

**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, 2011**

**Business – Higher Level**  
(400 marks)

**TUESDAY 14 JUNE - AFTERNOON 2.00 - 5.00**

**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	
<b>Total</b>	

**Please note allocation of marks per question.**

**Calculators may be used.**

**Make and Model of calculator used:**

**REMEMBER TO RETURN THIS QUESTION PAPER WITH THE ANSWER  
BOOK YOU USE FOR ANSWERING SECTIONS 2 AND 3**

**SECTION 1**  
**(80 marks)**  
**SHORT ANSWER QUESTIONS**

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

1. (a) Explain the meaning of the term 'Own - brand products'.

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(b) Outline **two reasons** why retailers use 'Own - brand products':

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

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

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2. (a) Explain the term 'Return on Investment' (ROI).

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(b) Using the figures below calculate the ROI for 'Natural Options Ltd.'. (Show your workings.)

Net Profit	€ 57,000
Ordinary Share Capital	€ 140,000
Reserves	€ 56,000
Long Term Loan	€ 24,000

Workings:

Answer

3. (a) Distinguish between **two** types of meetings which are common in a business.

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(b) Outline **two** benefits of meetings as a method of communication.

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

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

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4. (a) Explain the term ‘span of control’.

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(b) Outline **two** factors that affect the width of the span of control in a business:

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

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

5. (a) Illustrate what is meant by the term ‘invisible imports’, with reference to the Irish economy.

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(b) Using the following data, calculate (i) Balance of Trade, (ii) Balance of Payments. State in **each** case whether it is a surplus or deficit. (Show your workings.)

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;">Visible Exports</td> <td style="padding: 5px; text-align: right;">€50bn</td> </tr> <tr> <td style="padding: 5px;">Invisible Imports</td> <td style="padding: 5px; text-align: right;">€40bn</td> </tr> <tr> <td style="padding: 5px;">Visible Imports</td> <td style="padding: 5px; text-align: right;">€30bn</td> </tr> <tr> <td style="padding: 5px;">Invisible Exports</td> <td style="padding: 5px; text-align: right;">€35bn</td> </tr> </table>	Visible Exports	€50bn	Invisible Imports	€40bn	Visible Imports	€30bn	Invisible Exports	€35bn	<p><b>Workings</b></p>
Visible Exports	€50bn								
Invisible Imports	€40bn								
Visible Imports	€30bn								
Invisible Exports	€35bn								

ANSWER BOX		Surplus OR Deficit
(i)Balance of Trade	€	
(ii)Balance of Payments	€	

6. Outline **two** ways the Government could encourage business activity in Ireland.

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

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

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7. Outline **two** types of industrial action that employees could take in an attempt to get employers to meet their demands.

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

\_\_\_\_\_

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

\_\_\_\_\_

8. Write *True* or *False* after each of these sentences.

Sentence		True or False
1.	The role of the IDA is to attract foreign direct investment into Ireland.	
2.	Privatisation is the transfer of ownership from the private sector to the government owned public sector.	
3.	A code of ethics is a set of moral rules clarifying expected behavior of individuals in business.	
4.	An environmentally conscious business uses clean production processes and packaging which can be recycled.	
5.	An increase in the value of the euro € against the US dollar \$ is good for Irish exporters to the US.	

9. (a) Explain the term ‘Short-term finance’.

\_\_\_\_\_

\_\_\_\_\_

(b) Illustrate a business situation where ‘short-term finance’ **would** be appropriate.

\_\_\_\_\_

\_\_\_\_\_

10. Outline **two** strategies management could use to help employees adapt to change.

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

\_\_\_\_\_

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

\_\_\_\_\_

**REMEMBER TO RETURN THIS QUESTION PAPER WITH THE ANSWER BOOK YOU USE FOR ANSWERING SECTIONS 2 AND 3.**

## SECTION 2

(80 marks)

