

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, 2019

Business – Higher Level (400 marks)

THURSDAY 13 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 the 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. **Column 1** is a list of business terms. **Column 2** is a list of possible explanations for these terms.
(One explanation does not refer to any of the terms.)

	Column 1: Terms		Column 2: Explanations
1	Job Description	A	The number of subordinates who report directly to a manager.
2	Norming	B	Shows the qualifications, experience and skills required.
3	Manpower Planning	C	A stage in team development.
4	Person Specification	D	The reporting structure from the top of the hierarchy to the bottom.
5	Chain of command	E	Having the right number of employees with the right skills in the right place at the right time.
		F	Defines the main duties and responsibilities.

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

1	2	3	4	5

2. Name the **three** categories of industry and give **one** example of an occupation in each:

- (i) _____ Example: _____
- (ii) _____ Example: _____
- (iii) _____ Example: _____

3. In the context of business, what do the following letters stand for?
Write your answers in the spaces provided.

PAYE	
USC	
PRSI	
DIRT	
CGT	

4. Circle the **correct option** in the case of **each** of the following statements.

- (i) Inflation is the **increase / decrease** in the cost of living over a period of time.
- (ii) Bank interest rates for Eurozone members are set by the **Single European Market / European Central Bank**.
- (iii) When the Euro (€) increases in value against the US dollar (\$), the price of Irish exports in the US **increases / decreases**.
- (iv) A decrease in PAYE leads to **more / less** disposable income for an employee.
- (v) An increase in employment should lead to **more / less** revenue for the Irish Government.

5. (i) Explain the term **national minimum wage**.

- (ii) Describe **one** possible economic impact on **Irish business** of the increase in the national minimum wage.

6. Outline **two** problems which could arise in a business which has too wide a span of control.

(i) _____

(ii) _____

7. Read the following infographic and answer the questions which follow.



(i) Name the region to which Ireland exports most of its goods.

(ii) Calculate the **Balance of Trade**. State if it is a Surplus or Deficit.

Show your Workings

Answer: _____

(iii) Name **one** import above which could **not** be substituted with a home-produced good.

(iv) Outline **one** reason for your answer.

8. Explain the term **niche market** and provide an example to support your answer.

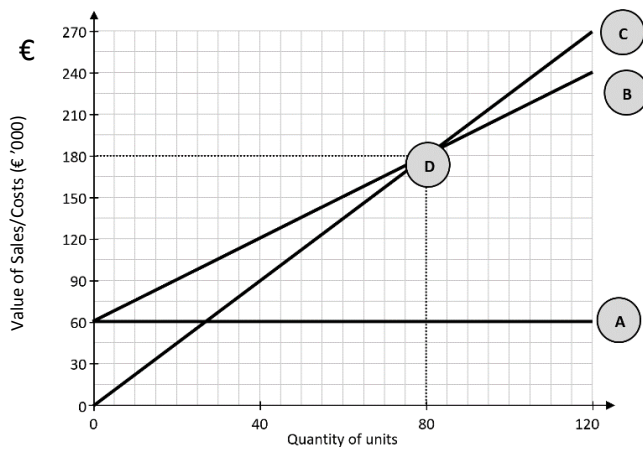
Example: _____

9. Illustrate your understanding of a **co-operative** relationship between an entrepreneur and an investor.

10.

(i) Read the Break-Even chart below and identify the full labels (not abbreviations) for A, B, C and D.

Break-Even Chart for Eurocon DAC



Answer Box

	Full Label
A	
B	
C	
D	

(ii) Calculate Profit at Forecast Output of 120 units.

Show your workings.

Workings

Profit at Forecast Output

Answer: _____

(iii) Outline **one** limitation of break-even analysis.

Remember to return this examination paper with the answer book you use for answering Section 2 and Section 3.

SECTION 2

(80 marks)

This is a compulsory question based on Units 1, 2 and 3.

