



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

**Leaving Certificate 2018**

**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 2018**

**BUSINESS**

**ORDINARY LEVEL**

**MARKING SCHEME**

**AND**

**EXPECTED RESPONSES**

Marking Scheme and Expected Responses for use with the Marking Scheme.

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

- The expected responses presented are not exclusive. Marks may be awarded for any other correct answers.
- The expected responses 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 2018

## MARKING SCHEME

<b>SECTION 1</b>	<b>100 MARKS</b>
ANSWER 10 QUESTIONS – EACH QUESTION CARRIES 10 MARKS	

QUESTION	MARKING SCHEME	TOTAL MARKS
1	1 <sup>st</sup> correct term    1m + 1m + 1m + 1m    (4) 2 <sup>nd</sup> correct term    1m + 1m + 1m    (3) 3 <sup>rd</sup> correct term    1m + 1m + 1m    (3)	10
2	<b>Five</b> answers:    @ 2m each	10
3	<b>Explanation:</b> 10m (4m + 3m +3m)	10
4	<b>Two</b> words:    @ 5m each	10
5	<b>Three</b> elements:    4m + 3m + 3m	10
6	<b>Four</b> calculations:    3m + 3m + 2m + 2m	10
7	<b>Four</b> answers:    3m + 3m + 2m + 2m	10
8	<b>Two</b> answers:    @ 5m each (3m + 2m)	10
9	<b>Seven</b> entries:    3 @ 2m each plus 4 @ 1m each	10
10	<b>Explanation:</b> 7m (4m + 3m) <b>Example:</b> 3m	10
11	<b>Two</b> explanations: @ 5m each (3m + 2m)	10
12	<b>Three</b> factors:    4m + 3m + 3m	10
13	<b>Three</b> methods:    4m + 3m + 3m	10
14	<b>Four</b> ticks:    3m + 3m + 2m + 2m	10
15	<b>Five</b> answers:    3m + 3m + 2m + 1m +1m	10
	<b>Available Marks</b>	<b>100</b>

## SECTION 2 – 300 MARKS

### PART 1

**MINIMUM: 1 QUESTION (75 MARKS)**

**MAXIMUM: 2 QUESTIONS (150 MARKS)**

#### QUESTION 1

<b>(A)</b>	<b>Two</b> explanations:	8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(B)</b>	<b>Two</b> explanations:	8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(C)</b>	Responsibility: <b>Two</b> explanations: Consumer Law:	3m @ 6 marks each (3m + 3m) 6m	15
<b>(D)</b>	<b>Two</b> advantages:	8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(E)</b>	<b>Four</b> grounds:	15 marks (4m + 4m + 4m + 3m)	15
	<b>Available Marks</b>		<b>75</b>

#### QUESTION 2

<b>(A)</b>	Name the sector: Name another sector: Explain: Example:	5m 2m 4 marks (2m + 2m) 4m	15
<b>(B)</b>	<b>Two</b> benefits:	8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(C)</b>	<b>Three</b> reasons:	7 marks (5m + 2m) 7 marks (5m + 2m) 6 marks (5m + 1m)	20
<b>(D)</b>	<b>Two</b> examples:	8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(E)</b>	Explanation:	10 marks (5m + 5m)	10
	<b>Available Marks</b>		<b>75</b>

**QUESTION 3**

<b>(A)</b>	Calculation: Surplus or Deficit:	10m (2m + 2m + 2m + 4m) 5 marks	15
<b>(B)</b>	Explanations of difference: Examples:	5 marks (3m + 2m) 4 marks (2m + 2m) 2 @ 3m each	15
<b>(C)</b>	<b>(i)</b> Country: <b>(ii)</b> Percentage:	8m 7m	15
<b>(D)</b>	<b>Two</b> benefits:	8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(E)</b>	<b>Two</b> challenges:	8 marks (4m + 4m) 7 marks (4m + 3m)	15
	<b>Available Marks</b>		<b>75</b>

**QUESTION 4**

<b>(A)</b>	<b>Three</b> characteristics:	@ 5 marks each (3m + 2m)	15
<b>(B)</b>	<b>Two</b> methods:	8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(C)</b>	<b>Two</b> features:	8 marks (4m + 4m) 7 marks (4m + 3m)	15
<b>(D)</b>	<b>(i)</b> <b>Five</b> needs: <b>(ii)</b> Outline + examples:	@ 2marks each 2 @ 5 marks each (3m + 2m)	20
<b>(E)</b>	<b>Two</b> reasons:	@ 5 marks each (3m + 2m)	10
	<b>Available Marks</b>		<b>75</b>

**QUESTION 5**

<b>(A)</b>	<b>Four</b> explanations:	@ 5 marks each (3m + 2m)	20
<b>(B)</b>	<b>(i)</b> <b>Two</b> types: <b>(ii)</b> Explanation:	@ 5 marks each (3m + 2m) 5 marks (3m + 2m)	15
<b>(C)</b>	<b>(i)</b> <b>Two</b> responses:	@ 5 marks each (3m + 2m)	10
<b>(D)</b>	<b>Three</b> explanations:	@ 5 marks each (3m + 2m)	15
<b>(E)</b>	<b>Two</b> benefits:	8 marks (4m + 4m) 7 marks (4m + 3m)	15
	<b>Available Marks</b>		<b>75</b>

## QUESTION 6

(A)	Two functions:	@ 5 marks each (3m + 2m)	10
(B)	Two methods	@ 3 marks each	20
	Two explanations	@ 5marks each (3m + 2m)	
	Two examples:	@ 2 marks each	
(C)	Working Capital Ratio:	9m (3m + 4m + 2m)	20
	Acid Test Ratio:	11m (3m + 6m + 2m)	
(D)	Two expenses:	@ 5 marks each	10
(E)	Two Sales Promotions:	8 marks (4m + 4m)	15
		7 marks (4m + 3m)	
	<b>Available Marks</b>		<b>75</b>

