

WARNING

This examination paper **MUST** be returned with your answer book at the end of the examination, otherwise marks will be lost.

Write your Examination Number here:





Coimisiún na Scrúduithe Stáit State Examinations Commission

LEAVING CERTIFICATE EXAMINATION, 2018

Business - Ordinary Level (400 marks)

THURSDAY 14 JUNE 2018 – MORNING 9:30 to 12:00

ANSWER

(A) Ten questions from SECTION 1

AND

(B) Four questions from SECTION 2 as follows:

One question from **Part 1** and

Two questions from **Part 2** and

One other question from either **Part 1** or **Part 2**.

All questions carry equal marks.

Calculators may be used.

Make and Model of Calculator Used:

Q.	Mark
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
Total	

Remember to return this examination paper with the answer book you use for answering Section 2.

SECTION 1
(100 marks)






SHORT ANSWER QUESTIONS

Answer 10 questions. Each question carries 10 marks. Please return this question paper with your answer book.

1. What do the following letters stand for? Write each answer in the space provided.

DIRT	
PIN	
PAYE	

2. Indicate whether each of the following is an example of intrapreneurship or entrepreneurship by writing **INTRAPRENEUR** or **ENTREPRENEUR** after each of the following statements.

	An employee at Sony coming up with the idea for the Sony Playstation.	
	Two Stanford University graduates set up a photo sharing app business known as Snapchat.	
	An employee at Facebook coming up with the idea of the like button as a method of communicating that you like a post or photograph.	
	An employee at Google coming up with the idea for an email service, which became known as Gmail.	
	Irish fashion and beauty blogger, Pippa O'Connor, launching her own range of jeans.	

3. The Irish government privatised Bord Gáis in 2014. Explain the term **privatisation**.

4. Choose the appropriate words to complete the sentence below. (Two words do not apply.)

MERGER; FRANCHISE; STRATEGIC ALLIANCE; TAKEOVER.

A _____ involves two businesses voluntarily joining together to form a single business, while a _____ involves two businesses working together on a specific project without any change of ownership.

5. Fill in the missing elements of a SWOT analysis in the spaces 2, 3 and 4 in the table below.

1. Strengths
2.
3.
4.

6. Calculate Joanne Heffernan’s **net annual take home pay** from the following details.

Show your workings in the spaces provided.

Name: Joanne Heffernan		€	€
Gross Pay			70,000
Deductions			
PAYE (20% of €34,550)	6910		
(40% of €35,450)	<u>14180</u>		
	21090	21090	
- Tax Credits		<u>-4200</u>	
Net PAYE		16890	
PRSI (4% of €70,000)		(i)	
USC (3% of €70,000)		(ii)	
Total Deductions			(iii)
Net Annual Take Home Pay			(iv)

<p>Show Workings PRSI</p>	<p>Show Workings USC</p>
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7. Write **TRUE** or **FALSE** after each of the following statements.

Tax paid on company profits is known as capital gains tax.	
'Span of control' refers to the number of employees who report to a superior.	
Interest groups lobby governments on behalf of their members.	
A Trade Union represents consumers who have a dispute with a retailer.	

8. Outline **two** types of official industrial action a trade union can take as part of an industrial relations dispute.

(i) _____

(ii) _____

9. Draft, **using today's date**, a Memorandum (Memo) from Mary Moore, IT manager, to all department managers reminding them to inform all staff of the importance of protecting sensitive data from cyber security threats.

MEMORANDUM	
To:	_____
From:	_____
Date:	_____
Re:	_____ _____ _____
Signed:	_____
Title:	_____

10. Describe, **using an example**, what is meant by a multinational company.

11. In the context of a meeting explain the terms **agenda** and **minutes**.




Agenda: _____

Minutes: _____

12. List the **three** other factors of production:

	LABOUR		
--	---------------	--	--

13. The aim of Public Relations (PR) is to maintain the good image of a business. In the spaces provided below, indicate which of the following PR methods is being used in **each** case: **Celebrity Endorsement, Sponsorship, Press Release**.

	Vodafone and the Irish Rugby team is an example of _____.
	David Beckham and H&M Store is an example of _____.
	Apple used a _____ to announce the launch of the iPhone X.

14. Indicate by placing a tick (✓) in the correct box, the type of plan to which each statement for Ben and Jerry's ice cream relates.



Statement	Strategic Plan	Tactical Plan	Mission Statement	Contingency Plan
Ben & Jerry's aim is to create linked prosperity for everyone connected to their business: suppliers, farmers, franchisees, customers and neighbours.				
Ben & Jerry's aim is to continue expanding its product range and its locations over the next 10 years.				
Ben & Jerry's will switch to non-dairy sources for their ice-creams in the event of a milk shortage.				
Ben & Jerry's will expand its vegan range of ice-cream in the next 6 months.				

