

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 - Ordinary Level (400 marks)

THURSDAY 13 JUNE 2019 – MORNING 9:30 to 12:00

CANDIDATES ARE REQUIRED TO 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	

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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.

AGM	
AOB	
EGM	

2.

Product A  ALCATEL 1 PREPAY FROM €59.99	Product B  SAMSUNG GALAXY NOTE9 PREPAY FROM €859.99	Businesses use high price strategies and low price strategies as part of their marketing mix. Identify the product (A or B) where the business is using: (i) Premium Pricing: <hr style="width: 80%; margin-left: 0;"/> (ii) Penetration Pricing: <hr style="width: 80%; margin-left: 0;"/>
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3. Choose the appropriate word/s to complete the sentence below. (Two words do not apply.)

INDEMNITY COSTS UTMOST GOOD FAITH INFORMATION

_____ is an insurance principle which states that the insured person must voluntarily disclose, accurately and fully, all _____ relevant to the risk being insured whether requested or not.

4. *The euro celebrated its 20th anniversary in January 2019.*
Outline **two** advantages for Irish consumers of using the euro currency.



(i) _____

(ii) _____

5. Draft the memorandum sent by Stephen Kennedy, ICT Manager, **on today's date** to all Sales Managers reminding them that Data Protection Authorities may issue fines for non-compliance with the General Data Protection Regulation (GDPR).

Memorandum	
To:	_____
From:	_____
Date:	_____
Re:	_____

Signed:	-----
Title:	-----

6. Circle the **correct option** in **each** of the following statements.
- (i) When there is clear, complete and unconditional acceptance of an offer, there is **an invitation to treat / a legal agreement**.
 - (ii) In a contract, each party must give something of value to the other party and this refers to **consideration / consent to contract**.
 - (iii) Some contracts must be in writing if they are to be legally valid. This refers to **legality of form / legality of purpose**.
 - (iv) Persons under the influence of alcohol or drugs **do / do not** have the capacity to enter a legal contract.

7. Explain the following types of taxation.

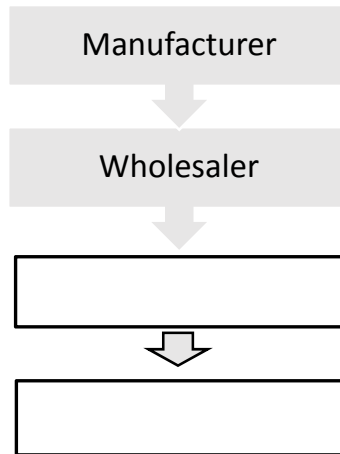
(i) Corporation Tax:

(ii) Value Added Tax:

8. Indicate by placing a tick (✓) in the correct box, the leadership style that each statement relates to.

Statement	AUTOCRATIC	DEMOCRATIC	LAISSEZ-FAIRE
This leader discusses and consults with staff when making decisions.			
This leader does not discuss and consult with staff when making decisions.			
The leader gives her / his staff freedom to make their own decisions.			

9. Complete the following Channel of Distribution.



10. Outline **two** reasons why an entrepreneur should prepare a business plan.

(i) _____

(ii) _____

11. W. O'Brien Ltd is examining its liquidity.

From the information below, calculate the Current Ratio. (Show formula and workings.)






