

**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, 2017

# Business - Ordinary Level

(400 marks)

## THURSDAY 15 JUNE 2017 – 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.

|      |  |
|------|--|
| USC  |  |
| CEO  |  |
| SWOT |  |

2. List **three** elements of a valid contract.

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_

3. (i) Identify the methods of communication used to convey the information in (A) and (B) **and**  
(ii) answer the question relating to **each** method of communication.

| <p><b>Most popular online clothes retailer amongst a sample of third level students. (A)</b></p> <table border="1"> <caption>Data for Bar Chart (A)</caption> <thead> <tr> <th>Year</th> <th>Topshop</th> <th>Asos</th> <th>Boohoo</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>25</td> <td>22</td> <td>12</td> </tr> <tr> <td>2016</td> <td>22</td> <td>23</td> <td>15</td> </tr> <tr> <td>2017</td> <td>23</td> <td>18</td> <td>24</td> </tr> </tbody> </table> | Year                                                                                                                                                | Topshop | Asos   | Boohoo | 2015 | 25 | 22 | 12 | 2016 | 22 | 23 | 15 | 2017 | 23 | 18 | 24 | <p>(i) A = _____</p> <p>(ii) From the data, identify which website was the most popular online clothes retailer amongst the sample of students in <b>2015</b>.</p> <p>_____</p> <p>_____</p> <p>_____</p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------|--------|------|----|----|----|------|----|----|----|------|----|----|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Year                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Topshop                                                                                                                                             | Asos    | Boohoo |        |      |    |    |    |      |    |    |    |      |    |    |    |                                                                                                                                                                                                           |
| 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 25                                                                                                                                                  | 22      | 12     |        |      |    |    |    |      |    |    |    |      |    |    |    |                                                                                                                                                                                                           |
| 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 22                                                                                                                                                  | 23      | 15     |        |      |    |    |    |      |    |    |    |      |    |    |    |                                                                                                                                                                                                           |
| 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 23                                                                                                                                                  | 18      | 24     |        |      |    |    |    |      |    |    |    |      |    |    |    |                                                                                                                                                                                                           |
| <p><b>(B)</b></p> <p>To: All Staff<br/> From: Sales Manager<br/> Date: 15<sup>th</sup> July 2016<br/> Re: Commission Scheme<br/> Commission will increase to 8% of sales for the month of August.<br/> Signed: Michael Barron<br/> Michael Barron<br/> Sales Manager</p>                                                                                                                                                                                                | <p>(i) B = _____</p> <p>(ii) From the data, identify the sender and receiver of this information.</p> <p>Sender = _____</p> <p>Receiver = _____</p> |         |        |        |      |    |    |    |      |    |    |    |      |    |    |    |                                                                                                                                                                                                           |

4. List the **three** other elements of the Marketing Mix.

|  |       |  |  |
|--|-------|--|--|
|  | PRICE |  |  |
|--|-------|--|--|

5. Explain **one** use of **each** of the following computer software programs for a business.

|                                                                                                           |                   |
|-----------------------------------------------------------------------------------------------------------|-------------------|
| (i) Microsoft Word<br>   | <hr/> <hr/> <hr/> |
| (ii) Microsoft Excel<br> | <hr/> <hr/> <hr/> |

6. Healthy Foods Ltd is examining the profits made by the business. From the information below, calculate the Gross Profit percentage and Net Profit percentage for 2016.

**Show all workings in the spaces provided.**

| 2016         |          |
|--------------|----------|
| Sales        | €220,000 |
| Gross Profit | €99,000  |
| Net Profit   | €55,000  |

|                                                              |                                                              |
|--------------------------------------------------------------|--------------------------------------------------------------|
| <b>Gross Profit Percentage</b><br>(i) _____                  | <b>Net Profit Percentage</b><br>(ii) _____                   |
| <b>Workings:</b><br><br>_____ $\times \frac{100}{1}$ = _____ | <b>Workings:</b><br><br>_____ $\times \frac{100}{1}$ = _____ |

