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

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

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

ORDINARY LEVEL

SECTION 1 – 100 MARKS

ANSWER 10 QUESTIONS – EACH QUESTION CARRIES 10 MARKS

Q.	MARKING SCHEME			TOTAL MARKS
1	1 st correct term	1m + 1m + 1m	(3)	10
	2 nd correct term	1m + 1m + 1m	(3)	
	3 rd correct term	1m + 1m + 1m + 1m	(4)	
2	Three management skills (4m +4m + 2m)			10
3	Two benefits	@5m + 5m each		10
4	Explanation	@4m + 3m + 3m examples		10
5	Two grounds	@ 5m + 5m each		10
6	Formula: 2m	Figures: 2 x 2m	Answer: 4m	10
7	Two grounds	@ 5m + 5m each		10
8	All correct answers	@ 2m each		10
9	Four answers	(i) 4m + (ii) 2m + (iii) 2m+ (iv) 2m		10
10	Explanation	@ (5m + 5m)		10
11	Four options	3m + 3m + 2m + 2m		10
12	Three EU words	4m + 3m + 3m		10
13	Five answers	@ 2m each		10
14	Two correct words	@5m + 5m each		10
15	Three answers	4m + 3m + 3m		10
	Available Marks			100

SECTION 2 – 225 MARKS

PART 1

**ANSWER 4 QUESTIONS FROM SECTION 2: ONE QUESTION FROM PART 1,
ONE QUESTION FROM PART 2. TWO OTHER QUESTIONS FROM EITHER PART 1 OR PART 2.**

QUESTION 1		
(A)	Sale (2) of Goods (2) and Supply (2) of Services (2) Act 1980 (2)	10
(B)	Two legal rights: 5 marks (3m + 2m) 5 marks (3m + 2m)	10
(C)	Two forms of redress: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
(D)	Three benefits: (7m + 7m + 6m)	20
(E)	Two effects: 6m + 4m	10
(F)	Two functions: 6m + 4m	10
	Available Marks	75

QUESTION 2		
(A)	Two sectors @ 5 marks each + Two examples 3m + 2m	15
(B)	Four factors of production @ 2 marks each Explanation of one factor: 7 marks (4m + 3m)	15
(C)	Three reasons why MNCs locate in Ireland: 7 marks (5m + 2m) + 7 marks (5m + 2m) + 6 marks (5m + 1m)	20
(D)	One IDA service explained (6m + 4m)	10
(E)	Two benefits MNC's bring (8m + 7m)	15
	Available Marks	75

QUESTION 3		
(A)	Three states: 10 marks (4m + 3m + 3m)	10
(B)	(i) Explanation: 7m (3m + 2m + 2m) (ii) Two others: @ 4 marks each	15
(C)	Two advantages: @ 7 marks each (4m + 3m) One disadvantage: @ 6 marks (3m + 3m)	20
(D)	(i) Explanation: 10m (4m + 4m + 2m) (ii) Two Global Businesses: @ 5 marks each	20
(E)	Two challenges: @ 5 marks each (3m + 2m)	10
	Available Marks	75

QUESTION 4		
(A)	Two reasons: 10m (6+4) + 10m (6+4)	20
(B)	(i) Calculation: 5m (1 + 1 + 1 + 2) (ii) Calculation: 5m (1 + 1 + 1 + 2)	10
(C)	Calculation: 10m (3 + 2 + 2 + 3) Surplus: 5m	15
(D)	Two benefits: 10m (6+4) + 10m (6m +4m)	20
(E)	Two benefits: 5m (3+2) + 5m (3+2)	10
	Available Marks	75

PART 2

QUESTION 5		
(A)	Outline three characteristics/skills of the Collison brothers: (5m + 5m + 5m)	15
(B)	Two methods: 8 marks (4m + 4m) + 7 marks (4m + 3m)	15
(C)	Explain two features of a democratic leader: 8 marks & 7 marks	15
(D)	(i) Five needs: @ 2marks each (ii) Outline + examples: 2 @ 5 marks each (3m + 2m)	20
(E)	Explain two why stock control is important in food business: @ 5 marks each (3m + 2m)	10
	Available Marks	75

