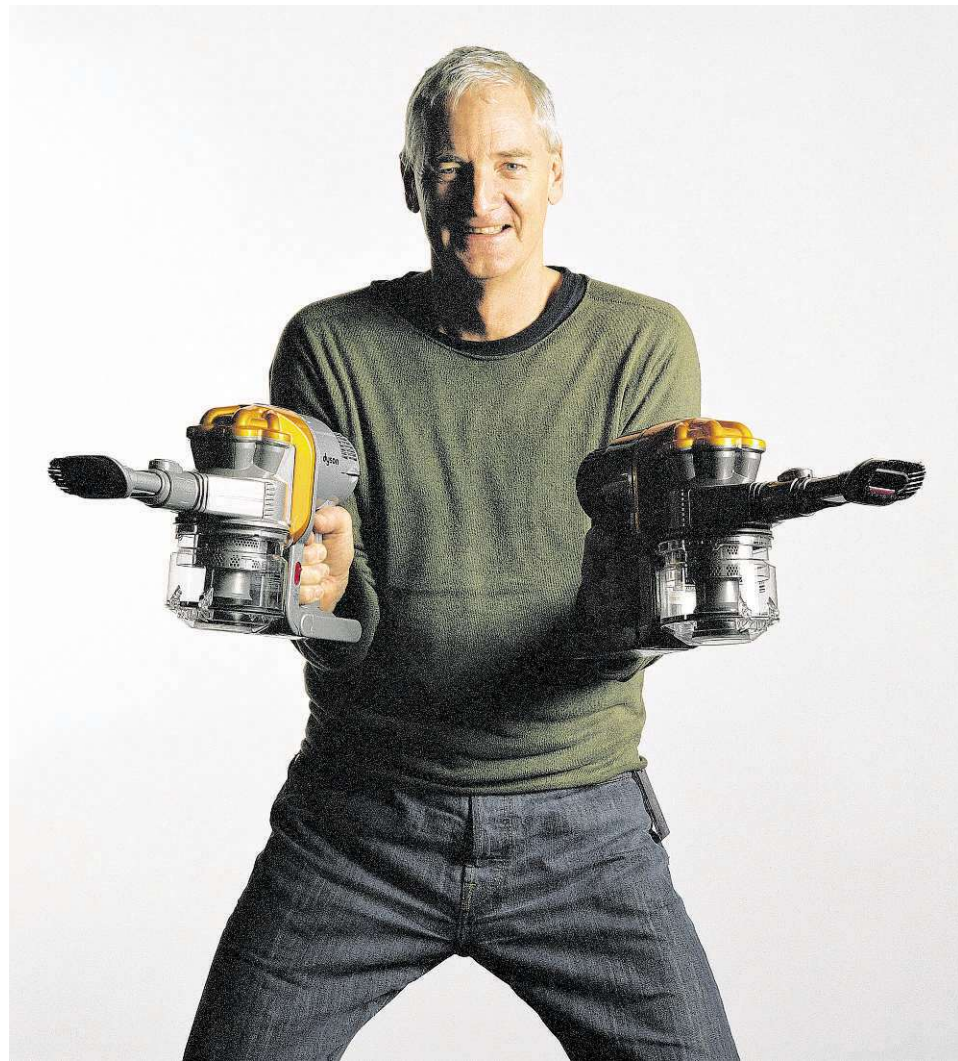


Business

THE QUICK AND THE BRAVE

Make sure that you are starting a new question roughly every half hour, writes Institute of Education business teacher William Murphy



■ Entrepreneur James Dyson, inventor of the Dual Cyclone bagless vacuum cleaner, which works on the principle of cyclonic separation. PHOTOGRAPH: DEREK HUDSON/GETTY

Section	Contents	Instructions	Marks	Course Units Examinable	Timing
1	10 short questions	Answer any eight	20%	Any part of the course	30 minutes or just under four minutes per question
2	Applied Business Question	This question is COMPULSORY and all three parts MUST be answered	20%	The ABQ questions will come from units 5, 6 and 7 of the course.	36 minutes
3	Part 1 contains three questions Part 2 contains four questions	You must answer FOUR questions from the seven given, as follows: One from Part 1 and two from Part 2 AND One other question from either part	60%	Part 1 questions come from units 1, 6 and 7 of the course Part 2 questions come from Units 2, 3, 4 and 5 of the course	26 minutes for each one of the four questions swered.

EXAM LAYOUT

The layout of the Higher level paper is set out below. Pay careful attention to the timing. The times shown allow you five minutes at the start of the exam to have a quick look over the paper and five minutes at the end to read over your answers. As a very rough rule of thumb, make sure that you are starting a new question roughly every half hour.

The exam lasts for three hours and there are three sections in it to be answered as per the table above.

SECTION 1 – SHORT ANSWER QUESTIONS

- You should do the short answer questions first in the exam.
- Aim to get them done in half an hour.
- If you have time, try all 10 as you will be marked on your best eight answers.
- The most important rule for answering these short questions is to write two points for each one (unless you are specifically told otherwise in the question).
- Usually, you get five marks for each point you write, so write only one and you get a D1. Write two and you get an A1.
- Think before you write.
- You only have four lines to fill so think first and give the examiner the best four lines you can.
- Your first point should be a definition.
- Your second point could be an advantage or a disadvantage or a fully explained example.
- But if the question uses the word “illustrate”, your second point must be a fully explained example.
- It is important, though, that each point is sufficiently detailed. Fill all the lines given.
- Practice all the short questions in all your exam papers. Get used to writing the answers in the space provided. Download them from www.examinations.ie (for free) to practice them again and again.

THE FOLLOWING EXAMPLES ARE TAKEN FROM THE PAST PAPERS

2012 HIGHER LEVEL Q1

Illustrate your understanding of the term enterprise.

(Illustrate means that your second point must be a fully explained example.)

Sample Answer

1. Enterprise is any attempt to start something new. It involves using your creativity and initiative to identify some need and then taking the steps to satisfy that need. It involves taking risks but when it is a success, enterprise is rewarded.
2. For example, James Dyson became so frustrated with his vacuum cleaner constantly losing suction, that he invented a different type of vacuum cleaner using cyclonic separation which he called the Dyson.

