

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 – Higher Level (400 marks)

THURSDAY 14 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 examination paper with the answer book you use for answering Section 2 and Section 3.

SECTION 1
(80 marks)
SHORT ANSWER QUESTIONS

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

1. Fill in the appropriate words to complete **each** of the following statements.
- (i) R_____, replacements and repairs are forms of redress available to a consumer under the **Sale of Goods and Supply of Services Act 1980**.
 - (ii) The _____ provides a solution to consumer conflicts and can award compensation up to €2,000.
 - (iii) The term **merchantable quality** in consumer law implies that consumer products are of a reasonable quality having regard to their _____.
 - (iv) The _____ is responsible for investigating, enforcing and encouraging compliance with consumer law.
 - (v) The **Sale of Goods and Supply of Services Act 1980** states that all providers of services will supply a service with _____.
2. Outline **two** implications for a business of changing from a functional to a matrix organisation structure.
- (i) _____

 - (ii) _____

3. Circle the **correct option** in the case of **each** of the following statements.
- (i) An acquisition (takeover), is a form of ***inorganic growth/ organic growth***.
 - (ii) In a merger, ***businesses trade under their own names/ a new legal entity is created***.
 - (iii) In a strategic alliance, businesses share expertise, and the agreement is ***permanent/ temporary***.
 - (iv) Expansion can be financed by debt capital which ***includes / does not include*** ordinary share capital.
 - (v) Economies of scale are defined as ***unit (average) cost / total costs*** decreasing as output increases.

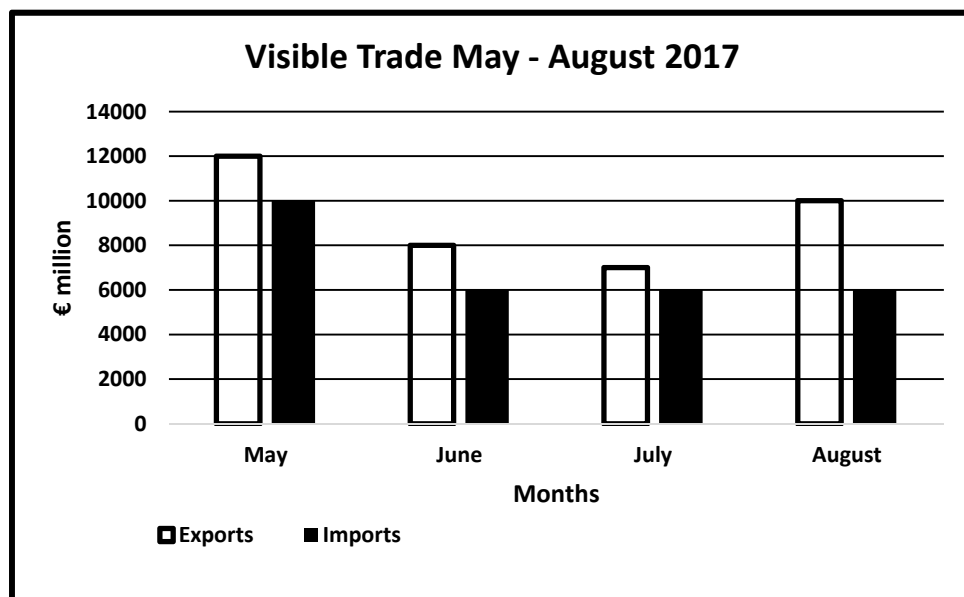
4. **Column 1** is a list of finance terms. **Column 2** is a list of possible explanations for these terms. (One explanation does not refer to any of these finance terms.)

Column 1: terms		Column 2: explanations	
1.	Leasing	A.	A facility on a current account that allows you to access funds to an agreed limit above your actual balance.
2.	Hire Purchase	B.	A financial contribution given by an organisation for a specified purpose, provided certain conditions have been met.
3.	Overdraft	C.	Selling a trade debt to a third party at a discount.
4.	Grant	D.	Purchasing an asset by instalments over time.
5.	Trade Credit	E.	Renting an asset but never owning it.
		F.	Receiving goods from suppliers and paying for them later.

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

1	2	3	4	5

5. Study the bar chart below, which illustrates a country's visible trade from May to August 2017.



- (i) Name the month which had the highest level of visible exports. _____
- (ii) Name the month which had the largest **balance of trade**. _____
- (iii) Explain the term **import substitution**. _____

6. Study the table below and fill in the figures represented by the letters **A, B, C, D** and **E**.

Sales (units)	Selling Price (per unit) (€)	Fixed Costs (€)	Variable Costs (€)	Total Costs (€)	Total Revenue (€)	Profit/loss (€)
0	20	360,000	0	360,000	0	E =
30,000	20	A =	240,000	600,000	D =	0
50,000	20	360,000	B =	C =	1,000,000	240,000

7. (a) Explain the term **working capital**.

