



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate 2019

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 2019

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.

LC BUSINESS - ORDINARY LEVEL
EXPECTED RESPONSES – 2019

SECTION 1:

SHORT ANSWER QUESTIONS

100 marks

Q.	Expected Responses	Marks
1.	<p>What do the following letters stand for?</p> <p>AGM Annual General Meeting</p> <p>AOB Any Other Business</p> <p>EGM Extraordinary General Meeting</p>	<p>10m</p> <p>4</p> <p>3</p> <p>3</p>
2.	<p>Identify the product:</p> <p>(i) Premium Pricing: Product B (Samsung Galaxy Note 9)</p> <p>(ii) Penetration Pricing: Product A (Alcatel 1)</p>	<p>10m</p> <p>5</p> <p>5</p>
3.	<p>Choose the appropriate words to complete the sentence below.</p> <p>Utmost Good Faith is an insurance principle which states that the insured person must voluntarily disclose, accurately and fully, all information relevant to the risk being insured whether requested or not.</p>	<p>10m</p> <p>6 + 4</p>
4.	<p>Outline two advantages for Irish consumers of using the euro currency.</p> <ul style="list-style-type: none"> • Common Currency – euro – makes travel easier for Irish consumers. • Reduction of transaction costs for consumers– travel/online transactions can occur without changing currency. • Reduction in price discrimination – if goods are priced in a single currency it should be much harder to disguise price differences across EU member states. • Easy to compare prices in different euro countries for online purchasers. • Stable interest rates as they are only changed by the ECB. • Low inflation and price stability. 	<p>10m</p> <p>3 + 2</p> <p>3 + 2</p>

5.	<p>Draft a memorandum:</p> <div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: 80%;"> <p style="text-align: center;">MEMORANDUM</p> <p>To: <u>All Sales Managers</u></p> <p>From: <u>Stephen Kennedy</u> Date: <u>13th June 2019</u></p> <p>Re: <u>GDPR non-compliance</u></p> <p style="text-align: center;">This is a reminder that Data Protection Authorities may issue fines for non-compliance with the General Data Protection Regulation (GDPR).</p> <hr/> <p>Signed: <u>Stephen Kennedy</u> Title: <u>ICT Manager</u></p> </div>	<p>10m</p> <p>2</p> <p>1 + 2</p> <p>1</p> <p>2</p> <p>1 + 1</p>
6.	<p>Circle the correct option in the case of each of the following statements.</p> <p>(i) legal agreement</p> <p>(ii) consideration</p> <p>(iii) legality of form</p> <p>(iv) do not</p>	<p>10m</p> <p>4</p> <p>3</p> <p>2</p> <p>1</p>
7.	<p>Explain the following types of taxation.</p> <p>Corporation tax refers to the annual tax on a company's profits. The corporation tax rate in Ireland is currently 12.5% on manufacturing industry.</p> <p>Value Added Tax (VAT) is a tax on the sale of goods and services and is included in the price of most products and services used by consumers. It is charged at every stage of sale – from manufacturer to wholesaler to retailer to consumer. The standard rate is 23% but there are lower rates on certain essential goods and services. Some foods are free of VAT (a zero rate).</p>	<p>10m</p> <p>3 + 2</p> <p>3 + 2</p>

8.	<p>Indicate by placing a tick (✓) in the correct box, the leadership style that each statement relates to.</p> <table border="1" data-bbox="284 297 1257 719"> <thead> <tr> <th data-bbox="284 297 683 371">Statement</th> <th data-bbox="683 297 871 371">AUTORCRATIC</th> <th data-bbox="871 297 1050 371">DEMOCRATIC</th> <th data-bbox="1050 297 1257 371">LAISSEZ - FAIRE</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 371 683 483">This leader discusses and consults with staff when making decisions.</td> <td data-bbox="683 371 871 483"></td> <td data-bbox="871 371 1050 483">✓</td> <td data-bbox="1050 371 1257 483"></td> </tr> <tr> <td data-bbox="284 483 683 611">This leader does not discuss and consult with staff when making decisions.</td> <td data-bbox="683 483 871 611">✓</td> <td data-bbox="871 483 1050 611"></td> <td data-bbox="1050 483 1257 611"></td> </tr> <tr> <td data-bbox="284 611 683 719">The leader gives her/his staff freedom to make their own decisions.</td> <td data-bbox="683 611 871 719"></td> <td data-bbox="871 611 1050 719"></td> <td data-bbox="1050 611 1257 719">✓</td> </tr> </tbody> </table>	Statement	AUTORCRATIC	DEMOCRATIC	LAISSEZ - FAIRE	This leader discusses and consults with staff when making decisions.		✓		This leader does not discuss and consult with staff when making decisions.	✓			The leader gives her/his staff freedom to make their own decisions.			✓	10m 4 3 3
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9.	<p>Complete the following Channel of Distribution.</p> <table border="1" data-bbox="619 846 944 1155"> <tbody> <tr> <td data-bbox="619 846 944 920">Manufacturer</td> </tr> <tr> <td data-bbox="619 920 944 994">Wholesaler</td> </tr> <tr> <td data-bbox="619 994 944 1068">Retailer</td> </tr> <tr> <td data-bbox="619 1068 944 1155">Consumer</td> </tr> </tbody> </table>	Manufacturer	Wholesaler	Retailer	Consumer	10m 5 5												
Manufacturer																		
Wholesaler																		
Retailer																		
Consumer																		
10.	<p>Outline two reasons why an entrepreneur should prepare a business plan.</p> <ul data-bbox="331 1256 1104 1525" style="list-style-type: none"> • To set out clearly the objectives and targets of the firm. • To identify resources required. • To help obtain finance from lenders. • To attract potential investors. • To motivate employees and management. • To give direction to the firm's effort. • To anticipate problems and prepare possible solutions. 	10m 3 + 2 3 + 2																
11.	<p>Calculate the Current Ratio:</p> <p>Formula: Current Assets : Current Liabilities</p> <p>Workings: 150,000 : 75,000</p> <p>Answer: 2 : 1</p>	10m 3 4 3																

