Bar Chart:			
	Title	2 m	2	
	Labels	2 m	2	
	Bars	6 m	6 x 1	10
(B)	Explanation	5 m	3 + 2	15
	Two disadvantages	10 m	5 + 5	
(C)	Three advantages	15 m	10+3+2	15
(D)	Two explanations	10 m	5 + 5	20
	Two examples	10 m	5 + 5	
(E)	Three items	15 m	3 x 5	15
Available Marks				75

Managing/Business in Action

7 (A)	Three advantages @ 5m each		3 + 2	15
			3 + 2	
			3 + 2	
(B)	Three methods	7 m	4 + 3	20
		7 m	4 + 3	
		6 m	4 + 2	
(C)	Gross Profit Margin:			20
	Formula	2 m	2	
	Figures	12 m	4 x 3	
	Answers	4 m	2 x 2	
(D)	Net Profit Margin:			20
	Formula	2 m	2	
	Figures	12 m	4 x 3	
	Answers	4 m	2 x 2	
	Comment	2 m	2	
	Comment	2 m	2	
	Comment	2 m	2	
	Comment	2 m	2	
	Available Marks			75

Managing / Business in Action

8 (A)	(i) Explanation	7 m	4 + 3	15
	(ii) Diagram	8 m	3 x 2 2 x 1	
(B)	Four factors @ 5 marks each		3 + 2	20
			3 + 2	
			3 + 2	
			3 + 2	
(C)	Two methods @ 10 marks each		5 + 5	20
			5 + 5	
(D)	(i) Two benefits @ 6 marks each		6 + 6	20
	(ii) Two items @ 4 marks each		4 + 4	
	Available Marks			75

SECTION 1 100 marks
Answer 10 questions. Each question carries 10 marks.

1 What do the following letters stand for?
 (i) WWW: World Wide Web
 (ii) PRSI: Pay Related Social Insurance
 (iii) ATM: Automated Teller Machine

2 Complete the grid for McGregor’s Theory X and Theory Y

Theory X managers believe:	Theory Y managers believe:
(i) that most workers dislike work	(i) that most workers enjoy work
(ii) that most workers are lazy and try to avoid it	(ii) workers are interested in challenging jobs
(iii) workers are only motivated by money	(iii) workers want to achieve their best and gain respect and recognition
(iv) Employees need to be controlled and watched; they cannot be trusted.	(iv) Employees want to be given responsibility and can be trusted to work on their own.

3 Explain the term ‘investor’ and give two examples of investors.
 Investors provide capital / funds / money for business in return for profit.
 Examples: shareholders, owner’s capital, banks.

4. List three items that should be included in a Job Description
 Items include:
 the job title, conditions of employment, wages/salary, holidays, hours of work, your superior /who to report to, main tasks/duties and areas of responsibility.

5 Business Terms

1	2	3	4	5
B	D	A	F	C

6 Explain the term ‘franchising’ and give one example of a franchise.
 This is the granting of a *licence* by the franchisor to the franchisee allowing the right to supply and sell their product or service. The franchisee uses the name and logo of the franchisor.
 The licence is expensive and a percentage of sales/royalties must be paid annually. The franchisee has the benefit of *renting* a well established business name and a proven idea.
 Examples:
 McDonalds, Supermacs, The Body Shop, O’Brien’s Sandwich Bars, Kentucky Fried Chicken.

7 What is a ‘global product’? Give two examples of global products
 A global product is a product which is sold all over the world. It is designed to appeal to consumers all over the world and it may have to be adapted to suit different markets, e.g. packaging.
 Examples: Coca- Cola, Bic biros, Nike runners.

8 List three barriers to effective communication.
 Language used, not listening, wrong method, relationships, timing, lack of feedback, noise, technical jargon.

