



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

**Leaving Certificate 2015**

**Marking Scheme**

**Business**

**Higher 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.



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

**LEAVING CERTIFICATE 2015**

**MARKING SCHEME**

**BUSINESS, 2015**

**HIGHER LEVEL**

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

In considering the marking scheme and the support notes the following points should be noted:

- The support notes presented are neither exclusive nor complete.
- They are **not** model answers but rather a sample of possible responses.
- The support notes in many cases may 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.
- Words, expressions or phrases must be correctly used in context and not contradicted, and where there is evidence of incorrect use or contradictions the marks may not be awarded.

**LEAVING CERTIFICATE BUSINESS HIGHER LEVEL 2015  
MARKING SCHEME**

**SECTION 1  
(80 Marks)**

**This is a compulsory section.  
Answer 8 questions. Each question carries 10 marks.**

Question	Scheme	Marks
1.	6m (3+3) 4m	10
2.	(a) 4m (b) 2 @ 3m ( Distinguishing characteristic of PAYE)	10
3.	(a) Formula = 2m 10,000 = 2m 50,000 = 1m Answer =1m if % included  (b) 4m (2+2) Decrease (Indicate trend) Decision	10
4.	3+3+2+1+1m	10
5.	4m+4m Any one example            2m	10
6.	6m (3+3) + 4m (2 +2)	10
7.	(a) 6m (3+3)  (b) 4m (2+2)	10
8.	3+3+2+1+1m	10
9.	6m (3+3) +4m	10
10.	5m (3+2) +5m (3+2)	10
<b>Section 1</b>	<b>Available Marks</b>	<b>80</b>

**SECTION 2  
(80 Marks)**

**Harte Shoes Ltd**

<b>Applied Business Question (Units 2,3,4)</b>			<b>Max Mark</b>
<b>This is a compulsory question.</b>			
<b>(A)</b>	The Enterprising skills / characteristics (Name skill/characteristic, Explain Theory Separate Relevant Link)	Yes = 2  3@6m (2+2+2)	20 marks
<b>(B)</b>	(i) Define the mgt. activity of planning  (ii) Explain SWOT/Conduct SWOT <ul style="list-style-type: none"> <li>• Name</li> <li>• Explain</li> <li>• Link</li> </ul> (Link must relate to the correct element)	6m (3+3)  4 @ 6m (2+2+2)	6 marks  24 marks
<b>(C)</b>	The Change Strategies (Identify, Explain, Link, Evaluate)  (Separate Relevant Link for each approach)  <b>If only one composite evaluation</b> Award (0/1/3 marks)	3@10m (3+3+3+1)	30 marks
<b>S.2</b>	<b>Available Marks</b>		<b>80 marks</b>

In answering the questions on the ABQ, candidates **must** make use of relevant knowledge and understanding gained in the subject while studying the course in addition to the relevant links from the ABQ.

In relation to the links given, they **must** be a direct relevant quote/phrase/statement from the ABQ indicating that candidates clearly understand the point(s) of theory presented. Separate links are required in each section. No link awarded without relevant theory.

**SECTION 3**

**(240 marks)**

**Part 1**

<b>Question 1</b> <b>People in Business</b>			<b>Max Mark</b>
<b>(A)</b>	Investor and Entrepreneur Co-operative relationship Source of Conflict  Supplier and Purchasing Manager Co-operative relationship Source of Conflict	5m (3+2) 5m (3+2)  5m (3+2) 5m (3+2)	20
<b>(B)</b>	Specific Performance (Remedy for breach, explanation, and relevant example)	(4 + 3 + 3) m	10
<b>(C)</b>	(i) Definition of Discrimination  (ii) List <b>three</b> grounds on which discrimination is outlawed.  (iii) The role of the Director of the Equality Tribunal  Evaluation (0,1,2 marks)	10m (7+3)  9m (3@ 3)  9m (3 @ 3m)  2m	30
	<b>Available Marks</b>		<b>60</b>

<b>Question 2</b>			<b>Max Mark</b>
<b>Domestic Environment</b>			
<b>(A)</b>	Outline the advantages of a private limited company as a form of business ownership for a start-up business.	4 @ 5m (2+3)	20
<b>(B)</b>	Discuss the effects on the Irish economy of the growth in employment in recent times.	4 @ 5m (2+3)	20
<b>(C)</b>	Discuss how a business could operate in an environmentally conscious way.	4 @ 5m (2+3)	20
	<b>Available Marks</b>		<b>60</b>

<b>Question 3</b>			<b>Max Mark</b>
<b>Domestic / International Environment</b>			
<b>(A)</b>	Discuss the reasons why (MNCs) may choose to locate in Ireland. Provide examples to support your answer.	2@ 7m (4+3) 1@ 6m (3+3)	20
<b>(B)</b>	Standardised marketing mix (Example required) Adapted marketing mix in relation to global marketing (Example can apply to any <b>one</b> element : product, price, promotion or place)	8m (4+4) 12m (4+4+4)	20
<b>(C)</b>	Formulation  Directives Regulations	12m (4@ 3m)  4m 4m	20
	<b>Available Marks</b>		<b>60</b>

**SECTION 3**  
**PART 2**  
**Enterprise**

<b>Question 4</b>			<b>Max Mark</b>
<b>Managing</b>			
<b>(A)</b>	<p>(i) Bar Chart or Line Graph</p> <p>(ii) The principles Paul should consider to ensure he communicates his message effectively to the board of directors.</p> <p>Reference to Paul</p>	<p>6 bars or points 6 @ 1 m Title of chart 2m X axis 2m Y axis 2m</p> <p>(ii) 3 @ 4m (2+2)</p> <p>1 mark</p>	25
<b>(B)</b>	<p>Outline the benefits <b>to a business</b> of a functional organisational structure. (development requires reference to how it benefits the business)</p>	<p>3 @ 5m (2 + 3)</p>	15
<b>(C)</b>	<p>Explain methods to minimise the risk of bad debts.</p>	<p>7m (4+3) + 7m (4+3) + 6m (3+3)</p>	20
	<b>Available Marks</b>		<b>60</b>

<b>Question 5</b>			<b>Max Mark</b>
<b>Business in Action</b>			
<b>(A)</b>	<p>(i) The product life cycle (Stages must be in correct order to be awarded marks.)</p> <p>(ii) Describe <b>one</b> characteristic of each stage with reference to a product of your choice.</p> <p>Name ONE Product</p>	<p>8@1m +1 m for curve</p> <p>5 @ 3m (2+1)</p> <p>1m</p>	25
<b>(B)</b>	<p>(i) List four stages</p> <p>(ii) Outline your understanding of any <b>three</b> of these stages.</p>	<p>5m</p> <p>3 @ 5m (2+3)</p>	20
<b>(C)</b>	<p>Discuss the key issues Lia will have to address before setting up her business enterprise (reference to Lia)</p>	<p>3 @ 5m (2+2+1)</p>	15
	<b>Available Marks</b>		<b>60</b>

<b>Question 6</b>			<b>Max</b>
<b>Managing</b>			<b>Mark</b>
<b>(A)</b>	(i) Insurance proposal form (ii) Principle of insurance referred to (iii) <b>Two</b> other principles	5m (2+3) 5m (2+3) 2@ 5m (2+3)	20
<b>(B)</b>	The benefits of performance appraisal for <b>employees</b> in a business  (Identify/explain/how it benefits employees)	3 @ 5m (2+2+1)	15
<b>(C)</b>	(i) Explain reasons for preparing cash flow forecast. (ii) The figures represented by the letters A, B and C (iii) How to deal with the financial problem identified in this cash flow forecast	2 @ 5m (2+3)  3 figures @ 2+ 3 (2+1)+ 2m  8m (4 (2+2) +4 (2+2))	25
	<b>Available Marks</b>		<b>60</b>

