



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate 2013

Marking Scheme

Business

Ordinary Level

Note to teachers and students on the use of published marking schemes

Marking schemes published by the State Examinations Commission are not intended to be standalone documents. They are an essential resource for examiners who receive training in the correct interpretation and application of the scheme. This training involves, among other things, marking samples of student work and discussing the marks awarded, so as to clarify the correct application of the scheme. The work of examiners is subsequently monitored by Advising Examiners to ensure consistent and accurate application of the marking scheme. This process is overseen by the Chief Examiner, usually assisted by a Chief Advising Examiner. The Chief Examiner is the final authority regarding whether or not the marking scheme has been correctly applied to any piece of candidate work.

Marking schemes are working documents. While a draft marking scheme is prepared in advance of the examination, the scheme is not finalised until examiners have applied it to candidates' work and the feedback from all examiners has been collated and considered in light of the full range of responses of candidates, the overall level of difficulty of the examination and the need to maintain consistency in standards from year to year. This published document contains the finalised scheme, as it was applied to all candidates' work.

In the case of marking schemes that include model solutions or answers, it should be noted that these are not intended to be exhaustive. Variations and alternatives may also be acceptable. Examiners must consider all answers on their merits, and will have consulted with their Advising Examiners when in doubt.

Future Marking Schemes

Assumptions about future marking schemes on the basis of past schemes should be avoided. While the underlying assessment principles remain the same, the details of the marking of a particular type of question may change in the context of the contribution of that question to the overall examination in a given year. The Chief Examiner in any given year has the responsibility to determine how best to ensure the fair and accurate assessment of candidates' work and to ensure consistency in the standard of the assessment from year to year. Accordingly, aspects of the structure, detail and application of the marking scheme for a particular examination are subject to change from one year to the next without notice.



LEAVING CERTIFICATE 2013

BUSINESS ORDINARY LEVEL

MARKING SCHEME AND SUPPORT NOTES

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

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

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

LEAVING CERTIFICATE BUSINESS ORDINARY LEVEL 2013

MARKING SCHEME

SECTION 1 100 MARKS
ANSWER 10 QUESTIONS – EACH QUESTION CARRIES 10 MARKS

QUESTION	MARKING SCHEME	TOTAL MARKS
1	1 st correct term 1m + 1m + 1m (3) 2 nd correct term 1m + 1m + 1m + 1m (4) 3 rd correct term 1m + 1m + 1m (3)	10
2	Three levels: 4m + 3m + 3m	10
3	Three reasons: 4m + 3m + 3m	10
4	Three elements: 4m + 3m + 3m	10
5	Explanation 6 marks (3m + 3m) Example 4 marks	10
6	(i) Working Capital Ratio: 4 marks (ii) Acid Test Ratio: 6 marks	10
7	Four categories: 3m + 3m + 2m + 2m	10
8	Two elements @ 5m each	10
9	Five answers @ 2 marks each	10
10	Two advantages @ 5m each	10
11	Three benefits: 4m + 3m + 3m	10
12	Three departments: 4m + 3m + 3m	10
13	Five answers @ 2 marks each	10
14	Five answers @ 2 marks each	10
15	Two methods @ 5m (3m + 2m)	10

SECTION 2 – 300 MARKS

SECTION 2 – PART 1

MINIMUM: 1 QUESTION (75 MARKS)

MAXIMUM: 2 QUESTIONS (150 MARKS)

PEOPLE IN BUSINESS

QUESTION 1

(A)	Consumer Protection Act 2007 - terms of the Act broken False/misleading advertising 7 marks Two examples @ 4 marks each 8 marks	15
(B)	Two functions of the NCA: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
(C)	Three advantages of the Small Claims Court 7 marks (4m + 3m) 7 marks (4m + 3m) 6 marks (3m + 3m)	20
(D)	Three grounds on which discrimination is outlawed @ 5 marks each	15
(E)	Role of Equality Tribunal in assisting discrimination case 10 marks (5m + 5m)	10
	Available Marks	75

DOMESTIC / INTERNATIONAL ENVIRONMENT

QUESTION 2

(A)	Letters – PLC: 3m + 1m +1m	5
(B)	Two sources of finance @ 5 marks each	10
(C)	Two benefits @ 10 marks each (5m + 5m)	20
(D)	Two possible benefits @ 10 marks each (5m + 5m)	20
(E)	Two environmental responsibilities @ 10 marks each (5m + 5m)	20
	Available Marks	75

DOMESTIC / INTERNATIONAL ENVIRONMENT

QUESTION 3

(A)	Bar Chart: Title 2 marks Labels 5 marks Bars 8 marks (4 @ 2m)	15
(B)	Three reasons why Govt. collects tax @ 5 marks each	15
(C)	Two effects on Irish business @ 5 marks each (3m + 2m)	10
(D)	Two advantages of Ireland's membership of EU: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
(E)	Two EU institutions @ 5 marks each Explain role of one of them: 10 marks (5m + 5m)	20
	Available Marks	75