QUESTION 6		
(A)	(i) One item: 5m (ii) One item: 5m	10
(B)	(i) Position: 8m (ii) Two reasons: @ 6m each	20
(C)	(i) Source 8 m (ii) Two benefits: 8m + 4m	20
(D)	Explain current account. (6m + 4m)	10
(E)	Three types of insurance: 6 marks (3m + 3m) + 6 marks (3m + 3m) + 3 marks (2m + 1m)	15
	Available Marks	75

QUESTION 7		
(A)	Explain three sources of new product/service ideas for a business: @ 5 marks each	15
(B)	Outline two reasons why a business would carry out market research: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
(C)	Two factors before setting prices: @ 5 marks each (3m + 2m)	10
(D)	(i) List two examples of well-known brand names: @ 4 marks each (ii) Outline two benefits of a brand name for a business: @ 6 marks each	20
(E)	Describe two sales promotions: 8 marks (4m + 4m) 7 marks (4m + 3m)	15
	Available Marks	75

QUESTION 8		
(A)	Two reasons for Business Plan @ 5m (3+ 2) each	10
(B)	Three factors before choosing source of finance 6m + 6m + 3m	15
(C)	Two production processes: 'Job Production' Explanation 4m, Example 4m 'Batch Production' Explanation 4m, Example 3m	15
(D)	Two risks and two rewards of sole trader 2 risks @ 5m 2 rewards @ 5m	20
(E)	(i) Explain the term 'target market' 8 marks (ii) Explain 'USP'. 7 marks (3m + 4m)	15
Available Marks		75

QUESTION 9		
(A)	'Field Research' : Explanation 5m (3m + 2m) Example 5m 'Desk Research' : Explanation 5m (3m + 2m) Example 5m	20
(B)	(i) Explain Channel of distribution: 8m (4 + 4) (ii) Diagram – 7 marks	15
(C)	Explain the term Market Segmentation: (7m+ 3m)	10
(D)	One advantage of online selling to i) The Business ii) The Consumer (8m+7m)	15
(E)	Two ways ICT impacts a business. (8m +7m)	15
Available Marks		75

**PRE-LC BUSINESS – ORDINARY LEVEL
EXPECTED RESPONSES – 2022**

SECTION 1: SHORT ANSWER QUESTIONS

100 marks

Q.	Expected Responses	Marks
1	What do the following letters stand for?	10m 3 + 3 + 4
	VAT Value Added Tax	
	AGM Annual General Meeting	
	DIRT Deposit Interest Retention Tax	
2	Name the three management skills: (i) Leadership (ii) Motivation (iii) Communication	10m 4 + 4 + 2
3	State two benefits to a business of having highly motivated employees. • Employees work harder leading to increased productivity • Staff loyalty – staff stay long-term – low labour turnover • High morale – less industrial relations problems • Workplace happier – positive atmosphere – sense of achievement • Staff willing to undergo training – improved skills help business.	10m 5 + 5
4	Explain the term ‘Stakeholder’ and give two examples. A stakeholder is anyone or any group of people that has an interest/involvement or is directly affected by how a business is run. List two examples of stakeholders in a business. Employees, entrepreneurs, investors, shareholders, customers, suppliers, service providers, local community, government, trade associations	10m 4m + (3m+ 3m examples)
5	List two grounds on which discrimination is outlawed under the Employment Equality Act 1998-2015. (i) Gender/Male/Female/Neutral (ii) Marital status (iii) Family Status (iv) Sexual orientation (v) Religious beliefs (vi) Age (vii) Race (viii) Disability (ix) Membership of traveller community.	10m 5m + 5m
6	Calculate the Net Profit Margin from given figures: Net Profit Margin: $\frac{NP}{Sales} \times \frac{100}{1} = \frac{110,000}{880,000} \times \frac{100}{1} = 12.5\%$	10m Formula: 2 Figures: 2 x 2 Answer: 4
7	List two grounds where a person has the Capacity to Contract: • over 18 • not under the influence of alcohol/drugs • of sound mind	10m 5m +5m

