

**WARNING**

This question 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, 2015**

**Business – Higher Level**  
(400 marks)

**THURSDAY 11 JUNE - MORNING 9.30-12.30**

**CANDIDATES ARE REQUIRED TO ANSWER:**

- (A) **Eight** questions from **SECTION 1**  
**AND**
- (B) **The Applied Business Question in SECTION 2**  
**AND**
- (C) **Four** questions from **SECTION 3** as follows:  
**One** question from **Part 1**,  
**Two** questions from **Part 2**  
and **One** other question from either **Part 1** or **Part 2**.  
**All questions carry equal marks.**

Q.	Mark
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
Total	

**Please note allocation of marks per question.**

**Calculators may be used.**

**Make and Model of calculator used:**

**REMEMBER TO RETURN THIS QUESTION PAPER WITH THE ANSWER BOOK YOU USE FOR  
ANSWERING SECTIONS 2 AND 3**

**SECTION 1**  
**(80 marks)**  
**SHORT ANSWER QUESTIONS**

**This section is compulsory. Answer eight questions. Each question carries 10 marks.**  
**Remember to return this question paper with your answer book.**

1. Explain the term *span of control* **and** outline a situation where a narrow span of control may be appropriate.

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2. (a) What do the letters PAYE stand for? Write the answer in the space provided.

<b>PAYE</b>	
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- (b) Outline **two** main features of the PAYE tax system:

(i) \_\_\_\_\_

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(ii) \_\_\_\_\_

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3. (a) Using the figures below, calculate the **Net Profit Percentage (Margin)** of Auburn Publishing Ltd for **2014**:

Sales            €50,000  
Gross Profit    €22,000  
Expenses        €12,000

<u>Formula:</u>	<u>Workings:</u>
<u>Answer:</u>	

**(Show your formula and workings)**

- (b) If the Net Profit Percentage for **2013** was 25%, outline how management could use this information in making decisions.

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4. Write *True* or *False* after each of these sentences.

Sentence		True or False
1.	Factors of production refer to the resources required for the generation of goods and services.	
2.	The secondary sector refers to the construction and manufacturing industries.	
3.	Service industries manufacture physical products for sale to consumers.	
4.	Industries such as agriculture, fishing and forestry are based on a country's natural resources.	
5.	Indigenous firms are foreign owned firms located in Ireland.	

5. Illustrate the difference between a *merger* and a *strategic alliance*.

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6. *Forming, storming, norming and performing* are stages in team development.

Outline your understanding of *storming* **and** *norming*.

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7. (a) Explain the term *exchange rate*.

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(b) Describe **two** possible risks which *exchange rates* could present for businesses in Ireland:

(i) \_\_\_\_\_

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(ii) \_\_\_\_\_

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8. Column 1 is a list of *Business Organisations*. Column 2 is a list of *possible explanations* of these business organisations.  
(One explanation does not refer to any of the business organisations listed)

Match the two lists by placing the letter of the correct explanation under the relevant number below:

1	2	3	4	5

Column 1 – Business Organisations	Column 2 – Explanations
1. Public Limited Company (PLC)	A. Has unlimited liability.
2. Franchise	B. Is owned by between two and twenty people generally, and is common in professions such as the accountancy and the legal professions.
3. Co-operative	C. Owned, financed and controlled by the Government.
4. Sole Trader	D. A licence granted by a business to another to sell its products or services in return for a fee.
5. State-owned enterprise	E. Shares are quoted/traded on the Stock Exchange.
	F. Democratically controlled and jointly owned by its members.

9. Distinguish between *primary picketing* and *secondary picketing* as types of industrial action available to employees.

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10. Outline **two** methods of promoting *intrapreneurship*:

(i) \_\_\_\_\_

\_\_\_\_\_

(ii) \_\_\_\_\_

\_\_\_\_\_

**REMEMBER TO RETURN THIS QUESTION PAPER WITH THE ANSWER BOOK YOU USE FOR ANSWERING SECTIONS 2 AND 3**

## SECTION 2

(80 marks)

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

### APPLIED BUSINESS QUESTION

#### Harte Shoes Ltd

Harte Shoes Ltd is a small family run manufacturing business, located in Monaghan, which has operated in the highly competitive footwear industry since the 1970s. At its peak the company employed highly skilled shoe makers and a very effective sales team. Martin Harte, the owner, began to realise that the centuries-old footwear industry was in decline, largely as a result of cheaper imports from manufacturers in Eastern Europe. He decided to review the company's corporate strategy in order to make his company viable in the future.