## QUESTION 7

(A)	(i) Two stages:	3 marks + 2 marks	15
	(ii) Two examples:	@ 5 marks each	
(B)	Two functions:	8 marks (4m + 4m)	15
		7 marks (4m + 3m)	
(C)	(i) Explanation:	12m (6m + 6m)	20
	(ii) Target market:	8m	
(D)	Illustration:	10 marks (4m + 2m +4m) or (5 @ 2m)	10
(E)	(i) Explanation:	7m (4m + 3m)	15
	(ii) Two stages:	@ 4marks each (2m + 2m)	
	<b>Available Marks</b>		<b>75</b>

## QUESTION 8

(A)	Two differences:	8 marks (4m + 4m)	15
		7 marks (4m + 3m)	
(B)	(i) Two headings	@ 4 marks each	20
	(ii) Two explanations	@ 6marks each	
(C)	Three explanations	@ 5marks each (3m + 2m)	15
(D)	Two features	8 marks (4m + 4m)	15
		7 marks (4m + 3m)	
(E)	Two challenges:	@ 5marks each (3m + 2m)	10
	<b>Available Marks</b>		<b>75</b>

# LC BUSINESS - ORDINARY LEVEL

## EXPECTED RESPONSES – 2018

**SECTION 1:**

**SHORT ANSWER QUESTIONS**

**100 marks**

Q.	Expected Responses	Marks				
<b>1.</b>	<p><b>What do the following letters stand for?</b></p> <p>DIRT    Deposit Interest Retention Tax            PIN    Personal Identification Number            PAYE    Pay As You Earn</p>	<p><b>10m</b></p> <p>4 3 3</p>				
<b>2.</b>	<p><b>Indicate whether each of the following is an example of intrapreneurship or entrepreneurship by writing INTRAPRENEUR or ENTREPRENEUR after each of the following statements.</b></p> <p>Sony                                  Intrapreneur            Stanford Univ.                      Entrepreneur            Facebook                              Intrapreneur            Google                                  Intrapreneur            O'Connor                              Entrepreneur</p>	<p><b>10m</b></p> <p>2 2 2 2 2</p>				
<b>3.</b>	<p><b>The Irish government privatised Bord Gáis in 2014. Explain the term privatisation.</b></p> <p>Privatisation refers to the sale of a state-owned company by the government to a privately-owned firm. It involves the transfer of ownership of a public enterprise to private owners.</p>	<p><b>10m</b></p> <p>4 + 3 + 3</p>				
<b>4.</b>	<p><b>Choose the appropriate words to complete the sentence below.</b></p> <p>A <b>MERGER</b> involves two businesses voluntarily joining together to form a single business, while a <b>STRATEGIC ALLIANCE</b> involves two businesses working together on a specific project without any change of ownership.</p>	<p><b>10m</b></p> <p>6 + 4</p>				
<b>5.</b>	<p><b>SWOT analysis:</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr><td style="text-align: center;">1. <i>Strengths</i></td></tr> <tr><td style="text-align: center;">2. Weaknesses</td></tr> <tr><td style="text-align: center;">3. Opportunities</td></tr> <tr><td style="text-align: center;">4. Threats</td></tr> </table>	1. <i>Strengths</i>	2. Weaknesses	3. Opportunities	4. Threats	<p><b>10m</b></p> <p>4 3 3</p>
1. <i>Strengths</i>						
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4. Threats						
<b>6.</b>	<p><b>Calculations:</b></p> <p>(i)    PRSI                                  €2,800                      (70,000 x 4 / 100)            (ii)    USC                                      €2,100                      (70,000 x 3 / 100)            (iii)    Total Deductions                  €21,790            (iv)    Take Home Pay                      €48, 210</p>	<p><b>10m</b></p> <p>2 + 1 2 + 1 2 2</p>				