8	State TRUE or FALSE after each of the following statements:				10m 2m +2m + 2m + 2m +2m										
	STATEMENT		TRUE or FALSE												
	Indemnity is a principle of insurance.		TRUE												
	Corporation Tax is a tax paid on the profits made by a company.		TRUE												
	CCPC stands for Competition and Consumer Protection Commission		TRUE												
	A matrix structure divides a business into different geographic locations.		FALSE												
	Brainstorming is an idea-generating technique.		TRUE												
9	Calculations: <div>(i) PRSI €2,800 (70,000 x 4 / 100)</div> <div>(ii) USC €2,100 (70,000 x 3 / 100)</div> <div>(iii) Total Deductions €21,790</div> <div>(iv) Take Home Pay €48, 210</div>				10m 4m 2m 2m 2m										
10	Explain 'Breach of Contract'. If one party breaks their contractual obligations (does not do what they are supposed to do) for a condition (essential part of the contract), they are said to be in breach.				10m 5m + 5m										
11	<div>(i) Fails to pay</div> <div>(ii) Democratic</div> <div>(iii) Cheaper</div> <div>(iv) Direct Debit</div>				10m 3 + 3 + 2 + 2										
12	EUROPEAN COMMISSION EUROPEAN COURT OF AUDITORS EUROPEAN PARLIAMENT				10m 4m 3m 3m										
13	Match the two given lists: <table><tr><td>1.</td><td>2.</td><td>3.</td><td>4.</td><td>5.</td></tr><tr><td>F</td><td>D</td><td>A</td><td>C</td><td>B</td></tr></table>				1.	2.	3.	4.	5.	F	D	A	C	B	10m 5 × 2m
1.	2.	3.	4.	5.											
F	D	A	C	B											
14	Choose the appropriate words to complete the sentence: Single Standardised				10m 5m +5m										
15	List the other Marketing Mix elements: PLACE PRODUCT PROMOTION				10m 4m +3m +3m										

SECTION 2

PART 1 (300 marks)

QUESTION 1		
(A)	Name the law that protects Orla in given situation. The Sale of Goods and Supply of Services Act 1980. Sale (2) of Goods (2) and Supply (2) of Services (2) Act 1980 (2)	10m
(B)	Explain two legal rights of the consumer under this law. Products: <ul style="list-style-type: none"> • Goods should be of merchantable quality - They should be of reasonable standard taking into account what they are supposed to do, their durability and price. • Goods should be fit for the purpose intended - They must do what they are sold as being capable of doing. • Goods should be as described - The description on the package must not be misleading. The goods must match the description provided by the salesperson, brochure etc. • Goods should match the sample - All the goods received must be the same as the sample that was shown to the consumer. Services: <ul style="list-style-type: none"> • Should be provided by a person with the necessary skill/qualification. • Due care & diligence must be used - The service provider must carry out an attentive job of high quality. • Also: Illegal signs/ Guarantees/ Unsolicited Goods 	10m 5m (3 + 2) + 5m (3 + 2)
(C)	Outline two forms of remedy/redress that Orla is entitled to in given case. Refund: Orla can get her money back as the product is faulty/ not of merchantable quality. Replacement: The retailer can give Orla a replacement sofa. This is a perfect product as a substitute for the imperfect product that was sold. Repair: The retailer can offer to repair/fix the faulty sofa for Orla.	15m 8m (4+4) 7m (4+3)
(D)	Outline three benefits of being a member of a trade union. <ul style="list-style-type: none"> • Better pay – one of the main objectives of a trade union is to seek the best possible wages for all its members. • Better working conditions – the trade union tries to improve employees' working conditions. • Represents employees in a dispute with the employer – the trade union will represent both individuals and groups when they are in a dispute over pay, redundancy, dismissal, discrimination, or pensions. • Negotiations on redundancy settlements – the trade union negotiates redundancy packages if jobs cannot be saved. • Provides advice – the employees can contact their union for advice on all employment related issues such as legal entitlements, holidays, conditions, conflict, contracts. • Contracts/Tenure – The trade union will help its member to obtain job security, permanency. The union will lodge appeals in situation where a member has been unfairly denied a contract. 	20m 7m+7m+6m