9	<p>Outline two advantages of EU membership to Irish business.</p> <p>Euro - Common Currency Large market available to Irish firms for exporting/expansion Economies of scale can be achieved through expansion of business Free trade – free movement of goods and services Free movement of capital and labour, e.g., non-nationals working in Ireland Public procurement – public contracts in the EU EU grants and subsidies available for business and infrastructure.</p>																
10	<p>Explain the term ‘bank overdraft’.</p> <ul style="list-style-type: none"> - short term source of finance - bank allows the customer to withdraw more money from the current account than the account holds - interest is paid on the overdrawn amount - a limit is set on the amount of the overdraft 																
11	<p>Outline two environmental responsibilities of business.</p> <ul style="list-style-type: none"> (i) Air Pollution - ensure that factory emissions do not pollute the air (ii) Water Pollution – no effluent or chemicals into water (iii) Noise pollution - noise levels are kept to a minimum (iv) Traffic/ adequate parking (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. 																
12	<p>Explain any two of the following four factors of Production.</p> <p>Land refers to natural resources available for production. Labour refers to human input in the production process. Capital refers to anything which is man-made and used in the production process. Enterprise organises the other factors to produce goods and services. Risks involved.</p>																
13	<p>Explain the following terms used in Sale of Goods and Supply of Services Act 1980.</p> <p>Goods must be:</p> <ul style="list-style-type: none"> (i) of merchantable quality: Goods should be of reasonable quality taking into account what they are meant to do, their durability and their price; the goods should be of an acceptable standard. (ii) as described: Goods must match the description given on packaging. The buyer must not be misled into buying something by the description of goods or services given orally by a salesperson or in a brochure or catalogue. False or exaggerated claims must not be made by the seller. 																
14	<p>Indicate, by means of a tick (✓), the features that most likely apply to the different production processes.</p> <table border="1" data-bbox="240 1621 1385 1821"> <thead> <tr> <th></th> <th>Job Production</th> <th>Batch Production</th> <th>Mass Production</th> </tr> </thead> <tbody> <tr> <td>Goods are produced in groups</td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Continuous production of identical products</td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td>Unique made-to-order products</td> <td>✓</td> <td></td> <td></td> </tr> </tbody> </table>		Job Production	Batch Production	Mass Production	Goods are produced in groups		✓		Continuous production of identical products			✓	Unique made-to-order products	✓		
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Goods are produced in groups		✓															
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Unique made-to-order products	✓																
15	<p>List three sources of new business ideas for an entrepreneur.</p> <ul style="list-style-type: none"> (i) Personal interests, hobbies, skills (ii) Other businesses (iii) Foreign travel (iv) Market research / R & D (v) Government agencies (vi) Family, friends (vii) Internet / newspapers. 																

SECTION 2 PART 1

MINIMUM 1 QUESTION 75 MARKS
 MAXIMUM 2 QUESTIONS 150 MARKS

Question 1 People in Business

1 (A)	<p>Under the Unfair Dismissals Act 1977/1993</p> <p>(i) Outline two reasons (other than pregnancy) for unfair dismissal.</p> <ul style="list-style-type: none"> • Race or colour • Membership of travelling community / cultural background • Sexual orientation • Political or religious beliefs • Membership of a trade union / participation in industrial action • Involvement in court/legal action against employer. <p>(ii) Outline two reasons for fair dismissal.</p> <ul style="list-style-type: none"> • Unsuitable qualifications for the post • Incompetence / incapable of carrying out required duties • Improper / unacceptable conduct by employee • Redundancy – due to closure or competition <p>(iii) Explain one right that Celine has under the Act.</p> <ul style="list-style-type: none"> • To know the reason for dismissal • To reply and be listened to before dismissal • To an impartial / fair hearing, with representation • To bring case to Rights Commissioner or Employment Appeals Tribunal • The right to redress / re-instatement / financial compensation.
1 (B)	<p>(i) State and explain two elements of a valid contract.</p> <p>Offer – one party must make an offer to the other party. It may be oral, written or by conduct. It must be clear and unconditional.</p> <p>Acceptance – when an offer is accepted, it is binding on both parties. All conditions of the offer must be accepted. Acceptance may be oral, written or by conduct.</p> <p>Consideration – something of value (usually money) given by one party to the other in exchange for goods or services received.</p> <p>Consent to contract – there must be no pressure on either party to enter into a contract.</p> <p>Other elements: Intention to contract, Capacity to contract, Legality of form, Legality of purpose, Agreement.</p> <p>(ii) Do James and Tom have a contract? Explain your answer.</p> <p>No – there was no legally binding agreement between James and Tom. No elements of a valid contract existed.</p>