12.	Product Life Cycle stages:	10m																				
	<table border="1"> <thead> <tr> <th>Launch</th> <th>Growth</th> <th>Maturity</th> <th>Saturation</th> <th>Decline</th> </tr> <tr> <th>A</th> <th>B</th> <th>C</th> <th>D</th> <th>E</th> </tr> </thead> <tbody> <tr> <td>GM Self-Driving Car</td> <td>Electric Car (EV)</td> <td>The VW Golf</td> <td>2.0 Litre Diesel Jeep</td> <td>1950's Chevy</td> </tr> <tr> <td>3</td> <td>3</td> <td>2</td> <td></td> <td>2</td> </tr> </tbody> </table>	Launch	Growth	Maturity	Saturation	Decline	A	B	C	D	E	GM Self-Driving Car	Electric Car (EV)	The VW Golf	2.0 Litre Diesel Jeep	1950's Chevy	3	3	2		2	10
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13.	True or False:	10m																				
	<table> <tr> <td>Brainstorming</td> <td>TRUE</td> <td>3</td> </tr> <tr> <td>Product Screening</td> <td>FALSE</td> <td>3</td> </tr> <tr> <td>Feasibility stage</td> <td>FALSE</td> <td>2</td> </tr> <tr> <td>Test Marketing</td> <td>TRUE</td> <td>2</td> </tr> </table>	Brainstorming	TRUE	3	Product Screening	FALSE	3	Feasibility stage	FALSE	2	Test Marketing	TRUE	2									
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14.	Choose the most appropriate method of communication in the following situations and explain the reason for your choice in each case.	10m																				
	<p>(i) Visual communication, e.g. Powerpoint or flip charts displaying bar charts, line graphs or Excel presentations showing the financial performance. Visual communication can be used to compare financial performance with previous years.</p> <p>(ii) Written communication. A letter to ensure there is a record of the formal warning, followed by a meeting with staff member to discuss the issue confidentially.</p> <p>(iii) Oral communication. Face to face or telephone call to enable quick communication. This will improve clarity and understanding. Feedback is immediate.</p> <p>Accept relevant/appropriate answers where students make a decision and support their decision with a valid reason.</p>	<p>2 + 2</p> <p>2 + 1</p> <p>2 + 1</p>																				
15.	Matching of terms with explanations:	10m																				
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SECTION 2

PART 1

QUESTION 1

	Possible Responses	Marks
(A)	<p>(i) Name the consumer law/act that protects Jane in given situation.</p> <p style="padding-left: 40px;">The Sale of Goods and Supply of Services Act 1980</p> <p>(ii) Explain the terms ‘merchantable quality’ and ‘fit for purpose’.</p> <p>Goods must be of merchantable quality: The goods should be of reasonable standard/quality, fit to be sold, taking into account their durability and the price paid. e.g. a €50 pen versus a €1 pen.</p> <p>Goods must be fit for purpose. This means that goods must be able to do what they are meant to do and what they are designed for. For example, a waterproof jacket should keep the rain out and a fridge freezer must be capable of freezing food.</p>	<p>20m</p> <p>2+2+2+2+2</p> <p>3 + 2</p> <p>3 + 2</p>
(B)	<p>(i) Outline two forms of remedy/redress that Jane is entitled to.</p> <ul style="list-style-type: none"> • Refund: A return of the money paid for the product to the consumer. If a consumer purchases a faulty good and complains promptly then s/he is entitled to a full cash refund. For example, Jane is entitled to a full refund of money paid for the dress. • Replacement: An exchange may also be provided, e.g. a new model of the same or similar quality. The consumer can be provided with a perfect solution as a substitute for the imperfect product that was sold. • Repair: The retailer can offer to fix the faulty product for the consumer. <p>(ii) Explain one method Jane could use as proof of purchase.</p> <p style="padding-left: 40px;">A receipt or a bank statement or credit card statement as they show the cost price and the date of purchase.</p>	<p>15m</p> <p>3 + 2</p> <p>3 + 2</p> <p>3 + 2</p>

<p>(C)</p>	<p>Outline two advantages for a consumer in taking a case to the Small Claims Court.</p> <ul style="list-style-type: none"> • Inexpensive/low cost: It only costs €25 to take a case to the Small Claims Court. • No solicitors involved: The consumer does not have to pay for legal representation. • Convenient: The case is heard in the local district court. Easy to access. The application can be made online. • Fast and quick resolution: The case being heard locally can lead to the complaint being resolved quickly. • Fair: The judge listens to both sides and gives findings. The judge is impartial. <p>The Small Claims Court procedure is designed to deal with claims up to €2,000.</p>	<p>15m</p> <p>4 + 4</p> <p>4 + 3</p>
<p>(D)</p>	<p>(i) Name the law / act that protects an employee in cases of discrimination.</p> <p>Employment Equality Act.</p> <p>(ii) Outline three grounds on which discrimination is outlawed.</p> <ul style="list-style-type: none"> • Gender should not affect ability. • Age should not be a hindrance to work. • Religious beliefs should not be enquired about. • Sexual Orientation is a personal matter. • Disability may not impair the work involved. • Marital Status should not affect workplace behaviour. • Family Status should not be a matter for discrimination. • Race or skin colour does not mean a person should be mistreated. • Membership of Travelling Community is the same as any community. 	<p>15m</p> <p>3</p> <p>2 + 2</p> <p>2 + 2</p> <p>2 + 2</p>

