

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 2016

BUSINESS - ORDINARY LEVEL (400 marks)

THURSDAY 16 JUNE 2016 – 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 QUESTION 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.

VAT	
WWW	
AGM	

2. List **three** methods of **written communication** a business might use.

- (i) _____
- (ii) _____
- (iii) _____

3. Calculate Ken McGrath's **net annual take home pay** from the following details.
Show your workings.

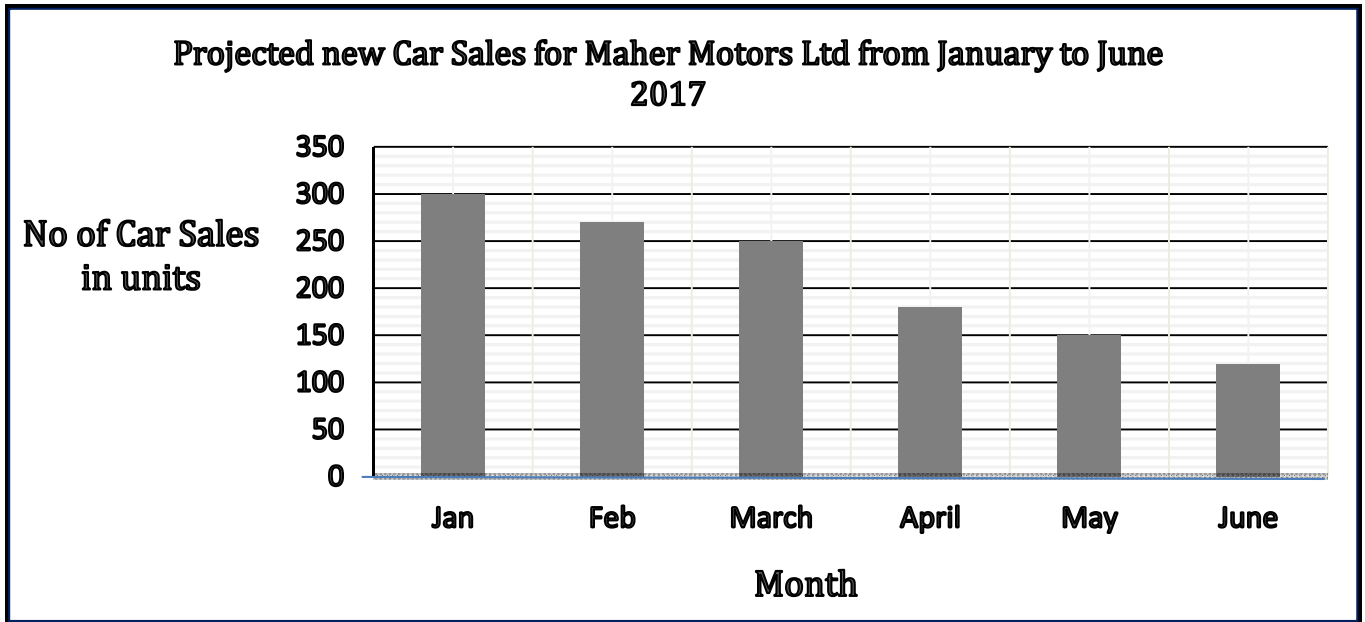
Name: Ken McGrath		€	€
Gross Pay			30,000
Deductions			
PAYE (20% of €30,000)	6000		
- Tax Credit	<u>3200</u>		
Net PAYE		2800	
PRSI (4% of €30,000)		(i)	
USC (3% of €30,000)		(ii)	
Total Deductions			(iii)
Net Annual Take Home Pay			(iv)

Show Workings PRSI	Show Workings USC
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4. Complete the missing Factors of Production in the spaces provided.

LAND		CAPITAL	
------	--	---------	--

5. The chart below illustrates the projected sales of new cars for Maher Motors Ltd for the six month period January to June 2017.