Question 2 Domestic / International Environment

2 (A)	Identify one reason why Teltec may have decided to locate in Ballydrum in 1995. (i) Government support / grants (ii) Educated and skilled workforce in Ballydrum (iii) Gateway into EU market for an American company (iv) Low Corporation Tax in Ireland.
2 (B)	Explain three possible benefits that Teltec have brought to the community of Ballydrum since 1995. (i) Employment: they employ large numbers of people (ii) Spin-off effects: local businesses benefit by supplying goods / services to TNCs (iii) Spending by employees in the Ballydrum area boosts the local economy (iv) Possible sponsorship and support for local events (v) Training of employees – new skills, apprenticeships, upskilling (vi) Attracted investment to the area e.g. infrastructure.
2 (C)	Explain two possible effects that the closure will have on local business in Ballydrum. (i) Other dependent businesses may close, e.g. transport / haulage (ii) Services sector in the area will experience a decrease in sales / profits (iii) Spin-off businesses may have to close, causing increased unemployment in the area (iv) Spin-off businesses may move to China to maintain links with Teltec.
2 (D)	Outline two possible reasons for Teltec's decision to relocate to China. (i) Lower wage costs in China (ii) Lower production costs e.g. energy, insurance (iii) Desire to gain foothold in growing Chinese /Asian market (iv) Support / grants from Chinese Government.

Question 3 Domestic / International Environment

3 (A)	<p>Visible Exports € 1,138m Visible Imports € 1,235m</p> <p>(i) From the above information, calculate the Balance of Trade.</p> <table style="margin-left: 40px; border-collapse: collapse;"> <tr> <td style="padding-right: 20px;">Balance of Trade</td> <td style="text-align: right;">€m</td> </tr> <tr> <td style="padding-right: 20px;">Visible Exports</td> <td style="text-align: right;">1,138m</td> </tr> <tr> <td style="padding-right: 20px;">Visible Imports</td> <td style="text-align: right;"><u>1,235m</u></td> </tr> <tr> <td style="padding-right: 20px;">Balance of Trade deficit</td> <td style="text-align: right;">– 97m</td> </tr> </table> <p>(ii) State whether it is a surplus or a deficit. Deficit</p>	Balance of Trade	€m	Visible Exports	1,138m	Visible Imports	<u>1,235m</u>	Balance of Trade deficit	– 97m
Balance of Trade	€m								
Visible Exports	1,138m								
Visible Imports	<u>1,235m</u>								
Balance of Trade deficit	– 97m								
3 (B)	<p>Explain the term ‘Balance of Payments’</p> <ol style="list-style-type: none"> 1. The Balance of Payments is the difference between the value of <u>Total Exports</u> (Visible and Invisible) and the value of <u>Total Imports</u> (Visible and Invisible). It is expressed as a surplus or deficit. 2. Visible Exports – Visible Imports = Balance of Trade + Invisible Exports – Invisible Imports = Balance of Payments. 3. Money coming into a country minus money going out of a country. 								
3 (C)	<p>(i) Outline two reasons why Irish firms engage in international trade.</p> <ol style="list-style-type: none"> (i) Domestic market too small (ii) Spread the business risk by not relying on local market only (iii) To increase sales and profits (iv) To achieve economies of scale (v) To import essential raw materials <p>(ii) Identify two challenges faced by Irish firms in international trade.</p> <ol style="list-style-type: none"> (i) High cost base – labour / insurance (ii) Distribution costs – location (iii) Different customs / language / cultures in other countries (iv) Cost of adapting products to meet international standards / regulations (v) Risks of exchange rate fluctuations (vi) Geographical / climatic differences – adaptation may be required (vii) Payment difficulties – problems collecting debts (viii) Political risks and instability (ix) Competition – high standard / quality of product at lowest prices. 								
3 (D)	<p>The government may consider increasing tax rates to help the economy. Using examples of taxes, describe two effects of increased tax rates on the Irish economy.</p> <p>Increased tax rates could lead to a big drop in consumer spending, forcing prices and wages down. This would make industry more competitive. It could lead to increased revenue which Government could use to fund health, education and social welfare services.</p> <ol style="list-style-type: none"> (i) Corporation Tax – Less profit for business if it is increased (ii) Value Added Tax – Less competitive selling price if rates are increased, leading to reduced demand and falling sales. (iii) Excise Duty – Less demand for items such as tobacco and fuel (iv) PAYE – If this is increased, employees have reduced wages / salaries leaving them with less incentive to work. 								