(E)	<p>Outline two causes of industrial relations disputes between trade unions and employers.</p> <ul style="list-style-type: none"> • Disputes over pay: workers may launch a variety of different pay or pension claims, e.g. cost of living claim, comparability claim or relativity claim. If the employer resists or rejects these pay claims it could lead to industrial disputes. • Disputes over working conditions/duties: changes to working conditions may also cause a dispute. A change to the employee's role. Failure by management to provide safe working conditions, safe equipment, proper hygiene and adequate heating can lead to industrial disputes. • New work practices/new technology: workers may resist the introduction of new technology if they believe that the employer has not provided adequate training or financial reward for their increased productivity. • Redundancies: selection methods for redundancy, redundancy package. If workers feel that unfair procedures for selection are being used or if redundancy payments are not adequate e.g. employers may wish to 'cherry pick' employees for redundancy while a trade union representing the employees may prefer a LIFO system. • Demarcation issue: differences in pay and conditions of work between similar groups of workers. <p>Accept appropriate answers: Pensions, holiday entitlements, Trade Union recognition, unfair dismissal, and discrimination.</p>	<p>10m</p> <p>3 + 2</p> <p>3 + 2</p>
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QUESTION 2

	Possible Responses	Marks												
(A)	<p>Draw a Bar Chart or Line Graph to represent the information provided.</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p align="center">Government Yearly Expenditure</p> <table border="1"> <caption>Government Yearly Expenditure (Bar Chart)</caption> <thead> <tr> <th>Department</th> <th>Expenditure (€ Billions)</th> </tr> </thead> <tbody> <tr> <td>Social Protection</td> <td>20</td> </tr> <tr> <td>Health</td> <td>15</td> </tr> <tr> <td>Education</td> <td>10</td> </tr> <tr> <td>Debt Servicing</td> <td>11</td> </tr> <tr> <td>Transport</td> <td>2</td> </tr> </tbody> </table> </div>	Department	Expenditure (€ Billions)	Social Protection	20	Health	15	Education	10	Debt Servicing	11	Transport	2	<p align="center">20m</p> <p>Title 2m</p> <p>Labelled Axis 2m + 1m</p> <p>5 Bars @ 2m each</p> <p>5 Exp. @ 1m each</p>
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(B)	<p>Outline two examples of government expenditure on education.</p> <ul style="list-style-type: none"> • Building or expanding schools/universities. • Paying salaries of teachers, university lecturers, SNAs. • School transport – contracts with bus companies. • Improving infrastructure – new laboratories, ICT rooms. • Education initiatives – new curricula. • Book grants and uniform grants for low-income families. • College grants for students. 	<p align="center">10m</p> <p align="center">3 + 2</p> <p align="center">3 + 2</p>												

(C)	<p>Outline two benefits for businesses of the Government increasing expenditure in any of the sectors in Part (A).</p> <ul style="list-style-type: none"> • Increased spending on public sector wages for health or education departments' staff will lead to increased sales for businesses due to public sector employees having greater disposable income. • Increased spending on education will provide a more skilled workforce for businesses. • Increased spending on Transport will increase efficiencies for businesses in terms of delivery times, access to airports etc. • Increased spending on social welfare via pension increases or jobseekers allowance increases will lead to increased sales for businesses due to members of the public having greater disposable income. 	<p>15m</p> <p>5 + 3</p> <p>5 + 2</p>
(D)	<p>(i) Explain what is meant by the term 'multinational company'.</p> <p>A Multinational Company (MNC) is a company with a base/headquarters in one country and several branches in other countries throughout the world.</p> <p>(ii) Explain two reasons why multinational companies choose to locate in Ireland.</p> <ul style="list-style-type: none"> • Access to EU markets: free trade to other EU member states. Access to market of over 500 million EU citizens will increase sales and profits. • Low Corporation Tax (12.5%): Multinational companies attracted by the low rate of tax on profits. Ireland has a lower corporation tax rate on company profits than France, Germany, United Kingdom etc. • English speaking member of the Eurozone: Ireland is the only Eurozone member country where English is the primary language. As English is the international language of Business, American and Asian transnational companies choose Ireland to have less communication difficulties. • Highly skilled workforce: Talent of the labour force. Number of third level graduates available. • Access to Govt. Grants / IDA supports provides further incentives to locate here. This makes it easier to set up in Ireland. • Track Record: Ireland has established a reputation as 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. 	<p>20m</p> <p>3 + 2</p> <p>4 + 4</p> <p>4 + 3</p>

(E)	<p>Outline two benefits, other than employment, of multinational companies for the Irish economy.</p> <p>Multinational companies</p> <ul style="list-style-type: none"> • Generate tax revenue for the Government • Help to improve infrastructure – lobby the government to improve certain infrastructure such as broadband • Create spin-off for other businesses such as local restaurants. • Purchase materials from and use services of Irish indigenous firms. • Improve Balance of Trade/Payments • Create enterprise culture • Contribute to research and development. 	<p>10 m</p> <p>3 + 2</p> <p>3 + 2</p>
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QUESTION 3