<b>Question 7</b>			<b>Max</b>
<b>Business in Action</b>			<b>Marks</b>
<b>(A)</b>	Explain the Product, Price and Place elements of the marketing mix.  (2 relevant points of explanation on each and reference to <b>Kurve Ltd</b> for final mark)	9m (3+3+3) 8m (3+2+3) 8m (3+2+3)	25
<b>(B)</b>	(i). Explain the term Public Relations.  (ii) Methods to generate good Public Relations (PR).	6m (4+2)  2 @ 7m (4+3)	20
<b>(C)</b>	(i) Define market segmentation. (ii) Illustrate <b>two</b> methods a business could consider to segment its market.	5m (2+3) 2 @ 5m (1+2+2)	15
	<b>Available Marks</b>		<b>60</b>

**SECTION 1**  
**(80 Marks)**  
**SHORT ANSWER QUESTIONS**  
**(Support Notes)**

Question	Possible Response	Max mark					
1	<p><b>Explain the term <i>span of control</i> and outline a situation where a narrow span of control may be appropriate.</b></p> <p>Span of Control refers to the number of people / subordinates that report directly to one manager/ supervisor in a hierarchy.</p> <p>A narrow span of control would be more appropriate when the work involved requires a high level of expertise/ where nature of work is complex/ workers or management lack experience etc.</p>	10					
2	<p><b>(a) What do the letters PAYE stand for?</b></p> <p>Pay As You Earn</p> <p><b>(b) Outline <b>two</b> main features of the PAYE tax system:</b></p> <p>Progressive (Falls heaviest on high income earners) Efficient (Business collects the tax for the exchequer) Direct (It is a direct tax on income earned from employment) Form based (P12A, P60, P45, P12, P21) etc.</p>	10					
3	<p><b>(a) Using the figures below calculate the Net Profit Percentage of Auburn Publishing Ltd for 2014:</b></p> <p>Net profit/Sales X 100</p> <p>Gross Profit 22,000 – Expenses 12,000 = Net Profit of €10,000 Net Profit 10,000 / Sales 50,000 = 20%</p> <p><b>(b) The Net Margin has fallen by 5% showing that the firm’s profitability has decreased and that it may be time for management to control its costs by deciding for example to cut wages, source cheaper raw materials or it should try to increase sales revenue.</b></p>	10					
4	<table border="1" style="margin: auto;"> <tr> <td style="padding: 2px 10px;">1 True</td> <td style="padding: 2px 10px;">2 True</td> <td style="padding: 2px 10px;">3 False</td> <td style="padding: 2px 10px;">4 True</td> <td style="padding: 2px 10px;">5 False</td> </tr> </table>	1 True	2 True	3 False	4 True	5 False	10
1 True	2 True	3 False	4 True	5 False			

Question	Possible Response	Max mark
5	<p><b>Illustrate the difference between a <i>merger</i> and a <i>strategic alliance</i>.</b></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. Example: Glanbia plc was formed in 1997 out of the merger of Avonmore Foods plc and Waterford Foods plc.</p> <p>A strategic alliance: When two or more independent firms agree to co-operate and share resources and expertise for the mutual benefit of all parties involved. The firms remain completely independent legally and each firm maintains its own separate trading identity.</p> <p>Example: Starbucks partnered with Barnes and Nobles bookstores in 1993 to provide in-house coffee shops, benefiting both retailers / Mazda and Toyota sharing technology resources etc.</p>	10
6	<p><i>Forming, storming, norming and performing are stages in team development.</i></p> <p><b>Outline your understanding of <i>storming</i> and <i>norming</i>.</b></p> <p>Storming: Team members test relationships and tensions/Conflicts frequently arise/Members try to establish their positions on a team/Members may act as individuals and resist other views/Differences are challenged.</p> <p>Norming : Constructive relationships and ways of working together emerge/ Ground Rules and procedures are agreed and there is an increased focus on the task at hand/Greater sense of trust develops between team members.</p>	10
7	<p>(a) <b>Explain the term <i>Exchange Rate</i>.</b></p> <p>This is the price of one currency expressed in terms of another currency.</p> <p>(b) <b>Describe two possible risks which <i>exchange rates</i> could present for businesses in Ireland:</b></p> <p>If the euro increases in value relative to \$/£ Irish exports are more expensive abroad/less competitive, which is bad for Irish business as sales and profits decrease.</p> <p>If the euro falls in value relative to the \$/£ imports will become more expensive, increasing costs for businesses e.g. imports of oil, which is a raw material for businesses, may result in businesses increasing their prices or reducing their profit margins.</p>	10

Question		Possible Response	Max mark										
8		<table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>E</td> <td>D</td> <td>F</td> <td>A</td> <td>C</td> </tr> </table>	1	2	3	4	5	E	D	F	A	C	10
1	2	3	4	5									
E	D	F	A	C									
9		<p>Distinguish between <i>Primary Picketing</i> and <i>Secondary Picketing</i> as types of industrial action available to employees.</p> <p><i>Primary picketing.</i> According to the Industrial Relations Act 1990 it is lawful for worker to walk up and down with placards at a place where their employer works or carries on business provided the picketing is for the purpose of peacefully communicating information.</p> <p><i>Secondary picketing.</i> The act provides that secondary picketing (i.e. picketing of an employer, other than the primary employer involved in the dispute) is lawful only in situations where it is reasonable for those workers picketing to believe that the second employer was acting to frustrate the industrial action by directly assisting their employer.</p>	10										
10		<p><b>Outline two methods of promoting <i>intrapreneurship</i>:</b></p> <p>Create a culture within the organisation where it's okay to make mistakes/think independently. Resource provider: Make resources available to help employees to pursue their ideas (e.g. finance, time). Financial rewards for effort and creativity: These rewards could involve a mixture of pay, incentives and benefits. Teamwork encourages creativity among employees as it facilitates brain storming sessions as part of the product development process etc.</p>	10										

## SECTION 2

(80 marks)

This is a compulsory question based on Units 2, 3 and 4

### APPLIED BUSINESS QUESTION

(Support Notes)

Question	Possible Response	Max mark
A	<p><b>Do you think that Martin Harte displayed enterprising skills/characteristics? Explain your answer with reference to the text of the ABQ.</b></p> <p>Yes</p> <p>Innovative/Creative</p> <p>Entrepreneurs are good at coming up with new ideas and better ways of doing things. They are constantly looking for new ideas and ways of improving what they do. They think outside the box to develop new products or new versions of existing products.</p> <p>Link <i>“His solution was based on the ever increasing popularity of Irish Dance worldwide”.</i></p> <p>Initiative/Exploiting opportunity</p> <p>Martin showed initiative by bringing his footwear manufacturing expertise into the growing Irish Dancing market. He saw an opportunity presenting itself (a niche market) for Irish dancing shoes and he exploited it.</p> <p>Link <i>“Martin’s goal was to create a range of soft and hard dance shoes, using the finest and most durable leather and so well engineered that they would provide protection and comfort for Irish Dancers worldwide.”</i></p> <p>Risk Taker</p> <p>Being an entrepreneur involves taking both personal and financial risk in pursuit of a business idea. Successful entrepreneurs are not afraid of taking risks. They are realistic risk takers.</p> <p>Link <i>“Martin invested a further €50,000 into the business to be used for modernising plant and equipment.”</i></p>	20

Question	Possible Response	Max mark
	<p>Customer Focus/Future focus</p> <p>Entrepreneurs are very aware of customer needs and are willing to change their business model to meet those needs.</p> <p>Link</p> <p><i>“He began to realise that the centuries-old footwear industry was in decline.....”</i></p> <p>Reality Perception/ Realistic</p> <p>An entrepreneur sees things/situations for what they are and not as he would like them to be.</p> <p>Link</p> <p><i>“Martin Harte, the owner, began to realise that the centuries-old footwear industry was in decline.”</i></p> <p>Networking/ Persuasive abilities/Human relations</p> <p>Entrepreneurs recognise the importance of a wide range of contacts to provide guidance and support.</p> <p>Entrepreneurs need to be able to persuade others.....</p> <p>Link</p> <p><i>“He sought the assistance of Enterprise Ireland’s ‘Get Export Ready’ scheme.”</i></p>	