SECTION 2 PART 2

MINIMUM 2 QUESTIONS 150 MARKS
 MAXIMUM 3 QUESTIONS 225 MARKS

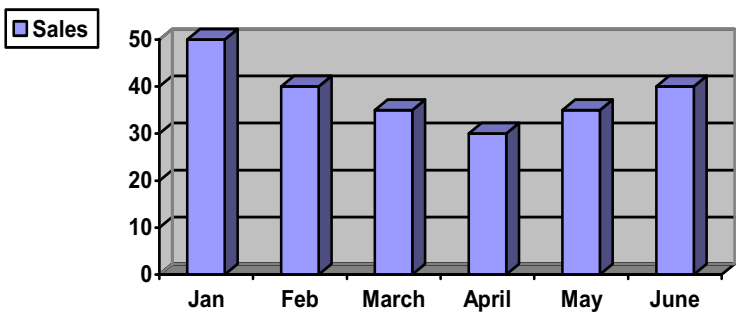
Question 4 Enterprise / Managing

4 (A)	<p>Outline three enterprising characteristics / skills used by the students involved in Adora Flora Ltd.</p> <p>(i) Innovation / creativity – new ways of carrying out existing tasks, new ideas. (ii) Risk-taking – personal and financial. (iii) Decisiveness – ability to decide promptly and clearly what action to take. (iv) Flexibility / adaptability – ability to change priorities if necessary. (v) Opportunistic – looking for a gap in the market, seeking new challenges. (vi) Confidence – self belief in own ability and belief in the product they make. (vii) Proactive – not waiting for others to take the initiative.</p>		
4 (B)	<p>Outline two characteristics of a democratic leader.</p> <p>A democratic leader</p> <ul style="list-style-type: none"> - consults with others before making decisions - delegates authority and responsibility - trusts employees to carry out their duties - persuades employees rather than giving orders. 		
4 (C)	<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 <u>internal</u> good points of the business which give it an advantage e.g. employee and management skills, quality of the product, marketing skills.</p> <p>Weaknesses: The <u>internal</u> things which make it difficult for the business to achieve its objectives and which must be remedied e.g. cash flow problems, lack of capital, lack of expertise in marketing.</p> <p>Opportunities: Factors which are <u>external</u> to the business and of which it could take advantage in the future; factors which should be exploited where possible e.g. new/potential markets, possible expansion, consumer demand.</p> <p>Threats: Factors which are <u>external</u> to the business and may pose problems in the future and reduce profits; the business must defend itself against them e.g. competition, costs, downturn in the economy.</p>		
4 (D)	<p>(i) Name two types of plans used in business.</p> <table style="width: 100%; border: none;"> <tr> <td style="vertical-align: top; width: 50%;"> <ul style="list-style-type: none"> • Strategic / long-term plan • Tactical / short-term plan • Mission Statement • Cash Flow forecast • Manpower plan </td> <td style="vertical-align: top; width: 50%;"> <ul style="list-style-type: none"> • Contingency/ backup plan • Production plan • Marketing plan • Operational plan • Business plan </td> </tr> </table> <p>(ii) Explain two benefits of planning for a business.</p> <p>(i) Motivates by setting clear targets for management and staff (ii) Supports application for finance (iii) Helps organisation cope with changes (iv) Identifies resources required for the future.</p>	<ul style="list-style-type: none"> • Strategic / long-term plan • Tactical / short-term plan • Mission Statement • Cash Flow forecast • Manpower plan 	<ul style="list-style-type: none"> • Contingency/ backup plan • Production plan • Marketing plan • Operational plan • Business plan
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Question 5 Managing / Business In Action