- (a) Name the method of **visual communication** presented above. _____
- (b) (i) Identify the month with the highest projected sales. _____
- (ii) Identify the projected number of cars that will be sold in that month. _____
- (c) Name **one** other method of visual communication. _____

6. Name the **three** management activities.

- (i) _____
- (ii) _____
- (iii) _____

7. Choose the appropriate words to complete the sentence below. (One word does not apply).

POWER

DECISIONS

TARGETS

Employee empowerment provides staff with more _____ to make their own _____ about how to do their jobs.

8. List **two** reasons for **unfair** dismissal, under the Unfair Dismissals Act 1977/2007.

- (i) _____
- (ii) _____

9. Outline **two** ways in which a business could become more **environmentally friendly**.

(i) _____

(ii) _____

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

Inflation refers to an increase in general prices from one year to the next.	
A recession leads to increased spending by consumers.	
Lower interest rates mean the cost of borrowing money is cheaper.	
Exchanges rates refer to the price of one currency expressed in terms of another currency.	
High unemployment leads to an increase in government spending on social welfare.	

11. Indicate which government body is responsible for further education and training.
Place a (✓) in the correct box.

Solas (Formerly known as FÁS)

IDA (Industrial Development Authority)

12. Name **two** European Union (EU) policies.

(i) _____

(ii) _____

13. Insomnia coffee company is an example of an Irish franchise.

(i) Explain the term **franchising**.



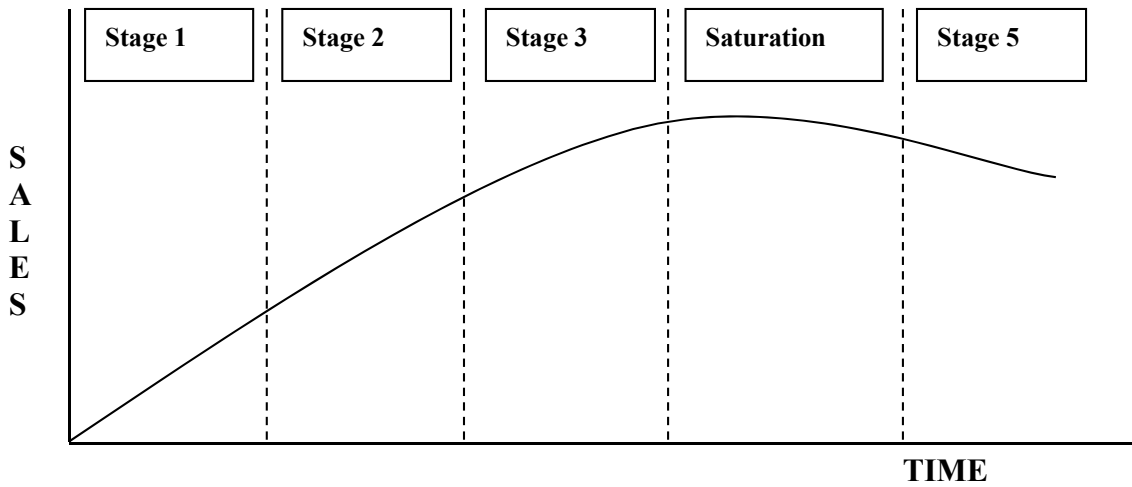
Explanation: _____

(ii) Give **one other** example of a franchise.

Example: _____

14. The diagram of the Product Life Cycle below is incomplete. The **Saturation** stage has been filled in and the names of the other stages are missing.

Fill in the **missing** stages below.



- Stage 1 _____
- Stage 2 _____
- Stage 3 _____
- Stage 4 Saturation
- Stage 5 _____

15. Column 1 is a list of business terms relating to contract law. Column 2 is a list of possible 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.

Business Terms	Explanations	
1. Capacity	A.	An unforeseen event makes it impossible for a contract to be fulfilled
2. Contract	B.	Person must be legally able to enter into a contract.
3. Consideration	C.	The parties entering the contract must do so of their own free will.
4. Consent	D.	The legally binding agreement made between two or more parties.
5. Frustration	E.	Some contracts must be drawn up in a certain way if they are to be legal contracts.
	F.	Something of value exchanged between the parties to the contract.