SECTION 2 – PART 2

MINIMUM: 2 QUESTIONS (150 MARKS)

MAXIMUM: 3 QUESTIONS (225 MARKS)

ENTERPRISE / MANAGING

QUESTION 4

(A)	Three enterprising characteristic/skills @ 5 marks each (3m + 2m)	15
(B)	Two risks @ 5 marks each (3m + 2m) Two rewards @ 5 marks each (3m + 2m)	20
(C)	Two features of a democratic leader 8 marks (4m + 4m) 7 marks (4m + 3m)	15
(D)	Two benefits of teamwork: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
(E)	Two services provided by County/City Enterprise Boards @ 5 marks each (3m + 2m)	10
	Available Marks	75

MANAGING

QUESTION 5

(A)	Letters – AGM: 2m + 2m + 1m	5
(B)	Explain underlined terms: Dividend 8 marks (4m + 4m) Shareholders 7 marks (4m + 3m)	15
(C)	Draft Notice & Agenda for AGM of FLAXCO Ltd. Notice: 5 items @ 2m each 'Agenda' 1 mark Agenda contents: 5 items @ 2m each Signature: 2 marks Title: 2 marks	25
(D)	Two functions of Managing Director 8 marks (4m + 4m) 7 marks (4m + 3m)	15
(E)	Two barriers to effective communication 8 marks (4m + 4m) 7 marks (4m + 3m)	15
	Available Marks	75

MANAGING

QUESTION 6

(A)	Four types of insurance @ 5 marks each (3m + 2m)	20
(B)	Two responsibilities to employees @ 5 marks each (3m + 2m)	10
(C)	Two items included in payments section @ 5 marks each	10
(D)	Two factors bank should consider before granting loan 8 marks (4m + 4m) 7 marks (4m + 3m)	15
(E)	Would you advise bank to give the loan? Yes/No: 2 marks Two reasons @ 9 marks each (5m + 4m)	20
	Available Marks	75

MANAGING / BUSINESS IN ACTION

QUESTION 7

(A)	Explain ' Batch Production ' 10 marks (5m + 5m)	10
(B)	Two internal sources @ 5 marks each Two external sources @ 5 marks each	20
(C)	Product Life Cycle: 5 ordered stages @ 2 marks each 2 labelled axes @ 1 mark each Correct diagram: 3 marks	15
(D)	Two benefits for ACE Toys Ltd. of having own website @ 5 marks each (3m + 2m)	10
(E)	Advertising medium: 6 marks Two reasons for choice @ 7 marks each (4m + 3m)	20
	Available Marks	75

MANAGING / BUSINESS IN ACTION

QUESTION 8

(A)	Three advantages of brand name: 7 marks (4m + 3m) 7 marks (4m + 3m) 6 marks (3m + 3m)	20
(B)	'Unique Selling Point' explanation: 10 marks (5m + 5m)	10
(C)	Two stages in Product Development process explained: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
(D)	Letter of application: Sender's Address 2m Receiver's Address 2m Date 2m Reference 1m Opening Salutation 1m Closing Salutation 1m Signature 1m Contents: 10 points @ 1m each	20
(E)	Equal Opportunities Employer: Explanation: 10 marks (5m + 5m)	10
	Available Marks	75

LC BUSINESS ORDINARY LEVEL – SUPPORT NOTES

SECTION 1:

SHORT ANSWER QUESTIONS

100 marks

Question		Marks
1	PAYE – Pay As You Earn PRSI – Pay Related Social Insurance USC – Universal Social Charge	10
2	Maslow’s Hierarchy of Needs: 5. <i>Self-Actualisation Needs</i> 4. <i>Esteem Needs</i> 3. <i>Social Needs</i> 2. Security/Safety Needs 1. Physiological/Physical Needs	10
3	Three reasons why a person would consider becoming an entrepreneur: <ul style="list-style-type: none"> • Own boss / self-employed / independent / own decisions • To make money/profit • To be successful/have power • To challenge themselves and get the satisfaction of succeeding • The satisfaction of taking a risk • To create employment • To continue family tradition. 	10
4	Elements of Marketing Mix: PRODUCT PRICE PLACE PROMOTION	10
5	Explain ‘Multinational Company’ and state one example: A Multinational company is a business with headquarters in one country and many bases/branches in other countries Example: Glanbia, Kerry Group, Hewlett Packard	10
6	Calculate Working Capital Ratio & Acid Test Ratio: (i) Working Capital Ratio: <i>Current Assets : Current Liabilities</i> 280,000 : 140,000 2 : 1 (ii) Acid Test Ratio <i>Current Assets – Closing Stock : Current Liabilities</i> 280,000 – 70,000 : 140,000 210,000 : 140,000 1.5 : 1	10