<p>5 (A)</p>	<p>Kilbay Ltd has limited liability. Explain the term ‘limited liability’.</p> <p>This means that if the 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.</p>
<p>5 (B)</p>	<p>Using today’s date, draft the Notice and the Agenda for the Board of Directors meeting. (The Agenda must contain at least five items)</p> <div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: 80%;"> <p align="center">Kilbay Ltd</p> <p align="center">Notice to each Board member:</p> <p>A meeting of the Board of Directors of Kilbay Ltd will take place in the Boardroom on 9th of June 2009 at 7.30 p.m.</p> <p align="center">Agenda:</p> <ol style="list-style-type: none"> 1. Minutes of the last Board Meeting 2. Matters arising from the minutes 3. Effects of economic downturn on Kilbay Ltd 4. Possible introduction of a three-day week 5. Future sources of finance for the company 6. A.O.B. <p>Signed: <i>Rory Brennan</i> / <i>Any Name</i> <div style="display: flex; justify-content: space-around; width: 100%;"> Managing Director Secretary </div> </p> </div>
<p>5 (C)</p>	<p>Explain the term ‘minutes’ of a meeting.</p> <p>This is an account of a meeting written by the secretary. It includes people present, absences, decisions made, matters discussed and planning for future meetings.</p>
<p>5 (D)</p>	<p>Outline two advantages of meetings as a method of communication.</p> <ol style="list-style-type: none"> (i) Allows people to exchange ideas and information and to plan ahead (ii) Allows 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 (vi) Meetings encourage co-operation and teamwork.
<p>5 (E)</p>	<p>Name two long term sources of finance and explain one of them.</p> <p>Long-term loan / debenture – these are borrowings for 5 years or longer. Security / collateral required (property or other fixed assets). Specified rate of interest and repayment date. Used for large capital expenditure.</p> <p>Share capital / owners’ capital / equity – money provided by shareholders. No security required. It remains in the company as long as it exists and is repaid only on winding up. Ordinary shareholders have voting rights at the AGM and may receive a dividend if the company makes a profit.</p> <p>Retained earnings – profit that is not paid out in dividends but is re-invested in the company as extra capital for expansion / purchase of assets.</p> <p>Government grants – Money from the Government on which no interest or repayments have to be made. There are usually specific conditions attached. The grants are expected to create employment and are only given for potentially viable projects.</p>

Question 6 Managing / Business In Action

6 (A)	<table border="1"> <tr> <td>January</td> <td>February</td> <td>March</td> <td>April</td> <td>May</td> <td>June</td> </tr> <tr> <td align="center">50</td> <td align="center">40</td> <td align="center">35</td> <td align="center">30</td> <td align="center">35</td> <td align="center">40</td> </tr> </table>	January	February	March	April	May	June	50	40	35	30	35	40		
	January	February	March	April	May	June									
50	40	35	30	35	40										
<p>Bar chart: Sales of Cars, Jan to June 2009</p>  <table border="1"> <caption>Data for Bar Chart: Sales of Cars, Jan to June 2009</caption> <thead> <tr> <th>Month</th> <th>Sales</th> </tr> </thead> <tbody> <tr> <td>Jan</td> <td>50</td> </tr> <tr> <td>Feb</td> <td>40</td> </tr> <tr> <td>March</td> <td>35</td> </tr> <tr> <td>April</td> <td>30</td> </tr> <tr> <td>May</td> <td>35</td> </tr> <tr> <td>June</td> <td>40</td> </tr> </tbody> </table>		Month	Sales	Jan	50	Feb	40	March	35	April	30	May	35	June	40
Month	Sales														
Jan	50														
Feb	40														
March	35														
April	30														
May	35														
June	40														
6 (B)	<p>(i) Explain the term ‘Sole Trader’. A person who owns and runs his/her own business, takes profits, risks losses.</p> <p>(ii) Outline two disadvantages of a sole trader business.</p> <ul style="list-style-type: none"> ▪ Bears all the risk/responsibility ▪ Unlimited liability ▪ Has to provide all the capital ▪ Lack of continuity ▪ A lot of pressure and work on one person. 														
6 (C)	<p>Outline three advantages of conducting market research. Market research helps the business to find out:</p> <ul style="list-style-type: none"> • information about the target market • if demand exists for a new product/service; consumer reaction • information about the competition • the best price to charge • the best channel of distribution • the most appropriate promotion to use to get to target market. <p>It helps to predict the likely level of sales and reduce the risk of failure.</p>														
6 (D)	<p>Field Research (Primary Research) This involves the firm going out into the marketplace and gathering the information directly from customers and competitors. Examples: questionnaires, observation, interviews, customer surveys, consultative committees.</p> <p>Desk Research (Secondary Research) This involves accessing information which is already available within or outside the firm; information that has already been gathered by others. Examples: company files and sales records, magazines and trade journals, the Internet, Central Statistics Office, Government/other reports.</p>														
6 (E)	<p>Outline three items of information that the bank manager would require in assessing Jim’s loan application.</p> <ol style="list-style-type: none"> (i) Purpose of the loan (ii) Amount of loan (iii) Ability to repay / cash flow forecast / any projected accounts (iv) Business details (v) Credit Rating / history / banking record (vi) Collateral / Security / Guarantee for the loan (vii) Duration of the loan (viii) Business plan 														