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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.



Black Friday Disaster!

Ciara purchased all of her Christmas gifts in November at the “Black Friday” sales. She got a great discount on a new laptop for her husband. On Christmas Day, when he opened the present, he realised the laptop screen was damaged. Ciara wasn’t sure whether she was entitled to a remedy because she had purchased the laptop in a sale. Ciara contacted the Consumers Association of Ireland and she was informed that she had exactly the same rights and protections as a person who had purchased the product at full price.

- (A) Name the law that protects Ciara in this situation. (10 marks)
- (B) Explain **two** legal rights of the consumer under this law. (15 marks)
- (C) Outline **two** forms of remedy/redress that Ciara is entitled to in the above case. (15 marks)

Train Drivers Industrial Action

Train drivers at Irish Rail were involved in an industrial relations dispute with their employer. The train drivers were represented by their Trade Unions, the NBRU (National Bus and Rail Workers Union) and SIPTU (Services, Industrial, Professional and Technical Union).

- (D) Outline **three** causes of industrial relations disputes. (15 marks)
 - (E) Outline **two** types of official industrial action a trade union can take as part of an industrial relations dispute. (20 marks)
- (75 marks)**

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DOMESTIC/INTERNATIONAL ENVIRONMENT

QUESTION 2

Read the information supplied and answer the questions which follow.

Apple Chief Executive Tim Cook announced plans to create 1,000 new jobs at Apple's campus in Cork.
www.irishexaminer.com

- (A) (i) Explain the term **secondary sector**.
(ii) Name **one** other sector of the economy. (15 marks)
- (B) (i) Apple is a multinational company. Explain the term **multinational company**.
(ii) Name **one** other multinational company. (15 marks)
- (C) Outline **two** possible reasons why Apple decided to locate in Ireland. (20 marks)
- (D) Apple is a Public Limited Company (plc). Explain **two** benefits of operating as a plc. (15 marks)

The Irish economy experienced economic growth in 2015.

- (E) Outline **two** benefits of economic growth for the Irish economy. (10 marks)
(75 marks)

INTERNATIONAL ENVIRONMENT

QUESTION 3

Read the information supplied and answer the questions which follow.

Visible Imports €3,700m
Visible Exports €4,800m

- (A) (i) Using the above information, calculate the **Balance of Trade**. **Show your workings**.
(ii) State whether it is a surplus or a deficit. (15 marks)
- (B) (i) List **two** examples of goods imported into Ireland.
(ii) Outline **two** reasons why goods are imported into Ireland. (20 marks)

Ireland is a small open economy which is heavily dependent on international trade.

- (C) Outline **two** challenges for Irish businesses involved in international trade. (15 marks)
- (D) Outline **two** uses of Information and Communications Technology (ICT) in international trade. (15 marks)
- (E) Outline **two** advantages to Ireland of being a member of the European Union. (10 marks)
(75 marks)

PART 2

ENTERPRISE /MANAGING

QUESTION 4

Read the information supplied and answer the questions which follow.

Fitness Fanatics

Sean spotted a gap in the market for a Personal Training business in his hometown. Sean used his personal savings to open a fitness studio. Within one year he had over 150 clients in training. Sean hired five full-time personal trainers to help him with the workload. He regularly consults with his staff and values their opinions.



- (A) Outline **three** characteristics/skills of an entrepreneur. (15 marks)
 - (B) Outline **two** risks for Sean of setting up his own business. (15 marks)
 - (C) Explain **two** features of a **democratic leadership style**. (15 marks)
 - (D) Outline **two** benefits of having highly motivated employees. (15 marks)
 - (E) Outline **two** advantages of meetings as a method of communication. (15 marks)
- (75 marks)**

MANAGING

QUESTION 5

Read the information supplied and answer the questions which follow.