7.	<p><b>True or False:</b></p> <p>Tax on company profits      FALSE  Span of control                TRUE  Interest groups                TRUE  Trade Union                    FALSE</p>	<p><b>10m</b></p> <p>3 3 2 2</p>														
8.	<p><b>Outline two types of official industrial action that trade unions can take as part of an industrial relations dispute.</b></p> <p><b>Official Strike</b> – employees do not enter their workplace and refuse to perform their work duties. An official strike involves a secret ballot, proper notification to the employer and sanction by ICTU.</p> <p><b>Work-to-rule</b> – where employees only undertake the exact jobs written in their job description/contract of employment. Workers follow the rules of their employment contracts to the ‘letter of the law’.</p> <p><b>Overtime ban / Go slow</b> – Employees limit their working time to the hours specified in their contract. Employees refuse to work extra hours. This can cause major disruption, leading to lost orders and lost sales, especially at peak trading times e.g. a toy shop at Christmas.</p> <p><b>Token Stoppage</b> – A brief stoppage of work by the workers to highlight their frustration over an issue. It signals that more serious action may follow if agreement is not reached.</p>	<p><b>10m</b></p> <p>3 + 2  3 + 2</p>														
9.	<p><b>Draft, using today’s date, a Memorandum (Memo) from Mary Moore, IT manager, to all department managers reminding them to inform all staff of the importance of protecting sensitive data from cyber security threats.</b></p> <table border="1" data-bbox="284 1384 1214 1928"> <thead> <tr> <th colspan="2" data-bbox="284 1384 1214 1451" style="text-align: center;"><b>MEMORANDUM</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="284 1462 427 1507"><b>To:</b></td> <td data-bbox="435 1462 1214 1507">All Department Managers</td> </tr> <tr> <td data-bbox="284 1529 427 1574"><b>From:</b></td> <td data-bbox="435 1529 1214 1574">Mary Moore</td> </tr> <tr> <td data-bbox="284 1597 427 1641"><b>Date:</b></td> <td data-bbox="435 1597 1214 1641">14<sup>th</sup> June 2018</td> </tr> <tr> <td data-bbox="284 1664 427 1821"><b>Re:</b></td> <td data-bbox="435 1664 1214 1821">           Data Security:            Please inform all staff of the importance of protecting sensitive data from cyber security threats.         </td> </tr> <tr> <td data-bbox="284 1843 427 1888"><b>Signed:</b></td> <td data-bbox="435 1843 1214 1888"> <i>Mary Moore</i> </td> </tr> <tr> <td data-bbox="810 1843 890 1888"><b>Title:</b></td> <td data-bbox="898 1843 1214 1888">IT Manager</td> </tr> </tbody> </table>	<b>MEMORANDUM</b>		<b>To:</b>	All Department Managers	<b>From:</b>	Mary Moore	<b>Date:</b>	14 <sup>th</sup> June 2018	<b>Re:</b>	Data Security: Please inform all staff of the importance of protecting sensitive data from cyber security threats.	<b>Signed:</b>	<i>Mary Moore</i>	<b>Title:</b>	IT Manager	<p><b>10m</b></p> <p>2 1 2 1 2  1 + 1</p>
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10.	<p><b>Describe, using an example, what is meant by a multinational company.</b></p> <p>A multinational company is a business with headquarters in one country but company offices/locations in other countries throughout the world. e.g. Google is a business who has its headquarters in the United States of America but also has operations and offices in other locations such as Dublin.</p>	<p><b>10m</b></p> <p>4 + 3</p> <p>3</p>																									
11.	<p><b>In the context of a meeting explain the terms agenda and minutes.</b></p> <p><b>An agenda</b> is a list of the items to be discussed at a meeting. It gives the order of business for a meeting. An agenda gives a meeting structure.</p> <p>The <b>minutes</b> of a meeting are a written record of what happened at a meeting. The minutes are written documentation of the attendees of a meeting, the issues discussed and decisions made at the meeting.</p>	<p><b>10m</b></p> <p>3 + 2</p> <p>3 + 2</p>																									
12.	<p><b>Factors of Production:</b></p> <p>LAND    <i>Labour</i>    CAPITAL    ENTERPRISE</p>	<p><b>10m</b></p> <p>4+3+3</p>																									
13.	<p><b>Indicate which Public Relations (PR) method is being used:</b></p> <p><i>Vodafone and Irish Rugby Team:</i>    Sponsorship</p> <p><i>David Beckham and H&amp;M Store:</i>    Celebrity Endorsement</p> <p><i>Apple announcement:</i>    Press Release</p>	<p><b>10m</b></p> <p>4</p> <p>3</p> <p>3</p>																									
14.	<p><b>Indicate by placing a tick (✓) in the correct box, the type of plan to which each statement for Ben and Jerry's ice cream relates.</b></p> <table border="1" data-bbox="284 1182 1206 1749"> <thead> <tr> <th>Statement</th> <th>Strategic Plan</th> <th>Tactical Plan</th> <th>Mission Statement</th> <th>Contingency Plan</th> </tr> </thead> <tbody> <tr> <td>Ben &amp; Jerry's aim is to create linked prosperity for everyone connected to their business: suppliers, farmers, franchisees, customers and neighbours.</td> <td></td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Ben &amp; Jerry's aim is to continue expanding its product range and its locations over the next 10 years.</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ben &amp; Jerry's will switch to non-dairy sources for their ice-creams in the event of a milk shortage.</td> <td></td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td>Ben &amp; Jerry's will expand its vegan range of ice-cream in the next 6 months.</td> <td></td> <td>✓</td> <td></td> <td></td> </tr> </tbody> </table>	Statement	Strategic Plan	Tactical Plan	Mission Statement	Contingency Plan	Ben & Jerry's aim is to create linked prosperity for everyone connected to their business: suppliers, farmers, franchisees, customers and neighbours.			✓		Ben & Jerry's aim is to continue expanding its product range and its locations over the next 10 years.	✓				Ben & Jerry's will switch to non-dairy sources for their ice-creams in the event of a milk shortage.				✓	Ben & Jerry's will expand its vegan range of ice-cream in the next 6 months.		✓			<p><b>10m</b></p> <p>3</p> <p>3</p> <p>2</p> <p>2</p>
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15.	<p><b>Matching of terms with explanations:</b></p> <table border="1" data-bbox="284 1832 1166 2000"> <thead> <tr> <th>1.</th> <th>2.</th> <th>3.</th> <th>4.</th> <th>5.</th> </tr> </thead> <tbody> <tr> <td>E</td> <td>A</td> <td>F</td> <td>B</td> <td>D</td> </tr> <tr> <td>3</td> <td>3</td> <td>2</td> <td>1</td> <td>1</td> </tr> </tbody> </table>	1.	2.	3.	4.	5.	E	A	F	B	D	3	3	2	1	1	<p><b>10m</b></p> <p>10</p>										
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## SECTION 2