15. Column 1 is a list of terms used in international trade. Column 2 is a list of explanations for these terms.
Match the two lists by placing the letter of the correct explanation under the relevant number below. **One explanation has no match.**

1.	2.	3.	4.	5.

Business Terms	Explanations	
1. Trading Bloc	A.	A European Union law which must be implemented in each EU country immediately.
2. Regulation	B.	A limit to the amount of a particular product which can be imported into a country.
3. Embargo	C.	The treatment of the world as one single market by global firms.
4. Quota	D.	A tax on imported goods and services.
5. Tariff	E.	A group of countries that trade freely with each other – there are no barriers to trade between these countries.
	F.	A ban on a particular product being imported into a country.

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SECTION 2

(300 marks)

Answer **four** questions from SECTION 2 as follows:

One question from **Part 1** and

Two questions from **Part 2 AND**

One other question from either **Part 1** or **Part 2**.

PART 1

PEOPLE IN BUSINESS

QUESTION 1

Read the information supplied and answer the questions which follow.

Stakeholders and Relationships

Stakeholders refer to different groups of people who are directly affected by the decisions that a business makes. A stakeholder has an interest in the success of a business.

- (A) In relation to the following stakeholders of a business:
- (i) explain the term **employee**
 - (ii) explain the term **manager**. (15 marks)
- (B) Describe the relationship that the following stakeholders may have with a business:
- (i) an **investor** and (ii) a **supplier**. (15 marks)
- (C) If a consumer purchases a faulty product, who is responsible – the retailer **or** the producer? Explain your answer **and** name the law that protects the consumer in this case. (15 marks)
- (D) The Small Claims Court procedure can be used to resolve consumer complaints.

Outline **two** advantages for a consumer of taking a case to the **Small Claims Court**.

(15 marks)

(E)

WRC

An Coimisiún um Chaidreamh san Áit Oibre
Workplace Relations Commission

When employees believe they have been treated unfairly in the workplace, they can make a complaint through the Workplace Relations Commission. Laws such as the Employment Equality Act and the Unfair Dismissals Act exist to protect employee rights.

List **four** grounds on which discrimination in the workplace is outlawed.

(15 marks)
(75 marks)

DOMESTIC ENVIRONMENT

QUESTION 2

Read the information supplied and answer the questions which follow.

JSK Construction Ltd

JSK Construction Ltd is an Irish construction business currently building a new housing estate in Kildare. Market research identified that a large number of people in the local area are employed by multinationals. Over 60 people will be employed during the construction of the new homes. JSK Construction Ltd promote themselves as an ethical business that “*does the right thing for customers, employees and the environment*”.

- (A) (i) Name the sector of the economy that JSK Construction Ltd operates in.
(ii) Explain **one** other sector of the economy and provide **one** example of an occupation in that sector. (15 marks)
- (B) Outline **two** benefits of JSK Construction Ltd to the local economy. (15 marks)
- (C) Outline **three** reasons why multinational companies decide to locate in Ireland. (20 marks)
- (D) Outline **two** examples of ethical behaviour by a business. (15 marks)
- (E) Explain the term **limited liability**. (10 marks)
- (75 marks)**

INTERNATIONAL ENVIRONMENT

QUESTION 3

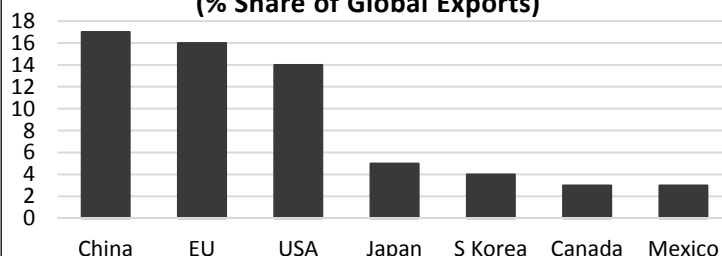
Read the information supplied and answer the questions which follow.

Irish International trade

The value of **total exports** for the month of March 2017 rose to **€11 billion**. At the same time, the value of **total imports** for the month of March fell to **€5.8 billion**.