7	Indicate categories: Australian tourists in Ireland for <i>'The Gathering 2013'</i> Greek cheese sold in Ireland Irish Lamb sold in France <i>Justin Timberlake</i> plays a concert in the O2 Dublin	Visible Export	Invisible Export	Visible Import	Invisible Import	10								
			✓											
				✓										
		✓												
					✓									
8	List two elements of a valid contract: <ul style="list-style-type: none"> • Offer] Agreement • Acceptance] • Consideration • Consent to Contract • Capacity to Contract • Legality of Form • Legality of Purpose 	10												
9	State whether the following market research techniques are DESK or FIELD research. <table border="1" data-bbox="304 757 1273 1016"> <thead> <tr> <th>MARKET RESEARCH TECHNIQUES</th> <th>DESK or FIELD</th> </tr> </thead> <tbody> <tr> <td>1. Questionnaire</td> <td>FIELD</td> </tr> <tr> <td>2. Central Statistics Office Statistics</td> <td>DESK</td> </tr> <tr> <td>3. Government Publications</td> <td>DESK</td> </tr> <tr> <td>4. Focus Group</td> <td>FIELD</td> </tr> <tr> <td>5. Observation</td> <td>FIELD</td> </tr> </tbody> </table>	MARKET RESEARCH TECHNIQUES	DESK or FIELD	1. Questionnaire	FIELD	2. Central Statistics Office Statistics	DESK	3. Government Publications	DESK	4. Focus Group	FIELD	5. Observation	FIELD	10
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10	Outline two advantages of leasing as a medium source of finance: <ul style="list-style-type: none"> • No capital/lump sum required to purchase asset • Business will not lose money when asset depreciates • No security required • After leasing term has expired, new asset can be acquired with another leasing agreement. 	10												
11	List three benefits to a business of investing in new technology: <ul style="list-style-type: none"> • Production becomes more efficient/ time saving • Less errors made • Production costs are lowered • It allows instant worldwide communication – emails, videoconferencing. • It can be used for financial forecasting and planning – cash flow statements, spreadsheets • It enables employees and managers to work from home – laptops, iPads. • Businesses can market and advertise online from their own websites – this generates more sales • Businesses can sell online from their websites – this leads to increased profit. 	10												
12	Complete the functional organisation structure of a business with 4 depts: <ul style="list-style-type: none"> <li style="width: 50%;">• HUMAN RESOURCES <li style="width: 50%;">• MARKETING <li style="width: 50%;">• PRODUCTION <li style="width: 50%;">• IT <li style="width: 50%;">• SALES <li style="width: 50%;">• QUALITY CONTROL <li style="width: 50%;">• R & D 	10												

13	Match Column 1 Business Terms with Column 2 Explanations: <table border="1" data-bbox="284 297 1090 394"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>D</td> <td>F</td> <td>E</td> <td>B</td> <td>C</td> </tr> </table>	1	2	3	4	5	D	F	E	B	C	10		
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14	Write TRUE or FALSE after the following statements: <table border="1" data-bbox="284 465 1273 909"> <thead> <tr> <th>STATEMENT</th> <th>TRUE or FALSE</th> </tr> </thead> <tbody> <tr> <td>1. The balance sheet is a statement of assets and liabilities.</td> <td>TRUE</td> </tr> <tr> <td>2. Quality Control involves monitoring how much money is owed to the business by its customers.</td> <td>FALSE</td> </tr> <tr> <td>3. A Tactical Plan is a long term plan set out by the business.</td> <td>FALSE</td> </tr> <tr> <td>4. A Mission Statement outlines what a business sets out to do.</td> <td>TRUE</td> </tr> <tr> <td>5. A cash flow is an example of a financial plan.</td> <td>TRUE</td> </tr> </tbody> </table>	STATEMENT	TRUE or FALSE	1. The balance sheet is a statement of assets and liabilities.	TRUE	2. Quality Control involves monitoring how much money is owed to the business by its customers.	FALSE	3. A Tactical Plan is a long term plan set out by the business.	FALSE	4. A Mission Statement outlines what a business sets out to do.	TRUE	5. A cash flow is an example of a financial plan.	TRUE	10
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15	Outline two methods for rewarding employees: <ul style="list-style-type: none"> • Basic Salary – payment based on contract • Piece Rate – payment based on the amount of items produced • Time Rate – payment based on the number of hours worked • Commission – payment based on a percentage of sales achieved • Benefit in Kind (Perks) – non cash form of payment e.g. company car / phone / laptop / iPad / health insurance • Share Options – giving employees shares in the company • Profit Sharing – employees given a share of profits • A day off work in lieu of extra work done. 	10												
	AVAILABLE MARKS	100												