### PART 1

#### QUESTION 1

	Possible Responses	Marks
<b>A</b>	<b>In relation to the following stakeholders of a business,</b>	<b>15m</b>
(i)	explain the term <b>employee</b> .  An employee is an individual who works for an employer in the production of goods or services in return for a fee called wages or salary.	8 (4 + 4)
(ii)	explain the term <b>manager</b> .  A manager is a person who is responsible for controlling or running or administering an organisation or group of staff.	7 (4 + 3)
<b>B</b>	<b>Describe the relationship that the following stakeholders may have with a business:</b>	<b>15m</b>
(i)	<b>An investor:</b> An investor provides the finance/capital required by the business/entrepreneur. The investor expects a return for the investment, usually in the form of dividends.	8 (4 + 4)
(ii)	<b>Supplier:</b> A supplier provides raw materials, components and finished goods to the business. The relationship can be cooperative or competitive over the following issues; price of raw materials, negotiations, honouring contracts and delivery times. The supplier should provide a high-quality product and receive payment when due.	7 (4 + 3)

C	<p><b>If a consumer purchases a faulty product, who is responsible – the retailer or the producer?</b>  <b>Explain your answer and name the relevant consumer law.</b></p> <p>The Retailer is responsible.  When you, the consumer, purchase products from a retailer, you make a contract with the retailer (not the producer). You agree to buy certain goods at a certain price. If the purchased product is faulty (not fit for purpose or not of merchantable quality), the retailer is responsible, not the producer. The retailer must deal with your complaint and offer you a refund, a replacement, or a repair of the product.</p> <p><b>Relevant Consumer Law</b> – Sale of Goods &amp; Supply of Services Act 1980.</p>	<p><b>15m</b></p> <p>3 6 (3 + 3)</p> <p>6</p>
D	<p><b>Outline two advantages for a consumer of taking a case to the Small Claims Court.</b></p> <ul style="list-style-type: none"> <li>• <b>Inexpensive/Low Cost:</b> It only costs €25 to take a case to the Small Claims Court.</li> <li>• <b>No Solicitors involved:</b> The consumer does not have to pay for legal representation.</li> <li>• <b>Convenient:</b> The case is heard in the local district court. Easy to access. The application can be made online.</li> <li>• <b>Fast and Quick Resolution:</b> The case being heard locally can lead to the complaint being resolved quickly.</li> <li>• <b>Fair:</b> The case is heard in District Court by a judge who listens to both sides and gives findings. The judge is impartial.</li> </ul> <p>The small Claims Court procedure is designed to deal with claims up to €2,000.</p>	<p><b>15m</b></p> <p>8 (4 + 4)</p> <p>7 (4 + 3)</p>
E	<p><b>List four grounds on which discrimination in the workplace is outlawed.</b></p> <ul style="list-style-type: none"> <li>• Gender</li> <li>• Age</li> <li>• Religious beliefs</li> <li>• Sexual Orientation</li> <li>• Disability</li> <li>• Marital Status</li> <li>• Family Status</li> <li>• Race</li> <li>• Membership of Travelling Community.</li> </ul>	<p><b>15m</b></p> <p>4 4 4 3</p>

**QUESTION 2**

	<b>Possible Responses</b>	<b>Marks</b>
<b>A</b>	<p><b>(i) Name the sector of the economy that JSK Construction Ltd operates in.</b></p> <p>Secondary Sector.</p>	<b>15m</b>  5
	<p><b>(ii) Explain one other sector of the economy and provide one example of an occupation in that sector.</b></p> <p><b>Primary Sector:</b> Also known as the Extractive industries, it involves extracting raw materials from natural resources.</p> <p>Examples: Farmer/Farming/Agriculture, Fishermen/Fishing, Forestry, Mining.</p> <p><b>Tertiary Sector:</b> This is the services sector, which provides all other industries with a wide range of services. This is the largest sector of the Irish economy.</p> <p>Examples: Hairdresser, taxi driver, financial services, retailing, telecommunications. <i>Accept other appropriate answers.</i></p>	2 4 (2 + 2)  4
<b>B</b>	<p><b>Outline two benefits of JSK Construction Ltd to the local economy.</b></p> <ul style="list-style-type: none"> <li>• Employment – building work will create direct employment.</li> <li>• Spin off Effect/Increased Sales for other local business – construction work will result in money being spent in local businesses by the workers.</li> <li>• Local Suppliers and Service Providers will provide raw materials and services – increasing sales for local businesses.</li> <li>• Increased standard of living - Increased standard of living for locals due to new facilities being developed.</li> </ul>	<b>15m</b>  8 (4 + 4)  7 (4 + 3)

C	<p><b>Outline three reasons why multinational companies decide to locate in Ireland.</b></p> <ul style="list-style-type: none"> <li>• <b>Access to EU markets:</b> free trade to other EU member states. Access to market of over 500 million people.</li> <li>• <b>Low Corporation Tax (12.5%):</b> Multinationals choose to set up in Ireland because they will have to pay less tax on the profits they generate. Ireland has a lower rate of corporation tax on company profits than other European countries.</li> <li>• <b>English speaking member of the Eurozone:</b> Ireland is the only country who uses the Euro whose first language is English. As English is the international language of business, American and Asian Transnational companies choose Ireland so as to have less communication difficulties.</li> <li>• <b>Highly skilled workforce:</b> Talent of the labour force. High number of third level graduates available.</li> <li>• Incentives of <b>Govt. Grants</b> through IDA Ireland.</li> <li>• <b>Track Record:</b> Ireland has established a reputation as a good place for foreign firms to locate their European headquarters. E.g. Multinationals such as Google, Stripe, Twitter have followed Apple and Facebook and set up their European Headquarters in Ireland.</li> </ul>	<p><b>20m</b></p> <p>7 (5 + 2)</p> <p>7 (5 + 2)</p> <p>6 (5 + 1)</p>
D	<p><b>Outline two examples of ethical behaviour by a business.</b></p> <ul style="list-style-type: none"> <li>• Pay fair prices to suppliers, honour contracts.</li> <li>• Pay fair wages to employees.</li> <li>• Promote environmentally friendly practices, e.g. waste disposal.</li> <li>• Provide honest and accurate financial information to investors.</li> <li>• Honesty regarding mistakes.</li> <li>• Provide high quality products at a fair price to consumers and an effective after sales service.</li> </ul>	<p><b>15m</b></p> <p>8 (4 + 4)</p> <p>7 (4 + 3)</p>
E	<p><b>Explain the term limited liability.</b></p> <p><b>Limited Liability</b> means that if a company goes bankrupt the owners of the company are not personally responsible for all the debts of the company – they can only lose the amount of money they invested in the business. Personal assets of the shareholders cannot be taken to repay debt. They are viewed as a separate legal entity to the business.</p>	<p><b>10m</b></p> <p>5 + 5</p>