Current Assets €150,000

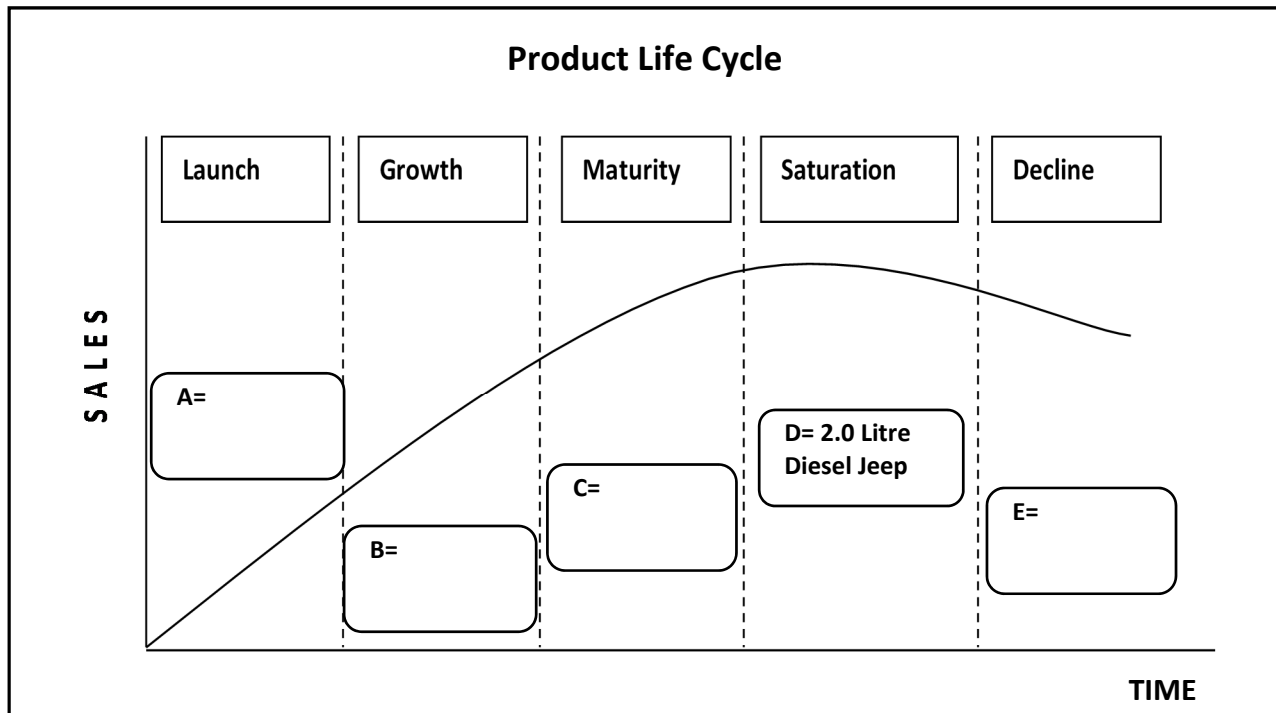
Current Liabilities €75,000

Formula:	
Workings:	
Answer:	

12. Study Table 1 below and use the information to fill in the appropriate product (car) for stages A, B, C, and E of the Product Life Cycle. D has been completed for you.

Table 1

Electric car (EV)	1950s Chevy	GM Self-Driving car	The VW Golf	2.0 Litre Diesel Jeep
				



13. Write the word **TRUE** or **FALSE** after each of the following statements.

Brainstorming is an idea generation technique.	
Product Screening involves developing a sample or 'mock up' of a product.	
During the feasibility stage of product development, the product is made available to the market.	
Test Marketing involves releasing a small sample in order to test consumer reaction and gain feedback.	

14. *Good communication between managers and employees is key to business success.*

Choose the most appropriate method of communication in the following situations and explain the reason for your choice in **each** case.

(i) Management communicating about the financial performance of the business.

(ii) Management issuing a formal warning to a member of staff about his/her conduct.

(iii) Management consulting with a member of staff about an urgent decision.

15. Column 1 is a list of business terms. Column 2 is a list of explanations for these terms. **One explanation has no match.** 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 Terms	Column 2: Explanations	
1. Privatisation	A.	Construction and manufacturing industries.
2. Indigenous Firms	B.	Service providers such as Ryanair and Aer Lingus.
3. Secondary Sector	C.	Businesses that are Irish owned and located in Ireland.
4. Tertiary Sector	D.	The sale of a state-owned company such as Bord Gáis.
5. Primary Sector	E.	The government buying shares in a company such as AIB bank.
	F.	Extractive industries such as fishing, farming and forestry.

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SECTION 2 (300 marks)

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

One question from **Part 1**, **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.



Debs Dress

Jane Boland purchased her Debs dress from a local retailer. When she tried on the dress at home, Jane noticed a stain on the front of the dress. Jane had studied consumer law in Business class at school and remembered that goods must be of merchantable quality and fit for purpose.

- (A) (i) Name the consumer law/act that protects Jane in this situation.
(ii) Explain the terms **merchantable quality** and **fit for purpose**. (20 marks)
- (B) (i) Outline **two** forms of remedy/redress that Jane is entitled to.
(ii) Explain **one** method Jane could use as proof of purchase. (15 marks)
- (C) If the retailer refuses to offer redress, Jane will take her case to the Small Claims Court.

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

(15 marks)

(D)