SECTION 2

PART 1

Question 1:		PEOPLE IN BUSINESS
(A)	<p>Explain how Sunhols has broken the terms of the Consumer Protection Act 2007:</p> <ul style="list-style-type: none"> • False/misleading advertising – apartment advertised overlooking beach but was 3km inland • False/misleading sales practice – there was no restaurant on site which sales assistant told them there would be • False/misleading information – the Kids Club mentioned in the company’s brochure did not open until July 	15
(B)	<p>Outline two functions of the National Consumer Agency (NCA):</p> <ul style="list-style-type: none"> • To promote and protect the interests and welfare of consumers • To enforce the relevant consumer law • To encourage compliance with the relevant law • To investigate suspected offences under any of the relevant laws • To refer cases to the Director of Public Prosecutions where appropriate. 	15
(C)	<p>Outline three advantages for Cliona of bringing her case to the Small Claims Court:</p> <ul style="list-style-type: none"> • Cheap method of resolution - €25 to take a case • No solicitors involved – will not cost Cliona any more money • Convenient – cases heard in the District Court • Cases heard involving amounts up to €2000 • Fair method of resolution – Judge listens to both sides and gives resolution 	20
(D)	<p>List three grounds on which discrimination is outlawed under the Employment Equality Act 1998:</p> <ul style="list-style-type: none"> • Gender – male/female • Marital Status – single/married/separated/divorced • Family Status – family/pregnancy • Religion – beliefs • Age • Race – originate from another country/colour of skin • Disability – physical/ mental disability • Sexual Orientation – sexual preference • Membership of Travelling Community. 	15

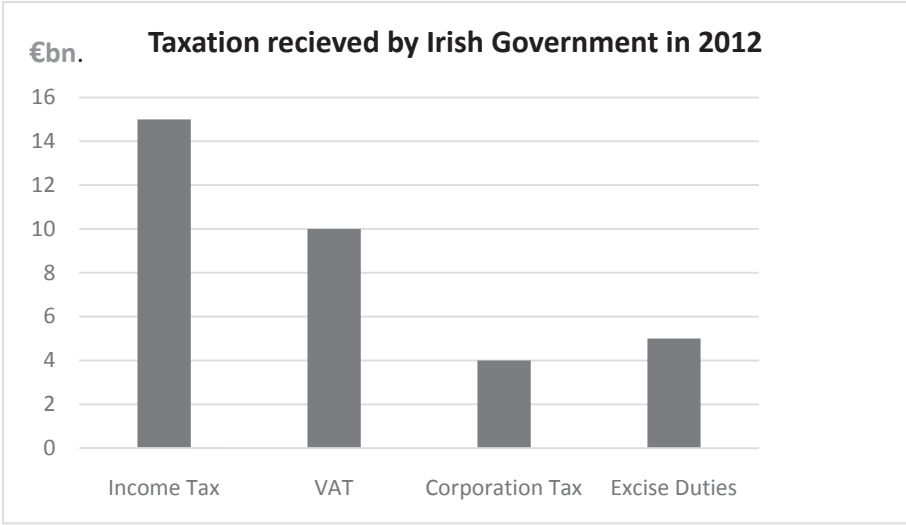
(E)	<p>Outline the role of the Equality Tribunal in assisting Pavel with his discrimination case:</p> <ul style="list-style-type: none"> • The Equality Tribunal is an independent body set up up to investigate or mediate employee discrimination cases/complaints which come under the Employment Equality Acts 1998-2011 and the Equal Status Acts 2000-2011. • A Tribunal mediator will facilitate parties to reach a mediated agreement which is legally binding. • Where parties object to mediation, a case will be heard by a Tribunal Equality Officer, who will hear evidence from both parties before issuing a legally binding decision • Discrimination cases must be made to the Director within 6 months, but this may be extended to 12 months if there is reasonable cause. • While decisions are legally binding, they may be appealed to the Labour Court or Circuit Court. • Findings could recommend compensation, an order for equal pay or equal treatment and/or an order that someone should take a specified action. <p>In Pavel's case, he might be offered promotion or more likely, financial compensation.</p>	10
	AVAILABLE MARKS	75