Source 1 – www.irishtimes.com

The Worlds Biggest Exporters (% Share of Global Exports)



Source 2 – www.independent.ie

- (A) (i) From the information provided in **Source 1** calculate the **Balance of Payments** for March.
(ii) State whether it is a surplus or a deficit. **Show your workings**. (15 marks)
- (B) Explain, using an example in **each** case, the difference between visible exports and visible imports. (15 marks)
- (C) From the information provided in **Source 2**,
(i) Identify the country that has the largest percentage share of global exports.
(ii) Identify what percentage share of global exports the EU accounts for. (15 marks)
- (D) Outline **two** benefits for Irish businesses of exporting within the European Union. (15 marks)
- (E) Outline **two** challenges for Irish businesses exporting to China. (15 marks)
- (75 marks)**

PART 2

ENTERPRISE /MANAGING

QUESTION 4

Read the information supplied and answer the questions which follow.

Superfoods by SuperDudes

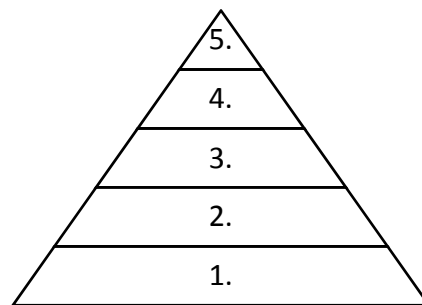
Michelle, a 'gym goer', found it very difficult to source healthy 'food on the go' in Ireland. She gave up her job and invested her savings in "Superfoods by Superdudes" a 'pop-up' restaurant, serving healthy fast food in Dublin city centre, near many local gyms. The business employs seven staff. Their customers include athletes, fitness enthusiasts, office workers, families, students, etc. She holds weekly meetings with her staff and recently announced plans to offer a delivery service to customers who sign up for a weekly meal plan. The business will order more stock every week from suppliers to fulfil orders for its delivery service.



- (A) Outline **three** entrepreneurial characteristics/skills displayed by Michelle. (Refer to the text in your answer.) (15 marks)
- (B) Outline **two** methods of communication, other than meetings, that Michelle could use to communicate with her staff. (15 marks)
- (C) Outline **two** features of a **democratic leadership approach**. (15 marks)

- (D) (i) **In your answer book,** Identify the needs numbered 1 to 5 from the following list:
Social needs; Basic/Physical needs; Self-Actualisation needs; Esteem needs; Security/Safety needs.
Write your answers in your answer book as follows:
1 =
2 = etc.

Maslow's Hierarchy of Needs



Maslow arranged human needs in a hierarchy.

- (ii) Outline **using examples** how a manager can satisfy the social needs of his/her employees. (20 marks)
- (E) Explain **two** reasons why stock control is very important for a food business. (10 marks)
- (75 marks)**

MANAGING

QUESTION 5

Read the information supplied and answer the questions which follow.

A report on motor insurance in Ireland

Motor insurance premiums in Ireland have increased in recent years. Many motor insurance customers experienced substantial increases in their premium, despite having a no claims bonus. Young motorists are faced with loadings which make their insurance premiums very expensive. Many drivers do not read their insurance policy carefully to identify important issues such as their policy excess.

- (A) Explain any **four** of the insurance terms underlined above. (20 marks)
- (B) (i) Outline **two** types of insurance, other than motor insurance.
(ii) Explain the insurance principle **utmost good faith**. (15 marks)
- (C) Read the information supplied and answer the questions which follow.

Sample questions on a motor insurance proposal form.

The applicant has circled a response in each case.

1. Does the car/vehicle have an alarm/immobiliser? YES / NO
2. Do you have any penalty points on your licence? YES / NO



Explain whether the response to **each** of the questions on the motor insurance proposal form above should result in a premium loading or a premium reduction (discount).

(10 marks)

Read the information supplied and answer the questions which follow.

Lucia noticed a job advertisement for a Team Leader at Aztec Insurance. The advertisement includes details such as; salary, benefit in kind, person specification and details about the training the successful candidate will receive.

- (D) Explain any **three** of the terms underlined above. (15 marks)
- (E) Outline **two** benefits of teamwork in a business. (15 marks)
(75 marks)

QUESTION 6

Read the information supplied and answer the questions which follow.

Social Media Advertising Ireland Ltd



Niamh O’Byrne is a Business Studies student from the University of Limerick. She conducted market research to determine how many local businesses use a website to sell their products. Niamh saw an opportunity to provide a digital marketing service for Irish businesses who do not have a marketing department. The service she offers involves managing the business’ social media pages and social media posts. Feedback from her clients has helped Niamh come up with ideas for new services she could offer local businesses.

- (A) Outline **two** functions of advertising. (10 marks)
- (B) Explain the **two** market research methods **and** give **one** example of **each** method.(20 marks)

Genoa Italian Restaurant is examining its ability to pay its bills as they fall due.

- (C) Calculate the Working Capital Ratio **and** the Acid Test Ratio of Genoa Italian Restaurant from the data below. (20 marks)
Show your workings in your answer book.