	Possible Responses	Marks
(A)	<p>List three examples of goods / services that are imported into Ireland.</p> <p>Oil, Cars, Fruit, Wines. An Irish person buying insurance from a UK insurance company, An Irish person on holidays abroad.</p>	<p>10 m</p> <p>4 + 3 + 3</p>
(B)	<p>Outline three reasons why goods or services are imported into Ireland.</p> <ul style="list-style-type: none"> • Production - We do not produce certain products for example cars. • Climate - We do not have the climate to grow certain products. • Natural resources - We do not have oil, so we must import it from abroad. • Consumer choice - consumers want a variety of products. • 21st Century consumer - consumers want value for money and some goods are cheaper if they are imported. • Growth in e-commerce – the ease for consumers in buying goods from other countries has been simplified due to the internet and smart technology. 	<p>20m</p> <p>4 + 3 4 + 3 4 + 2</p>
(C)	<p>Explain the term ‘exports’ and provide one example.</p> <p>Exports are goods and services sold by businesses based in Ireland to customers in other countries (sold to other countries).</p> <p>Examples: Medical devices, pharmaceuticals, dairy products being manufactured in Ireland and sold by businesses based in Ireland to Belgium. An Irish insurance firm selling insurance to a person/business in the UK.</p>	<p>15m</p> <p>5 + 5 5</p>
(D)	<p>(i) Using figures provided, calculate the Balance of Payments for the month of January 2019. Show your workings.</p> <p>Balance of Payments = Total Exports minus Total Imports = €13,703 million minus €6,520 million = Balance of Payments: €7,183 million</p> <p>(ii) State whether it is a surplus or deficit: Surplus</p>	<p>15m</p> <p>2 + 2 + 2 4 5</p>
(E)	<p>(i) Name three European Union countries that Ireland trades with.</p> <p>France, Spain, Germany etc. Accept relevant answers.</p> <p>(ii) Explain the term ‘tariff’.</p> <p>A tariff is a tax placed on foreign products. It increases the price of that product to encourage consumers to purchase goods from domestic producers.</p>	<p>15m</p> <p>4 + 3 + 3 3 + 2</p>

QUESTION 4:

	Possible Responses	Marks
(A)	<p>Outline three enterprising skills/characteristics that entrepreneurs display.</p> <ul style="list-style-type: none"> • Innovative/Creative – comes up with new ideas; thinks outside the box. • Uses initiative – sees an opportunity and uses their initiative to set up the business/ has the drive or “get up and go” to take action. • Risk taker – takes personal and financial risk. No guarantee of success. • Hardworking/Energetic – willing to commit long hours and work as much as possible to achieve their goal. • Decisive/Decision Making – makes quick and effective decisions. • Resilient – able to keep going when faced with setbacks. • Future focused /ambitious – look to future and come up with plans to stay ahead of competitors. • Proactive – do things yourself rather than waiting on others to do it. • Independent – able to work on their own. • Confident – know they can achieve goals; self-belief in own ideas. • Flexible – Able to adapt to changing situations. • Human Relations skills – get on with people. 	<p>15m</p> <p>3 + 2</p> <p>3 + 2</p> <p>3 + 2</p>
(B)	<p>Outline three risks of setting up your own business.</p> <ul style="list-style-type: none"> • Financial problems/No guaranteed income – may not have enough money to run the business. • Hard to raise finance/acquire loans – might find it difficult to raise finance for the business. • Stress – must work long hours to get business going. Setting up a new business can cause a lot of stress. • Competition – may not be able to compete with existing businesses in terms of quality of service and price. • Business failure – The business model might not be successful, forcing the business to close down. She/he may lose their investment and possibly damage their reputation if the business is not a success. 	<p>15m</p> <p>3 + 2</p> <p>3 + 2</p> <p>3 + 2</p>

(C)	<p>(i) Name two types of plan used in business.</p> <ul style="list-style-type: none"> • Strategic plan • Tactical plan • Contingency plan • Business plan • Operational plan • Mission statement • Manpower plan • Marketing plan • Financial plan / cash flow. 	<p>15m</p> <p>4</p> <p>4</p>
	<p>(ii) Explain one type of plan that Smyths Toys Superstores might have.</p> <ul style="list-style-type: none"> • Mission statement – overall vision document. • Strategic plan– long term plan outlining the goals or objective to be achieved over a longer period of time e.g. 5-year plan. • Tactical plan – breakdown of the strategic plan into goals or objectives to be achieved within the next 1-2 years. • Contingency plan – plan for emergencies or unforeseen events. Often referred to as a back-up plan. • Operational plan - plan outlining the goals or objectives to be achieved on a day to day basis. 	<p>1 + 3 + 3</p>