Question 7 Managing 2 / Business in Action

7 (A)	<p>Outline three advantages of using a brand name.</p> <ul style="list-style-type: none"> (i) helps identify the product (ii) it differentiates the product from other products (iii) creates customer loyalty (iv) allows new products associated with the brand to be launched (v) a well-known brand name can command a higher price. 																								
7 (B)	<p>Describe three methods Doherty Ltd could use to promote the new <i>Skin kind</i> products.</p> <p>Advertising: Making customers constantly aware of a product and it benefits in order to persuade them that it is better than competing products. Means used include radio, television, the print media, online advertising and direct mail.</p> <p>Sales Promotion: Short-term incentives to try to give an immediate boost to the sales of a product. Ideal for promoting a new product. Examples are reduced prices (special offers), free samples, gifts, competitions offering prizes, trade fairs and exhibitions, in-store demonstrations.</p> <p>Public Relations: Building up a good image with the public. Examples: sponsorship of events, press releases, press launch / magazine feature, official launch using a celebrity.</p> <p>Personal Selling: Making direct contact (face-to-face or by telephone) with prospective customers, often followed by a demonstration of the product.</p>																								
7 (C)	<table border="1" data-bbox="432 1059 1230 1238"> <tr> <td></td> <td align="center">2007</td> <td align="center">2008</td> </tr> <tr> <td></td> <td align="center">€</td> <td align="center">€</td> </tr> <tr> <td>Sales</td> <td align="center">600,000</td> <td align="center">750,000</td> </tr> <tr> <td>Gross Profit</td> <td align="center">200,000</td> <td align="center">300,000</td> </tr> <tr> <td>Net Profit</td> <td align="center">120,000</td> <td align="center">210,000</td> </tr> </table> <p>Calculate the Gross Profit Margin for 2007 and 2008 <u>and</u> comment on the trend. (Show the formula and all your workings.)</p> <table border="0" data-bbox="300 1339 1257 1541"> <tr> <td>Gross Profit Margin</td> <td align="center">2007</td> <td align="center">2008</td> </tr> <tr> <td>$\frac{\text{Gross Profit} \times 100}{\text{Sales}}$</td> <td align="center">$\frac{€200,000 \times 100}{€600,000}$</td> <td align="center">$\frac{€300,000 \times 100}{€750,000}$</td> </tr> <tr> <td></td> <td align="center">= 33.3%</td> <td align="center">= 40%</td> </tr> </table> <p>Trend: The Gross Profit Margin has increased from 33.3% in 2007 to 40% in 2008 which is good for Doherty Ltd. It indicates that cost of production (labour, raw materials) have decreased.</p>		2007	2008		€	€	Sales	600,000	750,000	Gross Profit	200,000	300,000	Net Profit	120,000	210,000	Gross Profit Margin	2007	2008	$\frac{\text{Gross Profit} \times 100}{\text{Sales}}$	$\frac{€200,000 \times 100}{€600,000}$	$\frac{€300,000 \times 100}{€750,000}$		= 33.3%	= 40%
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7 (D)	<p>Calculate the Net Profit Margin for 2007 and 2008 <u>and</u> comment on the trend. (Show the formula and all your workings.)</p> <table border="0" data-bbox="300 1776 1257 1977"> <tr> <td>Net Profit Margin</td> <td align="center">2007</td> <td align="center">2008</td> </tr> <tr> <td>$\frac{\text{Net Profit} \times 100}{\text{Sales}}$</td> <td align="center">$\frac{€120,000 \times 100}{€600,000}$</td> <td align="center">$\frac{€210,000 \times 100}{€750,000}$</td> </tr> <tr> <td></td> <td align="center">= 20%</td> <td align="center">= 28%</td> </tr> </table> <p>Trend: The Net Profit Margin has increased from 20% in 2007 to 28% in 2008. This reflects a reduction in the expenses of the company.</p>	Net Profit Margin	2007	2008	$\frac{\text{Net Profit} \times 100}{\text{Sales}}$	$\frac{€120,000 \times 100}{€600,000}$	$\frac{€210,000 \times 100}{€750,000}$		= 20%	= 28%															
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Question 8 Managing 2 / Business in Action