B	i	<p><b>Define the management activity of <i>planning</i>.</b></p> <p>Planning is the setting down of <b>specific goals and objectives</b> and the putting in place of <b>strategies</b> that allow you to achieve the stated goals and objectives of the business.</p>	30
	ii	<p><b>Explain the elements of a SWOT analysis and conduct the SWOT prepared by Christine Landers.</b></p> <p>Strength: Internal attributes and resources that support a successful outcome/aspects of a business which it is good at/can be developed into a competitive advantage.</p> <p>Examples: Strong brand/good market share/skilled workforce/manufacturing efficiency/strong financing.</p> <p>Weakness: Internal aspects of a business which are underdeveloped and could damage the success of the business/work against a successful outcome of the business.</p> <p>Examples: Poor credit control/obsolete technologies/ weak management/outdated facilities/inadequate R&amp;D.</p> <p>Opportunity: External factors which a business could use to its advantage /factors outside the business which have the ability to benefit the business.</p> <p>Examples: Falling exchange rate/ consumer demand/strong economy.</p> <p>Threat: External factors that could jeopardise the business /could have negative impact on a business. Examples: EU regulations/shortage of raw materials/changing market tastes.</p>	

**HARTE SHOES LTD**

**Strength**

Link

*“...highly skilled shoe makers and a very effective sales team”*

**OR**

*“ Harte Shoes Ltd had manufacturing expertise”*

**Weakness**

Link

*“.....the lack of a computer aided design system (CAD) to assist with the production of shoes...”*

**OR**

*“absence of a quality website to facilitate online selling.”*

**Opportunity**

Link

*“.....growing markets exist in the UK, America and Australia due to the global popularity of Irish dancing.”*

**Threat**

Link

*“.....that competitors from Eastern Europe had invested heavily in Information and Communications Technology (ICT).”*

C	<p><b>Evaluate the effectiveness of the approach taken by Martin to help Harte Shoes Ltd adapt to change.</b></p> <p>Communication/ Consultation: Communication should be honest and open. Management should explain the need for the changes and the consequences of not taking any action to ensure the survival of the firm. The benefits of change should be explained to staff. This will reduce uncertainty and tensions among employees.</p> <p>Link  <i>“Martin discussed the SWOT analysis with existing employees...”</i></p> <p style="text-align: center;">OR</p> <p>Change is implemented by having a <u>consultative process</u> with employees e.g. calling a meeting and discussing and seeking opinions and views of staff with a view to reaching a compromise/forced change may be resisted.</p> <p>Link  <i>“He welcomed their suggestions on the technical aspects of manufacturing hard dance shoes...”</i></p> <p><b>Evaluation required</b></p> <p>Negotiation: Management may discuss with employees and their representatives the changes in work practices required with a view to coming to some agreement in relation to pay and conditions of employment, without damaging industrial relations.</p> <p>Link  <i>“Significant productivity improvements were achieved by introducing bonus shares for employees and offering a fair redundancy scheme.”</i></p> <p><b>Evaluation required</b></p> <p>Rewards: Staff should be rewarded for taking part in/embracing change. Rewards will encourage the workforce to engage with change and see change as positive. Rewards should take account of the demands of the change.</p> <p>Link  <i>“Significant productivity improvements were achieved by introducing bonus shares for employees and offering a fair redundancy scheme.”</i></p> <p><b>Evaluation required</b></p> <p>Facilitator: Management could change from a controller to facilitator (helping employees perform the tasks rather than controlling them) etc.</p> <p>Link  <i>“He welcomed their suggestions on the technical aspects of manufacturing hard dance shoes which included fibreglass heels and toes to increase the clicking sound, so important to Irish dance.”</i></p> <p><b>Evaluation required</b></p>	30
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	<p>Empowerment: Staff should be involved in the decision making process giving them a sense of ownership in the process of change. Employees are encouraged and empowered to come up with ideas and these opinions and ideas are taken into account. This allows employees to feel they have a voice and encourages them to take on extra responsibility. With the increased responsibility comes increased enthusiasm for the job and doing it right.</p> <p>Link  <i>“Martin was delighted with the innovative approach adopted by the design team in creating a range of quality hard and soft dance shoes.”</i></p> <p style="text-align: center;">OR</p> <p><i>“He welcomed their suggestions on the technical aspects of manufacturing...”</i></p> <p><b>Evaluation required</b></p> <p>Adequate Funding/Resource provider: Finance and funding of human and physical resources provided with an emphasis on new technology.</p> <p>Link  <i>“Grant aid received from Enterprise Ireland was used for a new computer aided design system (CAD) and a website was established”.</i></p> <p style="text-align: center;">OR</p> <p><i>“Martin invested a further €50,000 into the business to be used for modernising plant and equipment.”</i></p> <p><b>Evaluation required</b></p> <p>Training and Development: Staff must be trained in the management and use of new technologies so as to achieve efficiencies and provide a better service to its customers.</p> <p>Link  <i>“Employees were given the required training and development through up-skilling courses organised by the company.”</i></p> <p><b>Evaluation required</b></p> <p>Emphasis on quality/ TQM /Quality Circles:  The focus of change has to be on the quality of output and quality management which is firmly based on team work.</p> <p>Link  <i>“His team developed a newly patented production technique enabling them to produce a dance shoe that is the lightest and loudest in the marketplace”</i></p> <p style="text-align: center;">OR</p> <p><i>“.....a range of soft and hard dance shoes, using the finest and most durable leather, and so well engineered that they would provide protection and comfort for Irish dancers worldwide.”</i></p> <p><b>Evaluation required</b></p>	
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		<p>Total commitment by management/Lead by example  Management is totally committed to creating a business that welcomes change/develops a culture of change.</p> <p>Link  <i>“He decided to review the company's corporate strategy in order to make his company viable in the future.”</i></p> <p><b>Evaluation required</b></p>	
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**SECTION 3**  
**(240 marks)**

Answer **Four** questions from **Section 3** as follows:

**One** question from **Part 1**, **Two** questions from **Part 2** and **One** other question from either **Part 1** or **Part 2**. All questions carry equal marks.

**(Support Notes)**  
**Part 1**

Question		Possible Response	Max mark
<b>1</b>	<b>A</b>	<p><b>Describe one example of a co-operative relationship and one example of a source of conflict that could arise between the following stakeholders:</b></p> <p><b>i</b> Investor and Entrepreneur            A co-operative situation would arise when the entrepreneur gives open, transparent and honest information to the investor e.g. accurate business plans and cash flow forecasts and in return the investor provides a reasonable rate or return etc.</p> <p>A possible source of conflict could arise if the entrepreneur gives false information to the investor / defaults on loan repayments/ does not give an adequate return to the investor/re-invests profits rather than give a return to the investor. Investor may want immediate returns and is not prepared to wait/may want greater returns out of profits rather than retaining funds in the business for further expansion.</p> <p>Where there is a downturn in business the entrepreneur may request more time to repay the loan while the investor may insist repayments as per agreed schedule.</p> <p><b>ii</b> Supplier and Purchasing Manager            A co-operative situation would arise when the supplier provides good quality raw materials, components and finished goods to the purchasing manager who pays on time and offers a fair price.</p> <p>A possible conflict situation could arise if poor quality materials are provided/ poor after sales service offered by the supplier. The purchasing manager fails to pay for goods purchased on credit creating a bad debt for the supplier.</p> <p>There may be conflict between the two sides as to their perceptions of what is a fair price and as to what the optimum quality is.</p>	20

Question		Possible Response	Max mark
1	B	<p><b>Illustrate your understanding of the term ‘Specific Performance’ in relation to contract law.</b></p> <p>Specific Performance is a remedy for the breach of a contract.</p> <p>The party in breach of a contract would be ordered by a court to carry out its agreed contractual obligations.</p> <p>Illustrate- Specific performance may be used as a remedy in a contract for the sale or lease of land/for the sale of a unique item such as a work of art/ completion of construction to a property or an extension to a property etc.</p>	10