<p>(D)</p>	<p>(i) Explain the term 'stock control'.</p> <p>Stock control involves ensuring the business always has sufficient/ optimum stock to meet customer requirements. It involves carrying out a stock take 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>(ii) Explain two reasons why stock control is important for a toy store.</p> <p>Efficient stock control will result in:</p> <ul style="list-style-type: none"> • Increased customer satisfaction – less shortages of products, e.g. Smyths Toys Superstores will have the toys that customers demand. Right products in stock at Christmas etc. • Reduced costs - reduce storage, insurance, security and administrative costs. • Increased efficiency – fewer human errors, less obsolete stock. • Identifies stock losses through theft, resulting in less pilferage. • Working capital will be used efficiently – not tied up in too much stock. • Less wastage – seasonal toys are not left too long on shelves. 	<p>15m</p> <p>3 + 2</p> <p>3 + 2</p> <p>3 + 2</p>
<p>(E)</p>	<p>Draw a diagram to illustrate a functional organisational structure for a business with four departments.</p> <div style="text-align: center;"> <pre> graph TD Shareholders[Shareholders] --- Board[Board of Directors] Board --- MD[Managing Director] MD --- Finance[Finance] MD --- Production[Production] MD --- Marketing[Marketing] MD --- HR[HR] </pre> </div> <p>Accept other relevant departments.</p>	<p>15m</p> <p>1 + 1 + 1</p> <p>3 + 3 + 3 + 3</p>

QUESTION 5

	Possible Responses	Marks
(A)	<p>Explain the term ‘Induction Training’.</p> <p>Induction training takes place when a new employee starts in an organisation – it involves the employee receiving information and instructions as to how the organisation operates, who to report to, payment details, code of ethics etc. e.g. Intel operate a “buddy system” where new employees are paired up with an existing employee. Some organisations have new entrants ‘shadow’ existing employees to settle in and get to know the business.</p>	<p>10 m</p> <p>6 + 4</p>
(B)	<p>Outline two benefits for <i>SuperClothes</i> of training its sales staff.</p> <ul style="list-style-type: none"> • Gives employees basic knowledge and skills. This ensures efficiency and high productivity – less mistakes – allows employees to perform their duties. • Improves quality of work produced/service provided. Allows employees to provide a high level of customer service. • Increased customer loyalty – staff have the skills to deal with consumers and provide a high level of service. This can lead to repeat business and customer loyalty. • Increases staff morale and motivation which will lead to less absenteeism. • Saves money in the long-term as it may help with employee retention. • Improves the image of the business which may attract more employees. 	<p>15m</p> <p>4 + 4</p> <p>4 + 3</p>
(C)	<p>Explain the term ‘benefit in kind’.</p> <p>A benefit in kind is a <u>non-financial</u> form of <u>income</u>. 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>15m</p> <p>6 + 6 + 3</p>

(D)	(i) Explain the term 'Gross Pay'.	15m
	This refers to an employee's wages before any deductions.	3 + 2
	(ii) If Orla works 10 hours in a regular week, calculate her gross weekly pay.	
	Workings: $10 \times 15 = 150$	3
	Answer: €150	2
	(iii) If Orla works 8 hours on St. Stephen's Day, calculate her gross pay for that one day.	
	Workings: $8 \times 15 \times 2 = 240$	3
	Answer: €240	2
(E)	(i) Calculate Fiona's total annual deductions.	20m
	PAYE = €3,700	2
	PRSI 7% of €35,000 = €2,450 [35,000 x 7 / 100]	3
	<u>USC 3% of €35,000 = €1050</u> [35,000 x 3 / 100]	3
	Total deductions € 7,200	2
	(ii) Calculate Fiona's Net Annual Salary.	
	Gross Salary €35,000	3
	<u>– Total Deductions €7,200</u>	3
	Net Annual Salary €27,800	4

QUESTION 6

	Possible Responses	Marks
(A)	<p>(i) Identify where Joanie sourced the idea for her new ice cream business.</p> <p>Joanie got the idea of setting up an ice cream bar while on holiday in Italy.</p>	<p>15m</p> <p>5</p>
	<p>(ii) Outline two other sources of new product ideas for entrepreneurs.</p> <ul style="list-style-type: none"> • Competitors – see what competitor is doing and do it better. • Staff suggestions – your staff come up with new ideas. • Internet – research on internet to get new ideas. • Brainstorming – have a brainstorm session among staff to come up with an idea. • Media – get ideas from newspapers, TV, radio etc. • Customer feedback – listen to what customers want and make a product to suit their needs. • Fashion/Consumer Trends – listening to what is “in vogue”/customer trends can lead to entrepreneurs developing a new product/service. • Research and development department – have a specific department responsible for coming up with ideas. • Import substitution – entrepreneur makes a product that is currently being imported. • Friends/Family suggestions – entrepreneurs get ideas from friends or family who might make suggestions or highlight a problem with an existing product/service. 	<p>3 + 2</p> <p>3 + 2</p>

(B)	<p>(i) Explain the term ‘market research’.</p> <p>Market research consists of systematically gathering, recording and analysing data about people or companies. Market research is completed to better understand the needs of the market.</p>	<p>20m</p> <p>2 + 2</p>
	<p>(ii) Explain, using an example in each case, the difference between primary and secondary research.</p> <p>Primary research involves going into the marketplace to gather first-hand or new business information. Also known as field research, it is carried out by making direct contact with customers or potential customers.</p> <p>Primary research tends to be expensive and time consuming, but it does provide specific information on the behaviour of the target market.</p> <p>Examples of primary research: surveys, observation, questionnaires, focus groups and customer panels.</p> <p>Secondary research involves accessing or using information that has already been gathered. It is also called desk research and can be both internal and external. Secondary research can provide information on competitors and consumer spending patterns. Secondary research is relatively cheap, keeping business costs down, thereby ensuring a competitive business.</p> <p>Examples of secondary research: the internet, internal sales reports, trade reports, Central Statistics Office publications, newspapers.</p>	<p>3 + 3 + 2</p> <p>3 + 3 + 2</p>
(C)	<p>Outline three factors which Joanie should consider when deciding on the price of her ice cream.</p> <ul style="list-style-type: none"> • Cost of production / research & development – Joanie must consider the cost of manufacturing each item before deciding on the price of each item. • The target market – Joanie must consider the group of people that each product is aimed at. e.g. Joanie might have products especially aimed at children. • Competition – a business must consider the prices of their competitors’ products. Joanie must decide whether to charge the same, a higher or a lower price than her competitors. • Economic conditions/demand – higher prices can be charged in a booming economy. Joanie may decide to charge a higher price for her products if the economy continues to grow. <p>Accept points relevant to seasonal fluctuations or catering for events (premium pricing).</p>	<p>15m</p> <p>3 + 2</p> <p>3 + 2</p> <p>3 + 2</p>