(E)	Outline two effects of industrial disputes. <ul style="list-style-type: none"> • Loss of wages for employees • Loss of sales and profits for the business/employer • Loss of Service/Customer dissatisfaction for the consumer • Loss of tax Revenue for the government • Morale/Relationships between the employer and employees suffers. 	10m 6m + 4m
(F)	Outline two functions of a shop steward. <ul style="list-style-type: none"> • Keeps members up to date with information from head office, e.g. progress on pay consultations, directives in terms of strike action. • Recruits new members – encourage new members of the workforce/staff to join the trade union. • Highlights the benefits of union membership. • Takes up employees' grievances with management, e.g. working conditions, promotions, working hours. • Takes matters that cannot be settled internally to a higher level of the trade union. 	10m 6m + 4m

QUESTION 2		
(A)	Name two other sectors/categories of industry; state one example of each. Primary Sector – Extractive industries Example: Farming, Fishing, Forestry, Mining. Secondary Sector – Manufacturing & Construction industries. Example: Intel, Glanbia, Kerry Group, Pfizer, Sisk.	15m 5m +3m 5m +2m
(B)	List the four factors of production and explain one of them. LAND: All natural resources used in the production process, e.g. water, land, minerals. The payment for land is rent. LABOUR: The human input (physical and intellectual) used to produce products. Reward: wages. CAPITAL: All man made goods used in the production process, e.g. machinery. The payment for the supply of capital is interest. ENTERPRISE: The character and skills of entrepreneurs who come up with the idea for a product and bring all other factors together. The reward is profit if the risk taken is successful or loss if not.	15m 4 @2m 4m + 3m
(C)	Outline three reasons why Multinational Companies (MNCs) locate in Ireland. MNCs come to Ireland due to: <ul style="list-style-type: none"> • Access/gateway to EU markets (no import duty) • Low rate of Corporation Tax (12.5%) • English speaking nation • Highly skilled and well educated workforce in Ireland • Incentives of govt. grants through IDA Ireland • Low level of industrial unrest in Ireland 	20m 7m(5+2) 7m(5+2) 6m(5+1)
(D)	Explain one service provided by IDA Ireland to foreign MNCs. <ul style="list-style-type: none"> • Provides funding (grants etc.) to MNCs locating in Ireland – research, innovation, expansion etc. • Constructs purpose built properties suitable for MNCs • Consultation service – information on tax, skills, education, support services for MNCs • Provides connections with third level institutions. 	10m 6m + 4m
(E)	Outline two benefits MNCs bring to the Irish economy. <ul style="list-style-type: none"> • Create more employment – reduce unemployment • Generate tax revenue for the government • Help to improve infrastructure – broadband • Create spin-off business – local restaurants • Purchase materials from and use services of Irish indigenous firms. 	15m 8m + 7m

QUESTION 3		
(A)	Apart from Ireland and the UK, name three member states in the EU. Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.	10m 4m + 3m +3m
(B)	(i) Explain the term tariff. A tariff is a tax placed on imports. A tariff is a trade barrier that is added to the value/price of goods imported to make imported goods more expensive. Tariffs encourage consumers to purchase goods from domestic producers. (ii) Name two other trade barriers. Quota, Embargo, Subsidy, Regulations, Import/Export Licenses.	15m 7m (3+2+2) 8m (4+4)
(C)	(i) Outline two advantages for Ireland of membership of the EU: <ul style="list-style-type: none"> Single market – access to wider market (500 million) Free movement of goods, services, capital and people Grant aid to improve infrastructure Exchange Rate risks/currency fluctuations to Eurozone countries eliminated Attracts MNCs to Ireland as a stepping stone to European market CAP & SFP have improved Irish agriculture and fisheries Increased tourism from EU countries Provides finance/advice to re-capitalise the country. (ii) Outline one disadvantage for Ireland of membership of the EU: <ul style="list-style-type: none"> No control over interest rates- Interest rates are set by the ECB. Increased competition for Irish businesses from firms within the EU. Decision making/Trade deals – Any economic trade deal must be approved by the European Commission EU Directives/Regulations force the Irish government to change laws. This can have a negative impact on business costs e.g. increased costs of meeting new directives/Loss of sovereignty. Skilled Irish workers may move to other EU countries to work. Higher costs for Irish firms operating in a very large international market. 	20m 2 @7m (4 + 3) 1 @6m (3 + 3)
(D)	(i) Explain the term 'Global Business'. A global business treats the world as one market. A global business attempts to sell the same, undifferentiated product worldwide. It produces the goods wherever it is most profitable. The goods are the same standard wherever they are sold with only minor differences to accommodate different languages or local legislation. (ii) Name two Global Businesses: Coca Cola, Apple, Nike, Toyota, Microsoft, Intel, HP, Google, Nokia, TikTok.	20m 10m (4+4+2) 2 @5m
(E)	Outline two challenges for Irish businesses operating in international markets. <ul style="list-style-type: none"> Language difficulties – translating slogans, advertisements. Cultural differences – ways of life, e.g. people in India do not eat beef. Distribution costs – transport is expensive; channel of distribution may need to be adapted; use of agents. Currency exchange rates – for example the dollar and sterling rates may fluctuate – affecting competitiveness. Competition from other countries – competition from domestic producers who produce high quality goods. Taxes and duties charged by other countries. 	10m 2 x 5m (3+2)