Question	Possible Response	Max mark
1 C	<div data-bbox="389 215 1193 383" style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>The Director of the Equality Tribunal (previously known as the Director of Equality Investigations) published 22 Decisions during September 2013 in areas of discrimination that included <i>gender</i> and <i>disability</i>.</p> </div> <p><b>i Define ‘employment discrimination’ as set out in the Employment Equality Act 1998.</b></p> <p>An employee is said to be discriminated against if he or she is treated in a less favourable way than another person is, has been or would be treated (in a comparable situation on any of the nine distinct grounds.)</p> <p><b>ii List three protected grounds other than gender and disability on which discrimination is outlawed under this Act.</b></p> <ul style="list-style-type: none"> <li>• Civil (marital) status</li> <li>• Family status</li> <li>• Sexual orientation</li> <li>• Religion</li> <li>• Age</li> <li>• Race</li> <li>• Membership of the Traveller community</li> </ul> <p><b>iii Evaluate the role of the <i>Director of the Equality Tribunal</i> in dealing with discrimination cases under this Act.</b></p> <p>The Director of the Equality Tribunal decides whether discrimination cases be examined by the Equality Mediation Officers who deal with the case in a conciliatory manner or by an Equality Officer who follows a more formal approach.</p> <p>The Director makes the final decision and it can be appealed to the Labour Court within 42 days.</p> <p>Refer the complaint to an Equality Mediator, who facilitates both parties to reach a mutually acceptable agreement.</p> <p>Mediation is an attempt to get agreement between the parties. At the end of mediation both sides sign an agreement which is legally binding so that both sides must keep to the terms of the decision. Mediation is held in private and the agreement is not published.</p> <p>If you do not reach an agreement through mediation you can request your case be brought to investigation.</p>	30

Question	Possible Response	Max mark
	<p>Investigation</p> <p>If you reject the offer of mediation your complaint will go to investigation handled by an Equality Officer. Investigation is also held in private. At the end of the investigation the Tribunal Equality Officer will issue a decision which is legally binding but it may be appealed by either party to the Labour Court within 42 days.</p> <p>All decisions by law must be published but in sensitive cases names may be withheld.</p> <p>Evaluation required</p>	

Question		Possible Response	Max mark
2	A	<p><b>Outline the advantages of a private limited company as a form of business ownership for a start-up business.</b></p> <p>Access to capital: One of the main advantages of the private limited company structure is the ability to raise capital by selling shares up to a maximum of 99 shareholders. Start-up costs such as R&amp;D, technology, marketing and staffing requirements are very high.</p> <p>Limited liability: The shareholders of a private limited company have limited liability. This means that the shareholders are not personally liable and can only lose the amount of their original investment, if the business fails.</p> <p>One share one vote: A private limited company is controlled by the shareholders based on the rule “one share one vote”. The original shareholders can maintain control of the company as long as they continue to hold 51% or more of the ordinary share capital. With a private limited company the members keep control as shares are not sold on the stock exchange.</p> <p>Separate legal entity: The start-up business is incorporated and is a separate legal identity in the eyes of the law, meaning that it can sue or be sued in its own name and enter business contracts. This could be important in a patent case protecting the start-up from copy-cat rivals.</p> <p>Continuity of existence: The company is legally independent of its owners and therefore it can stay in existence even after the death of a shareholder.</p> <p><u>Other advantages:</u> Bigger pool of talent/ Better credit rating from banks than partnerships and sole traders/increased specialisation, etc.</p>	20

Question		Possible Response	Max mark
2	B	<p><b>Discuss the economic effects on the Irish economy of the growth in employment in recent times.</b></p> <p>Sample responses include the following:</p> <p>As people have more discretionary income, people will spend more on luxury items leading to e.g. more new cars, foreign holidays being purchased.</p> <p>The Society of the Irish Motor Industry (SIMI ) official statistics show that new car registrations in January 2015 were 31% (29,948) up on January 2014.</p> <p>Business confidence/growth of enterprise: Rate of unemployment in Ireland has declined from 14.2% in 2011 to 9.9% in April 2015. The demand for goods and services has increased and new businesses open or expand due to increased business profits. There is more enterprise in the economy as people’s self-esteem and confidence increases.</p> <p>Government current expenditure should decrease as the unemployed become employed, thereby reducing social welfare claims. This may allow the Government to increase expenditure in other areas of the economy e.g. health and education.</p> <p>The Government revenue/tax take will increase as receipts from major sources of taxation will rise e.g. VAT receipts will rise as there will be more consumer expenditure and PAYE receipts will rise as more people are working and paying income tax. There will be more Government finance to invest in the Irish economy.</p> <p>Emigration should fall and the ‘Brain drain’ (Exporting of skilled labour) should reverse.</p> <p><u>Other acceptable points:</u> Economic growth/More FDI/Lower Government borrowing etc.</p>	20

Question	Possible Response	Max mark
2 C	<div data-bbox="368 219 1230 439" style="border: 1px solid black; padding: 5px;"> <p><i>“Protecting and managing Ireland's environment is a shared responsibility. It involves Government and public bodies; businesses and industry; as well as members of the public, working in partnership.”</i> <b>Environmental Protection Agency (EPA)</b></p> </div> <p><b>Discuss how a business could operate in an environmentally conscious way.</b></p> <p>Sample responses include the following:</p> <p>Cleaner production methods/materials substitution/energy efficiency (this can include switching to renewable energy sources). The product itself can be designed to reduce consumption of resources (e.g. reduce reliance on natural resources-use of rainwater tanks, solar hot water systems), and to prolong its useful life. By reducing the environmental impact of business it will improve the sustainability of the business. This helps achieve the goal of sustainable development.</p> <p>Minimise waste/safe disposal of waste: The business could adopt the 4Rs: reduce, reuse, recycle and recover. If waste is produced, every effort should be made to reuse it, if practicable.</p> <p>Maximisation of recycled content- recycling will conserve resources and reduce waste while it may be possible for a business to recover materials or energy from waste which cannot be reduced, reused or recycled.</p> <p>Pollution prevention: The use of processes, practices, materials, products or energy sources that avoid or minimise the creation of pollutants and waste, and thereby reduce the risk to human health and the environment. The idea is pollution prevention rather than pollution control.</p> <p>Code of Ethics: The business could establish a code of ethics which is a formal written statement setting out the modes of behaviour expected from a business in its dealings with the environment and the wider community in which it operates, encouraging a culture of openness, consultation, honesty and awareness of environmental issues etc.</p> <p><u>Other acceptable points:</u> Regular environmental audits/Advice from the EPA (Environmental Protection Agency)/Promotion of environmental issues (rewarding “Green” initiatives) etc.</p>	20