Question 2:**DOMESTIC/INTERNATIONAL ENVIRONMENT**

(A)	PLC: Public Limited Company	5
(B)	List two sources of finance Glentronic Pharmaceuticals can use for expansion: <ul style="list-style-type: none">• Issuing shares• Long term Loan/Debenture• Retained Earnings/Reserves/Profit ploughed back in• Government/EU Grants	10
(C)	Explain two possible benefits of Glentronic Pharmaceuticals for the town of Abbeyglen: <ul style="list-style-type: none">• Employment – Glentronic Pharmaceuticals employs over 600 people• Improves standard of living in Abbeyglen – wages paid to staff spent in the town• Creates spin-off business – other business may set up to provide services to Glentronic Pharmaceuticals• Brings business into Abbeyglen – customers/ suppliers of Glentronic Pharmaceuticals• Encourages other business to set up in the town	20
(D)	Outline two possible benefits for Glentronic Pharmaceuticals of expanding into the Asian market: <ul style="list-style-type: none">• Access to wider market – small domestic market• Increased sales – due to wider market• Increased profit – more sales will result in more profit• Reduction in cost of production – due to economies of scale	20
(E)	Outline two environmental responsibilities of Glentronic Pharmaceuticals: <ul style="list-style-type: none">• Minimise pollution – gas emission etc.• Minimise waste produce – reduce/re-use/recycle• Switch to renewable sources of energy where possible – reduce use of fossil fuels• Sustainable development – protect and preserve environment for future generations.	20
	AVAILABLE MARKS	75

Question 3:

DOMESTIC/INTERNATIONAL ENVIRONMENT

<p>(A)</p>	<p>Draft Bar Chart</p>  <p>The bar chart displays the following data:</p> <table border="1"> <thead> <tr> <th>Tax Type</th> <th>Amount (€bn.)</th> </tr> </thead> <tbody> <tr> <td>Income Tax</td> <td>15</td> </tr> <tr> <td>VAT</td> <td>10</td> </tr> <tr> <td>Corporation Tax</td> <td>4</td> </tr> <tr> <td>Excise Duties</td> <td>5</td> </tr> </tbody> </table>	Tax Type	Amount (€bn.)	Income Tax	15	VAT	10	Corporation Tax	4	Excise Duties	5	<p>15</p>
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Income Tax	15											
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<p>(B)</p>	<p>Outline three reasons why the Government collects tax:</p> <ul style="list-style-type: none"> • To provide essential services to citizens e.g. healthcare • To pay wages of public sector workers e.g. teachers, nurses, fire service • To pay social protection benefits e.g. unemployment benefit, pensions • To improve infrastructure e.g. roads, airports, telecommunications • To fund state owned enterprises e.g. CIE, RTE, Coillte • To pay national debt. 	<p>15</p>										
<p>(C)</p>	<p>Outline two effects on Irish business of increases in taxation:</p> <ul style="list-style-type: none"> • Loss of sales/reduced demand – customers have less disposable income • Reduced profits – due to higher taxes • Increased costs – increase in cost of supplies/raw materials • Reduction of staff – due to high cost of production • Disincentive to expand – due to lack of funds and extra tax on profits. 	<p>10</p>										
<p>(D)</p>	<p>Outline two advantages to Ireland of membership of the EU:</p> <ul style="list-style-type: none"> • Single market – access to wider market (500 million) • Free movement of goods, services, capital and people • Grant aid to improve infrastructure • Exchange Rate risks/currency fluctuations to Eurozone countries eliminated • Attracts MNC's to Ireland as a doorstep to European market • CAP & SFP have improved Irish agriculture and fisheries • Increased tourism from EU countries • Provides finance/advice to re-capitalise the country. 	<p>15</p>										

(E)	<p>Name two EU institutions and explain the role of one of them:</p> <ul style="list-style-type: none"> - European Commission - European Parliament - Council of the EU - European Court of Auditors - Court of Justice of the EU - European Central Bank (ECB) <p>European Commission</p> <ul style="list-style-type: none"> • The main body responsible for running the EU – looks after day-to-day management of EU • Brings forward proposals for new laws • Enforces existing legislation • Manages the EU budget • Negotiates international treaties • Must act in the best interests of the EU and independently of member governments. <p>European Parliament</p> <ul style="list-style-type: none"> • Only body directly elected by EU citizens • The elected MEPs act as a supervisory watchdog over all aspects of EU activities, including the Commission and Council • Debates and votes on new laws and policies proposed by Commission • Has the power to reject legislation proposed by Commission • Does not have power to draft its own legislation • Approves the annual EU budget and monitors spending • Can question EU Commissioners and approve/reject their appointment. <p>The European Council</p> <ul style="list-style-type: none"> • Made up of the heads of state or government of the EU member states • Meets at least four times a year to define the EU’s policy agenda • It has no formal legislative power • It defines the general political direction and priorities of the EU • It is thus the strategic and crisis-solving body of the EU • It acts as a collective Head of State <p>Council of EU</p> <ul style="list-style-type: none"> • Made up of a Minister from each member state • Main decision making body in the EU - makes final decisions on all new EU laws • Decisions are made by qualified majority voting • Sets objectives for the EU <p>European Court of Auditors</p> <ul style="list-style-type: none"> • Audits the revenue and expenditure of the EU • Ensures EU budget is spent in an efficient and responsible manner • Its aim is to ensure maximum value for money for all EU citizens. 	20
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	<p>European Court of Justice</p> <ul style="list-style-type: none"> • Responsible for ensuring the correct interpretation and application of EU laws and directives by member countries • An independent court which supervises the implementation of agreements • Ensures that member countries interpret community information correctly • Hears cases brought before them by Governments, companies and individuals where there is a dispute regarding EU law. <p>European Central Bank (ECB)</p> <ul style="list-style-type: none"> • The Central Bank for the euro, the main EU currency. • Its main task is to maintain the EU's purchasing power • Also to maintain price stability in the euro area (17 EU countries) • It sets the rate of interest in the Eurozone. • Controls inflation in EU. 	
	AVAILABLE MARKS	75