### QUESTION 3

	Possible Responses	Marks
<b>A</b>	<b>From the information provided, calculate the Balance of Payments for March 2017.</b>	<b>15m</b>
	<p><b>(i) Balance of Payments:</b>            Total Exports €11.0 billion minus Total Imports €5.8 billion            = Balance of Payments: €5.2 billion</p> <p><b>(ii) Surplus or Deficit: Surplus</b></p>	<p>2 + 2 + 2 4</p> <p>5</p>
<b>B</b>	<b>Explain, using an example in each case, the difference between visible exports and visible imports.</b>	<b>15m</b>
	<p><b>Visible Exports</b> are physical goods sold by businesses based in Ireland to customers in other countries (sold to other countries).            Examples: Medical devices, pharmaceuticals, dairy products being manufactured in Ireland and sold by businesses based in Ireland to other countries.</p> <p><b>Visible Imports</b> are physical goods that are purchased by Irish customers from businesses based in foreign countries.            Examples: Irish consumers buying cars from car dealers in the UK, or French wines being purchased by Irish businesses from wine producers/farms in France.</p>	<p>5 (3 + 2)</p> <p>3</p> <p>4 (2 + 2)</p> <p>3</p>
<b>C</b>	<b>From the information provided,</b>	<b>15m</b>
	<p><b>(i) Identify the country that has the largest percentage share of global exports.</b>            China</p> <p><b>(ii) Identify what percentage share of global exports the European Union accounts for.</b>            16%</p>	<p>8</p> <p>7</p>
<b>D</b>	<b>Outline two benefits for Irish businesses of exporting within the European Union.</b>	<b>15m</b>
	<p><b>No barriers to trade</b> – free movement of goods between all countries so Irish business will not have to pay any taxes.</p> <p><b>Euro currency</b> – Irish business selling to the other 18 eurozone countries who use the Euro do not have to worry about exchange rate fluctuations.</p> <p><b>Large customer base</b> – access to over 500 million EU citizens will increase sales and profits.</p>	<p>8 (4 + 4)</p> <p>7 (4 + 3)</p>

E	<p><b>Outline two challenges for Irish businesses exporting to China.</b></p> <p><b>Language difficulties</b> - Marketing and promotion difficulties when translating marketing/advertising materials.</p> <p><b>Cultural differences</b> – some Irish products are not acceptable in China.</p> <p><b>Transport difficulties</b> – Increased transportation costs due to distance. Transport problems due to bad weather or industrial relations issues.</p> <p><b>Currency fluctuations</b> – Currency changes can lead to a decline in the demand for Irish exports. i.e. as the euro gets stronger in value the demand for Irish exports decreases.</p> <p><i>Accept relevant points in relation to:</i> Payment difficulties, legislation and increased competition from low cost competitors.</p>	<p><b>15m</b></p> <p>8 (4 + 4)</p> <p>7 (4 + 3)</p>
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**QUESTION 4:**

	<b>Possible Responses</b>	<b>Marks</b>
<b>A</b>	<p><b>Outline three entrepreneurial characteristics/skills displayed by Michelle.</b> (Refer to the text in your answer)</p> <p><b>Risk Taker</b> – She gave up her job and invested her savings in “Superfoods by Superdudes”.</p> <p><b>Innovative/Creative</b> – Michelle identified new opportunities in sourcing healthy food by setting up her own business.</p> <p><b>Future focused/Ambitious</b> – She holds weekly meetings with staff and recently announced plans to offer a delivery service to customers who sign up for a weekly meal.</p> <p><b>Decisive</b> – Went ahead and set up her business.</p> <p>Confident Uses initiative</p> <p><i>Accept other appropriate answers.</i></p>	<p><b>15m</b></p> <p>5 (3 + 2)</p> <p>5 (3 + 2)</p> <p>5 (3 + 2)</p>
<b>B</b>	<p><b>Outline two methods of communication, other than meetings, that Michelle could use to communicate with her staff.</b></p> <p><b>Oral/Verbal:</b> Mobile phone</p> <p><b>Written:</b> Notice board, memo, e-mail, text message, WhatsApp</p> <p><b>Visual:</b> Overhead projector, social media.</p>	<p><b>15m</b></p> <p>8 (4 + 4)</p> <p>7 (4 + 3)</p>
<b>C</b>	<p><b>Outline two features of a democratic leadership approach.</b></p> <ul style="list-style-type: none"> <li>• Delegation – believes in motivating staff by assigning responsibility for tasks to employees.</li> <li>• Involvement of staff in decision making – motivation of staff by involving the employees in decision making, placing trust in their ability.</li> <li>• Communicates with staff – two-way communication – consultation – seeks staff input.</li> <li>• Discusses problems with staff – seen to value staff opinion.</li> <li>• More inclusive style of leadership – in terms of decision making.</li> <li>• Encourages intrapreneurship</li> <li>• Rewards staff through praise, promotion, empowerment.</li> </ul>	<p><b>15m</b></p> <p>8 (4 + 4)</p> <p>7 (4 + 3)</p>