(b) Outline **two** problems caused by insufficient working capital for a start-up business.

(i) _____

(ii) _____

8. Outline your understanding of the government policies of **privatisation** and **deregulation**.

Privatisation: _____

Deregulation: _____

9. Write **True** or **False** after **each** of the following statements.

	Statement	True or False
1.	The EU Commission is directly elected by EU citizens.	
2.	Membership of the Eurozone is essential for the free movement of goods, services, people and capital between EU member states.	
3.	A 'Directive' is a law applicable to all EU member states with immediate effect.	
4.	The Council of the European Union is the main decision making body of the EU.	
5.	In the co-decision procedure the European Parliament shares legislative power with the Council of the European Union.	

10. Distinguish between **induction training** and **staff development**.

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SECTION 2

(80 marks)

This is a compulsory question based on Units 5, 6 and 7.

APPLIED BUSINESS QUESTION

The Celtic Greenway



In 2015, The Celtic Greenway, a 30 km traffic-free cycling and walking trail built along a disused railway line was officially opened. The Greenway project was the work of a group of residents from villages and towns who wanted to develop it as a community amenity. The Greenway connects towns, villages and places of natural interest. A significant amount of funding was provided by local government. The construction of the route was carried out by a local building company over 3 years.

The provision of this safe and attractive walking and cycling route has encouraged a huge uptake of cycling, walking and jogging among local people. Cycling is increasingly being recognised as a key mode in reducing the environmental impact of transport and in promoting healthier and more balanced ways of life. The Greenway has become a great location for scouts to earn merit badges and complete volunteer projects. It has also attracted overseas visitors to the area which has led to an increase in demand for cafés and accommodation in local hotels and B&Bs along the route.

Luke Breen, a business man in the community and a keen cyclist, observed that overseas tourists using the Greenway were restricted to walking the route, as they could not rent bicycles locally. He investigated online and found that the sale of bicycles was increasing in several European countries including Ireland, indicating an increased interest in cycling and cycling holidays. He read research published by the Irish Bicycle Business Association on the different types of bicycles suitable for different terrains before purchasing bicycles to rent. Luke surveyed users of the Greenway over two days to gather information on their levels of satisfaction with the Greenway. He worked on developing a Unique Selling Point (USP) for his idea. Based on what users told him he designed a Greenway guide highlighting places of historical interest along the route. He trialled a bike rental service in a nearby city using a 'pop-up' shop on a temporary basis. He made improvements to the service based on customers' suggestions. He then launched *Greenway Bikes*, a bicycle rental service, in summer 2016.

Luke recognised the opportunity of promoting his bike rental service in overseas markets. He had a small budget for a global marketing campaign. His promotional campaign involved using digital platforms when advertising internationally, due to the cost of traditional advertising media such as television, radio, newspaper etc. He was aware that his brand name needed to be adapted to highlight its USP. He rebranded the business on his social networking sites as *Celtic Heritage Bike Trails*, with its focus on outdoor adventure tourism. Different packages are sold through the website with special offers available for early bookings. The website has the capacity to take payments in several currencies. It can be accessed in a number of different languages. One of the first bookings Luke took was for a tour group from China who rented 20 bicycles. He included a guided tour of local historical sites in their package. Luke is keen to exploit more opportunities for business expansion locally and internationally.

Questions on Page 7



- (A) (i) Illustrate the economic benefits of *The Celtic Greenway* to the **secondary sector** and to the **tertiary (services) sector**.
- (ii) Describe **two** social benefits of *The Celtic Greenway* project. (20 marks)
- (B) (i) Explain the term **market research**.
- (ii) Evaluate the different types of desk research **and** field research carried out by Luke Breen, using appropriate examples from the text. (30 marks)
- (C) Discuss how Luke adapted the elements of the marketing mix for the **global market**. (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) Read the information supplied and answer the questions which follow.



The band 'Stand and Deliver' officially cancelled their upcoming tour due to the death of their singer Richard Stears.

- (i) Explain the method of terminating the legal contract referred to in the text above.
- (ii) Outline **three** other methods for terminating a legal contract, providing an example in **each** case. (25 marks)

(B) Illustrate the impact of trade disputes on any **three** stakeholders in a business. (15 marks)

(C) Under the terms of the Unfair Dismissals Acts 1977 to 2007, explain the grounds for dismissal that are deemed to be **fair**. (20 marks)
(60 marks)

Domestic Environment

Question 2

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

*At your **credit union**, you are not just a customer, you are a member of a successful financial co-operative.*
<https://www.creditunion.ie/whatweoffer/savings>

Discuss the advantages for a credit union of operating as a co-operative. (20 marks)

(B) Outline the benefits **and** challenges of increasing employment for the Irish economy. (25 marks)

(C) Evaluate the effectiveness of Enterprise Ireland in assisting indigenous Irish businesses. (15 marks)
(60 marks)

International Environment

Question 3

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

“Ireland has failed to collect €13 billion in tax due from Apple.”

www.rte.ie

Evaluate the opportunities **and** challenges for the Irish economy of foreign multinationals (MNCs) locating in Ireland, providing examples to support your answer.