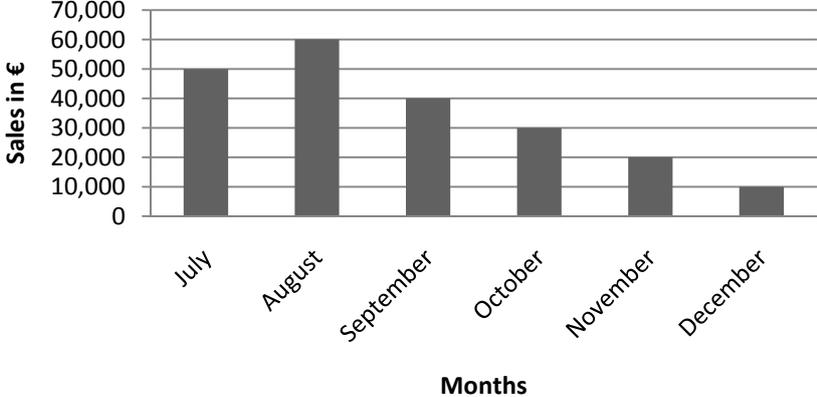
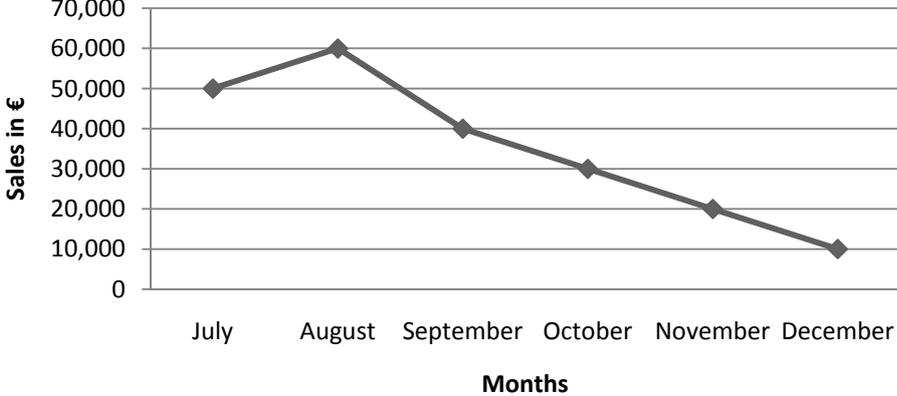
Question	Possible Response	Max mark
	<p>OR</p> <p>(Focus on qualities of an environmentally conscious business)</p> <p>Consult/advice-consult stakeholders before introducing policies that might affect the environment.</p> <p>Honest/do not cover up environmental accidents/compliant with the law.</p> <p>Aware/promote environmental awareness amongst staff through adequate training, which will require resources.</p> <p>Open to the development of new product design/ to new environmentally friendly manufacturing processes/better product end of life solutions/recycling.</p> <p>Sensitive to needs of society as a whole and have such safeguards as an environmental audit to ensure that it operates in an environmentally friendly manner. To achieve this it should have policies such as: Reduction of air pollution/Recycling of waste/Energy conservation/Tree planting on premises/Acceptable disposable methods/Reject excess packaging/ Have sustainable development as a top priority etc.</p>	

Question		Possible Response	Max mark
3	A	<p><b>Discuss reasons why multinational companies (MNCs) may choose to locate in Ireland. Provide examples to support your answer.</b></p> <p>Corporation Tax Rate: MNCs pay 12.5% corporation tax on their profits. This low rate of corporation tax is a key Government strategy in attracting FDI.</p> <p>Global companies such as Intel, and Google have a major presence here and as a result it can be inferred that Ireland is a good place to do business and this international goodwill encourages other businesses to locate here. Internet companies such as Facebook, skype, eBay have followed Google. Spin-off effects.</p> <p>IDA Ireland is responsible for the attraction and development of foreign direct investment in Ireland. Companies such as Apple, Microsoft and Facebook etc. have all interacted with the IDA and approximately 150,000 people are directly employed by foreign multinationals in Ireland.</p> <p>The availability of a highly skilled and well educated workforce. (MNCs) employ highly skilled graduates, right up to PhD level. Many of these graduates are engaged in R&amp;D, an important area in multinational businesses. Google's European headquarters are in Dublin.</p> <p>The introduction of the single currency brought additional incentives for foreign investors to locate in Ireland, along with relative price stability. The euro has made life easier for MNC's and travelling business executives trading or visiting in the euro zone area.</p> <p>The creation of the Single Market eliminated trade barriers within the EU, allowing for the free movement of goods, services, labour and capital between member states. (MNCs) located in Ireland have access to a huge EU market of over 500 million people. Pharmaceutical Companies use Ireland as a stepping stone to large EU market.</p> <p>Ireland is an English speaking country and English is the international business language. In addition the growing number of people living in Ireland that speak different languages is a key factor in encouraging (MNCs) to locate here.</p> <p>Etc.</p>	20

Question	Possible Response	Max mark
3 B	<p><b>Illustrate your understanding of the terms standardised marketing mix and adapted marketing mix in relation to global marketing.</b></p> <p>Standardised: (Undifferentiated approach to the 4 Ps/Consistent marketing mix).</p> <p>Global business, like Nike, and Levis, with successful brands, aim to take the same, undifferentiated approach worldwide and use a standardised marketing mix. All products are targeted at similar groups locally. This leads to lower company costs and increased profitability.</p> <p>Adapted marketing mix: (Some element(s) of the marketing mix, (product, price promotion and place) is/are changed to reflect local customs, values, and economic situations).</p> <p>It is common for business to adapt the marketing mix to reflect regional differences, local language, cultural, geographic, or economic differences present in the market.</p> <p><i>Global Product</i></p> <p>The product may need to be adjusted to reflect technical, legal and language requirements e.g. a left hand drive car; packaging may need to be changed to cater for the needs of the local market.</p> <p>Examples:</p> <p>Starbucks adjusts its menu to fit local tastes. In Hong Kong, for example, they sell Dragon Dumplings. And as a global buyer of coffee, the company has long had a reputation for engaging local cultures according to their needs.</p> <p>McDonald's varies items on its menu according to local tastes. Customers in Mexico can order a green chili cheeseburger, customers in many Arab countries can enjoy the McArabia, a grilled kofta sandwich on pita bread.</p> <p><i>Global Price</i></p> <p>Global firms attempt to achieve a uniform price in each market, however, this objective is often affected by the following factors:</p> <p>The cost of living in different countries/disposable incomes. Different tariffs, customs duties and VAT rates. Local price levels and prices charged by competitors in the market/exchange rate fluctuations.</p> <p><i>Global Place</i></p> <p>Global channels of distribution for physical goods tend to be longer involving more intermediaries such as exporters and agents.</p> <p>Examples of the various channels available include: Selling directly to customers on line</p>	20

Question	Possible Response	Max mark
	<p>Use of agent /independent person who will act on behalf of the firm generally receiving a commission on sales            Forming a strategic alliance with a foreign company to produce and/or market products.</p> <p><i>Global Promotion</i>            Differences in legislation, language and culture need to be recognised in the choice of promotion such as advertising and publicity campaigns.</p> <p>Example            The language of television advertisements may have to be amended in different countries due to language barriers or the message could be considered offensive in some countries.</p>	

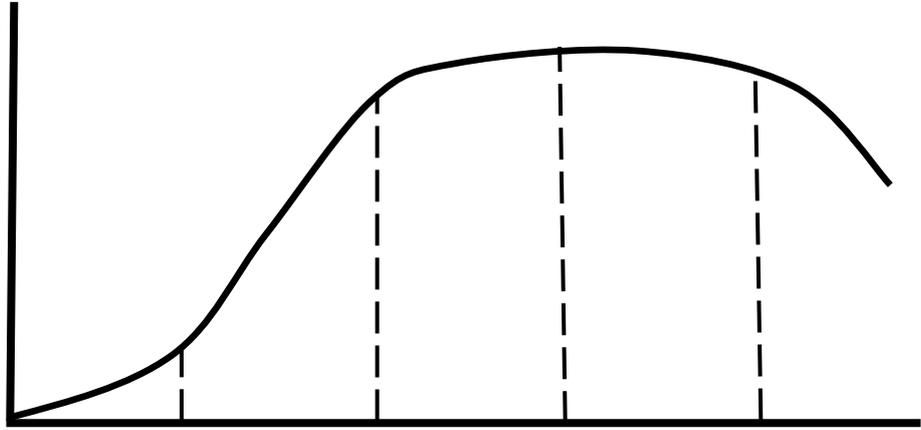
Question	Possible Response	Max mark
3 C	<p><b>Outline how EU directives and regulations are formulated and implemented.</b></p> <p>The European Commission is the executive body of the EU. It is the body responsible for <u>proposing</u> legislation/drafting legislation.</p> <p>These proposals are then <u>discussed</u> in the European Parliament and amendments to legislation can be put forward.</p> <p><u>Decisions</u> are usually made by the Council of the European Union. It is the main decision making body of the EU etc.</p> <p>Once legislation is passed by the Council of the European Union and Parliament (co-decision) it is the Commission's responsibility to ensure it is <u>implemented</u> through a series of directives and regulations.</p> <p><i>EU Directive:</i> It obliges member states to change their national laws to allow for EU rules, within a certain time limit. It is binding only as to the results to be achieved, leaving member states to choose, within prescribed limits, the means by which the rules and targets are to be attained. They are used to bring different national laws into line with each other and are common in matters affecting the operation of the Single Market (e.g. product safety standards, WEEE (Waste, electrical, and electronic equipment Directive, Health and Safety at work Directive.)</p> <p><i>EU Regulation:</i> This is a legislative act of the EU which becomes enforceable immediately as law in its entirety in all member states simultaneously. It takes precedence over national law. It is self-executing and does not require any implementing measures. EU institutions can enforce a regulation throughout the EU. Regulation (EU) No.261/2004 established common rules on compensation and assistance to airline passengers.</p>	20