7. Choose the appropriate words to complete the sentence below. (Two words do not apply.)

**SUPPLIERS      EMPLOYEES      IDEAS      SALARIES**

**Intrapreneurship** involves \_\_\_\_\_ in a business coming up with new  
 \_\_\_\_\_ to help improve the business.

8. List **three** grounds on which discrimination is outlawed under the Employment Equality Act 1998.

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

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

(iii) \_\_\_\_\_

9. Outline **two** benefits of **quality control** for a business.

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

\_\_\_\_\_

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

\_\_\_\_\_

10. Indicate by means of a tick (✓) in the correct box, the method of expansion to which each statement below relates:

| Statement                                                                                                                                                                                                                           | Merger | Takeover | Franchise | Strategic Alliance |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------|-----------|--------------------|
| Apple buys Beats by Dr Dre for \$3bn.                                                                                                              |        |          |           |                    |
| Avonmore Foods plc and Waterford Foods plc joined forces to form Glanbia plc.                                                                      |        |          |           |                    |
| Irish grocery retailer SuperValu has announced a new partnership with Bank of Ireland as part of its 'Real Rewards' loyalty programme.           |        |          |           |                    |
| The Zip Yard have expanded by allowing other parties to use the business model and trademark in exchange for a fee and a percentage of profits.  |        |          |           |                    |

11. Indicate the term below that refers to trade union members voting on industrial action. Tick (✓) the correct box.

Picketing ☐

Secret Ballot ☐

Work to rule ☐

12. Name **two** **European Union** institutions.

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

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

13. (i) Explain the term **Visible Imports**.

- (ii) Explain the term **Invisible Exports**.

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

|                                                                                                                            |  |
|----------------------------------------------------------------------------------------------------------------------------|--|
| A loading is a reduction on the basic insurance premium charge because the customer insuring has a lower risk of claiming. |  |
| Corporation Tax is a tax paid on the profits made by a company.                                                            |  |
| Commercial rates are a tax paid by businesses to their local council.                                                      |  |
| Indemnity is a principle of insurance that states you must reveal all relevant information when applying for insurance.    |  |
| Utmost good faith is a principle of taxation.                                                                              |  |

15. Column 1 is a list of stakeholders in a business. Column 2 is a list of explanations for these stakeholders. **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. Government  | A.           | Has the idea and the initiative to take the risk of setting up a business.                                               |
| 2. Consumer    | B.           | Engages in the activities of planning, organising and controlling the business on a daily basis in return for a salary.  |
| 3. Investor    | C.           | Provides raw materials that are used in production.                                                                      |
| 4. Manager     | D.           | Provides capital in the hope of a financial return/gain.                                                                 |
| 5. Supplier    | E.           | Provides essential services for the citizens in a country using the money collected in taxation to fund public spending. |
|                | F.           | Buys goods and services for his/her own use.                                                                             |

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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.

|                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p style="text-align: center;"><b>The Savvy (Informed) Consumer</b></p> <p>Seamus is a Leaving Certificate Business student who did a classroom presentation based on Consumer law. Seamus discussed the Consumer Protection Act 2007 and informed the class that the law prohibits (bans) false or misleading claims about goods, services and prices. Seamus presented various examples of false and misleading advertising and examples of false prices. Seamus encouraged his classmates to visit the website <a href="http://www.consumerhelp.ie">www.consumerhelp.ie</a> for important consumer information.</p> |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- (A) Explain by means of **examples** any **two** of the following provisions of the Consumer Protection Act 2007:
- (i) "Prohibits false or misleading advertising"
  - (ii) "Prohibits false prices"
  - (iii) "Prohibits false product descriptions".
- (20 marks)

- (B) Consumers in Ireland are also protected in relation to the sale of goods, hire purchase agreements and contracts for the supply of services. [www.consumerhelp.ie](http://www.consumerhelp.ie)

Name a consumer law, other than the Consumer Protection Act 2007, that protects consumers in Ireland.

(10 marks)

The ASTI, a trade union representing second-level teachers, voted in October 2016 to take industrial action up to and including strike action.



- (C) Outline **three** benefits of being a member of a trade union. (20 marks)
- (D) Outline **two** effects of industrial disputes. (10 marks)
- (E) Outline **two** functions of a shop steward. (15 marks)
- (75 marks)**

**REMEMBER TO RETURN THIS QUESTION PAPER WITH YOUR ANSWER BOOK**

## DOMESTIC ENVIRONMENT

### QUESTION 2

Read the information supplied and answer the questions which follow.

Tourism initiatives such as the “Wild Atlantic Way”, “The Ancient East” and “The Gathering” have helped to boost business sales in Ireland. The Wild Atlantic Way has boosted the reputation of Ireland as a holiday destination. Communities throughout the West of Ireland have experienced increased visitor numbers. Local construction firms have been busy as new businesses such as hostels, restaurants and cafes have been established. Farmers and fishermen have experienced an increase in demand for their raw materials from local restaurants, cafes and bars.