APPLIED BUSINESS QUESTION

Oatfield Lodge Wedding Venue

Emma Daly worked as an operations manager in the catering section of a major airline for many years. In 2010 she married John, an architect, and settled into his family's farm in North County Dublin. Emma became frustrated with the limitations of working for other people. In 2015 she resigned from her job to go into business with her husband. A change in the law allowed for private venues to be used for marriage ceremonies. Inspired by her own wedding, Emma realised there was potential to start a business providing an alternative wedding venue. She and her husband converted an old barn into a marriage and wedding reception venue, and some stables were converted into apartments for guests. In 2017 they opened Oatfield Lodge as a unique wedding venue. The client list began to grow and Oatfield Lodge received very favourable on-line reviews from clients and bloggers on wedding websites. In 2018 the business reported a profit of €100,000.



Emma's long-term goal is to become the number one alternative wedding venue in Ireland, where people can get married, have a reception and stay after the event. Emma is the events manager in the business. She meets with all couples a year in advance of their marriage and discusses different options with them. From this initial meeting Emma decides the timeline for achieving a unique and personal experience. She must operate within the couples' agreed budgets. Emma must also ensure that a top quality service is provided. Oatfield Lodge was recently crowned *Top Wedding Venue* in Leinster. The business has six full-time staff, and it hires part-time staff as needed, based on the size of the event. For the wedding reception, part time staff are divided into teams and briefed on their roles. A separate supervisor oversees the work of the catering, bar, and housekeeping teams.

As the number of bookings continues to rise Emma is under increasing pressure to meet the couples' requirements and to operate within the budgets agreed. For a recent wedding Emma realised that she had underestimated the scope of the work and left herself extremely short on time. As a result the menus were rushed, and the incorrect date was printed on them. In addition, the couple complained that the flowers used to decorate the venue were not fresh. The wedding souvenirs for the guests were not available on the day. It turned out that Emma had employed a local college student with an interest in photography, rather than a professional photographer to take the photographs. The couple were very disappointed with their wedding album. They posted an unfavourable online review of Oatfield Lodge.

Emma is currently carrying out an assessment of practices and procedures with the full-time staff, in order to take corrective action and avoid any further reputational damage.

Questions on page 7



- (A) (i) Explain the term entrepreneur.
(ii) Outline the benefits for Emma Daly of becoming an entrepreneur. (20)
- (B) Evaluate the **management activities** involved in the operation of Oatfield Lodge Wedding Venue. (30)
- (C) Do you think Oatfield Lodge, **as a service provider**, has complied with the terms of the Sale of Goods and Supply of Services Act 1980?
Explain your answer, using your knowledge of the Act **and** referring to the text of the ABQ. (30)

[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) Explain the following terms in relation to the law of contract, providing an example in **each** case.

Capacity to Contract

Consideration

Legality of Form

Consent to Contract

(20)

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

Nurses belonging to the Irish Nurses and Midwives Organisation (INMO) are to begin industrial action on 30 January in an escalation of their pay dispute. www.rte.ie

(i) Outline **three** reasons, **other than pay**, for an industrial dispute.

(ii) Discuss the procedures which must be followed before official industrial action can take place. (25)

(C) Evaluate the Small Claims Procedure for resolving conflict. (15)

[60 marks]

Domestic Environment

Question 2

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

The Dough Bros Pizzeria

The Dough Brothers serve authentic wood-fired pizza at markets, events and private parties. The brothers recently switched from single-use plastic to biodegradable cutlery and napkins.

Adapted from *The Irish Times* July 2018

(i) Discuss the importance for a business of being environmentally responsible.

(ii) Outline **two** measures, other than the measure outlined above, a business could consider in its effort to become more environmentally responsible. (25)

(B) Outline the impact of the following economic variables on Irish businesses.

Inflation rate

Interest rate

Employment rate

(20)

(C) Explain the reasons why the Irish Government encourages entrepreneurship in Ireland. (15)

[60 marks]

International Environment

Question 3

(A) Evaluate the role of the EU institutions in the decision making process of the European Union. (25)

(B) *In January 2019 the Euro celebrated its 20th anniversary.*

Explain the reasons why an Irish business may choose to trade with other businesses in the **Eurozone**.