Question	Possible Response	Max mark																												
4 A i	<p data-bbox="336 215 1129 253">Illustrate the above data by means of a bar chart or line graph.</p> <div data-bbox="373 309 1190 824"> <p data-bbox="472 309 1102 398"><b>Projected Sales of Water Conservation product Revenue July - December 2015</b></p>  <table border="1" data-bbox="373 427 1190 824"> <thead> <tr> <th>Month</th> <th>Sales in €</th> </tr> </thead> <tbody> <tr> <td>July</td> <td>50,000</td> </tr> <tr> <td>August</td> <td>60,000</td> </tr> <tr> <td>September</td> <td>40,000</td> </tr> <tr> <td>October</td> <td>30,000</td> </tr> <tr> <td>November</td> <td>20,000</td> </tr> <tr> <td>December</td> <td>10,000</td> </tr> </tbody> </table> </div> <div data-bbox="373 958 1270 1473"> <p data-bbox="512 958 1145 1048"><b>Projected Sales of Water Conservation product Revenue July - December 2015</b></p>  <table border="1" data-bbox="373 1077 1270 1473"> <thead> <tr> <th>Month</th> <th>Sales in €</th> </tr> </thead> <tbody> <tr> <td>July</td> <td>50,000</td> </tr> <tr> <td>August</td> <td>60,000</td> </tr> <tr> <td>September</td> <td>40,000</td> </tr> <tr> <td>October</td> <td>30,000</td> </tr> <tr> <td>November</td> <td>20,000</td> </tr> <tr> <td>December</td> <td>10,000</td> </tr> </tbody> </table> </div>	Month	Sales in €	July	50,000	August	60,000	September	40,000	October	30,000	November	20,000	December	10,000	Month	Sales in €	July	50,000	August	60,000	September	40,000	October	30,000	November	20,000	December	10,000	25
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4	A ii	<p><b>Outline the principles Paul should consider to ensure he communicates his message effectively to the board of directors.</b></p> <p><u>Audience knowledge/Preparation:</u> Know your audience as it will influence the tone, voice and quality of the message/Your message must reflect the education level, aims and objectives of your audience. Paul should know the strengths and weaknesses of the board/Target the message to his specific audience, the board of directors (BOD) and see things from their perspective.</p> <p><u>Accuracy:</u> Have a thorough knowledge of the topic to be discussed/ All factual information must be accurate/ Have an introduction, plan of action and expected outcomes. Paul should anticipate the concerns of the BOD and have considered possible responses.</p> <p><u>Clarity/appropriate language/conciseness:</u> If the language is too technical or too difficult for the board of directors to understand then the message may be misinterpreted. Paul needs to choose language appropriate to his audience and he may use short clear sentences/avoid jargon/give the bottom line.</p> <p><u>Visuals:</u> “A picture is worth a thousand words” and visual supports such as bar charts and line graphs communicate financial data very effectively. By presenting the financial information in a chart Paul is making it easier for the BOD to process the information quicker. A power point presentation could have a strong impact.</p> <p><u>Confidentiality/safety:</u> The medium chosen must be appropriate to the message been given. If the message is sensitive (projected sales data for a new product) meetings are more appropriate and effective. Face-to face may be more effective for sensitive information. Competitors would be very interested in Paul’s projects sales figures.</p> <p><u>Feedback:</u> The board of directors may be looking for /or giving feedback in order to take further action in relation to the product. This may be a reason for organising a meeting as it allows for immediate feedback and clarification and provides an opportunity for Paul to eliminate any misunderstandings.</p> <p><u>Other acceptable points:</u> Timing/appropriate method/need for record etc.</p>	

Question		Possible Response	Max mark
4	B	<p><b>Outline the benefits to a business of a functional organisational structure.</b></p> <p>Due to specialisation, where each department is concentrating exclusively on one function such as marketing, production, sales or finance, employees and management build up high levels of skill and expertise through repetition and practice. This leads to efficiencies as tasks get done quickly and to a high standard.</p> <p>The chain of command and line of authority is clear. Clear lines of authority exist and employees know who to report to. There is a person in charge of each department which improves co-ordination and motivation, as employees know what is expected of them and when. There is accountability as someone is responsible for each section.</p> <p>There are clear communication channels. The structure helps create a clear communication line between the top and bottom of the business. Instructions flow downward from top management along the chain of command and information is communicated upward. It may result in important information being communicated quickly leading to quicker decision-making.</p> <p>Functional Organisational Structures allow for a wide span of control. There are economies of scale as resources are used efficiently with no duplication of resources. The wide span of control releases top management from micromanaging operations, so that they can focus on the overall strategy of the business.</p> <p>Promotional Paths: Visible hierarchical ladder, providing career paths for employees/ provides scope for the promotion to the next level so businesses can promote from within etc.</p>	15

Question		Possible Response	Max mark
4	C	<p><b>Explain the methods a business could consider to minimise the risk of bad debts as part of its credit control system.</b></p> <p>Assess customers' creditworthiness: The credit worthiness of potential customers is checked in advance, e.g. asking for bank references, trade references, credit bureau.</p> <p>Set appropriate credit limits and credit periods: Draw up clear terms and conditions controlling the amount of credit and ensuring that payments are made on time e.g. a credit limit of €5,000 and a time limit of one month.</p> <p>Offer incentives such as a cash discount for early or prompt payment.</p> <p>Policy for late payments/partial payments: agreeing on penalties for late payments and implementing them, e.g. charging interest on overdue accounts.</p> <p>Have an efficient administrative system where invoicing, payment demands and follow up phone calls and visits occur promptly to ensure payment/ Take legal action or threaten legal action to ensure payment/Put credit facility on hold until account is cleared.</p> <p>Adopt a cash sales only policy with certain customers etc.</p>	20

Question		Possible Response	Max mark
5	A i	<p><b>Draft and label a Product Life Cycle.</b></p> <p style="text-align: center;"><b>PRODUCT LIFE CYCLE</b></p> <p><b>SALES</b></p>  <p style="text-align: center;"><b>Introduction      Growth      Maturity      Saturation      Decline</b></p> <p style="text-align: right;"><b>TIME</b></p>	25
5	A ii	<p><b>Describe one characteristic of each stage of the product life cycle with reference to a product of your choice.</b></p> <p>Example required:</p> <p><u>Introduction:</u> There is heavy expenditure on promoting the product and the company has to decide on a suitable pricing strategy e.g. Apple went for a high pricing strategy while Samsung went for a lower pricing strategy in order to capture market share.</p> <p>Slow Sales Growth / High Expenditure (Advertising, Sales promotion, Distribution) / Negative cash flow/ No profits.</p> <p><u>Growth:</u> Investment in production capacity is needed to keep up with demand. The company must be ready to improve the design of the product, tweaking a feature such as internet access or the size of the screen on the iPhone 6, in order to compete.</p> <p>Rapid Sales Growth / Costs falling / Positive Cash Flow / Growing profits/Expanded production requiring further investment.</p> <p><u>Maturity:</u> Sales and profits reach a peak/start to level off and the product has reached most customers in the market. The focus may be on how to extend its life and maintain its competitiveness. Advertising may be reinforcing or reminding customers of the product. Other markets may be sought (e.g. mobile phones in China). Rival products may enter market.</p>	