- (A) From the information provided above, name the sector of the economy that tourism operates in. State **one** example of a business in the tourism industry. (10 marks)
- (B) Explain the **two** other sectors of the economy **and** provide **one** example of a business in each sector from the information provided above. (20 marks)
- (C) Outline **three** benefits to a local community of a new business setting up in an area. (20 marks)

The Finance Minister announced in Budget 2017 that the 9% VAT rate for businesses involved in tourism would remain. The VAT rate was reduced in 2011 from 13.5%.

- (D) (i) What do the letters VAT stand for?  
(ii) Explain **two** taxes, other than VAT and USC, which the government collects. (15 marks)
- (E) Outline **two** effects of the lower VAT rate on businesses involved in tourism in Ireland. (10 marks)  
(75 marks)

## INTERNATIONAL ENVIRONMENT

### QUESTION 3

Read the information supplied and answer the questions which follow.

In June 2016, the UK voted to leave the European Union (EU). This became widely known as ‘Brexit’. More than €1.2 billion of goods and services are traded between the UK and Ireland every week. Brexit could result in trade barriers such as tariffs being imposed.

- (A) Apart from Ireland and the UK, name **three** member states in the EU. (10 marks)
- (B) (i) Explain the term **tariff**.  
(ii) Name **two** other trade barriers. (15 marks)
- (C) (i) Outline **two** advantages for Ireland of membership of the EU.  
(ii) Outline **one** disadvantage for Ireland of membership of the EU. (20 marks)
- (D) (i) Explain the term **Global Business**.  
(ii) Name **two** Global Businesses. (20 marks)
- (E) Outline **two** challenges for Irish businesses operating in international markets. (10 marks)  
(75 marks)

## PART 2

### ENTERPRISE /MANAGING

#### QUESTION 4

Read the information supplied and answer the questions which follow.



#### Sport Trips Ireland Ltd

Paul McCarthy was a supporter of the Irish Soccer and Rugby teams. He identified an opportunity in the market to provide a service organising the travel, accommodation and match tickets for supporters travelling to sport matches abroad. He resigned from his job and set up his own business called Sport Trips Ireland Ltd. He hired a small team of staff and delegated responsibility to each team member. The demand was high for trips to the Rugby World Cup and the European Soccer Championships. Paul's plan is to be the market leader for sports travel in Ireland by 2025.

- (A) Outline **three** entrepreneurial characteristics/skills displayed by Paul. (15 marks)  
(Refer to the text in your answer.)
- (B) Name and explain **one** type of plan developed by management in a business. (10 marks)
- (C) (i) Explain the term **delegation**.  
(ii) Outline **two** advantages of delegation. (15 marks)

Read the information supplied and answer the questions which follow.

Sport Trips Ireland Ltd intends to hold an Annual General Meeting (AGM) in the G Hotel, Co. Galway. The meeting will begin at 2pm on the 30<sup>th</sup> September 2017. The company secretary Emma Butler is responsible for preparing the notice, the agenda and the minutes of this meeting.

- (D) Explain the following terms:  
(i) the **agenda** of a meeting  
(ii) the **minutes** of a meeting. (15 marks)
- (E) Draft the Notice **and** Agenda for the AGM of Sport Trips Ireland Ltd.  
The Agenda must contain at least **five** items. (20 marks)
- (75 marks)**

## MANAGING/BUSINESS IN ACTION

### QUESTION 5

Read the information supplied and answer the questions which follow.

#### Restaurant Nuevo Ltd

Restaurant Nuevo Ltd is a very successful restaurant located in Co. Wicklow employing both full-time and part-time staff. Based on their Trading, Profit and Loss Account and Balance Sheet for the year ending 2016, the owners have decided to expand the business. There is cash available in the company's current account. However, the business will require a medium term source of finance for new kitchen equipment. The restaurant owners have completed a cashflow forecast.

**Cashflow forecast of Restaurant Nuevo Ltd for the first 3 months of 2017**

| 2017               | January € | February € | March € | Total € |
|--------------------|-----------|------------|---------|---------|
| Total Receipts (A) | 23,000    | 30,000     | 24,000  | 77,000  |
| Total Payments (B) | 31,000    | 25,000     | 22,000  | 78,000  |
| Net Cash (A-B)     | -8,000    | 5,000      | 2,000   | -1,000  |
| Opening Cash       | 7,000     | -1,000     | 4,000   | 7,000   |
| Closing Cash       | -1,000    | 4,000      | 6,000   | 6,000   |