His solution was based on the ever increasing popularity of Irish dance worldwide. The outstanding success of productions such as *Riverdance*, *Lord of the Dance* and the popularity of competitions such as the Irish Dance World Championships have seen a global increase in the numbers of girls and boys learning Irish dancing. Martin's goal was to create a range of soft and hard dance shoes, using the finest and most durable leather, and so well engineered that they would provide protection and comfort for Irish dancers worldwide.

He sought the assistance of Enterprise Ireland's 'Get Export Ready' scheme. Enterprise Ireland appointed Christine Landers, a Development Adviser, to Harte Shoes Ltd and she carried out a SWOT analysis. From this, it was clear that Harte Shoes Ltd had manufacturing expertise and that growing markets exist in the UK, America and Australia due to the global popularity of Irish dancing. However, she noted the lack of a computer aided design system (CAD) to assist with the production of shoes, especially in light of the fact that competitors from Eastern Europe had invested heavily in Information and Communications Technology (ICT). She also noted the absence of a quality website to facilitate online selling.

Martin discussed the SWOT analysis with existing employees and at that meeting a way forward was agreed. Martin invested a further €50,000 into the business to be used for modernising plant and equipment. Grant aid received from Enterprise Ireland was used for a new computer aided design system (CAD) and a website was established to showcase the new brand and to get orders from clients. Employees were given the required training and development through up-skilling courses organised by the company. Significant productivity improvements were achieved by introducing bonus shares for employees and offering a fair redundancy scheme. Martin was delighted with the innovative approach adopted by the design team in creating a range of quality hard and soft dance shoes. He welcomed their suggestions on the technical aspects of manufacturing hard dance shoes which included fibreglass heels and toes to increase the clicking sound, so important to Irish dance. His team developed a newly patented production technique enabling them to produce a dance shoe that is the lightest and loudest in the marketplace.

- (A) Do you think that Martin Harte displayed enterprising skills/characteristics? Explain your answer with reference to the text of the ABQ. (20 marks)
- (B) (i) Define the management activity of *planning*.  
(ii) Explain the elements of a SWOT analysis **and** conduct the SWOT prepared by Christine Landers. (30 marks)
- (C) Evaluate the effectiveness of the approach taken by Martin to help Harte Shoes Ltd adapt to change. (30 marks)
- (80 marks)**

## SECTION 3

(240 marks)

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

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

### Part 1

#### People in Business / Business Environment

##### People in Business

##### Question 1

- (A) Describe **one** example of a co-operative relationship and **one** example of a source of conflict that could arise between the following stakeholders:  
(i) Investor and Entrepreneur  
(ii) Supplier and Purchasing Manager. (20 marks)
- (B) Illustrate your understanding of the term *specific performance* in relation to contract law. (10 marks)
- (C) *The Director of the Equality Tribunal (previously known as the Director of Equality Investigations) published 22 decisions during September 2013 in areas of discrimination that included gender and disability.*
- (i) Define *employment discrimination* as set out in the Employment Equality Act 1998.  
(ii) List **three** grounds **other than** gender and disability on which discrimination is outlawed under this Act.  
(iii) Evaluate the role of the *Director of the Equality Tribunal* in dealing with discrimination cases under this Act. (30 marks)  
(60 marks)

##### Domestic Environment

##### Question 2

- (A) Outline the advantages of a private limited company as a form of business ownership for a start-up business. (20 marks)
- (B) Discuss the economic effects on the Irish economy of the growth in employment in recent times. (20 marks)
- (C) *“Protecting and managing Ireland's environment is a shared responsibility. It involves Government and public bodies; businesses and industry; as well as members of the public, working in partnership.”*  
*Environmental Protection Agency (EPA)*

Discuss how a business could operate in an environmentally conscious way. (20 marks)  
(60 marks)

**Domestic / International Environment**

**Question 3**

- (A) Discuss reasons why multinational companies (MNCs) may choose to locate in Ireland. Provide examples to support your answer. (20 marks)
- (B) Illustrate your understanding of the terms *standardised marketing mix* **and** *adapted marketing mix* in relation to global marketing. (20 marks)

(C)

***Examples of an EU Directive and a Regulation affecting Ireland***

*Waste Framework Directive, 2008/98/EC, requires member states to adopt waste management plans and waste prevention programmes.*

*Regulation (EU) No.1169/2011, which came into effect on December 14<sup>th</sup> 2014, includes new requirements for the way in which allergen information must be displayed in restaurants, delis, canteens, takeaways, cafés and retail outlets.*

- Outline how EU *directives* and *regulations* are formulated **and** implemented. (20 marks)  
**(60 marks)**

## SECTION 3

### Part 2

#### Enterprise

##### Managing

##### Question 4

(A) Read the information supplied and answer the questions which follow.