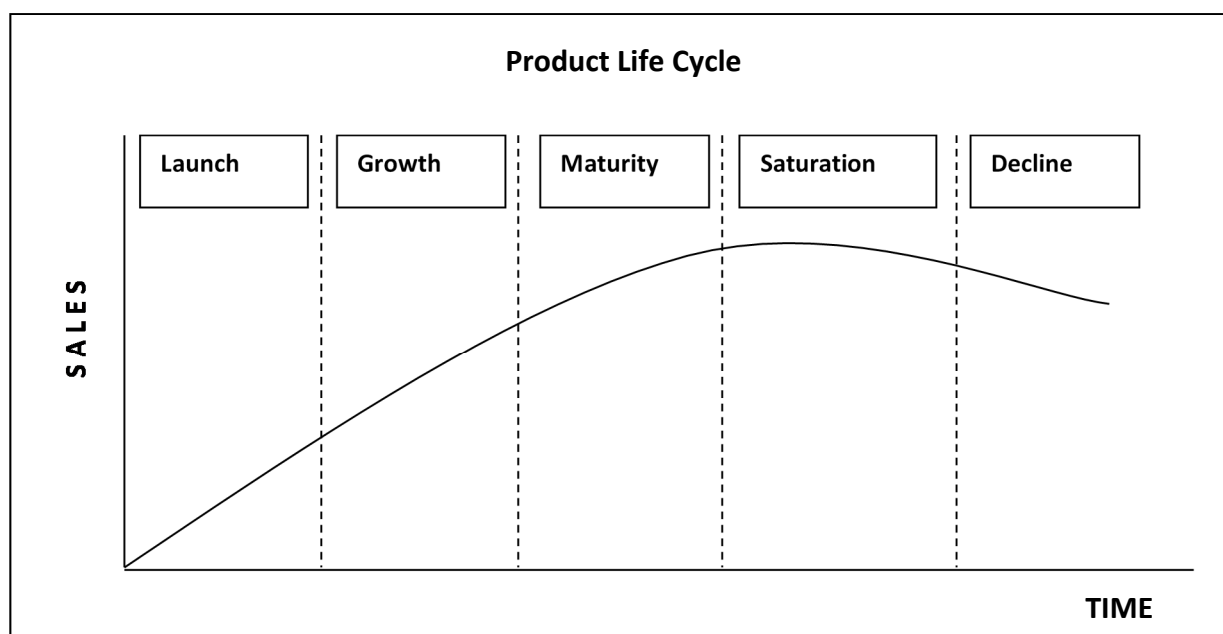
2017	
Current Assets	€84,000
Current Liabilities	€42,000
Closing Stock	€14,000
Opening Stock	€18,000

- (D) Name **two** expenses that a business such as Genoa Italian Restaurant would incur. (10 marks)
- (E) Discuss **two** sales promotions techniques a restaurant could use to increase its sales. (15 marks)
(75 marks)

BUSINESS IN ACTION

QUESTION 7

Read the information supplied and answer the questions which follow.



- (A) (i) Name **two** stages in the product life cycle above, where sales are increasing.
(ii) Name **one** example of a product in the launch/introductory stage **and one** example of a product in the decline stage. (15 marks)
- (B) *The product life cycle, product packaging and product design relate to the product element of the marketing mix.*
Explain **two** functions of product packaging. (15 marks)
- (C) (i) Explain the term **target market**.
(ii) Name a target market for electric cars. (20 marks)
- (D) Illustrate, using a diagram, **one** channel of distribution a baker could use for freshly baked cakes. (10 marks)
- (E) (i) Explain the term **test marketing**.
(ii) Outline **two** others **stages in the development process** of a new product. (15 marks)
- (75 marks)**

BUSINESS IN ACTION

QUESTION 8

Read the information supplied and answer the questions which follow.



Local Enterprise Offices (LEOs) across Ireland, provide advice and assistance to potential start-up businesses. This includes help in setting up the business, drawing up a business plan, accessing finance, marketing, and the day-to-day running of the business. Mentors are provided for the new business owner, to offer independent advice in order to aid decision making.

- (A) Explain **two** differences between a Sole Trader and a Partnership as forms of business ownership. (15 marks)
- (B) (i) List **two** headings included in a business plan.
(ii) Explain **two** benefits of preparing a business plan. (20 marks)
- (C) Explain any **three** of the following sources of finance:
(i) Share Capital/Equity Capital
(ii) Bank Overdraft
(iii) Leasing
(iv) Medium Term Loan. (15 marks)
- (D) Explain **two** features of Job Production. (15 marks)
- (E) Outline **two** challenges for start-up businesses in Ireland. (10 marks)
- (75 marks)**

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