- (A) Name **one** item which Restaurant Nuevo Ltd might include under each of the following:
- (i) Receipts section
  - (ii) Payments section. (10 marks)
- (B) (i) Does Restaurant Nuevo Ltd have a better cashflow position in January or March?  
(ii) Outline **two** possible reasons for your answer. (20 marks)
- (C) (i) Name a suitable medium term source of finance Restaurant Nuevo Ltd might use for the new kitchen equipment.  
(ii) Outline **two** benefits of the source of finance you have chosen. (20 marks)
- (D) Explain the term **current account**. (10 marks)
- (E) Outline **three** types of insurance Restaurant Nuevo Ltd should have. (15 marks)
- (75 marks)**

## MANAGING/BUSINESS IN ACTION

### QUESTION 6

Read the information supplied and answer the questions which follow.

Maire de Paor had an idea for an app which would help students set study goals, track their study progress and enable reminders for weekly study targets etc. She contacted the Local Enterprise Office (LEO) who provided advice on Prototype Development, Feasibility Study, Test Marketing and the Launch.

- (A) Explain **any three** of the four underlined terms in the text above. (20 marks)
- (B) Outline **three** ways entrepreneurs come up with ideas for new products/services. (15 marks)
- (C) Read the information supplied and answer the questions which follow.

Maire's business proved very successful. The app is the market leader amongst second-level students in Ireland and Maire needs to hire staff to cope with the increasing demand. Maire needs to prepare a Job Description for the new position of Sales Manager. Maire will offer an attractive financial rewards scheme to motivate her staff.

- (i) Explain the term **Job Description**.
- (ii) Draft the Job Description Maire prepared for the new position of Sales Manager. (20 marks)
- (D) In relation to the recruitment and selection process, explain the term **shortlisting**. (10 marks)
- (E) Explain **two** financial rewards that businesses offer to motivate staff. (10 marks)
- (75 marks)**

## BUSINESS IN ACTION

### QUESTION 7

Read the information supplied and answer the questions which follow.

#### Amazing Aran

Maggie started knitting and selling Aran sweaters locally while still in secondary school. She studied textile technology in University in England. Maggie dreamed of establishing a leading Irish fashion house and went on to set up her own brand “Amazing Aran”. Amazing Aran provides “cosy, cool, wool-knitted products”.



In the past year, various celebrities have been photographed wearing Amazing Aran wool sweaters, which has led to a major increase in online sales. Social Media has also been key to its marketing success with the hashtag “#AmazingAran” trending online when celebrities have been spotted in the brand’s sweaters. Maggie’s product is in the growth stage of its product life cycle.

- (A) Explain the term **branding** and outline **one** advantage of branding a product. (10 marks)
- (B) (i) Explain the term **Product life cycle**.  
(ii) Draft and label the Product Life Cycle diagram. (20 marks)
- (C) Outline **one** advantage of online selling for (i) the Business (ii) the Consumer. (20 marks)
- (D) Outline the **two** types of market research and give **one** example of **each** type. (15 marks)
- (E) Apart from online selling, outline **two** ways in which developments in ICT (Information and Communications Technology) impact on a business. (10 marks)  
(75 marks)

QUESTION 8 is on the next page

## BUSINESS IN ACTION

### QUESTION 8

Read the information supplied and answer the questions which follow.

#### Billy and Bobby's Boutique Coffee



Billy and Bobby recognised the popularity of coffee in Ireland. They decided to develop an Irish brand that roasts and distributes speciality coffee for a niche market. They set up Billy and Bobby's Coffee as a partnership. Their premium coffee beans are supplied by farmers throughout the world and then roasted/produced in batches at their "roastery" in Ireland. Costs are high but the partners believe consumers are willing to pay a premium price for superior quality coffee. Billy and Bobby's Boutique Coffee is currently sold in over 100 cafes nationwide, at markets, festivals and online direct to their consumers.

- (A) (i) Identify how many owners a partnership can have.  
(ii) Explain the term **unlimited liability**. (15 marks)
- (B) Billy and Bobby's Boutique Coffee use a batch production process.  
(i) List **two** other methods of production.  
(ii) Outline **two** features of any **one** of these methods of production. (20 marks)
- (C) Explain **two** benefits of setting up your own business. (15 marks)
- (D) Illustrate, using a diagram, **one** channel of distribution used by Billy and Bobby's Boutique Coffee. (10 marks)
- (E) Describe **two** sales promotions that Billy and Bobby's Boutique Coffee could offer consumers to increase sales. (15 marks)  
(75 marks)