2012 HIGHER LEVEL Q9

Illustrate your understanding of the term Trading Bloc.

Sample Answer

1. A Trading Bloc is a group of countries who make a formal agreement with each other to freely buy from and freely sell to each other without any barriers to trade. However, they may impose a tariff on imports coming in from non-member countries.
2. Example: North American Free Trade Agreement (NAFTA), which is a free trade agreement between Canada, the US and Mexico.

2011 HIGHER LEVEL Q9

Explain the term “Short-term finance”.

Illustrate a business situation where “short-term finance” would be appropriate.

Sample Answer

1. It consists of borrowings that must be repaid within one year. It is used to acquire items that will be used up in less than a year.
2. When buying stock for example, short term finance such as trade credit is appropriate because the business will keep the stock for a short period before selling it and therefore must have the loan paid off in an equally short period, otherwise it will not be able to get a new loan to finance the purchase of more stock.

2004 HIGHER LEVEL Q7

Name and illustrate three types of production

Sample Answer

- (i) Job Production. A tailor makes a hand-made suit to fit an individual customer’s measurements and requirements exactly.
- (ii) Batch Production. *The Irish Times* prints off a large quantity of exactly the same newspaper once a day.
- (iii) Mass Production. Nestlé make Kit-Kat bars 24 hours a day, seven days a week, mainly by machine.

2008 HIGHER LEVEL Q9

List five grounds under which employment discrimination is illegal in Ireland.

(List means that you only have to name the items.)

Sample Answer

- (i) Gender
- (ii) Marital/Civil Status
- (iii) Family Status
- (iv) Age
- (v) Disability

2007 HIGHER LEVEL Q3

An EU directive is?

(Remember to write two points for every short question.)

Sample Answer

1. A law that all EU member states must obey. Member states can implement it in whatever way they want, so long as they achieve the desired result by a fixed deadline.
2. The WEEE Directive states that Irish retailers must allow customers to leave back their old electrical equipment for free when they buy new equipment from the shop. This increased Irish business’s costs as they have to pay store customers’ old WEEE and transport it to approved disposal sites.

2005 HIGHER LEVEL Q6

Explain the concept of “limited liability”.

Sample Answer

1. It means that if a business goes bankrupt, the owners do not have to sell their own personal assets, such as their houses, to pay back any unpaid business’s loans.
2. All they can lose is the capital they invested in the business. Shareholders in a private limited company have limited liability. Sole traders and partner do not.

2002 HIGHER LEVEL Q10

Using an appropriate format, draft a memorandum (memo) to all Directors setting out the notice for the AGM of a Private Limited Company.

Sample Memo

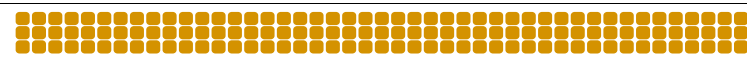
MEMORANDUM

TO: All Directors DATE: 13th June 2013
FROM: Secretary SUBJECT: Notice for AGM

The Annual General Meeting of Alpha Ltd. will take place in the Divan Hotel, Gardiner Street, Limerick at 3 pm on 1st July 2013.

SIGNED: Kate Fiona Tara Murphy

KATE FIONA TARA MURPHY
Secretary



SECTION 2 APPLIED BUSINESS QUESTION

The ABQ is compulsory and consists of three questions, all three of which you must answer. The three parts will come from units 5, 6 and 7 of the course. The examiner tends to ask one question from each unit. In the exam, aim to get the ABQ done in 40 minutes at the very most.

HOW TO ANSWER THE ABQ

1. Read the questions first. This will help you when you read the story – you will know what to look out for.
2. The normal rule applies – divide the marks for a question by five to get the number of points to write. However, if you get a question asking you to identify a list of things always give an extra one, ie for a 20 mark questions give five of these.
3. Answer each point you make as follows:
 - State the point (this means you must write a heading).
 - Explain the point with two separate sentences. You could start with “This means . . .”
 - Extra sentence? Only if the question says evaluate, analyse, advise or discuss – in this case only, give an extra piece of information. Give your opinion on the topic by stating one advantage or disadvantage: “I think it’s good (or bad) because . . .” plus one advantage or one disadvantage.
 - Quote: find a quote (a sentence) from the story that shows the relevance of the point you are making to the entrepreneur in the story. Then use your highlighter and make your quote stand out for the examiner. When quoting, do not use the same quote twice within a question.

The Chief Examiner in Business gave the following pointers for answering the ABQ:

1. There is a tendency for some candidates to provide purely theoretical answers and not link their theory to the context of the questions.
2. In addition, some candidates find the links in the ABQ but do not provide any theoretical business detail. No marks are awarded for links without relevant business theory.
3. Some candidates quoted at length from the ABQ, even quoting whole paragraphs. Quoting whole paragraphs is not a relevant link. Candidates need to be selective with the material, choosing a particular sentence as a relevant link. Writing whole paragraphs, in addition to it not being awarded any marks, is also counterproductive as the candidate is using up valuable time which might have been used for analysis of the information and for evaluation.
4. A lack of meaningful evaluation by candidates continues to be a problem. Some evaluations/judgements tended to be superficial. Some candidates failed to provide any form of judgement, thereby losing marks.

There now follows the 2008 ABQ with a sample solution. The marking scheme is also provided. Like your ABQ in June, it too is based in Units 5, 6 and 7 of the course.

2008 HIGHER LEVEL - SECTION 2

Fruit First Ltd

Fruit First Ltd produces a range of “smoothies”, a fruit drink made from crushed fruit. Mary Ryan, a food scientist in the food industry, identified a gap in the market for an Irish supplier of natural fruit drinks. In her spare time she produced a batch of smoothies, supplying samples to local shops. Encouraged by the favourable responses, she left her job and set up Fruit First Ltd in 2001.

The business, based in the midlands, sources fresh fruit locally and from abroad. Bringing new investors on board in 2006 enabled Fruit First to invest in larger premises, doubling its production capacity. Profits are approaching €1 million and the business now employs thirty full-time workers.