<p>(D)</p>	<p>Identify the elements of a SWOT analysis (Strength, Weakness, Opportunity and Threat) from the supplied list.</p> <p>Strength: (d) – The shop has developed a good reputation for high quality ice-cream & excellent service.</p> <p>Weakness: (c) – The packaging and cutlery used by the business is not biodegradable.</p> <p>Opportunity: (b) – Joanie is considering opening a second ice cream bar in summer 2020.</p> <p>Threat: (a) – A new competitor has recently opened an ice cream bar in a nearby location.</p> <p>OR</p> <p>(a) Threat (b) Opportunity (c) Weakness (d) Strength</p>	<p>15m</p> <p>4</p> <p>4</p> <p>4</p> <p>3</p>
<p>(E)</p>	<p>Outline two ways that Joanie’s Gelato Ice Cream Bar could become more environmentally responsible.</p> <ul style="list-style-type: none"> • Sourcing ethically produced raw materials. • Recycling their waste. • Reducing wastage – reduce packaging and use environmentally friendly packaging. • Conduct an environmentally responsible audit. • Use eco-friendly vehicles such as electric cars or hybrid vehicles. • Energy – Use a renewable source of energy such as wind power or solar power. • Awareness – promote awareness amongst staff of the need to be environmentally friendly. • Reduce carbon footprint – source materials locally. 	<p>10m</p> <p>3 + 2</p> <p>3 + 2</p>

QUESTION 7

	Possible Responses	Marks
(A)	<p>(i) Explain the term 'sole trader'.</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>(ii) Outline two benefits of setting up as a sole trader.</p> <ul style="list-style-type: none"> • Profits – As the sole owner, the sole trader keeps all the profit after taxes are paid. • Decisions – get to make the decisions themselves and decisions can be made quickly. • Control – full control over the business. Control is not diluted/shared. • Formation/set up – relatively easy to set up as a sole trader. • Accounts – The accounts and the financial records of a sole trader are confidential and only must be revealed to the tax authorities. 	<p>15m</p> <p>3 + 2</p> <p>3 + 2</p> <p>3 + 2</p>
(B)	<p>(i) Explain the term 'batch production'.</p> <p>A certain amount or <u>limited</u> quantity of <u>identical</u> goods 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>(ii) Outline one other method of production.</p> <p>Job Production involves making one-off products or goods made to order. The labour cost is very high as a highly skilled workforce is required. Therefore, the products are generally more expensive due to the high production cost per unit., e.g. wedding dress design, hand crafted furniture, tailored suits, cruise liners.</p> <p>Mass Production involves the manufacture of very large quantities of identical products on a continuous basis. A high level of automation is involved, leading to economies of scale such as low labour costs per unit. A large demand is essential for mass-produced goods.</p> <p>Examples: Ball-point pens, golf balls, cars.</p>	<p>15m</p> <p>4 + 4</p> <p>4 + 3</p>

(C)	<p>Explain any three sources of finance underlined in the paragraph provided.</p> <p>Bank Overdraft 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. It is used for short term needs such as paying expenses (wages, electricity).</p> <p>Trade Credit A supplier allowing a business to buy stock now and pay later. After a period of time, usually one month, the supplier sends the business a statement detailing how much the business owes for stock and a deadline for payment.</p> <p>Hire Purchase: buying an asset by paying a deposit of a percentage of the total cost and paying the balance in regular instalments. The instalments include capital and interest. Only when the final instalment is paid will the buyer be the legal owner of the asset.</p> <p>Grants – the firm receives a sum of money that <u>does not have to be repaid</u> provided certain conditions are met. The government can provide grants for the setting up or expansion of a business.</p> <p>Long term loan – the firm borrows money from a financial institution. Interest is paid over the life of the loan and the capital borrowed is repaid in a period in excess of 5 years. It requires fixed repayments of interest and capital.</p>	<p>20m</p> <p>4 + 4</p> <p>4 + 4</p> <p>2 + 2</p>
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(D)	<p>Outline two reasons why a business might choose to expand.</p> <ul style="list-style-type: none"> • Increased Sales: A business will expand in order to increase sales and profitability. This can happen by developing new products, entering new markets etc. • Economies of Scale: Economies of scale. As a firm expands the costs fall because of bulk buying, savings in transport, lower storage costs etc. Lower cost per unit will increase profitability. • Ambition: the desire to build an empire on behalf of the owner or managers of the firm. • Diversification: Spreading the risk by moving away from a company's core area of business is facilitated by business expansion. • Eliminating competition is often behind business expansion: merging with or taking over a competitor the business may eliminate a threat to its market share. 	<p>15m</p> <p>4 + 4</p> <p>4 + 3</p>
(E)	<p>Explain the term 'merger'.</p> <p>A merger is a friendly or voluntary amalgamation of two or more businesses for their mutual benefit. A single new legal entity is formed. e.g. Waterford Crystal and Wedgewood Tableware.</p>	<p>10m</p> <p>6 + 4</p>