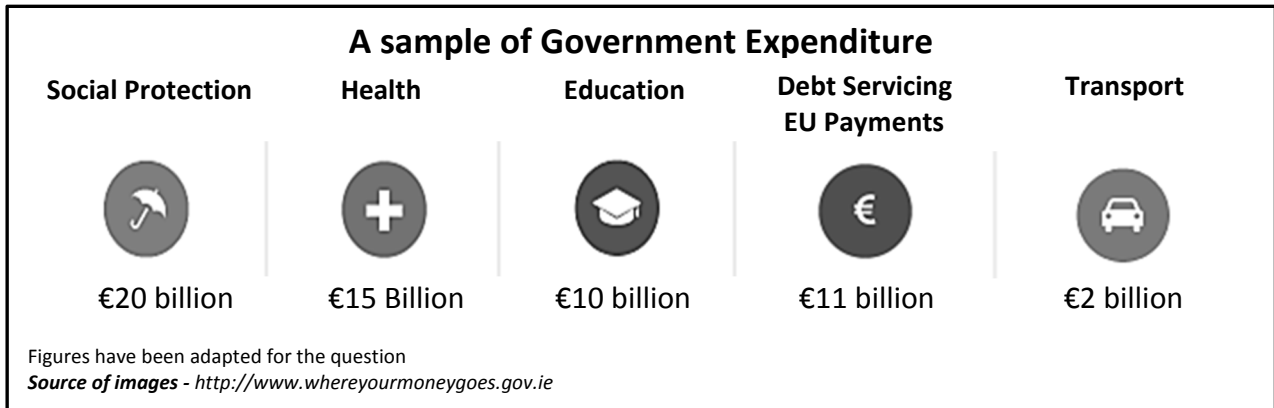
'Shocking' job advert posted by Dublin-based firm highlights employer discrimination
'Persons with young children need not apply' was the sentence in a recent job advert posted by a Dublin-based oil company on the recruitment search engine, Indeed.com.
www.independent.ie/business

- (i) Name the law / act that protects an employee in cases of discrimination.
(ii) Outline **three** grounds on which discrimination is outlawed. (15 marks)
- (E) Outline **two** causes of industrial relations disputes between trade unions and employers. (10 marks)
- (75 marks)

DOMESTIC ENVIRONMENT

QUESTION 2

Read the information supplied and answer the questions which follow.



(A) Draw a **Bar Chart or Line Graph** to represent the above information.
(You may use graph paper.) (20 marks)

(B) Outline **two examples** of government expenditure on education. (10 marks)

(C) Outline **two** benefits for businesses of the Government increasing expenditure in any of the sectors above. (15 marks)

(D) **Multinational company Amazon to create 1,000 new jobs in Dublin**



www.rte.ie

- (i) Explain what is meant by the term **multinational company**.
(ii) Explain **two** reasons why multinational companies choose to locate in Ireland. (20 marks)

(E) Outline **two** benefits, other than employment, of multinational companies for the Irish economy. (10 marks)

(75 marks)

INTERNATIONAL ENVIRONMENT

QUESTION 3



- (A) List **three** examples of goods / services that are imported into Ireland. (10 marks)
- (B) Outline **three** reasons why goods or services are imported into Ireland. (20 marks)
- (C) Explain the term **exports** and provide **one** example. (15 marks)

Irish Exports and Imports - January 2019

In January 2019 Irish Exports were €13,703m whereas Irish Imports were €6,520m.

www.cso.ie

- (D) (i) Using the figures above, calculate the Balance of Payments for the month of January 2019. **Show your workings.**
- (ii) State whether it is a surplus or deficit. (15 marks)
- (E) *Ireland trades freely with other European Union countries.*
- (i) Name **three** European Union countries that Ireland trades with. (15 marks)
- (ii) Explain the term **tariff**. (15 marks)
- (75 marks)**

PART 2

ENTERPRISE / MANAGING

QUESTION 4

Read the information supplied and answer the questions which follow.



Irish Indigenous firm Smyths Toys Superstores is now the largest toy retailer in Europe. Bridie and Paddy Smyth ran a pub and newsagents in Claremorris and also sold toys. This was the origin of their children's toys and entertainment business.

Several of the Smyth family are shareholders in the company and they have over 100 stores throughout Ireland and the UK. They stock a huge range of children's toys which varies according to the time of year. The directors and senior management help set out the vision for Smyths Toys Superstores. Tony Smyth is the Managing Director of the family-owned business.

- (A) Outline **three** enterprising skills / characteristics that entrepreneurs display. (15 marks)
- (B) Outline **three** risks of setting up your own business. (15 marks)
- (C) (i) Name **two** types of plan used in business.
(ii) Explain **one** type of plan that Smyths Toys Superstores might have. (15 marks)
- (D) (i) Explain the term **stock control**.
(ii) Explain **two** reasons why stock control is important for a toy store. (15 marks)
- (E) Draw a diagram to illustrate **a functional organisational structure** for a business with four departments. (15 marks)
- (75 marks)**

MANAGING

QUESTION 5

Read the information supplied and answer the questions which follow.

KILDARE VILLAGE

Job advertisement – Seasonal Sales Staff for *SuperClothes* retail outlet

Seasonal part-time sales staff required at *SuperClothes* retail outlet

The role: As a Sales Assistant you are the face of the company.

See website for full Job Description

The person must be motivated and positive.

See website for full Person Specification

What we offer: A competitive hourly rate of €15.00 per hour, induction training, amazing staff discount (50% online and in store), a generous clothing allowance, because you love to wear our brand.

See website for a list of **benefits-in-kind**.