The chilled drink products come in attractively designed cartons of different sizes, supplied by a local firm. Fruit First vans deliver the products to retail outlets, nutrition shops and fitness centres nationwide. Mary’s focus on producing a quality product has allowed her to command a higher price than her competitors. Annual investment in research and development has led to a widening of the product range and development of a green image for the business. Initially, Mary used local supermarkets to encourage consumers to taste the products. Over time Fruit First’s marketing strategies expanded and the brand has now become associated with “National Healthy Heart Day”.

As the leading Irish supplier of smoothies, further expansion in the small Irish market is unlikely. Mary sees the potential to grow the business and she is considering entering the UK market initially and subsequently the wider EU market. While recognising the high cost base in Ireland and the perishable nature of the product, Mary has begun developing an export strategy. Fruit First is in discussion with a leading food retailing chain in relation to supplying shops throughout the UK. Mary views this as an opportunity and a necessary step before entering the wider EU marketplace.

(A) Evaluate the elements of the marketing mix for Fruit First Ltd. (30 marks)

(B) Discuss how Fruit First Ltd benefits the local and national economy. Refer to the above text in your answer. (25 marks)

(C) You have been appointed to advise Fruit First Ltd on entering



APPLIED BUSINESS

international markets. Outline your analysis of the opportunities and challenges facing Fruit First Ltd and make an appropriate recommendation. (25 marks)

PART (A)

State

Product.

Explain Point

1. A product is defined as anything that can be offered to satisfy a need or want.

2. To help its product sell in greater quantities, a business must give a lot of consideration to the packaging and brand name.

Evaluate and Quote

In my opinion, **Mary Ryan** has developed an excellent product. Her brand name **Fruit First** accurately conveys the image that her smoothies are natural fruit drinks. **Her packaging in attractively designed cartons of different sizes** is clearly very effective in attracting consumers and stimulating sales as **Fruit First** has grown to become the **leading Irish supplier of smoothies**.

(2+2+2+1 = 7 marks)

State

Price.

Explain Point

1. The price is the amount of money the business charges for its product. The price charged depends on its production cost, the de-

sired profit, what competitors charge and what customers are willing to pay.

2. Price is a very important element of the marketing mix as too high a price will reduce sales and too low will result in a loss.

Evaluate and Quote

In my opinion, **Mary Ryan** is excellent at pricing. Her use of premium pricing, ie charging a **higher price than her competitors** reinforces in consumers’ minds that **Fruit First** is a quality product. Her pricing strategy is very successful as **profits are approaching €1 million**.

(2+2+2+1 = 7 marks)

State

Promotion.

Explain Point

1. Promotion is the various methods the business uses to communicate with consumers to let them know about the product and to persuade them to buy it.

2. Techniques used include advertising, sales promotions, public relations and personal selling.

Evaluate and Quote

In my opinion, **Mary Ryan** is good at promotion. She uses the sales promotion technique of free samples as **she supplies samples to local shops**. This is an excellent strategy as it removes any risk and fear consumers may have about trying her smoothies. It has clearly worked in encouraging **consumers to taste the prod-**



QUESTION

ucts and buy them.
(2+2+2+1 =7 marks)

State
Place.

Explain Point
1. Place is the way that the business distributes its products, ie where the business sells its products and how it gets them to the consumer.
2. The different options available are called channels of distribution. These can involve selling direct to the customer or selling through middlemen such as wholesalers and retailers.

Evaluate and Quote
In my opinion, **Mary Ryan** is good at place. By using her own **vans to deliver the products to retail outlets, nutrition shops and fitness centres nationwide**, she can ensure the freshness of her smoothies. This is extremely important given the perishable nature of the product. However she may soon encounter distribution problems when she **enters the UK market and the wider EU market**.
(2+2+2+1=7 marks)

PART (B)
Benefits to the Local Economy
State
Encourages local enterprise culture.

Explain Point
1. Successful businesses help create a new breed of entrepreneurs in the local economy.
2. People in the community see their friends and family succeed in business and this motivates them to set up their own business too.

Discuss and Quote
In my opinion, **Fruit First Ltd** benefits the local economy greatly because **Mary's** success as **the leading Irish supplier of smoothies** has inspired other people in the midlands to set up a business. One local entrepreneur has set up a **local firm that designs and supplies attractively designed cartons**. Therefore **Mary's** example has led to more enterprise and wealth in the local economy.
(3+2+2=7 marks)

State
Jobs.
Explain Point
1. Businesses create jobs for local people. The business grows so busy that the entrepreneur cannot do all the work and has to hire others to help her.
2. Furthermore, a business creates jobs indirectly. By giving its suppliers contracts, the business helps to maintain and create jobs in supplier firms too.

Discuss and Quote
In my opinion, **Fruit First Ltd** benefits the local economy greatly because **the business now employs 30 full-time workers**. The wages they earn from their job gives them a much higher standard of living than being unemployed.
(2+2+2=6 marks)

Benefits to the National Economy
State
Taxes.

Explain Point
1. Value added tax (VAT) is a tax that businesses add to their prices, collect from their customers and pay over to Revenue.
2. Corporation tax is the tax that companies pay on their business profits every year.

Discuss and Quote
In my opinion, **Fruit First Ltd** benefits the national economy greatly by contributing a lot of tax revenue to the government which it can use to pay for more grants and lower taxes to encourage even more enterprise in the national economy. **Fruit First Ltd** would pay a lot of VAT on its **chilled drink products** especially as they retail at a **higher price than her competitors**. It would also pay a lot of Corporation tax as **profits are approaching €1 million**.
(2+2+2=6 marks)

State
Spin off effects.
Explain Point
1. Businesses buy goods and services from other businesses in the national economy, such as suppliers and service providers.
2. For example, a business needs to buy stock and equipment from others.

Discuss and Quote
In my opinion, **Fruit First Ltd** benefits the national economy greatly because **Mary** is reinvesting her profits in Ireland. She most likely hired an Irish architect and an Irish builder to construct her **larger premises that has doubled her production capacity**. She would have bought **her First Fruit delivery vans** from an Irish car dealer. Therefore **Fruit First Ltd** has helped to increase the sales and profits of these other businesses in Ireland, thus providing a further injection of money into the national economy.
(2+2+2=6 marks)

PART (C)
Opportunities
State
Increased sales.