QUESTION 4		
(A)	Outline two reasons why Ireland exports goods and services. <ul style="list-style-type: none"> The Irish market is small so Irish firms need to export their goods to stay profitable. Exporting allows an Irish firm to spread the risk, so the business is not solely dependent on one market. Exporting creates employment - more exports mean more jobs are created. Ireland exports in order to sell off our surplus production. Selling the surplus goods abroad earns extra income. 	20m 10m (6 + 4) +10m (6+4)
(B)	(i) Calculate the total visible exports for Ireland in 2020. 12bn + 41bn + 80bn = €133bn (ii) Calculate the total visible imports for Ireland in 2020. 10bn + 18bn + 75bn = €103bn	10m 5m (1+1+1+2) 5m (1+1+1+2)
(C)	(i) Calculate the Balance of Trade for Ireland in 2020. Balance of Trade = Visible Exports – Visible Imports = €133bn – €103bn = €30 billion (ii) State whether it is a surplus or deficit: Surplus	15m 10m (3+2+2+3) 5m
(D)	Explain two benefits that Irish consumers receive from international trade. <ul style="list-style-type: none"> More choice – consumers in Ireland have much more variety and options as result of international trade. Price transparency – consumers shopping online can compare prices with other countries. Better quality products – due to increased competition as result of international trade, the quality of products has improved. 	20m 10(6+4) ————— 10(6+4)
(E)	Explain how the Irish Government benefits from Irish businesses engaging in international trade. <ul style="list-style-type: none"> Increased revenue – Government receive increased taxation in the form of corporation tax on profits from business selling goods internationally. Promotes economic growth – an increase in GDP due to exports improves the economy. 	10m 5 (3 + 2) + 5 (3 + 2)

PART 2

QUESTION 5

(A)	<p>Outline three entrepreneurial characteristics/skills displayed by the Collison Brothers. (Refer to the text in your answer)</p> <ul style="list-style-type: none"> • Risk-takers – 'willing to take risks' • Innovative/Creative – They identified new opportunities in by setting up their own business • Future focused/Ambitious • Decisive – Went ahead and set up their business. • Confident, uses initiative • Determined to succeed <p>Accept other appropriate answers.</p>	<p>15m: 5m+ 5m+ 5m</p>
(B)	<p>Outline two methods of communication, other than meetings, the Collison brothers could use to communicate with their staff.</p> <ul style="list-style-type: none"> • Oral/Verbal • Mobile Phone • Text message • WhatsApp • QR • Microsoft Teams, Zoom, Google Meet etc. • E-mail • Notice Board • All Social Media platforms. <p>Accept others.</p>	<p>15m</p> <p>8 (4+4) + 7 (4+3)</p>
(C)	<p>Explain two features of a democratic leadership style.</p> <ul style="list-style-type: none"> • Consults with subordinates/staff before making decisions. • Delegates authority and responsibility to the subordinates. • Trusts employees to carry out their duties. • Persuades and motivates rather than give orders. • Encourages Intrapreneurship. • Communication is a two-way process. 	<p>15m</p> <p>8 + 7</p>
(D)	<p>(i) In your answer book, identify the needs numbered 1-5. (Maslow's Hierarchy of Needs) 1 = Basic/Physical Needs, 2 = Security/Safety Needs, 3 = Social Needs, 4 = Esteem Needs, 5 = Self-Actualisation Needs</p> <p>(ii) Outline using examples how a manager can satisfy the social needs of his/her employees.</p> <ul style="list-style-type: none"> • Organising staff outings • Organise staff team events – 'bonding days' • Organise a social club with regular events – staff tag rugby, staff walking/hikes • Promote teamwork • Treat each employee fairly when organising social events • Choose a matrix organisational structure. 	<p>20m</p> <p>Five needs @2m</p> <p>2@5m (3+2)</p>