Question	Possible Response	Max mark
	<p>Sales increasing but at decreasing rate / Profits reach a peak &amp; start to level off / If no further product development it may go into decline.</p> <p><u>Saturation</u>: Sales begin to slow down and intensive advertising and promotion take place to maintain market share. Brand loyalty is vital at this stage. The big mobile phone companies spend millions of dollars each year on advertising and promotion. According to <i>Reuters</i>, Samsung spent an estimated \$14 billion on marketing in 2013.</p> <p>Sales slowing down as market saturated / Costs up (Advertising &amp; Sales promotion)/ Prices may fall to encourage consumption.</p> <p><u>Decline</u>: Sales and profits begin to fall and there may be an effort made to extend the product life or to re-launch the product in a new market. For example Smartphone technology lead to the demise of the Nokia handheld mobile phone.</p> <p>Sales &amp; Profits falling / Withdrawal of product from the market / Product could be re-launched in a different market/ Product harvesting (selling a product in decline without any expenditure on promotion for short-term gain.</p>	
5	<p><b>B</b></p> <p><b>Feasibility Study; Test Marketing; Product Screening and Prototype Development are stages in the new Product Development Process.</b></p> <p><b>i List the four stages/steps above in the correct order.</b></p> <ol style="list-style-type: none"> <li>1. Product Screening</li> <li>2. Feasibility Study</li> <li>3. Prototype Development</li> <li>4. Test Marketing</li> </ol> <p><b>ii Outline your understanding of any three of these stages.</b></p> <p><u>Product screening</u> (Screening Ideas): All ideas are vetted and the impractical and unworkable ideas are dropped, leaving the most viable ones for further examination and development. Careful screening helps businesses avoid huge expenses in developing ideas that are subsequently not marketable and ensures that good opportunities are not lost.</p> <p><u>Feasibility Study</u>: 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 feasibility). It seeks answers to questions such as, what will it cost to produce and can the business afford it?</p>	20

Question	Possible Response	Max mark
	<p><u>Prototype Development</u>: This stage involves developing a sample or model of a product. It is produced to see what materials are required to make it. 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 production.</p> <p><u>Test Marketing/Product Testing</u>: It involves doing a small-scale trial to identify possible faults and to assess customer reaction. The product is tested on a sample of potential consumers before going into full production.</p>	
5 C	<p><b>Read the information supplied and answer the question which follows.</b></p> <div data-bbox="379 775 1152 1012" style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p>Having been made redundant, Lia O'Brien has decided to set up her own enterprise manufacturing individually designed disposable tableware and paper cups for small coffee shops and restaurants. She recognises, however, that having an idea and having the will to succeed will not be enough to ensure success.</p> </div> <p><b>Discuss the key issues Lia will have to address before setting up her business enterprise.</b></p> <p><u>Raising finance/capital</u>: Lia will decide how much debt capital and equity capital she is going to use as sources of finance for the growth and expansion of her business. Debt capital carries the risks associated with being highly geared. Fixed interest repayments on debt capital must be made regardless of profitability.</p> <p><u>Production method</u> A firm must choose an appropriate method of production that suits the type of good being manufactured and the potential demand for the product. Job or batch production have different demands in terms of automation, staffing and storage. Lia will have to opt for job or batch production in order to manufacture the different range of products she is selling.</p> <p><u>Ownership options</u>: An ownership structure has to be decided upon. Different structures have different demands in terms of risk, control, ownership, liability, tax implications etc. It would be advisable for Lia to choose a private limited company structure because of the benefits of limited liability, incorporation and raising finance etc.</p> <p><u>Marketing her business</u>: Finding customers/ Market research/Deciding on brand /USP/Advertising etc.</p> <p><u>Availability of services</u>: (Infrastructure/Utilities/Labour etc.)</p>	15

Question	Possible Response	Max mark
6 A	<p>Read the information supplied and answer the questions which follow.</p> <p style="text-align: center;"><b>PRIVATE MOTOR INSURANCE PROPOSAL FORM DECLARATION</b></p> <p>I/We declare to the best of my/our knowledge and belief that the information given on this form is true and complete in every respect.</p> <p><b>i Outline the function of an <i>insurance proposal form</i>.</b></p> <p>Insurance Proposal forms are used to apply for insurance cover and the company is given full particulars of the risk against which the insurance protection is desired. Insurance Proposal form helps the insurance company to calculate the premium based on all the potential risks in relation to the insurance policy.</p> <p><b>ii Explain the principle of insurance referred to in the extract from the above private motor Insurance proposal form.</b></p> <p>Utmost Good Faith: All <b>material facts</b> must be revealed. The person taking out the insurance must answer all the questions truthfully. Failure to do so can make the insurance cover worthless. If the insurance contract is obtained by way of fraud or misrepresentation it is void e.g. a driver should declare truthfully the number of penalty points on his licence.</p> <p><b>iii Outline two other principles of insurance that apply to insurance contracts.</b></p> <p><b>Indemnity:</b> An insured person cannot make a profit from an insurance claim i.e. insurance can at best put an insured person in the same financial position as they were prior to a loss occurring. If a car is written off in an accident the insured receives its replacement value and not the original sum paid for it.</p> <p><b>Insurable Interest:</b> The insured must gain from the existence of the exposure unit and suffer from its loss. You can insure your own car but not your neighbours. In essence you can't insure something unless you have a vested interest in it.</p> <p><b>Subrogation:</b> If a third party is responsible for damaging your car in an accident and you are compensated by your own insurer, your insurer can then sue the other driver. Subrogation says when you accept an insurance settlement, the insurer gets your right to sue the third party. This prevents you collecting twice for the same damage and gives your insurer a way to recoup its losses. Fundamentally the principle is linked to indemnity ensuring that a person doesn't profit from insurance.</p>	20

Question	Possible Response	Max mark
	<p><b>Contribution:</b> This principle states that if you hold more than one insurer liable for your losses, they have to share the loss. If you take out two policies on your car, you can't collect from both insurers. One company would pay you and then collect from the second, or both companies would share the compensation payment between them. Fundamentally the principle is linked to indemnity ensuring that a person doesn't profit from insurance</p>	
6	<p><b>B</b></p> <p><b>Outline the benefits of <i>performance appraisal</i> for employees in a business.</b></p> <p>Rewards/Monetary and Non Monetary: It may be used in determining pay increases for employees and other awards such as share option schemes, benefits in kind etc.</p> <p>Motivation/Job satisfaction: Performance appraisal is important for staff motivation, communicating and fostering a positive relationship between management and staff/ ensures high performance standards/working to full potential/ happy in the job.</p> <p>Industrial relations: Potential conflicts in the workplace may be highlighted through performance appraisals. This enables the business to help address and solve problems/issues between management &amp; employees and helps improve industrial relations in the workplace/clarifications provided.</p> <p>Training and development: The performance appraisal interview can identify training and career development needs for employees and provide appropriate training/ Can evaluate the effectiveness of training programmes already provided.</p> <p>Feedback: It provides an opportunity for employees to give and receive feedback, which may improve the employee's job satisfaction/motivation.</p> <p>Evaluate the performance of management and employees: The goals set the previous year and the employee's achievements during the year are discussed and reviewed/ problem areas identified. Priorities and goals are set by mutual consent for the following year providing clarity for the employee/ Two-way communication/ the employees are appraised on their own performance.</p> <p>Promotional path/Recognition: It identifies hidden strengths in employees which can be used and recognised/ achievements are recognised through promotion/helps promotion decisions.</p>	15