Explain Point
1. Ireland's membership of the European Union allows Irish businesses to sell their products and services anywhere in the EU without any barriers to trade.
2. This gives Irish businesses the opportunity to increase their sales and profits by exporting their products more easily throughout the EU.

Analyse and Quote
In my opinion, international trade will help **Fruit First Ltd** to grow the business by **entering the UK market initially and subsequently the wider EU market**.
(2+2+1=5 marks)

State
Economies of scale.
Explain Point
1. Irish exporters have to make lots of products to satisfy international demand. This gives them economies of scale.
2. The more products they make, the cheaper it costs to make each one.

Analyse and Quote
In my opinion, international trade will help **Fruit First Ltd** to lower their costs and become more competitive. This will help **Mary** solve her problem of **the high cost base in Ireland**.
(2+2+1=5 marks)

Challenges
State
Distribution problems.

Explain Point
1. Ireland is an island. Goods can only be exported from Ireland by ship or plane.
2. The problem with these is that goods can only be transported according to shipping and airline companies' timetables and the weather.

Analyse and Quote
In my opinion, **Fruit First Ltd** will face a major problem in **supplying shops throughout the UK** as its vans are already busy delivering throughout Ireland.
(2+2+1=5 marks)

State
Foreign languages.
Explain Point
1. Exporting to non-English speaking countries poses a number of communication problems for Irish exporters. They have to make their websites available in many languages.
2. The name of the product may have to be changed. Contracts and other documents have to be translated.

Analyse and Quote
In my opinion, **Fruit First Ltd** will thus incur a lot of extra translation costs when **entering the wider EU marketplace**.
(2+2+1=5 marks)

Recommendation
State
Eurozone.
Explain Point
1. 17 EU countries share the same currency, the euro.
2. These countries enjoy no transactions charges and no losses due to currency fluctuations when trading with each other.

Analyse and Quote
In my opinion, **Mary** should change her export strategy and instead start in eurozone countries. If she starts in the **UK market initially**, a rising euro will make her smoothies too expensive for the leading food retailing chain and this will harm the potential to grow the business.
(2+2+1=5 marks)

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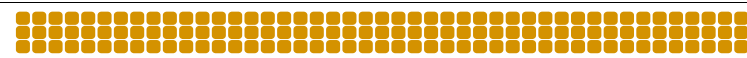
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SECTION 3

WATCH YOUR WORDING

You should spend no more than 26 minutes on each of the four questions you have to do.

HOW TO GET STARTED

– Divide the marks by five to see how many points they expect you to write in your answer. Then plan your page out accordingly. If you have a 20 mark question you need to write four things. So write in the margin 1, 2, 3 and 4. It reminds you how much you have to write. It will stop you waffling on about only one point and it shows you have written the required number of points.
– Write each point in a different paragraph. It is a good idea to number each paragraph. It is *essential* that you state your point and then *explain* your point. You get roughly 40 per cent (D3) for stating your point. You get the remaining 60 per cent for explaining it well.

Section 3 of the exam paper is divided into two parts.

Part 1 has three questions and Part 2 has four questions. You must answer one from Part 1 and two from Part 2, and one other question from either part
– Part 1 questions will come from units 1, 6 and 7.
– Part 2 questions will come from units 2, 3, 4 and 5.

The Chief Examiner of Business gave the following advice for answering the long questions:

1. Rather than offering many points, candidates should be advised to concentrate on developing four/five distinct points fully.
2. Candidates who wrote long essay-type answers frequently lost marks for going off the point and for not developing relevant points adequately. Essay type answers should be avoided.
3. Students should
 - use valid examples to help clarify/express ideas;
 - focus on the question asked and avoid writing irrelevant detail;
 - note the mark allocations of questions and allocate time according to the marks available;
 - use separate paragraphs for each point developed;
 - include key points and avoid repetition of points;
 - start each question on a new page;
 - number each question, section, sub-section correctly.
4. Candidates must read the wording of the questions very carefully before beginning to write, to avoid irrelevance.

Some verbs/phrases used in the exam

Given that the Chief Examiner has raised the issue of wording of questions, we now look at how to answer questions involving key verbs that are regularly used in the exam.

EVALUATE/DISCUSS/ANALYSE

If you get a question with the word evaluate, discuss or analyse, you should name each point, explain each point and then give your opinion with one advantage or disadvantage.

Write each point you make as follows:
Name the point,
Explain the point
Example, if you have one

Evaluate/discuss/analyse

I think . . . plus one properly explained advantage or one properly explained disadvantage. But make sure that your evaluation/analysis/discussion is not a repetition of your definition.

2012 HIGHER LEVEL - SECTION 3 - QUESTION 7

(C) Read the information supplied below and answer the question which follows:

SuperToys Ltd, a large retail chain with 45 shops throughout Ireland, had sales of €100 million in 2011. It has just commissioned a firm to design and manufacture a new range of soft toys for babies. These will be available for sale in its shops from Summer 2013. SuperToys Ltd plans to open its first shop in the UK in 2014.

Discuss the possible reasons for business expansion and growth at SuperToys Ltd. (20 marks)

State

Economies of scale

Explain

1. SuperToys Ltd may want to grow bigger in order to reduce its costs. The bigger a business grows, the lower the cost of making each product becomes. This is called economies of scale.
2. Big businesses such as SuperToys Ltd get a much larger discount from suppliers (such as the firm it commissioned to make the new range of soft toys) than a smaller business because they buy so much more from them.

Discuss

Because SuperToys Ltd can buy its toys in cheaper, it can sell them cheaper. I think that this will help it to compete throughout Ire-

land and in the UK when it launches there in 2014. (3+3+1=7 marks)

State

Diversification

Explain

1. SuperToys Ltd may want to grow bigger by taking over or merging with a business in a totally unrelated area.
2. If one of its companies goes through a bad patch and makes a loss, profits from the other companies can keep the business going.