(E)	Explain two reasons why stock control is very important for a food business. Stock control involves ensuring the business always has sufficient stock to meet customer requirements. It involves undertaking stock taking on a regular basis, knowing how long re-orders will take, knowing the maximum and minimum amount of stock required at all times. Efficient stock control will result in: <ul style="list-style-type: none">• Increased customer satisfaction – less shortages of products or fresh foods.• Reduced costs – reduces storage, insurance, security and administrative costs.• Increased efficiency – less human errors, less obsolete stock.• Identifies stock losses through theft, resulting in less pilferage.• Working capital will be used efficiently – not tied up in too much stock.• Less wastage – perishable stock and sell-by dates are dealt with in time	10m 5 + 5
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QUESTION 6		
(A)	<p>(i) Name one item which Nemo's Pizza Ltd might include under each of the following:</p> <p>(i) Receipts section: Cash Sales, Grant.</p> <p>(ii) Payments section: Purchases of stock or equipment, Wages, Insurance.</p>	<p>10m</p> <p>5m</p> <p>5m</p>
(B)	<p>(i) Does Nemo's Pizza Ltd have a better cashflow position in January or March?</p> <p>March</p> <p>(ii) Outline two possible reason for your answer.</p> <p>Total Receipts higher in March than in January, probably due to a planned increase in Sales. Total Payments much lower in March than in January, probably due to a planned reduction in costs in order to save for expansion.</p>	<p>20m</p> <p>8m</p> <p>6m +6m</p>
(C)	<p>(i) Name a suitable medium-term source of finance Nemo's Pizza Ltd. might use for the new kitchen equipment.</p> <ul style="list-style-type: none"> • Medium term loans • Hire purchase • Leasing <p>(ii) Outline two benefits of the source of finance chosen.</p> <p>Medium term loan:</p> <ul style="list-style-type: none"> • Immediate ownership of the asset • current interest rates are low • Instalments arranged to suit borrower's ability to repay. <p><i>Hire Purchase:</i> • HP can be easily acquired • immediate use of the asset • no security/collateral required • instalment payments spread out for up to 5 years.</p> <p><i>Leasing:</i> • Immediate use of the asset • no capital costs • offers the option to easily upgrade the asset in the future.</p>	<p>20m</p> <p>8m</p> <p>8m +4m</p>
(D)	<p>Explain the term current account.</p> <p>A current account is a service offered by commercial banks and building societies. Money can be withdrawn without notice. The account is used frequently for withdrawals and deposits. An ATM/Debit card can be used to withdraw cash and make payments. A bank overdraft can be taken out which allows account holder to withdraw more money than is in the current account. Direct Debit and Standing Orders can be used to make regular payments from one current a/c to another/pay bills. Account can be accessed and managed online and by telephone. Access to money at all times. Fee/bank charge payable for use of the current account. A cheque book can be used to make payments from Current a/c Wages/Salary can be paid directly into Current a/c via Paypath.</p>	<p>10m</p> <p>6m+4m</p>
(E)	<p>Outline three types of insurance Nemo's Pizza Ltd should have:</p> <ul style="list-style-type: none"> • Property / Buildings & Contents Insurance – protects against cost of damage caused by fire/theft/flood on premises. • Public Liability Insurance – to cover against claims made by any member of the public who gets injured on the business premises. • Employers Liability Insurance – provides protection against claims made by employees because of accidents in the workplace. • Plate Glass Window Insurance – to cover the cost of window glass that may get broken. • Motor Insurance – statutory insurance for all motor vehicles that the business may own. • Consequential Loss Insurance – covers against loss of profits due to temporary closure caused by fire/flood. • Product Liability Insurance – to cover damages if a person gets ill after a meal in the restaurant. • Fidelity Guarantee Insurance – protects against theft by employees 	<p>15m</p> <p>6m(3+3) +</p> <p>6m (3+3)</p> <p>+3m(2+1)</p>