Question			Possible Response	Max mark
6	C	i	<p><b>Explain the reasons Amrod Ltd would prepare a cash flow forecast.</b></p> <p>It will help Amrod Ltd manage its cash flow and live within its means. It acts as a <b>financial control mechanism</b> that can be used to measure actual cash flow against planned cash flow encouraging Amrod Ltd to plan its finances sensibly and live within its means and not to overtrade/Avoids cash flow problems as costs are considered in advance/ to ensure it has sufficient funds.</p> <p>It will help Amrod Ltd identify periods of time in the future when the business will have an excess of expenditure over income i.e. a deficit and then take corrective action/assess the best methods to deal with the cash shortfall/ Enable Amrod Ltd to use its <b>scarce resources</b> more effectively.</p> <p>It will help Amrod Ltd identify periods of time in the future when the business will have a surplus of income over expenditure. Amrod Ltd can then make plans to place these <b>surplus funds</b> on deposit with a financial institution or make expansion decisions.</p> <p>It will help Amrod Ltd <b>gain access to finance</b> from financial institutions as the cash flow forecast is an integral part of the business plan given to banks and other potential investors/ Supports applications for loans and grants etc.</p>	25
6	C	ii	<p><b>Calculate the figures represented by the letters A, B and C on the cash flow forecast.</b></p> <p>A = (€10,000) = 2m  B = (€30,000) = 2m      (90,000 - 120,000) = 1m  C = €20,000 = 2m</p>	
6	C	iii	<p><b>Financial Problem:</b>  The deficits months are October and December.</p> <p><b>How to address:</b></p> <p>Avail of a short-term source of finance:</p> <p>Amrod Ltd could arrange a bank overdraft facility with its bank to finance problem months where the business is running a deficit. The overdraft facility provides extra flexibility for Amrod Ltd when it needs it most. However, care should be taken because the rate of interest charged on a bank overdraft is high. Other short term sources could be considered such as trade credit (delaying payment to creditors/ seeking an extension period of credit from creditors).</p>	

Question	Possible Response	Max mark
	<p>Adjust receipts: Its receipts in October and December could be increased by changing its marketing mix, e.g. lowering price to sell more, increasing the price depending on elasticities, designing new products or more effective promotion campaigns/reducing period of credit given to debtors/cash sales only.</p> <p>Adjust payments: The business could decrease its cash payments by sourcing cheaper suppliers, restructuring loan repayments or asking employees to take a wage decrease. By moving €10,000 of payments from October to November, the company would break even at the end of October etc.</p>	

Question	Possible Response	Max mark
7 A	<p>Read the information supplied and answer the question which follows.</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p>Kurve Ltd provides broadband, phone and television services to homes in the Irish market. In January 2015 it launched its new digital television service ‘VISION’, providing different bundles of channels at different prices. It charges a reduced subscription for the first six months to new customers. Orders can be placed directly on line. The business operates in a highly competitive market and plans to increase its sales revenues by 20 % over the next two years.</p> </div> <p><b>Explain the <i>product, price and place</i> elements of the marketing mix. (Relate your explanations to Kurve Ltd.)</b></p> <p><b>Product/Service</b> The item/service being sold plus anything related to how it is made, packaged and named. The business needs to consider product/service options, the after-sales service, warranties and servicing etc.</p> <p>Product design (Functionality): the product must take account of consumer legislation such as the Sale of Goods and Supply of Services Act 1980 which puts a legislative onus on producers to manufacture products or provide services that are of merchantable quality and fit for the purpose intended. The product/service must do what it is expected to do.</p> <p>The product (service) that Kurve Ltd offers is designed as a ‘<i>digital Television service</i>’.</p> <p><b>Branding</b> Having a brand name makes it easier to distinguish the product/service from competitor’s products/services. Branding can be used as a marketing tool for advertising purposes. New products/services are easier to introduce if the brand name is already well known. Brand names can be registered to protect the owner so that no other firm can use that name. Branding helps buyers to identify a particular supplier’s goods/ services and create and maintain their confidence in the performance of the brand encouraging, brand loyalty.</p> <p>The brand name is “<i>VISION</i>”</p>	25

Question	Possible Response	Max mark
	<p><b>Price</b> Premium pricing/penetration pricing/cost-plus pricing.</p> <p>Competition is very intense in the broadband /digital TV sector and this will influence the price to be charged. Decisions on price affect the viability of the brand and the profitability of the business, so great care is needed when deciding on the price to charge. Consumers may use price as a judge of quality/therefore one must be cautious around low prices.</p> <p>The pricing strategy that Kurve Ltd has opted for is a low pricing strategy called penetration pricing in order to capture market share as quickly as possible.</p> <p><i>“It charges a reduced subscription for the first six months to new customers.”</i></p> <p><i>“Providing different bundles of channels at different prices.”</i></p> <p><b>Place</b> The place element is about distributing the right product/service to the customer at the right place and at the right time. The most suitable channel of distribution must be used.</p> <p>Selling Direct /selling online is convenient for the consumer and cuts out the costs associated with intermediaries/no retailer margin being involved in the distribution process. It brings the organisation closer to the customer. Companies can advertise and sell their products on line using a company web site. Consumers place orders on line and the service is provided or in the case of physical goods the products are delivered using the postal system or a courier delivery service.</p> <p>The channel of distribution chosen by Kurve Ltd to get its product to the market place is the direct channel as, <i>‘Orders can be placed directly on line’</i>-is direct to the consumer via the internet.</p>	
7	<p><b>B i Explain the term ‘Public Relations’ (PR).</b></p> <p>Public Relations refers to all activities related to creating a good public image for the product or service amongst its stakeholders. It aims to achieve favourable publicity and build a good corporate image for the business/ its concern is the long-term objective of promoting a favourable image of the business.</p>	20
7	<p><b>B ii Discuss methods a business could consider to generate good Public Relations.</b></p> <p><b>Publicity:</b> Public Relations can take the form of press releases or press conferences where the media are given information about the company’s activities.</p>	

Question	Possible Response	Max mark	
	<p><b>Sponsorship</b> is another form where businesses pay money so that their product name will be displayed by individuals, organisations or at particular events or stadia. It can be very effective at positioning a business (sponsoring of sports events or TV programmes). Businesses can position themselves as big, national, popular, traditional etc.</p> <p>e.g. The Aviva stadium, 3arena in Dublin, the Cork Guinness Jazz festival, Irish Independent Park (formally Musgrave Park in Cork) and Kellogs GAA Cúl camps.</p> <p><b>Celebrity endorsements</b> where celebrities are paid to endorse or be associated with the business and its brand. The celebrities market the product through television or radio advertisements, large event appearances etc. Businesses use celebrities in their marketing hoping to drive up sales and have a positive impact on profits.</p> <p>e.g. Beyonce and Taylor Swift both became “brand ambassadors” for Pepsi  Amy Huberman-Newbridge Silver  Brian O’Driscoll-Gillette  Katie Taylor-Bank of Ireland.</p> <p><b>Other PR strategies include:</b> Annual reports; company brochures; publicity literature; promotional films /Donations to charity/ Local community relations/After Sales Service etc.</p>		
7	C i	<p><b>Define the term ‘market segmentation’.</b></p> <p>Market segmentation involves dividing up the market into clearly identifiable sections which have common characteristics. It allows a firm to identify who their target market is.</p> <p>It involves dividing a broad target market into subsets of consumers, businesses, or countries that have common needs and priorities, and then designing and implementing strategies to target them.</p>	15
7	C ii	<p><b>Illustrate two methods a business could consider to segment its market.</b></p> <p><u>Demographic (who are you targeting?)</u></p> <p>You can segment markets by many different characteristics, such as age, income, gender etc. When you have your customers grouped by demographics, you can target your strategies to reach them specifically, as people from certain demographic groups often react the same way to marketing.</p> <p>e.g. Age: Businesses often target certain age groups, such as toothpaste products for children and adults and toys for different ages.  e.g. Gender: Males and females are targeted with different types of clothing, hairdressing, magazines, toiletries and cosmetics.</p>	

Question	Possible Response	Max mark
	<p><u>Geographic- (where are you targeting?)</u></p> <p>This uses basic geographic measures such as nations, states, cities, regions, and neighbourhoods, climate, density of populations, and the rate at which populations are growing to segment the market. By using segments such as urban versus rural, north versus south, sea coasts versus interior, warm areas versus cold, the business can design a marketing strategy to satisfy the chosen target markets.</p> <p>e.g. Fáilte Ireland segmenting the country into regions such as the Cork/Kerry region, Wild Atlantic Way or City Breaks etc.</p> <p>e.g. Newspaper/Radio: local regional and national.</p> <p><u>Psychological- (why are you targeting?)</u></p> <p>Markets divided into groups based on personality, lifestyle and value variables. e.g Cars to suit different life styles (hybrid an economically efficient and environmentally friendly car) /sports gear etc.</p>	

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