Discuss

I think that SuperToys Ltd is expanding into the UK to defend itself against a downturn in the Irish economy. (3+3+1=7 marks)

State

To protect supplies

Explain

1. SuperToys Ltd may want to grow bigger to ensure that it has a consistent supply of good quality, reasonably priced raw materials (ingredients).
2. It might merge with or take over the business it buys its materials or products from. This is called backward vertical integration.

Discuss

I think that SuperToys Ltd might buy out the firm it commissioned to make the soft toys as this will guarantee that it will get all the supplies it needs in the future and at cost price. (3+2+1=6 marks)

2007 HIGHER LEVEL - SECTION 3 - QUESTION 2

(A) Discuss the importance of the categories of industry to the current Irish economy. (20 marks)

State

Primary Sector

Explain

1. The Primary (extractive) Sector of the economy consists of all those businesses that are engaged in taking raw materials from nature.
2. In Ireland, the extractive or primary industries include agriculture, fishing, forestry, mining and energy.

Discuss

I think that the Primary Sector is important to the current Irish economy because it exports massive amounts of raw materials from Ireland, thus improving Ireland's balance of payments. This means that it brings lots of money into the country. This money makes Irish farmers, fishermen, miners and those involved in forestry and energy wealthier and the country richer. (2+3=5 marks)

State

Secondary Sector

Explain

1. The Secondary Sector of the Irish economy consists of the manufacturing and construction industries. Manufacturing industry takes the output from the primary sector and changes it into a totally different finished product.
2. The construction industry consists of all those businesses involved in designing, producing and maintaining the built infrastructure of the economy.

Discuss

I think that the Secondary Sector is important to the current Irish economy because manufacturing and construction buy millions of euro worth of products from other Irish businesses, thus increasing their sales and profits. For example, Tayto (crisp manufacturer) buys all its potatoes from Irish farmers. (2+3=5 marks)

State

Tertiary Sector

Explain

1. The tertiary sector comprises all those businesses that provide a service to consumers and to other businesses. It is also known as the services sector.
2. For example, lawyers operate in the services sector. They provide a legal service whereby they provide their clients with expert legal advice and represent them in court.

Discuss

I think that the Services Sector is important to the current Irish economy because it is by far the biggest employer of Irish people. The huge number of jobs it provides leads to lower unemployment in the economy. The taxes generated from the people working in the services industry allow the government to pay off some of our national debt.

An additional 5 marks were awarded for "discuss" (2+3=5 marks)

2006 HIGHER LEVEL - SECTION 3 - QUESTION 4

(C) Using examples, analyse the importance of four different enterprising skills and relate two to business and two to the community. (20 marks)

State

Human Relations

Explain

1. Entrepreneurs are good with people. They know how to get along with them.
2. They can bring the best out in people and persuade them to do what their business needs.

Analyse with an example in the community. I think that this skill is essential when a community in forming a tidy towns committee to enter their locality in the National Tidy Towns Competition. The committee organiser will need to be able to speak to people in the area and convince as many of them as possible to volunteer to help him clean up the locality. (2+3=5 marks)

State

Time Management

Explain

1. Time management involves listing all the tasks that must be done and the time available to do them.
2. If there is insufficient time, one prioritises the most important tasks. This ensures that the manager gets all the important work done on time.

Analyse with example in community. The organiser of the Tidy Towns Committee will require this skill as he must ensure that all the jobs (tidying, painting, planting flowers etc) that are needed to get the area looking its very best are completed before the Tidy Towns judges come to the locality. (2+3=5 marks)

State

Decision Making

Explain

1. Decision-making involves analysing a problem or opportunity and coming up with a list of possible solutions to same.
2. The advantages and disadvantages of each possible solution must then be evaluated so that the best possible option can be chosen.

Analyse with example in business. Sir James Dyson weighed up the advantages and disadvantages of various locations for his factory. In the end, he decided to relocate his factory from England to Malaysia as this would save his business a lot of money. (2+3=5 marks)

State

Risk Management

Explain

1. Risk management involves a manager taking a planned approach to minimising the risks her business faces.
2. She identifies all the risks facing the business and then takes measures to minimise their negative impact on the business where the cost of taking such measures is far lower than the costs to be incurred if the risks happen.

Analyse with example in business. Mary Ann O'Brien took out many different insurance policies to protect Lily O'Brien's Chocolates from risk. In doing so, she transferred her risks to the insurance company in return for a relatively small premium every year. (2+3=5 marks)

DEFINE

If you get a question with the word define, you should explain the topic with two points.

Write each point you make as follows:
Explain the 1st point for your definition,
Example, if you have one



Explain the 2nd point for your definition, Example, if you have one

2004 HIGHER LEVEL - SECTION 3 - QUESTION 3

(A) Define Global marketing. Discuss the role of global marketing in international business. (20 marks)

State
Global Marketing

Explain
1. Global marketing means selling the same product all over the world using a global marketing mix (4Ps). When a global business uses the same marketing mix in each country, this is called a standardised marketing mix. The global business concentrates on the similarities across world markets and tries to appeal to the common desires of people everywhere. One example is Coca-Cola.
2. Sometimes a global business will change elements of the product, price, promotion and place to suit local tastes, cultures and so on. For example, a company will produce right-hand drive cars in Ireland and UK. This is called an adapted marketing mix. (3+2=5 marks)

The role of global marketing in international business is as follows:

State
Increased Sales

Explain
1. Global marketing helps a business to develop a global brand name that customers all over the world recognise and trust.
2. When they travel abroad, they will buy the name they know (eg, McDonalds).

Discuss
Therefore, I think that global marketing can help a business to increase its sales. (3+2=5 marks)

State
Economies of Scale

Explain
1. By selling the same product throughout the world (for example, Coca Cola), the global business can enjoy lower costs.
2. It makes so many products to satisfy global demand that it enjoys massive economies of scale – the more products the business makes, the cheaper it becomes to make each one.