(20 marks)

(B) *Membership of the **Economic and Monetary Union (EMU)** has been good for Irish business.* Do you agree with this statement? Outline reasons for your answer.

(20 marks)

(C) Explain the following terms in relation to international trade:

- Trading bloc
- Tariffs
- Embargoes
- Subsidies.

(20 marks)

(60 marks)

SECTION 3

Part 2

Enterprise

Enterprise/Managing

Question 4

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

Ryanair CEO, Michael O’Leary, has apologised for the cancellation of flights. The airline admits it “messed up the planning of pilots’ holidays”. Source: Adapted from The Irish Times, 2017

- (i) Illustrate your understanding of the term **contingency plan**.
- (ii) Outline the importance of planning for an airline such as Ryanair. Refer to strategic, tactical and manpower planning in your answer. (25 marks)
- (B) (i) Explain the ‘hierarchy of needs’ developed by Maslow in his theory of motivation.
- (ii) Discuss possible limitations of this theory of motivation. (25 marks)
- (C) Outline **two** reasons why a person might become an entrepreneur. (10 marks)
(60 marks)

Managing/Business in Action

Question 5

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



Supermac’s is an Irish fast food franchise which was set up in Ballinasloe 40 years ago by Pat McDonagh. In May 2017 Supermac’s took home the award for “Franchise of the Year” at the Irish Franchise Awards.

Source: www.hospitalityireland.com

- Outline the advantages **and** disadvantages for a business in the fast food sector of choosing franchising **as a method of business expansion**. (20 marks)
- (B) Draft a business letter, using today’s date, from Phoenix Risk Management Ltd to Ricardo’s Burgers Ltd, a fast food retailer. In your letter identify the main types of insurance Ricardo’s Burgers Ltd should have **and** outline ways in which it could minimise business risks. Use fictitious names and addresses. (25 marks)
- (C) Discuss the factors a business should consider before changing from a batch to a mass (flow) method of production. (15 marks)
(60 marks)

Managing

Question 6

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



The Area Manager Programme is a critical part of our business. What sets us apart from our competitors is the calibre of people in our stores.

Source: www.aldirecruitment.ie

Discuss the role of the following in the effective recruitment and selection of an Area Manager for a large supermarket chain:

Person Specification;

Job Description;

Panel Interview.

(20 marks)

(B) Outline **one** appropriate leadership style which a manager in a retail outlet could adopt, giving reasons for your choice. (20 marks)

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

*Ben Caffrey is a manager at Fun-Go Holidays Ltd and earns a gross **annual** salary of €55,000. His employer provides him with a holiday voucher worth €5,000. This is treated as income for tax purposes and is taxed accordingly.*

Ben's tax information is shown in the following table.

PAYE		
20% on the first €34,550	40% on the balance of his gross income.	
Tax Credits		
Single Person Tax Credit €1,650	PAYE Tax Credit €1,650	Dependent Relative Tax Credit €70
USC		
0.5% on the first €12,012	2% on the next €7,360	4.75% on the balance of his gross income
PRSI		
Ben pays employee PRSI at 4% of his gross income		

Calculate **each** of the following (**show your workings**):

(i) The PAYE which Ben has to pay

(iii) The total amount of PRSI

(ii) The total amount of USC

(iv) Ben's net **annual** take-home pay.

(20 marks)

(60 marks)

Question 7 is on the next page

Business in Action

Question 7

Read the information supplied and answer the questions which follow.

Cadbury is a confectionery company operating since 1932. It produces several well-known chocolate brands such as **Dairy Milk, Crunchie, Flake, Milk Tray, Roses** and **Creme Eggs**. In the Irish chocolate market Dairy Milk is the number one brand.



- (A) (i) Draw a product life cycle diagram **and** explain **each** stage.
(ii) Outline **two** methods a business could consider to extend the product life cycle.
(25 marks)

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

Irish people are spending more on chocolate than ever before - and market experts say movie streaming services like Netflix could be partly to blame for our increased spend on chocolate, as more of us stay in with treats to watch a movie or our favourite TV show.

Source: Irish Independent, July 2017

- (i) Discuss the benefits for a large chocolate manufacturer of engaging in **market segmentation**.
(ii) Illustrate **two** different ways the **chocolate market** could be segmented.
(20 marks)
- (C) Evaluate the benefits **and** challenges for a small start-up business of choosing a direct channel of distribution rather than selling through wholesalers and retailers.
(15 marks)
(60 marks)

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