(15)

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

Irish natural skincare businesses are using a combination of natural ingredients and science to develop innovative products for the growing international natural skincare market.

The Irish Times June 2018

Discuss the benefits **and** the challenges for an Irish natural skincare business of trading in the global market.

(20)

[60 marks]



SECTION 3
Part 2
Enterprise

Managing

Question 4

- (A)** *A Chief Financial Officer (CFO) in a business needs exceptional communication skills and needs to adapt his/her communication style and message to different stakeholders.*
- (i) Discuss the importance for a business of effective communication.
 - (ii) Illustrate **two** barriers that a manager has to overcome to communicate effectively with staff, providing a different example in **each** case. (20)
- (B)** Read the information supplied and answer the question which follows.

Hexagon Solutions is a global software design company operating in Dublin.



It offers competitive salaries and long-term contracts of employment to all employees. A team structure exists in the business where employees from all over the world work together on innovative projects. Staff ideas are accepted, and innovation is rewarded. Hexagon supports employees who take on further studies.

Outline the different stages in Maslow's hierarchy of needs theory **and** illustrate how Hexagon Solutions applies this theory to motivate its employees. (20)

- (C)**
- (i) Describe **two** leadership styles.
 - (ii) Outline the factors that influence the leadership style adopted by business managers. Provide examples to support your answer. (20)

[60 marks]

Managing/Business in Action

Question 5

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

Vodafone Retail Ireland has blamed lower demand for new mobile handsets for a 9% drop in sales revenues at its retail network.
The Irish Times January 2019

Outline the effects a decrease in sales revenues has on a business. (15)

(B) The figures in the table below were taken from the final accounts of BioMed Ltd.

	2017	2018
Current Assets (including closing stock)	40,000	62,500
Current Liabilities	20,000	25,000
Closing Stock	10,000	42,500

- (i) Explain what is meant by a **liquidity problem** in a business.
(ii) Calculate the Current ratio **and** the Acid test ratio for BioMed Ltd for 2017 **and** 2018.
Show your workings.
(iii) Analyse the significance of the trends for the liquidity of BioMed Ltd.

(25)

(C) Describe **two** distinct situations requiring **short-term** finance for a start-up business **and** explain the most appropriate source of short-term finance in **each** situation.

(20)

[60 marks]

Questions 6 and 7 are on the next page

Managing/Business in Action

Question 6

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



Fitbit fitness watches

Fitbit fitness watches are wireless-enabled wearable technology devices that measure data such as the number of steps walked, heart rate, quality of sleep, steps climbed, and other personal metrics involved in fitness. In 2018 Fitbit announced plans to collaborate with Google in the digital health technology market.

www.fitbit.com

- (i) Explain the term unique selling point (USP) **and** provide an example to support your answer.
- (ii) Illustrate the new product development stages of Feasibility Study, Prototype Development and Test Marketing with reference to the Fitbit fitness watch. (20)
- (B) (i) Outline the benefits **and** risks of a strategic alliance as a method of business expansion.
- (ii) Explain **one** other method of business expansion. (25)
- (C) Discuss the reasons why management carries out performance appraisal. (15)
- [60 marks]

Business in Action

Question 7

Read the information supplied and answer the questions which follow.



Intezz - Sugar Free Soft Drink

Beveraton PLC is a global manufacturer of soft drinks. It developed **Intezz**, a new sugar free soft drink which will be launched in the market in September 2019.

- (A) (i) Explain the factors that should be considered before deciding on the price to charge consumers for a product.
- (ii) Outline the pricing strategy best suited to the **introductory stage** of **Intezz** and **explain** the reason for your choice. (25)
- (B) (i) Describe the role of Public Relations (PR) in a business.
- (ii) Discuss the methods Beveraton could consider to develop good PR, providing examples to support your answer. (20)
- (C) Outline the factors the marketing manager of Intezz should consider when designing the packaging for the brand. (15)
- [60 marks]

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