- (A) Explain the term **induction training**. (10 marks)
- (B) Outline **two** benefits for *SuperClothes* of training its sales staff. (15 marks)
- (C) Explain the term **benefit-in-kind**. (15 marks)
- (D)

Orla has started working for *SuperClothes* as a Sales Assistant. Orla will be paid €15.00 per hour. On St. Stephen's Day staff are paid double time i.e. double the hourly wage.

 - (i) Explain the term **Gross Pay**.
 - (ii) If Orla works 10 hours in a regular week, calculate her gross weekly pay.
 - (iii) If Orla works 8 hours on St. Stephen's Day, calculate her gross pay for that one day. (15 marks)
- (E)

Fiona is a manager at *SuperClothes*. She receives an annual Gross Salary of €35,000. Assume that deductions are calculated as follows: Net PAYE= €3,700, PRSI is 7% of Gross Salary and USC is 3% of Gross Salary.

 - (i) Calculate Fiona's **total** annual deductions. **Show your workings**.
 - (ii) Calculate Fiona's **Net Annual Salary**. **Show your workings**. (20 marks)
- (75 marks)**

QUESTION 6

Read the information supplied and answer the questions which follow.



Joanie's Gelato Ice Cream Bar

Joanie got the idea of setting up an ice cream bar while on holiday in Italy. Joanie carried out market research and gathered information about the industry, who her competitors were and what customers' preferences were. In April 2017, she opened *Joanie's Gelato Ice Cream Bar*.

- (A) (i) Identify where Joanie sourced the idea for her new ice cream business.
 (ii) Outline **two** other sources of new product ideas for entrepreneurs. (15 marks)
- (B) (i) Explain the term **market research**.
 (ii) Explain, using an example in **each** case, the difference between primary research and secondary research. (20 marks)
- (C) Outline **three** factors Joanie should consider when deciding on the price of her ice cream. (15 marks)
- (D) Read the information supplied and answer the question which follows.

The summer heatwave in 2018 resulted in excellent sales of Joanie's Gelato Ice Cream.

A **SWOT** analysis carried out identified the following:

- (a) A new competitor has recently opened an ice cream bar in a nearby location.
- (b) Joanie is considering opening a second ice cream bar in summer 2020.
- (c) The packaging and cutlery used by the business is not biodegradable.
- (d) The ice cream bar has developed a good reputation for high quality ice cream and excellent service.

Identify the elements of a SWOT analysis (Strength, Weakness, Opportunity and Threat) from the list (a) to (d) above. (15 marks)

- (E) Outline **two** ways in which Joanie's Gelato Ice Cream Bar could become more environmentally responsible. (10 marks)
- (75 marks)**

BUSINESS IN ACTION

QUESTION 7

Read the information supplied and answer the questions which follow.

I-Care Cutlery

Having read a newspaper article about France passing a new law requiring that all plastic cups, cutlery and plates be composted, Brian had the idea to set up his own business **I-Care Cutlery** operating as a sole trader. The business produces eco-friendly catering disposables. It makes cups, cutlery and plates that can be composted and are made of biologically-sourced materials such as plants.



- (A) (i) Explain the term **sole trader**.
(ii) Outline **two** benefits of setting up as a sole trader. (15 marks)

I-Care Cutlery makes its products using batch production methods.

- (B) (i) Explain the term **batch production**.
(ii) Outline **one** other method of production. (15 marks)

- (C) I-Care Cutlery has used the following sources of finance: a bank overdraft, trade credit and hire-purchase. I-Care Cutlery is planning on seeking a grant and a long term loan to grow the business.

Explain any **three** sources of finance underlined in the paragraph above. (20 marks)

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

I-Care Cutlery is considering expanding by means of a merger with a similar business based in the UK.

Outline **two** reasons why a business might choose to expand. (15 marks)

- (E) Explain the term **merger**. (10 marks)

(75 marks)

BUSINESS IN ACTION

QUESTION 8

Read the information supplied and answer the questions which follow.



There are various methods of promoting your brand. Lidl and Centra use sponsorship as a method of Public Relations.

- (A) Outline **two** benefits for a business of sponsorship as a method of Public Relations (PR). (10 marks)
- (B) Discuss **three** sales promotions techniques that retailers such as Lidl and Centra use to increase sales. (15 marks)
- (C) Lidl and Centra advertise using various media.
- (i) Outline **two** functions of advertising.
- (ii) List **two** advertising media that could be used by retailers **and** outline reasons for your choice in **each** case. (20 marks)
- (D) Mike is considering setting up his own store. He read online that Centra operates as a franchise.
- (i) Explain the term **franchise** as a form of business ownership.
- (ii) List **two** other examples of franchises. (20 marks)
- (E) Outline **two** advantages for Mike of setting up a Centra store under the franchise model rather than operating as an independent retailer. (10 marks)
- (75 marks)**

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