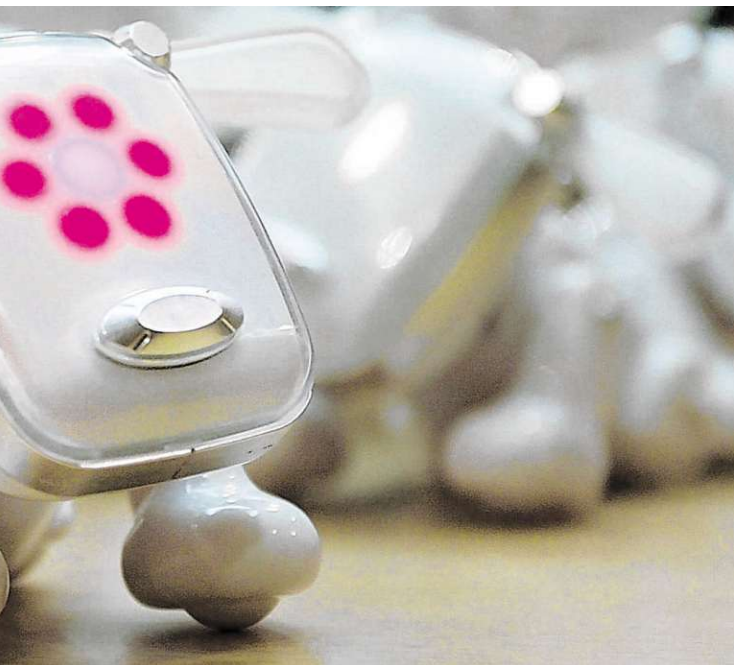
Discuss
I think that these cost savings would allow a global business to sell its products at a very competitive price. (3+2=5 marks)

State
Better Quality

Explain
1. Selling the same product all over the world requires making it in huge quantities. The global business becomes an expert in making the product and, through practice, better than anyone else at making it.
2. Furthermore, the huge resources available to a global business allow it to invest in Research and Development to continually improve existing and develop new products.

Discuss
I think that this enables the global business to supply a world class product. For example, the global business Sony is one of the best electrical goods manufacturers in the world. (3+2=5 marks)

■ **International: Sega Toys' musical entertainment pet robot I-Dog, launched in North America, Europe and Asia through an alliance with US toy manufacturer Hasbro.** PHOTOGRAPH: REUTERS



ILLUSTRATE

If you get a question with the word illustrate, name each point, explain each point and then give an example for each point. Write each point you make as follows:

Name the point
Explain the point
Illustrate: Give a fully explained famous business example

2008 HIGHER LEVEL - SECTION 3 - QUESTION 6

(C) Illustrate the impact of new technologies on business opportunities. (20 marks)

State
Design

Explain
1. Modern technology can be used to design, test and manufacture new products more quickly and cheaply than before.
2. This enables a business to respond rapidly to market changes by helping it to bring new products to the market quickly.

Illustrate
For example, businesses can design and test a new car using Computer Aided Design (CAD), without the expense or hassle of drawing up plans by hand, building prototypes, building wind tunnels to test the car and so on. (2+3=5 marks)

State
E-commerce

Explain
1. The Internet enables businesses to sell their products anywhere without setting up shops all over the world.
2. The business advertises its products on its website and any customer in any part of the world can view the website and order products from it, paying by credit card

Illustrate
For example, Dell does not have any shops. They use their website dell.com to sell computers all over the world. (2+3=5 marks)

State Direct Marketing

Explain
1. A database is a computer program that stores, organises and manages information entered by a person. Businesses can use databases to store information about their customers.
2. They can then use this information to send marketing literature to those customers who they know will be interested in it.

Illustrate
For example, amazon.com records all book purchases by its customers and uses this information about each customer to recommend other books that they think the customer might like. (2+3=5 marks)

State New Products

Explain
1. New technology gives entrepreneurs the opportunity to develop brand new products which are now only possible because of the advances in technology.
2. For example, the worldwide obsession for mobile phones combined with advances in technology gave entrepreneurs the idea to sell mobile phone ringtones and wallpaper downloads.

Illustrate
Another example of new technology leading to a new product is Ticketmaster which sells tickets to concerts and other events to customers through its website. (2+3=5 marks)

2003 HIGHER LEVEL - SECTION 3 - QUESTION 1

(A) Illustrate the role of interest groups in business. (10 marks)

State Interest Group

Explain
1. An interest group is an organisation of people who come together and join forces to fight for a common goal and to pressurise decision-makers into making decisions that they want.
2. By joining forces together, they have more power, more money and more talents at their disposal and hence are more likely to be listened to by the decision-makers.

Example
1. Irish business people formed an interest group to represent them and their concerns called Irish Business and Employers Confederation [IBEC].
2. Every year IBEC make representations to the Minister for Finance to pressurise him into doing something in the Budget to help Irish business.

For many years, they lobbied him for a cut in Employers PRSI and in 2011, the Minister did this.
If you only named an interest group, you lost two marks. (2+4+4=10 marks)

CONTRAST/DISTINGUISH

If you get a question with the word contrast, you should show the differences between the two things mentioned in the question. If the differences are not very obvious, you can contrast them by simply stating various points about each one. But make sure you get the word "contrast" into your answer.

2007 HIGHER LEVEL - SECTION 3 - QUESTION 5

(A) Distinguish between the following taxation forms: Form P21 and Form P60. (20 marks)

State
P21

Explain
1. This is a form that Revenue may give to an employee at the end of the tax year.
2. It shows her how much tax she paid that year and how much she actually owes for the year.
3. If the person overpaid tax, she will get a refund. If she underpaid, she will have to pay the amount owing to Revenue.
4. The P21 is called a PAYE Balancing Statement for this reason. (5(2+3)+5(2+3)=10 marks)

State
P60

Explain
1. This is a form the employer gives to an employee at the end of every tax year.
2. It contains details of the gross pay earned and all the PAYE, PRSI and USC taxes paid by the employee in that tax year.
3. The employee uses it as evidence of earnings when applying for a mortgage or other loan and as evidence that she has paid enough PRSI to qualify for social welfare and health benefits.
4. It is also used as evidence when claiming back overpayments of tax. (5(2+3)+5(2+3)=10 marks)

PRODUCT OF YOUR CHOICE

If you get a question with the phrase product of your choice, you should name each point, explain each point and then refer each point back to the same famous product.

Write each point you make as follows:
Name the point
Explain the point
Product I've chosen: Relate your point back to the same product each time.