QUESTION 8:

	Possible Responses	Marks
(A)	<p>Outline two benefits for a business of sponsorship as a method of Public Relations (PR).</p> <ul style="list-style-type: none"> • Enhancing the image and reputation of the business. Sponsorship aims to achieve favourable publicity and build a good corporate image for the business. • Increased Sales. Sponsorship can increase sales for the business as the brand, product is in the spotlight. e.g. AIG sponsors Dublin GAA. This has led to increased sales due to the brand name being regularly in the spotlight. • Increases Awareness of the Brand. Brand awareness increases through sponsoring a well-known event, competition or place. e.g. Liberty Insurance sponsored the Late Late Show to create awareness of their brand. Allianz sponsor the GAA National League competition (The Allianz National League). 	<p>10m</p> <p>3 + 2</p> <p>3 + 2</p>
(B)	<p>Discuss three sales promotions techniques that retailers such as Lidl and Centra use to increase sales.</p> <ul style="list-style-type: none"> • Price reduction/discounts – Retailers could offer 20% reduction on slow trade days. • Buy one get one free – could offer buy one get one free on a wide variety of products. • Money off coupon for next purchase – Retailers could offer vouchers which reduce the cost of the customers next purchase. Vouchers are received in the post or with newspapers or are offered as a reward for previous purchases. • Loyalty Cards –retailers such as Centra could offer a free coffee for every five coffees purchased. • Competitions – retailers could run competitions to win prizes via social media. e.g. Centra running a competition to win two tickets to the All-Ireland Final. 	<p>15m</p> <p>3 + 2</p> <p>3 + 2</p> <p>3 + 2</p>

(C)	<p>(i) Outline two functions of advertising.</p> <ul style="list-style-type: none"> • To inform / give information to consumers about product/service. • To persuade consumer to purchase products. • To remind consumers of continued existence of products/services. • To compete with other products/services. • To reinforce the purchasing decision of the consumer. <p>(ii) List two advertising media that could be used by retailers and outline reasons for your choice in each case.</p> <ul style="list-style-type: none"> • Social media: has a wide audience – low cost. i.e. posts on the company social media page are free. • Press: national newspapers – expensive, more suitable for large companies who want to reach a large readership. • Local newspapers – cheaper but can reach the target audience/localised so it can be more effective for a small retailer. i.e. a Local Centra paying for an advert to highlight their sponsorship of a local team/event. • Television: large national market. Centra and Lidl inform consumers of products that are in stores via television advertisements. These advertisements are used to highlight the values of the brand. • Radio: Centra and Lidl use radio advertisements to communicate information about special offers or sales promotions. • Internet: direct/more targeted advertising. • Cinema: captive local audience. • Posters and billboards: can be eye-catching in public places. • Direct mail/flyers: information on special offers posted directly to potential customers. 	<p>20m</p> <p>3 + 2</p> <p>3 + 2</p> <p>2 + 3</p> <p>2 + 3</p>
(D)	<p>(i) Explain the term franchise as a form of business ownership.</p> <p>This is the granting of a <u>licence</u> by the owner of a business (the franchisor) to another firm (the franchisee) allowing the right to supply and sell their product or service. The franchisee uses the name and logo of the franchisor. The <u>fee</u> for the licence is expensive and a percentage of sales/royalties/profits must be paid annually. The franchisee has the benefit of renting a well-established business name and a proven idea.</p> <p>(ii) List two other examples of franchises.</p> <p>Supermacs, Costa Coffee, Starbucks, The ZipYard, Circle K, Snap Printing.</p>	<p>20m</p> <p>4 + 4 + 4</p> <p>4 + 4</p>

(E)	<p>Outline two advantages for Mike of setting up a Centra store under the franchise model rather than operating as an independent retailer.</p> <ul style="list-style-type: none"> • Economies of Scale/Reduced costs: Franchisees benefit from the franchisor bulk buying for the vast number of stores. Over 425 stores in the Republic of Ireland. This leads to unrivalled buying power. • Established Reputation: Brand recognition – can use the name or logo which is already well established. • Consistent Marketing support – through TV, radio, leaflets, outdoor and internet. • Part of a bigger organisation e.g. benefitting from a national/international presence • Access own brand labels: Consumers might shop there to buy exclusive Centra brand lines. Modern store design and layout. • Tried and tested formula – reduced risk. A Franchise is an established business/name/brand with a proven track record/lower risk of failure in the marketplace/Business idea is already successful. • Increased sales: have an existing customer base which results in guaranteed sales. • Advice/Training: Have access to the experience and systems of the franchisor/can learn from other franchisees/benefit from uniform approach. Managerial training and support provided by the franchisor. 	<p>10m</p> <p>3 + 2</p> <p>3 + 2</p>
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LEAVING CERTIFICATE BUSINESS ORDINARY LEVEL 2019