<p><b>D</b></p>	<p><b>(i) In your answer book, identify the needs numbered 1-5. (Maslow's Hierarchy of Needs)</b></p> <p>1 = Basic/Physical Needs  2 = Security/Safety Needs  3 = Social Needs.  4 = Esteem Needs  5 = Self-Actualisation Needs</p> <p><b>(ii) Outline using examples how a manager can satisfy the social needs of his/her employees.</b></p> <ul style="list-style-type: none"> <li>• Organising staff outings</li> <li>• Organise staff team events – “bonding days”</li> <li>• Organise a social club with regular events – staff tag rugby, staff walking/hikes</li> <li>• Promote teamwork</li> <li>• Treat each employee fairly when organising social events</li> <li>• Choose a matrix organisational structure.</li> </ul>	<p><b>20m</b></p> <p>2  2  2  2  2</p> <p>5  (3 + 2)  5  (3 + 2)</p>
<p><b>E</b></p>	<p><b>Explain two reasons why stock control is very important for a food business.</b></p> <p>Stock control involves ensuring the business always has sufficient stock to meet customer requirements. It involves undertaking stock taking on a regular basis, knowing how long re-orders will take, knowing the maximum and minimum amount of stock required at all times.</p> <p>Efficient stock control will result in:</p> <ul style="list-style-type: none"> <li>• <b>Increased customer satisfaction</b> – less shortages of products or fresh foods.</li> <li>• <b>Reduced costs</b> – reduces storage, insurance, security and administrative costs.</li> <li>• <b>Increased efficiency</b> – less human errors, less obsolete stock.</li> <li>• <b>Identifies stock losses through theft</b>, resulting in less pilferage.</li> <li>• <b>Working capital will be used efficiently</b> – not tied up in too much stock.</li> <li>• <b>Less wastage</b> – perishable stock and sell-by dates are dealt with in time.</li> </ul>	<p><b>10m</b></p> <p>5  (3 + 2)  5  (3 + 2)</p>

### QUESTION 5

	Possible Responses	Marks
<b>A</b>	<p><b>Explain any four of the insurance terms underlined above.</b></p> <p><b>Premium</b> – fee paid for insurance (to cover the risk) by the policy holder to the insurance company. The actuary calculates the premium.</p> <p><b>No claims bonus</b> – a reduction/discount in a premium for a policy holder who has not looked for any compensation, e.g. a 50% reduction in motor insurance for not making a claim during the last 5 years.</p> <p><b>Loading</b> – an extra charge/fee/cost added to the basic premium of an insurance policy to cover higher risks, e.g. drivers under 25 are expected to have more claims and therefore are asked to pay higher premiums.</p> <p><b>Insurance Policy</b> – this is the contract for insurance between the insurer and the insured. It is a document that sets out details of the risks covered, the period of cover, and all the terms and conditions of the insurance agreement.</p> <p><b>Policy Excess</b> – refers to the amount of money the insured person (policyholder) must pay towards the damages/claim before receiving the compensation for the damage from the insurance company. Agreement to pay a higher excess may lead to a reduced premium.</p>	<p><b>20m</b></p> <p>5 (3 + 2)</p> <p>5 (3 + 2)</p> <p>5 (3 + 2)</p> <p>5 (3 + 2)</p>
<b>B</b>	<p><b>(i) Outline two types of insurance, other than motor insurance.</b></p> <ul style="list-style-type: none"> <li>• <b>Buildings &amp; Contents Insurance</b> – to cover financial loss to the buildings and contents in the event of burglary or damage.</li> <li>• <b>Public Liability Insurance</b> – to cover financial loss if a member of the public gets injured on the premises.</li> <li>• <b>Employers Liability Insurance</b> – to cover financial loss if a staff member gets injured on the premises.</li> <li>• <b>Goods in Transit Insurance</b> – to cover goods that may get damaged when being delivered to a customer.</li> <li>• <b>Plate Glass Window Insurance</b> – to cover the financial loss incurred if window glass is broken.</li> <li>• <b>Product Liability Insurance</b> – to cover damages if a consumer using a company product gets injured.</li> <li>• <b>Fidelity Guarantee Insurance</b> – protects against staff theft.</li> </ul> <p><b>(ii) Explain the insurance principle ‘utmost good faith’.</b>            Utmost Good Faith is a principle of insurance that states the person/business applying for insurance must answer all questions truthfully and disclose all <b>material facts</b> when completing the proposal form. This enables the insurer to calculate the correct premium. If any material facts are later found to have been withheld, the insurance contract may be void.</p>	<p><b>15m</b></p> <p>5 (3 + 2)</p> <p>5 (3 + 2)</p> <p>5 (3 + 2)</p>