2007 HIGHER LEVEL - SECTION 3 - QUESTION 7

(A) Explain four pricing policies that businesses can adopt as part of their marketing strategy and apply one of them to a product of your choice. (30 marks)

State Penetration Pricing Strategy

Explain
1. This is where the business deliberately charges a low price for its product so that it is cheaper than its competitors.
2. The business undercuts its competitors to attract their customers to switch over to it as soon as possible.
3. This helps the business to increase its market share.

Product of choice

For example, when Bord Gáis first started selling electricity in competition with the ESB, it charged customers a price that was 10 per cent to 14 per cent less than the ESB. This encouraged over 350,000 customers to switch from ESB to Bord Gáis Energy. (3+3=6 marks) +6 marks for example

State Price Skimming Strategy

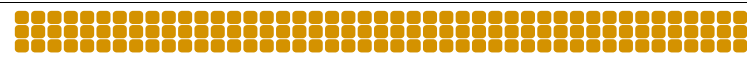
Explain
1. The business charges a high price for its product when it first comes out. It does so because it knows that certain consumers will pay "any" price to be the first with the latest product.
2. Thus, the business make lots of money which helps it quickly recoup the costs incurred on developing the product. The business reduces the price later on (as competition enters the market and to help the business maintain sales). (3+3=6 marks)

State Loss Leader Strategy

Explain
1. The business sells one product below cost price, ie, for less than it paid for it. It sells it so cheaply that the business is actually losing money on it.
2. The aim is to attract customers who like a bargain into the store to take advantage of the good deal. But when they come, hopefully they will engage in impulse buying and buy a lot more products than just the loss leader. (3+3=6 marks)

State Premium Pricing Strategy

Explain
1. Premium pricing is the strategy of consistently pricing a product at, or near, the high end of the possible price range to help attract status-conscious consumers.
Examples of businesses which use premium pricing in the marketplace include Rolex and Gucci.
2. Consumers will buy a premium priced product because they believe the high price is an indication of good quality and because it signals their success and status to other people. (3+3=6 marks)



ORDINARY LEVEL

TERMS AND CONDITIONS

The exam lasts for two and a half hours and there are two sections in it to be answered as follows:

Section	Contents	Instructions	Marks	Course Units Examenable	Timing
1	15 short questions	Answer any 10	25%	Any part of the course	32 minutes or just over three minutes per question
2	Part 1 contains three questions Part 2 contains five questions	You must answer four questions from the eight given as follows: Two from Part 1 and two from Part 2 or One from Part 1 and three from Part 2	75%	Part 1 questions come from Units 1, 6 and 7 of the course Part 2 questions come from units 2, 3, 4 and 5 of the course	27 minutes for each one of the four questions answered

EXAM LAYOUT

The layout of the ordinary level paper is set out above. Pay careful attention to the timing. The times shown allow you five minutes at the start of the exam to have a quick look over the paper and five minutes at the end to read over your answers, before handing them up. As a very rough rule of thumb, make sure that you are starting a new question roughly every half hour.

SECTION 1 – SHORT ANSWER QUESTIONS

You should do the short answer questions first in the exam. They tend to be the best answered part of the whole exam and you can get them done quickest. If you have time you can try all 15 as you are marked on your best 10.

The most important rule for answering these short questions is to write two sentences for each one (unless you are specifically told otherwise in the question). Usually, you get 5 marks for each sentence you write, so write only one and you get five out of 10 – a D1. Write two and you get 10 out of 10 – an A1. Make sure you fill in all the lines.

Some examples follow:

2003 Ordinary Level:

Outline the importance of Quality Control to a business

- (1) Quality control means making sure that the quality of the business products reaches a high standard.
- (2) It leads to lower costs as money is not wasted giving refunds as customers are happy with the high quality products.

2009 Ordinary Level:

Explain the term 'bank overdraft'

- (1) A bank overdraft is a short-term loan whereby the bank allows a business to pay for things by writing cheques for the amount (up to an agreed limit), even though it does not have enough money in its current account to cover these cheques.
- (2) When the supplier cashes the cheque it doesn't bounce. The bank pays the supplier the amount written on the cheque. The business pays the bank back later with interest.

A question that has come up every year is: 'what do these initials stand for?'

1999 Ordinary Level:

What do these letters stand for?

- (1) SWOT Strengths, Weaknesses, Opportunities, Threats
- (2) TQM Total Quality Management
- (3) HRM Human Resource Management

2000 Ordinary Level:

What do these letters stand for?

- (1) DIRT Deposit Interest Retention Tax
- (2) EU European Union
- (3) ICTU Irish Congress of Trade Unions

2001 Ordinary Level:

What do these letters stand for?

- (1) PRSI Pay Related Social Insurance
- (2) IBEC Irish Business and Employers Confederation
- (3) EDI Electronic Data Interchange

2002 Ordinary Level:

What do these letters stand for?

- (1) ATM Automated Teller Machine
- (2) SWOT Strengths, Weaknesses, Opportunities, Threats
- (3) AGM Annual General Meeting

2003 Ordinary Level:

What do these letters stand for?

- (1) VAT Value Added Tax
- (2) PRSI Pay Related Social Insurance
- (3) HRM Human Resource Management

2004 Ordinary Level:

What do these letters stand for?

- (1) ATM Automated Teller Machine
- (2) PAYE Pay As You Earn
- (3) ROI Return on Investment

2005 Ordinary Level:

What do these letters stand for?

- (1) AGM Annual General Meeting
- (2) LRC Labour Relations Commission
- (3) IBEC Irish Business and Employers Confederation

2006 Ordinary Level:

What do these letters stand for?

- (1) SWOT Strengths, Weaknesses, Opportunities, Threats
- (2) VAT Value Added Tax
- (3) WWW World Wide Web

2007 Ordinary Level:

What do these letters stand for?

- (1) PRO Public Relations Officer
- (2) ATM Automated Teller Machine
- (3) PRSI Pay Related Social Insurance

2008 Ordinary Level:

What do these letters stand for?

- (1) PLC Public Limited Company
- (2) AGM Annual General Meeting
- (3) R&D Research and Development
- (4) MD Managing Director

2009 Ordinary Level:

What do these letters stand for?