Paul O'Brien is the Sales Manager with Water Solutions Ltd, a business which has recently developed a new water conservation product. Paul is due to make a presentation to the board of directors on the potential of this product. He will present the following projected sales data for the product for the next six months.

Month:	July	August	September	October	November	December
Sales in €:	50,000	60,000	40,000	30,000	20,000	10,000

- (i) Illustrate the above data by means of a bar chart or a line graph.
- (ii) Outline the principles Paul should consider to ensure he communicates his message effectively to the board of directors. (25 marks)

(B) Outline the benefits **to a business** of a functional organisational structure. (15 marks)

(C) Explain the methods a business could consider to minimise the risk of bad debts as part of its credit control system. (20 marks)  
(60 marks)

##### Business in Action

##### Question 5

- (A) (i) Draft and label a product life cycle.
- (ii) Describe **one** characteristic of each stage of the product life cycle with reference to a product of your choice. (25 marks)

(B) **Feasibility Study, Test Marketing, Product Screening and Prototype Development** are stages in the new Product Development Process.

- (i) List the four stages above in the **correct** order.
- (ii) Outline your understanding of any **three** of these stages. (20 marks)

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

Having been made redundant, Lia O'Brien has decided to set up her own enterprise manufacturing individually designed disposable tableware and paper cups for small coffee shops and restaurants. She recognises, however, that having an idea and having the will to succeed will not be enough to ensure success.

Discuss the key issues Lia will have to address before setting up her business enterprise. (15 marks)  
(60 marks)



## Managing

### Question 6

(A) Read the information supplied and answer the questions which follow.

**PRIVATE MOTOR INSURANCE PROPOSAL FORM  
DECLARATION**

I/We declare to the best of my/our knowledge and belief that the information given on this form is true and complete in every respect.

- (i) Outline the function of an *insurance proposal form*.
- (ii) Explain the principle of insurance, referred to in the extract from the above private motor insurance proposal form.
- (iii) Outline **two** other principles of insurance that apply to insurance contracts. (20 marks)

(B) Outline the benefits of *performance appraisal* for **employees** in a business. (15 marks)

(C) The cash flow forecast for Amrod Ltd for the final quarter of 2015 is set out below:

Cash Flow Forecast for Amrod Ltd for the 4 <sup>th</sup> Quarter of 2015				
2015	October €	November €	December €	Total €
Total Receipts	70,000	180,000	90,000	340,000
Total Payments	100,000	165,000	120,000	385,000
Net Cash	(30,000)	15,000	<b>B</b>	(45,000)
Opening Cash	20,000	<b>A</b>	5,000	<b>C</b>
Closing Cash	(10,000)	5,000	(25,000)	(25,000)

- (i) Explain the reasons Amrod Ltd would prepare a cash flow forecast.
- (ii) Calculate the figures represented by the letters **A**, **B** and **C** on the cash flow forecast.  
(Show your workings in your answer book.)
- (iii) Explain how Amrod Ltd might deal with the financial problem identified in this cash flow forecast. (25 marks)

(60 marks)

**QUESTION 7 is on the next page**

**Business in Action**

**Question 7**

**(A)** Read the information supplied and answer the question which follows.

**Kurve Ltd** provides broadband, phone and television services to homes in the Irish market. In January 2015 it launched its new digital television service '*VISION*', providing different bundles of channels at different prices. It charges a reduced subscription for the first six months to new customers. Orders can be placed directly online. The business operates in a highly competitive market and plans to increase its sales revenues by 20 % over the next two years.

Explain the *product*, *price* and *place* elements of the marketing mix.  
Relate your explanations to **Kurve Ltd**.

(25 marks)

- (B)** (i) Explain the term *Public Relations* (PR).  
(ii) Discuss methods a business could consider to generate good Public Relations.

(20 marks)

- (C)** (i) Define the term *market segmentation*.  
(ii) Illustrate **two** methods a business could consider to segment its market.

(15 marks)  
**(60 marks)**

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ANSWERING SECTIONS 2 AND 3**

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