PART 2:

Question 4:	ENTERPRISE/MANAGING	
(A)	Outline three enterprising characteristics/skills displayed by Shane: <ul style="list-style-type: none"> • Innovative/creative – had idea, developed the App • Decisive – decided to set up new business • Risk taker – set up SNAPAPPY with no guarantee of success • Confident – set up business • Energetic/Hardworking – worked long hours to create App • Ambitious/future focused – wants to develop more Apps. 	15
(B)	Outline two risks and two rewards for Shane setting up his own business: Risks: <ul style="list-style-type: none"> • Possible failure – business may not succeed • Financial problems – may not have enough money to run business / difficult to raise finance in current climate • Stress – must work long hours to get business going • Competition – may not be able to compete with existing businesses • Unlimited liability if business fails. Rewards: <ul style="list-style-type: none"> • Wealth/success/power – business may make a profit • Keeps all the profits – does not have to publish accounts • Own boss – makes all decisions • Independent – doesn't rely on others • Success/Power – business may be very successful. 	20
(C)	Explain two features of a democratic leadership style: <ul style="list-style-type: none"> • Delegates – gives authority and responsibility to staff • Consults with staff – seeks staff opinions • Trusts staff to have ability to do the work • Communicates with staff – keeps staff informed of business plans • Inclusive style of leadership, intrapreneurship. 	15
(D)	Explain two benefits of teamwork in Snapappy: <ul style="list-style-type: none"> • Improved employee morale / motivation / job satisfaction • Better decision making – solutions are thought out in advance • Creative problem solving • Development of new ideas • Shared responsibility / each staff member contributes • Quality of work improves. 	15
(E)	Outline two services provided by the County/City Enterprise Boards: <ul style="list-style-type: none"> • Grant aid to local business to start-up, develop and expand • Advice on how to set up or expand a small business • Training in management, budgeting, marketing, IT skills • Mentoring – experienced business people observe and advise new entrepreneur – helps in decision making. 	10
AVAILABLE MARKS		75

Question 5:

MANAGING

(A)	AGM: Annual General Meeting	5
(B)	<p>Explain ‘Dividend’ and ‘Shareholders’:</p> <p>Dividend – this is the share of the profits given to owners (shareholders) after tax has been paid.</p> <p>Shareholders – owners of a business who invest their own money with the hope of making a profit.</p>	15
(C)	<p>Draft the <i>Notice and Agenda</i> of the AGM of Flaxco Ltd sent by the company secretary, Miriam Hannon. (The Agenda must contain at least five items):</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p style="text-align: center;">NOTICE:</p> <p style="text-align: right;">25 June 2013</p> <p>The AGM of Flaxco Ltd. will be held in The Marriot Hotel, Rathmines, on Friday 19th July 2013 at 3.00 pm.</p> <p style="text-align: center;">AGENDA:</p> <ol style="list-style-type: none"> 1. Minutes of AGM 2012 2. Matters arising from minutes 3. Chairperson’s Report 4. Auditor’s Report 5. Declaration of Dividend 6. Appointment of Auditors 7. Election of Directors 8. AOB <p>Signed: <u>Miriam Hannon</u> Miriam Hannon Company Secretary</p> </div>	25
(D)	<p>Outline two functions of the Managing Director of a company:</p> <ul style="list-style-type: none"> • Runs the business on behalf of the shareholders • Responsible for day-to-day activities of business • Meets with Department Heads on a regular basis • Meets with Board of Directors on a monthly basis • Ensures that policies and decisions of the Board are implemented • Responsible for development of Business Plan. 	15

(E)	<p>Name and explain two barriers to effective communication:</p> <ul style="list-style-type: none"> • Language used may not be appropriate or may be misinterpreted – using too much jargon – poorly composed message • Wrong medium chosen – not using correct medium for information given • Not listening or concentrating • Relationships – poor relationship between sender and receiver • Timing – message given too late to be effective • Use of irrelevant material – too much information given – main message lost • Lack of feedback that the message was received or understood • Interference/technology breakdown. 	15
	AVAILABLE MARKS	75