8 (A)	<p>(i) Explain what is meant by Channels of Distribution. This is the means by which the product gets <u>from the producer to the consumer</u>. The channel used may take the form of direct selling from the producer to the consumer or may include other intermediaries such as wholesalers, agents and retailers.</p> <p>(ii) Illustrate by means of a diagram, the channel of distribution used by John and Martin Quinn.</p> <div style="text-align: center; margin: 10px 0;"> <pre> graph LR A[Producer] --> B[Retailer] B --> C[Consumer] </pre> </div>
8 (B)	<p>Outline four factors that John and Martin would take into account in setting a suitable price for their products.</p> <ul style="list-style-type: none"> (i) All production, research and development costs must be calculated and included in the selling price as they will have to be recouped eventually. (ii) The price will have to match competitors' prices. (iii) The level of demand – the higher the demand, the higher the price. (iv) Government price controls or taxes on certain products (no VAT on food). (v) A profit margin should be considered when calculating the price. Organic food is usually dearer than non-organic food. (vi) Discounting should be considered as bulk buyers will expect to be charged at a lower price. (vii) As most organic food is perishable and may have to be sold at a discount within days, this must also be taken into account when setting the price.
8 (C)	<p>Describe two methods to improve their Credit Control system.</p> <p>Methods:</p> <ul style="list-style-type: none"> (i) Checking / assessing the creditworthiness of customers (ii) Setting limits on how much customers can buy on credit (iii) Offering incentives / cash discounts to encourage early / prompt payment (iv) Sending out bills on time / reminders / phone calls (v) Recovering bad debts and pursuing overdue accounts (vi) Introduction of payments by direct debit.
8 (D)	<p>(i) Outline two benefits of preparing a Cash Flow Forecast.</p> <ul style="list-style-type: none"> (i) A Cash Flow Forecast predicts the movement of cash into and out of the business. (ii) It assists the business in decision making as it shows future cash inflows and outflows and their sources and timing. (iii) It identifies future cash shortages and helps the business to plan its borrowing requirements. (iv) Comparing the Cash Flow Forecast with actual figures helps the business to keep control of its finances. (v) It helps the business to use future cash surpluses to best advantage. <p>(ii) Identify two items that might be included in the Payments section of the Cash Flow Forecast.</p> <ul style="list-style-type: none"> (i) Purchases of raw materials (ii) Overheads (electricity, wages, telephone, advertising, distribution costs) (iii) Purchase of assets (machinery, equipment, premises, fixtures) (iv) Payments to Creditors (v) Repayment of Loan.



Coimisiún na Scrúduithe Stáit

Marcanna Breise as ucht freagairt trí Ghaeilge

Léiríonn an tábla thíos an méid marcanna breise ar chóir a bhronnadh ar iarrthóirí a ghnóthaíonn thar 75% d'iomlán na marcanna.

N.B. Ba chóir marcanna de réir an ghnáthráta a bhronnadh ar iarrthóirí nach ghnóthaíonn thar 75% d'iomlán na marcanna. Ba chóir freisin an marc bónais sin a shlánú **síos**.

Tábla A

Bain úsáid as an tábla seo i gcás an ábhair a leanas:

• **Business – Higher Level & Ordinary Level**

Iomlán: 400 Gnathráta: 10%

Bain úsáid as an ngnáthráta i gcás marcanna suas go 300.

Thar an marc sin, féach an tábla thíos.

Bunmharc	Marc Bónais
301 - 303	29
304 - 306	28
307 - 310	27
311 - 313	26
314 - 316	25
317 - 320	24
321 - 323	23
324 - 326	22
327 - 330	21
331 - 333	20
334 - 336	19
337 - 340	18
341 - 343	17
344 - 346	16
347 - 350	15

Bunmharc	Marc Bónais
351 - 353	14
354 - 356	13
357 - 360	12
361 - 363	11
364 - 366	10
367 - 370	9
371 - 373	8
374 - 376	7
377 - 380	6
381 - 383	5
384 - 386	4
387 - 390	3
391 - 393	2
394 - 396	1
397 - 400	0