<p><b>C</b></p>	<p><b>Explain whether the response to each of the questions on the motor insurance proposal form should result in a premium loading or a premium reduction (discount).</b></p> <ol style="list-style-type: none"> <li>1. Question one will result in a premium <b>discount</b> because an alarm/immobiliser will lead to a reduction in the risk of theft.</li> <li>2. Question two will lead to <b>loading</b>/increase on the premium. Insurance companies equate penalty points to speeding, leading to a greater risk of an accident occurring involving the policy holder.</li> </ol>	<p><b>10m</b></p> <p>5 (3 + 2)</p> <p>5 (3 + 2)</p>
<p><b>D</b></p>	<p><b>Explain any three of the terms underlined.</b></p> <p><b>Salary</b> A type of remuneration that involves the employee receiving a fixed amount of money each fortnight/month/year irrespective of extra hours fulfilled.</p> <p><b>Benefit in kind</b> A non-financial form of income. It is also known as a 'perk'. The financial value of the benefit-in-kind is subject to income tax. It can be free meals, lunch vouchers, a company car, a work mobile phone.</p> <p><b>Person Specification</b> This describes the qualities that the successful candidate for the job should have. These would include academic qualifications, previous work experience and relevant personal characteristics and skills.</p> <p><b>Training</b> This is an organised activity aimed at imparting the information and skills required for a particular job. Types of training include on the job training, off the job training and induction training.</p>	<p><b>15m</b></p> <p>5 (3 + 2)</p> <p>5 (3 + 2)</p> <p>5 (3 + 2)</p>
<p><b>E</b></p>	<p><b>Outline two benefits of teamwork in a business.</b></p> <ul style="list-style-type: none"> <li>• Improved decision making: greater expertise and experience within a team setting will lead to improved decision making.</li> <li>• Better staff morale: staff morale increases as employees get satisfaction from working with others. Leads to better quality of work.</li> <li>• Improved staff relations: staff build good contacts with other team members and this improves motivation.</li> <li>• Workload is shared: each member contributes.</li> <li>• Improved communication: teamwork needs good communicating.</li> <li>• Work is completed faster: more working on a task improves efficiency.</li> <li>• Generates creative ideas: suggestions can spark new ideas.</li> <li>• Reduced Staff absenteeism: staff who work as part of a team recognise that their team members are reliant on them. This leads to greater productivity, less absenteeism.</li> </ul>	<p><b>15m</b></p> <p>8 (4+4)</p> <p>7 (4+3)</p>

**QUESTION 6**

	<b>Possible Responses</b>	<b>Marks</b>
<b>A</b>	<p><b>Outline two functions of advertising</b></p> <ul style="list-style-type: none"> <li>• To inform/give information to consumers about a product or service.</li> <li>• To create awareness of new products and services.</li> <li>• To persuade a consumer to purchase a firm's products rather than competitors' products.</li> <li>• To create confidence in a product and a desire to buy it.</li> <li>• To remind consumers of the continued existence of products/services.</li> <li>• To create brand loyalty/improve customer relationships.</li> <li>• To increase sales and market share as a result of the functions above.</li> </ul>	<p><b>10m</b></p> <p>5 (3 + 2)</p> <p>5 (3 + 2)</p>
<b>B</b>	<p><b>Explain the two market research methods and give one example of each method.</b></p> <p><b>Desk Research:</b> Desk research involves accessing or using information that has already been gathered. It is secondary research and can be both internal and external. Desk research can provide information on competitors and on consumer spending patterns. Desk research is relatively cheap, keeping business costs down, thereby ensuring a competitive business. Examples of desk research: the internet, internal sales reports, trade reports, Central Statistics Office publications, newspapers.</p> <p><b>Field research:</b> Field research involves going into the marketplace to gather first-hand or new business information. It is primary research which is carried out by making direct contact with customers or potential customers. Field research tends to be expensive and time consuming, but it does provide specific information on the behaviour of the target market. Examples of field research: surveys, observation, questionnaires, and customer panels.</p>	<p><b>20m</b></p> <p>3 5 (3 + 2)</p> <p>2</p> <p>3 5 (3 + 2)</p> <p>2</p>



### QUESTION 7

	Possible Responses	Marks
<b>A</b>	<b>(i) Name two stages in the product life cycle where sales are increasing.</b>	<b>15m</b>
	Launch	3
	Growth	2
	Maturity	
<b>(ii) Name one example of a product in the launch/introductory stage and one example of a product in the decline stage.</b>		
	Launch: <i>Any relevant example of a recently introduced product</i> e.g. the new Kia Sportage, The iPhone X	5
	Decline: <i>Any relevant example of a long established now out-of-date or obsolete product</i> e.g. DVD players, The iPhone 4.	5
<b>B</b>	<p><b>Explain two functions of product packaging.</b></p> <p><b>Provide Information:</b> Packaging will provide important information such as the ingredients, instructions, sell-by date, warnings.</p> <p><b>Attract Consumers/Catch the consumer's eye:</b> Packaging can attract consumers by gaining instant recognition and helps to differentiate the product from competitors.</p> <p><b>Protect the product:</b> Packaging should protect the product in transport and preserve the quality of the product.</p>	<b>15m</b>
<b>C</b>	<b>(i) Explain the term 'target market'.</b>	<b>20m</b>
	<p>A target market is the group of people at whom a particular product or service is aimed. The target market may be characterised by age, income level, gender, location, lifestyle. (People sharing common needs).</p> <p>e.g. Topshop's target market is young female adults. Topman's target market is young male adults.</p>	12 (6 + 6)
	<p><b>(ii) Name a target market for electric cars.</b> <i>Any relevant example</i></p> <ul style="list-style-type: none"> <li>• Environmentally conscious motorists/ eco-friendly customers/ "green" consumers.</li> <li>• Car owners with low annual mileage and drivers with limited use of a vehicle.</li> <li>• Urban dwellers with limited usage.</li> </ul>	8