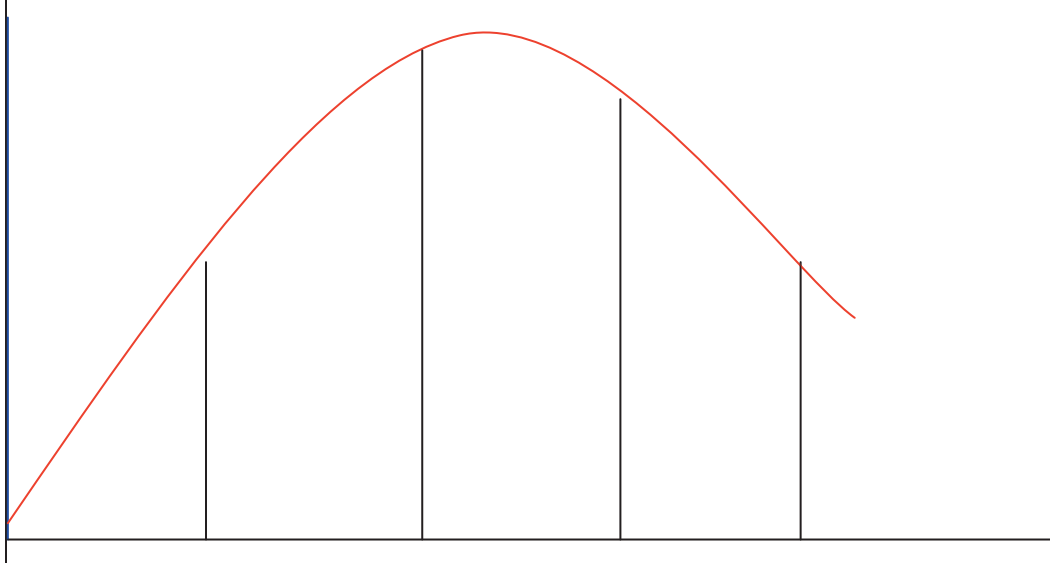
Question 6:

MANAGING

(A)	<p>Outline four types of insurance you would expect Liscarrig Equestrian Centre to have:</p> <ul style="list-style-type: none"> • Public Liability Insurance – in case of claims made by members of the public resulting from accidents on the premises • Employers Liability Insurance – provides protection against claims made by employees as a result of accidents in the workplace • Motor Insurance – statutory insurance for all motor vehicles • Property Insurance – protects against fire/theft/flood on premises • Consequential Loss Insurance – covers against loss of profits due to temporary closure caused by fire/flood • Fidelity Guarantee Insurance – protects against theft by employees. 	20				
(B)	<p>Outline two responsibilities Liscarrig Equestrian Centre has towards its employees:</p> <ul style="list-style-type: none"> • Pay fair wages – at least minimum wage • Treat all employees equally – no discrimination • Provide safe and healthy working conditions • Give statutory holidays • Allow staff to join a trade union. 	10				
(C)	<p>List two items that would be included in the payments section of the Cash Flow forecast:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; vertical-align: top;"> <ul style="list-style-type: none"> • Insurance • Electricity </td> <td style="width: 33%; vertical-align: top;"> <ul style="list-style-type: none"> • Wages • Raw Materials/Supplies </td> <td style="width: 33%; vertical-align: top;"> <ul style="list-style-type: none"> • Fuel • Horse feed/tack. </td> </tr> </table>	<ul style="list-style-type: none"> • Insurance • Electricity 	<ul style="list-style-type: none"> • Wages • Raw Materials/Supplies 	<ul style="list-style-type: none"> • Fuel • Horse feed/tack. 	10	
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(D)	<p>Explain two factors a Bank should consider before giving Liscarrig Equestrian Centre a bank loan:</p> <ul style="list-style-type: none"> • Capacity to pay back the loan – can they afford loan • Collateral – security to back up a loan • Credit History – have they paid back loans in the past • Other financial commitments. 	15				
(E)	<p>Based on the Cash Flow forecast, would you advise the bank to give Liscarrig Equestrian Centre the loan? Outline two reasons for your answer:</p> <table style="width: 100%;"> <thead> <tr> <th style="text-align: left; width: 50%;">Yes</th> <th style="text-align: left; width: 50%;">No</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • Positive cash flow for 3 months • Business is well able to cover expenses • More income in future if they expand • They can afford repayments • Café and activity centre may be used as collateral. </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • Sales peak in Summer • Risk of failure • Business weather dependant • They may not have ability to repay in winter months • Cash Flow forecast not enough - business plan required by bank. </td> </tr> </tbody> </table>	Yes	No	<ul style="list-style-type: none"> • Positive cash flow for 3 months • Business is well able to cover expenses • More income in future if they expand • They can afford repayments • Café and activity centre may be used as collateral. 	<ul style="list-style-type: none"> • Sales peak in Summer • Risk of failure • Business weather dependant • They may not have ability to repay in winter months • Cash Flow forecast not enough - business plan required by bank. 	20
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AVAILABLE MARKS		75				