- (1) WWW World Wide Web
- (2) PRSI Pay Related Social Insurance
- (3) ATM Automated Teller Machine

2010 Ordinary Level:

What do these letters stand for?

- (1) PR Public Relations
- (2) CV Curriculum Vitae
- (3) SWOT Strengths, Weaknesses, Opportunities, Threats

2011 Ordinary Level:

What do these letters stand for?

- (1) AGM Annual General Meeting
- (2) PLC Public Limited Company
- (3) AOB Any Other Business

2012 Ordinary Level:

What do these letters stand for?

- (1) VAT Value Added Tax
- (2) LRC Labour Relations Commission
- (3) ECB European Central Bank

SECTION 2 QUESTIONS

Rules for answering Section 2 questions in the exam:

- You should spend no more than 27 minutes on each of the four questions you have to do.
- As usual in Business, divide the marks by five to see how many points they expect you to write in your answer.
- Write each point in a different paragraph. It is also a good idea to number each paragraph.
- Two questions have come up a lot on Ordinary level – one on consumer and employee laws and one on accounting ratios. Make sure to revise these topics carefully.

2005 Ordinary Level – Section 2 – Question 1

Study the information supplied and answer the questions which follow.

Ciara bought a ride-on lawnmower from Quality Lawnmowers Ltd. for €2,500. The first time she tried to cut the lawn the blades did not work on the lawnmower.

She contacted Quality Lawnmowers Ltd. to complain.

(i) Name the law that protects the consumer in this case. (10 marks)

Sale of Goods and Supply of Services Act, 1980

(ii) Explain Ciara's legal rights and the duties of Quality Lawnmowers Ltd. (20 marks)

Ciara has the following legal rights:

- (1) Products she buys must be of merchantable quality.





How to get your A1



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An A1 in business is achievable simply through the mnemonic BUSINESS.

On my first day in class with William Murphy I asked "Is it possible to get an A1 in business in one year (as I had not done it previously)?" to which he responded "How hard are you willing to work?" Ask yourself that question. There are three months left, so those of you thinking "it's too late", good news, provided you start now you can still achieve a high grade. So for your own sake unfriend Facebook, switch the radio from Spin to Newstalk and you all have Sky Plus boxes, Greys Anatomy can wait!

Book – *21st Century Business* by William Murphy will give you sufficient, relevant and new information. It also contains strong sample questions needed for practice.

Understand – many chapters in business reflect basic consumer knowledge, however topics like EU institutions are not common knowledge and require a great extent of comprehension. Persist with these difficult sections as you cannot afford to leave anything out.

SWOT – identify your strengths. Once you have established them reduce the study time on these and use this to focus on your weaknesses. You have several opportunities in the exam. When selecting your long questions choose your best four reading them thoroughly and calmly.

Time keeping is your biggest threat. Going over time in any section could result in not finishing the paper. Avoid this by sticking to the question, and remember writing only has to be legible, no tippexing.

Interest – make examples for each chapter interesting to you. That way you will retain the information much easier. I used Red Bull as my process in developing a product and still remember each step as I wanted to learn information about a drink which I drank regularly.

Notes - Flash cards, pages, notebooks, find the method that works for you. Personally recording myself talking through each chapter for no longer than three minutes was exceptionally helpful. In the run up to the exam, three chapters could be revised in nine minutes.

Exam Papers - the most useful and important resource you have. They're the key to an A1. Try to complete every question back to 2000 in full as similar questions appear each year.

On the day of the exam I advise that you do the short questions first, attempting all 10. They're worth 20 per cent of your grade. Spend three minutes per question.

Next is the ABQ. Try to stay on time not exceeding 40 minutes overall. Leave space after each section as you may remember another point after you have moved on. Divide the overall marks per question by five to know how many points to write.

After the ABQ swiftly move onto your long questions ensuring you can answer all parts. Allocate 26 minutes per question. This leaves six minutes at the end to complete unfinished questions. Always start with the questions you are most comfortable with.

Study – vary your topics of study to keep you entertained. Study a tough chapter and then one less challenging, in doing so you reward yourself (however nerdy a reward that seems).

Success – finally, I would like to remind you that you still have 3 months, take advantage of every day you have.

(2) They must be fit for their purpose.

Quality Lawnmowers has the following legal duties:

(3) They must give Ciara a full refund of her money as the ride on was not fit for its purpose.

(4) The company must deal with her complaint directly and cannot fob her off to the manufacturer.

(iii) Outline one non-legislative (non-legal) method of solving the above problem. (10 marks)

1. Ciara and Quality Lawnmowers can solve the problem by negotiation. This means that they meet each other and talk about the problem. Ciara will set out the facts as she sees them and tell them what she would like to solve the problem.

2. Quality Lawnmowers will then set out its side of the argument and tell Ciara what they are prepared to do for her. When they agree on a solution that they are both happy with, this is called a compromise.

Note:

This is very similar to 2011 Question 1, 2010 Question 1, 2008 Question 1, 2007 Question 1, 2003 Question 1, 2002 Question 1, 2000 Question 1, and 1999 Question 1. You should try these questions yourself.

2008 Ordinary Level - Section 2 - Question 7 (d)

The following information is extracted from the accounts of Sweeney Sports Ltd.

Balance Sheet (Extract) as on 31 December

	2007 (€)	2006 (€)
Current Assets	300,000	290,000
Current Liabilities	200,000	145,000

(i) Identify two items that could be included under the 'Current Assets' section of the Balance Sheet of Sweeney Sports Ltd. Closing cash and stock.

(ii) Calculate the Working Capital Ratio for 2006 and 2007 and comment on the trend. (Show the formulae and all your workings.) (25 marks)

Working Capital Ratio =	Current Assets ÷ Current Liabilities
2006	= €290,000 ÷ €145,000 = 2:1
2007	= €300,000 ÷ €200,000 = 1.5:1

The working capital ratio has decreased from 2:1 in 2006 to 1.5:1 in 2007. This is a bad trend as it means that the business has less cash in 2007. Furthermore, the ratio in 2007 is less than the ideal working capital ratio of 2:1.

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