Kevin's Garage

Kevin owns a garage and has a recovery truck. He employs seven people. Kevin received his annual insurance bill for the garage. He was disappointed to discover that his insurance premium had increased by 50%. He decided to 'shop around', getting online quotes for insurance from several companies. Kevin's annual motor tax bill for the business was also due for payment. He identified that he would need to arrange a bank overdraft to help with the current financial demands of his business.

- (A) Outline **three** types of insurance you would expect a business to have. (20 marks)
 - (B) Outline **two** actions Kevin could take to reduce his insurance premium. (10 marks)
 - (C) List **two** taxes, other than motor tax, that a business might pay. (15 marks)
 - (D) Explain the term **bank overdraft**. (10 marks)
 - (E) Explain **three** factors that a bank would consider before giving a loan to a business. (20 marks)
- (75 marks)**

MANAGING

QUESTION 6

Read the information supplied in the following **advertisement** and answer the questions which follow.

Tech Tastic Digital Marketing Agency Seeks Digital Marketing Consultant

Tech Tastic Digital Marketing Agency is a Digital Marketing and IT business, involved in the promotion of products or brands through one or more forms of electronic media. We have a current staff of nine. We are looking for a Digital Marketing Consultant to join our team in Dublin.

The position: involves meeting with clients to identify and understand their needs. Responsibilities include listening to the clients and then creating digital marketing campaigns to promote the clients' products and services.

The ideal candidate: must have a relevant degree in Business, three years' experience in digital marketing, excellent interpersonal and communication skills and the ability to work as part of a team. Rewards are negotiable.

Apply online: www.techtasticdigitalmarketingagency.com before 24th June 2016.

- (A) Explain the difference between **internal** recruitment and **external** recruitment. (20 marks)
- (B) Explain the following terms **with reference to** the above advertisement:
- (i) Job description
 - (ii) Person specification. (20 marks)
- (C) Explain the difference between '**on the job training**' and '**off the job training**'. (10 marks)
- (D) Outline **three** types of rewards for employees. (15 marks)
- (E) List **two** methods of advertising job vacancies. (10 marks)
- (75 marks)**

BUSINESS IN ACTION

QUESTION 7

Read the information supplied and answer the questions which follow.

Theo's Mexican Street Food

Theo had many years of experience working as a chef in Mexican food restaurants. He noticed how popular food trailers had become when attending various music festivals. Theo conducted market research and decided to open his own food trailer selling authentic Mexican food. He purchased a jeep and a food trailer. The brand name, *Theo's Mexican Street Food*, now has an excellent reputation for high quality affordable food. Theo communicates his sales promotions through social media such as Facebook and Twitter.



- (A) Explain **three** sources of new product/service ideas for a business. (15 marks)
- (B) Outline **two** reasons why a business would carry out market research. (15 marks)
- (C) Outline **two** medium term sources of finance that Theo could have used to purchase the jeep and food trailer. (10 marks)
- (D) (i) List **two** examples of well-known brand names.
(ii) Outline **two** benefits of a brand name for a business. (20 marks)
- (E) Describe **two** sales promotions that Theo's Mexican Street Food could offer consumers to increase sales. (15 marks)
- (75 marks)**

BUSINESS IN ACTION

QUESTION 8

Read the information supplied and answer the questions which follow.

Dolly's Delicious Delights



Baking was always a hobby for Dolly O'Brien until she won the Great Irish Bake Off in 2015. She decided to operate as a sole trader. Dolly uses a batch production system to produce cakes and buns. She sells her products direct to her consumers at farmers' markets. Dolly decided to make customised wedding cakes as a new product. She introduced her wedding cakes to her target market at wedding fairs.

- (A) (i) Explain the term **sole trader**.
(ii) Outline **two** benefits for Dolly of being a sole trader. (15 marks)
- (B) (i) Outline **two** features of batch production.
(ii) List the **two** other types of production used in business. (20 marks)
- (C) Outline **three** factors that Dolly should consider when setting the price of her products. (20 marks)
- (D) Explain the term **target market**. (10 marks)
- (E) Explain the term **channels of distribution**. (10 marks)
- (75 marks)**

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