Question 7:

MANAGING/BUSINESS IN ACTION

<p>(A)</p>	<p>Explain 'Batch Production': A certain amount or limited quantity of a product is produced at the same time and then production switches to a different batch or group. Work is completed on each stage of the production before a new batch is started. e.g. in a bakery, a batch of loaves followed by a batch of scones.</p>	<p>10</p>
<p>(B)</p>	<p>Describe two internal and two external sources of new product ideas for ACE Toys Ltd: Internal:</p> <ul style="list-style-type: none"> • R & D Department • Brainstorming • Sales team feedback • Intrapreneurship, encouragement of staff interest generates ideas <p>External:</p> <ul style="list-style-type: none"> • Copying competitors' ideas • New trends/fashions • Customer feedback/market research • Import substitution • Advice from state agencies • Foreign trips. 	<p>20</p>
<p>(C)</p>	<p>Draft and Label the Product Life Cycle for Spraii.</p>  <p>SALES</p> <p>INTRODUCTION GROWTH MATURITY SATURATION DECLINE</p> <p>TIME</p>	<p>15</p>

(D)	<p>Outline two benefits for ACE Toys Ltd of having its own website:</p> <ul style="list-style-type: none"> • Access to wider/worldwide market 24/7 – open for all time zones • Can advertise and sell its products online • Can accept payment online for sales • Increased sales/profits • Immediate communication with and feedback from customers • Product can be viewed online. 	10
(E)	<p>Choose a suitable advertising medium to bring ‘SPRAOI’ to the attention of consumers, and outline two reasons for your choice:</p> <p>Medium:</p> <ul style="list-style-type: none"> - TV - Radio - Magazines/Newspapers - Internet - Billboards - Direct Mail <p>Reasons specific to the medium chosen:</p> <ul style="list-style-type: none"> • Suitable for the product • Wide audience • Specific target market • Cost/ Budget available <ul style="list-style-type: none"> ▪ Duration of Advertising campaign. 	20
AVAILABLE MARKS		75

Question 8:**MANAGING/BUSINESS IN ACTION**

(A)	Explain three advantages of giving the organic fruit juice a brand name: <ul style="list-style-type: none">• Increases sales• Differentiates product from competitors• Higher price can be charged/ enhances value• Aids advertising• Can create brand loyalty• More products can be introduced.	20
(B)	Explain what is meant by the term ‘Unique Selling Point’ (USP): The USP or Unique Selling Point of a product is the feature or characteristic that differentiates that product from its competitors.	10
(C)	Explain two of the following stages in the Product Development Process: (i) Idea Generation (ii) Prototype Development (iii) Test Marketing. (i) Idea Generation – this involves coming up with new ideas for a new or improved product. Many ideas may be considered before a decision is made. (ii) Prototype Development – this involves making a first model of a new product. This is done to see if the design works, to see how the product performs, to see if it is acceptable to consumers, to identify problems and make necessary changes before deciding to go into full production. (iii) Test Marketing – this involves testing a new product on a small number of potential customers to gauge their reaction and get feedback. This will decide whether the product should be marketed as a full-scale commercial venture.	15

(D)	<p>Draft Deirdre Keegan’s letter of Application:</p> <p style="text-align: right;">37 Oaklands Athlone Co. Westmeath.</p> <p>13 June 2013</p> <p>Marion Pender HR Manager Irish Natural Juices Ltd Newtown Industrial Park Newtown Co. Tipperary.</p> <p style="text-align: center;">Re: Finance Manager Position</p> <p>Dear Ms. Pender</p> <p>I refer to your advertisement for the position of Finance Manager at Irish Natural Juices Ltd. I wish to apply for this position.</p> <p>I graduated from UCD with a Business degree and I have been working as an Accountant in Craven Ltd, Dublin for the past three years.</p> <p>I am extremely hardworking, energetic and analytical. I have very good communication and leadership skills and I feel I would be extremely suitable for this position.</p> <p>Please find enclosed my Curriculum Vitae.</p> <p>Yours sincerely</p> <p><i>Deirdre Keegan</i> Deirdre Keegan</p>	20
(E)	<p>Explain the term ‘Equal Opportunities Employer’</p> <p>An Equal Opportunities Employer is a company that will hire people without discriminating against gender, marital status, family status, religion, age, race, disability, sexual orientation or membership of the travelling community. Employees will be selected, promoted and treated fairly on the basis of their capacity, suitability and according to the requirements of any position offered.</p>	10
	AVAILABLE MARKS	75

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