MARKING SCHEME

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

QUESTION	MARKING SCHEME	TOTAL MARKS
1	1 st correct term 2m + 1m + 1m (4) 2 nd correct term 1m + 1m + 1m (3) 3 rd correct term 1m + 1m + 1m (3)	10
2	Two answers: @ 5m each	10
3	Two words: 6m + 4m	10
4	Two advantages: 6m + 4m	10
5	Seven entries: 3 @ 2m each plus 4 @ 1m each	10
6	Four options: 4m + 3m + 2m + 1m	10
7	Two explanations: @ 5m each (3m + 2m)	10
8	Three ticks: 4m + 3m + 3m	10
9	Two entries: @ 5m each	10
10	Two reasons: @ 5m each (3m + 2m)	10
11	Calculation: 3m + 4m + 3m	10
12	Four stages: 3m + 3m + 2m + 2m	10
13	Four entries: 3m + 3m + 2m + 2m	10
14	Reasons: 3 @ 2m Explanations: 2m + 1m + 1m	10
15	Five answers: 3m + 3m + 2m + 1m +1m	10
	Available Marks	100

SECTION 2 – 300 MARKS

PART 1

MINIMUM: 1 QUESTION (75 MARKS)

MAXIMUM: 2 QUESTIONS (150 MARKS)

QUESTION 1

(A)	(i) Consumer Law: (ii) Two explanations:	2m + 2m + 2m + 2m + 2m @ 5 marks each (3m + 2m)	20
(B)	(i) Two forms: (ii) Explanation:	@ 5 marks each (3m + 2m) 5 marks (3m + 2m)	15
(C)	Two advantages:	8 marks (4m + 4m) 7 marks (4m + 3m)	15
(D)	(i) Law: (ii) Three grounds:	3m @ 4marks each (2m + 2m)	15
(E)	Two causes:	@ 5 marks each (3m + 2m)	10
	Available Marks		75

QUESTION 2

(A)	Title: Labelled Axis: 5 Bars: 5 Expenditures:	2m 2m + 1m @ 2 marks each @ 1 mark each	20
(B)	Two examples:	@ 5 marks each (3m + 2m)	10
(C)	Two benefits:	8 marks (5m + 3m) 7 marks (5m + 2m)	15
(D)	(i) Explanation: (ii) Two reasons:	5 marks (3m + 2m) 8 marks (4m + 4m) 7 marks (4m + 3m)	20
(E)	Two benefits:	@ 5 marks each (3m + 2m)	10
	Available Marks		75

QUESTION 3

(A)	Three examples:	4m + 3m + 3m	10
(B)	Three reasons:	7 marks (4m + 3m) 7 marks (4m + 3m) 6 marks (4m + 2m)	20
(C)	Explanation: Example:	10 marks (5m + 5m) 5 marks	15
(D)	Calculation: Surplus or Deficit:	10 marks (2m + 2m + 2m + 4m) 5 marks	15
(E)	(i) Countries: (ii) Explanation:	10 marks (4m + 3m + 3m) 5 marks (3m + 2m)	15
	Available Marks		75

PART 2

MINIMUM: 2 QUESTION (150 MARKS)

MAXIMUM: 3 QUESTIONS (225 MARKS)

QUESTION 4

(A)	Three characteristics:	@ 5 marks each (3m + 2m)	15
(B)	Three risks:	@ 5 marks each (3m + 2m)	15
(C)	(i) Two types: (ii) Explanation:	@ 4 marks each 7 marks (1m + 3m + 3m)	15
(D)	(i) Explanation: (ii) Two reasons:	5 marks (3m + 2m) @ 5 marks each (3m + 2m)	15
(E)	Departments:	3 @ 1 mark + 4 @ 3m each	15
	Available Marks		75

QUESTION 5

(A)	Explanation:	10 marks (6m + 4m)	10
(B)	Two benefits:	8 marks (4m + 4m) 7 marks (4m + 3m)	15
(C)	Explanation:	15 marks (6m + 6m + 3m)	15
(D)	(i) Explanation: (ii) Weekly pay: (iii) One day's pay:	5 marks (3m + 2m) 5 marks (3m + 2m) 5 marks (3m + 2m)	15
(E)	(i) Calculation: (ii) Net Salary:	10 marks (2m + 3m + 3m + 2m) 10 marks (3m + 3m + 4m)	20
	Available Marks		75

QUESTION 6

(A)	(i) Source: (ii) Two other sources:	5 marks @ 5 marks each (3m + 2m)	15
(B)	(i) Explanation: (ii) Difference:	4 marks (2m + 2m) 16m (3m + 3m + 2m) + (3m + 3m + 2m)	20
(C)	Three factors:	@ 5marks each (3m + 2m)	15
(D)	Four elements:	4m + 4m + 4m + 3m	15
(E)	Two ways:	@ 5 marks each (3m + 2m)	10
	Available Marks		75

QUESTION 7

(A)	(i) Explanation: (ii) Two benefits:	5 marks (3m + 2m) @ 5 marks each (3m + 2m)	15
(B)	(i) Explanation: (ii) One method:	8 marks (4m + 4m) 7 marks (4m + 3m)	15
(C)	Three sources:	8 marks (4m + 4m) 8 marks (4m + 4m) 4 marks (2m + 2m)	20
(D)	Two reasons:	8 marks (4m + 4m) 7 marks (4m + 3m)	15
(E)	Explanation:	10 marks (6m + 4m)	10
	Available Marks		75

QUESTION 8

(A)	Two benefits:	@ 5 marks each (3m + 2m)	10
(B)	Three sales promotions:	@ 5 marks each (3m + 2m)	15
(C)	(i) Two functions: (ii) Two media:	@ 5 marks each (3m + 2m) @ 5 marks each (2m + 3m)	20
(D)	(i) Explanation: (ii) Two examples:	12 marks (4m + 4m + 4m) @ 4 marks each	20
(E)	Two advantages:	@ 5marks each (3m + 2m)	10
	Available Marks		75

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