<b>D</b>	<b>Illustrate, using a diagram, one channel of distribution a baker could use for freshly baked cakes.</b>				<b>10m</b>	
	<p style="text-align: center;">MANUFACTURER</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">CONSUMER</p>	4 2 4	<b>or</b>	<p style="text-align: center;">MANUFACTURER</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">RETAILER</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">CONSUMER</p>	2 2 2 2 2	10
<b>E</b>	<p><b>(i) Explain the term ‘test marketing’.</b></p> <p>The product is tested on a sample of potential consumers before going into full production. Feedback from the test marketing can lead to improvements and will decide whether the product should be marketed as a full-scale commercial venture.</p> <p><b>(ii) Outline two others stages in the development process of a new product.</b></p> <p><b>Idea Generation:</b> Initial concepts for the new product are thought up systematically. Many ideas are considered before a decision is made. Sources for ideas can be internal or external.</p> <p><b>Product Screening:</b> This involves assessing all ideas for a new product. All ideas are vetted, and the impractical and unworkable ideas are dropped, leaving the most viable ones for further examination and development.</p> <p><b>Concept Development:</b> This involves considering what are the potential features of the product. A unique selling point (USP) is identified to differentiate it from other products and to make it appeal to consumers.</p> <p><b>Feasibility Study:</b> This is carried out to assess if a product has potential. It looks at whether it can be produced technically (production feasibility) and if it will be profitable (financial and commercial feasibility). It seeks answers to questions such as, what it will cost to produce the product and what demand there will be for the product.</p> <p><b>Prototype Development:</b> This stage involves developing a sample or model of a product. A working model or ‘mock up’ is produced to see what materials are required to make the product. It can be used to test the product to see if it conforms to certain standards and to determine what adjustments/improvements can be made before deciding to go into full scale production.</p>				<b>15m</b>  7 (4 + 3)  4 (2 + 2)  4 (2 + 2)	



**QUESTION 8:**

	<b>Possible Responses</b>	<b>Marks</b>
<b>A</b>	<p><b>Explain two differences between a Sole Trader and a Partnership as forms of business ownership.</b></p> <p>A Sole Trader business is owned and controlled by one person. This person is entirely responsible for the business and has unlimited liability. One owner gets to keep all the profits.</p> <p>A Partnership exists between 2-20 owners (no maximum for Law/Accountancy firms) who are in business together with a view to making a profit. They also have unlimited liability, but responsibility is shared between all the partners. Profits are shared amongst the partners. Extra capital is available to finance the business.</p>	<p><b>15m</b></p> <p>8 (4+4)</p> <p>7 (4+3)</p>
<b>B</b>	<p><b>(i) List two headings included in a business plan.</b></p> <ul style="list-style-type: none"> <li>• Description of Business &amp; Owners</li> <li>• Management &amp; Organisation Structure</li> <li>• Production Details</li> <li>• Marketing Plan</li> <li>• Market Research &amp; Analysis</li> <li>• Financial Plan.</li> </ul> <p><b>(ii) Explain two benefits of preparing a business plan:</b></p> <p>Preparing a business plan can help a business</p> <ul style="list-style-type: none"> <li>• To set out clearly the objectives and targets of the business</li> <li>• To obtain finance from lenders, who must be convinced that the plan has a good chance of success</li> <li>• To attract potential investors as they can assess the risk before investing</li> <li>• To identify resources required for future</li> <li>• To show plans and projections</li> <li>• To foresee future difficulties and take steps to address them</li> <li>• To motivate employees and management</li> <li>• To give focus and direction to the business</li> <li>• To provide stakeholders with all the required information.</li> </ul>	<p><b>20m</b></p> <p>4</p> <p>4</p> <p>6</p> <p>6</p>

<p><b>C</b></p>	<p><b>Explain any three of the following sources of finance.</b></p> <p><b>Share Capital/Equity Capital</b> is a long-term source of finance, provided by investors known as shareholders. No security is required. The money is used to finance the business. Any profits made are divided among shareholders in the form of dividends. The investment remains in the company as long as it exists and is repaid only on winding up.</p> <p><b>Bank Overdraft</b> is a short-term source of finance. It involves permission from the bank to withdraw more money than is in the current account. This short-term source of finance is available for one year and must be repaid with interest.</p> <p><b>Leasing</b> is the use of a fixed asset in return for an agreed payment over a period of 1-5 years. It is a medium-term source of finance, used for medium-term needs such as vehicles and equipment. The hirer of the asset never obtains ownership, but possession and usage are immediate. No security required.</p> <p><b>Medium term loan</b> is money borrowed from a financial institution for a period of 1 – 5 years. It is must be repaid in regular instalments with interest. It is a medium-term source of finance. It is used for medium-term needs such as buying equipment, computers, vehicles. Ownership of the asset is immediate.</p>	<p><b>15m</b></p> <p>5 (3 + 2)</p> <p>5 (3 + 2)</p> <p>5 (3 + 2)</p>
<p><b>D</b></p>	<p><b>Explain two features of Job Production.</b></p> <ul style="list-style-type: none"> <li>• Customised/Personalised: made to order to the customer’s specifications / used to produce unique/one-off items.</li> <li>• Staff: Highly skilled labour is required. Emphasis on craftsmanship.</li> <li>• High pricing strategy: Usually quite expensive due to the level of skill and expertise required in production.</li> <li>• Not produced for stock.</li> </ul>	<p><b>15m</b></p> <p>8 (4 + 4)</p> <p>7 (4 + 3)</p>
<p><b>E</b></p>	<p><b>Outline two challenges for start-up businesses in Ireland.</b></p> <ul style="list-style-type: none"> <li>• Finance – difficult to access finance and to decide on the correct source of finance. Long term and medium-term finance required.</li> <li>• Choosing the ownership structure – A start-up must decide on what ownership structure to choose from. This will have implications on liability, decision making, profits, raising finance, tax.</li> <li>• Marketing challenges / High Competition – difficult to establish market share/get foothold in the market. This could result in increased promotional costs such as advertising campaigns.</li> <li>• High start-up costs – e.g. for Premises, Equipment, Machinery.</li> <li>• Work/Life Balance - Long working hours required to get business up and running.</li> </ul>	

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