QUESTION 7		
(A)	Explain three sources of new product/service ideas for a business. <ul style="list-style-type: none"> • Travel - when you visit other places you get ideas. • Competitors - see what competitor is doing and do it better. • Staff suggestions - your staff come up with new ideas. • Internet - research on internet to get new ideas. • Brainstorming - Have a brainstorm session among staff to come up with an idea • Media - Get ideas from newspapers, TV, radio, social media etc. • Customer feedback - Listen to what customers want and make a product to suit their needs. • Research and development department - Have a specific department responsible for coming up with ideas. • Import substitution - Make a product that is currently being imported. 	15m 3@5m each
(B)	Outline two reasons why a business would carry out market research. <ul style="list-style-type: none"> • To find out more about competitors and produce a better product / to stay ahead of its competitors • To find out what customers want / identify trends and produce a product that satisfies that need. • To help determine the appropriate price to charge. • To find out if there is a demand for the product. This helps to reduce the risk of failure. • To find out the target market and aim the product at this group and reduce possible waste of cash. • To predict what customers want in the future or future trends. 	15m 8m (4+4) +7m (4+3)
(C)	Outline two factors that Joe should consider when setting prices for his products. <ul style="list-style-type: none"> • Cost of production / research & development - Joe must consider the cost of manufacturing each item before deciding on the price of each item. • The target market - Joe must consider the group of people that each product is aimed at. • Competition - A business must consider the prices of its products. Joe must decide whether to charge the same, a higher or a lower price than her competitors. • Type of product - May require special packaging, which may add to cost. • Economic conditions/demand - Higher prices can be charged in a booming economy. Joe may decide to charge a higher price for her products if the economy continues to grow. • Break-even point - The minimum price to cover costs. 	10m 5(3+2) + 5(3+2)

(D)	<p>(i) List two examples of well-known brand names. Apple, Nike, Starbucks, Subway.</p> <p><i>Many other acceptable options.</i></p> <p>(ii) Outline two benefits of a brand name for a business.</p> <p>Product is more recognisable.</p> <ul style="list-style-type: none"> • Makes product stand out and be different from rivals. • Easier to introduce new products. • Recognised all over the world. • Creates brand loyalty. • Enables supplier to charge a higher price if brand is successful and well known, e.g. Nike. • Aids marketing / can be used to advertise product. 	<p>20m 4m + 4m</p> <p>6m + 6m</p>
(E)	<p>Describe two sales promotions that Joe's Pancakes & Frappes could offer consumers to increase sales.</p> <ul style="list-style-type: none"> • Price reduction/discounts - Joe could offer 20% reduction on slow trade days e.g. Monday. • Buy one get one free - Joe could offer a free pancake/frappe for every pancake/frappe purchased, or three for the price of two. • Free samples - Joe could offer small samples of his products to allow people taste and experience his food. • Money off coupon for next purchase - Joe could offer vouchers • Loyalty Cards - Joe could offer a free meal for every five meals purchased. • Competitions - Joe could run competitions on social media. He could encourage people to share his posts on Twitter/Snapchat by offering the winner a free meal for four people. 	<p>15m 8m(4+4) + 7m(4+3)</p>

QUESTION 8		
(A)	Outline two reasons why a Business Plan should be prepared: <ul style="list-style-type: none"> To set out clearly the objectives and targets of the firm To identify resources required To obtain finance from lenders To attract potential investors To motivate employees and management To give direction to the firm's efforts To anticipate problems and prepare possible solutions. 	10m 5m (3+2) +5m (3+2)
(B)	Explain three factors Tom should consider before choosing a source of finance. <ul style="list-style-type: none"> Purpose - this will determine whether it is short, medium or long term. Cost of finance – interest charged – APR Collateral / Security required – can Tom offer an acceptable type if required? Risk involved – will he be able to meet the repayments on time? Will his business prosper in the current economic climate? Will his control of the business be affected? – e.g. repossession of assets. 	15m 6m + 6m + 3m
(C)	Explain the following production options and give one example in each case. <p>(i) Job Production: Firm produces one-off goods to order – high quality expensive goods – employees are highly skilled – machinery/equipment used is expensive – high cost of production per unit. e.g. hand crafted furniture, tailored suits, cruise liners.</p> <p>(ii) Batch Production: A process whereby a certain amount or quantity of a product is produced at the same time and then production switches to a different batch/group. Work is completed on each stage of the production process before another batch is started. • Skilled/semi-skilled employees • Uses a lot of flexible machines/automation, such as ovens in a bakery. e.g. a batch of loaves followed by a batch of scones.</p>	15m 4m + 4m 4m + 3m
(D)	Outline two risks and two rewards of setting up a Sole Trader business. <p>Risks:</p> <ul style="list-style-type: none"> Unlimited Liability if business fails / Loss of personal assets e.g. house. Heavy workload / long hours / stress Difficult to raise finance, especially in current climate No continuity of existence Some years may be loss making – no other source of income. <p>Rewards:</p> <ul style="list-style-type: none"> Complete control / makes all decisions Keeps all the profits / does not have to publish accounts Personal satisfaction of succeeding and seeing decisions vindicated Not having to work for someone else Easy to set up. 	20m 2@5m 2@5m

(E)	<p>(i) Explain the term 'target market'. A target market is the group of people at whom a particular product or service is aimed. The target market may be characterised by age, income level, gender, location, lifestyle etc. (People sharing common needs). The target market is a precise description of the customers to whom a product will be aimed.</p>	<p>15m 8m</p>
	<p>(ii) Explain the term 'USP'. Unique Selling Point. This is what makes the product different from its competitors. For example, Volvo's USP is safety, Toyota is reliability.</p> <p><i>Don't allow the word unique in definition.</i></p>	<p>3m + 4m</p>

QUESTION 9		
(A)	<p>Explain Field Research and Desk Research and give one example in each case.</p> <p>Field Research: This involves going out to the public to find out new information directly from customers (Primary Research) e.g. questionnaires/ surveys, interviews – face-to-face / by phone, focus groups, observation.</p> <p>Desk Research: This involves accessing information that is already available (gathered by others) within or outside the firm. (Secondary Research). Examples include company files and sales records, the Internet, Central Statistics Office, magazines and trade journals, Government and other reports.</p>	<p>20m</p> <p>5m (3+2) + E.g. 5m</p> <p>5m (3+2) + E.g. 5m</p>
(B)	<p>(i) Explain the term 'Channels of Distribution' (i) Channels of Distribution: Refers to the various paths/methods by which goods are transferred from producer to consumer.</p> <p>(ii) Illustrate, using a diagram, a suitable channel of distribution for Brackens Ltd. ONLINE (COMPANY WEBSITE OR APP)/ CONSUMER</p> <p>PRODUCER / MANUFACTURER/RETAILER/CONSUMER</p>	<p>15m 8m (4+4)</p> <p>7m</p>
(C)	<p>Explain the term 'Market Segmentation' Market Segmentation means dividing the market into different sections or categories in order to select a target market that would respond best to a firm's product.</p>	10m
(D)	<p>Outline one advantage of online selling for;</p> <p>(i) The Business • Global Market – wider potential market</p> <ul style="list-style-type: none"> • Reduced Costs – rent, insurance, operational costs • Online Marketing – Digital marketing • 24/7 Sales – does not miss different time zones. <p>(ii) The Consumer • Convenience – does not have to leave home</p> <ul style="list-style-type: none"> • Easier to conduct price comparisons – on different websites • Wider choice of goods/services – many firms sell online • Better Prices – global competition keeps prices down • Change of mind – goods purchased from an EU firm may be returned without reason within 14 days. 	<p>15m 8m</p> <p>7m</p>
(E)	<p>Apart from online selling, outline two ways in which developments in ICT (Information and Communications Technology) impact on a business.</p> <ul style="list-style-type: none"> • Marketing/Improved Marketing/Social media campaigns • Improvements in the design process / CAD • Fast Communication/Smartphones/Email/Videoconferencing • Secure storage and protection of information / encryption • Improved automated processes reduce staffing costs • Employees can work remotely – from home or when travelling. <p>Accept other relevant answers.</p>	<p>15m 8m + 7m</p>

NOTES