This is a compulsory question based on Units 3, 4 and 5

### APPLIED BUSINESS QUESTION

#### Clothes-4-Us Ltd



Clothes-4-Us Ltd established its first retail store in Galway city in 1990. Its mission statement focuses on providing ‘fashionable fast moving clothing’ as well as ‘value for money’ for young fashion-conscious consumers. Its founder, Aoife Coyle, was determined from a very young age to become an entrepreneur and she chose the fashion industry because of her love of clothes. Under her guidance the business has expanded and now employs 600 staff in twenty retail stores located in prime sites throughout Ireland. The business continues to grow steadily. Strong performance in the Irish market and many years of profitability has encouraged Aoife to expand her successful business model into the UK clothing market. Monthly meetings are held to manage the growth and expansion of the business. Strategies have been put in place in the event of possible disruptions in the supply of essential stocks from global suppliers. Recently it was decided to undertake an advertising campaign on UK television to coincide with the opening of the company’s first store in London’s Oxford street.

Oliver Quinn, the Human Resource manager, has played a central role in the steady growth of Clothes-4-Us Ltd. He continues to effectively manage employee numbers. For the planned opening of the store in London, Oliver advertised job opportunities on the company’s website and included an on-line application form. With increasing competition in the market coupled with recessionary times, Aoife and Oliver recognise the necessity to invest in staff training. A comprehensive induction programme is provided throughout the company and personnel from the Human Resource department meet employees annually to review their progress. Employees at Clothes-4-Us Ltd are well rewarded and there are opportunities for promotion for those who achieve their sales targets.

Aoife is concerned that the business may lose market share because of increased competition from rival ‘copycat’ fashion multiples. She has begun visiting the company’s stores unannounced to monitor sales, employee behaviour and customer trends. In addition, the marketing department is carrying out regular consumer surveys. Fashion magazines with their coverage of the latest designer ‘catwalk’ fashion trends from Milan, Paris and London are closely monitored. The company’s daily sales records and data from the Central Statistics Office (CSO) on market size and consumer expenditure patterns are continually analysed. Aoife believes that a renewed emphasis on its unique selling point (USP) of fashionable budget clothing, targeted at the young fashion-conscious consumer, will position Clothes-4-Us Ltd as the market leader. With this in mind the business has updated its slogan to “Affordable Fashion” which it will use for its advertising campaign in the UK market.

- (A) (i) Define the management activity of ‘planning’.  
(ii) Illustrate how different types of planning benefit Clothes-4-Us Ltd. (20 marks)
- (B) Evaluate the effectiveness of the Human Resource department at Clothes-4-Us Ltd. (30 marks)
- (C) (i) Explain the term ‘Market Research’.  
(ii) Analyse how Desk **and** Field Research can contribute to the continued success of Clothes-4-Us Ltd. (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

*Business is primarily concerned with people and their interactions.*

- (A) Outline, using examples, the relationship that can exist between ‘Investors’ and ‘Entrepreneurs’ in business. (15 marks)
- (B) (i) Discuss the rights of consumers under the terms of the Sale of Goods and Supply of Services Act 1980.  
(ii) Illustrate **two** forms of redress available to consumers for breach of the Act. (30 marks)
- (C) Describe how conflict between an employer and an employee could be resolved in a non-legislative manner. (15 marks)
- (60 marks)**

##### Domestic Environment

##### Question 2

*The unemployment rate in the Irish Labour market increased from 4.3% in January 2005 to 14.7% in March 2011.*

- (A) Discuss the effects of increasing unemployment on the Irish economy. (20 marks)
- (B) Describe the steps involved in the formation of a ‘*Private Limited Company*’. (20 marks)
- (C) (i) Explain the term ‘Community Development’.  
(ii) Evaluate the services provided by ‘County and City Enterprise Boards’ (CEBs). (20 marks)
- (60 marks)**

**Domestic / International Environment**

**Question 3**

*A significant improvement in export performance is critical to the recovery of the Irish economy.*

- (A) Discuss how the changing nature of the international economy affects Irish exporters. (20 marks)
- (B) Illustrate how foreign transnationals (i.e. foreign direct investment (FDI) companies) have impacted on the Irish Economy. (25 marks)
- (C) Evaluate the role of 'special interest groups' in the decision making process of the European Union (EU). Use examples to support your answer. (15 marks)
- (60 marks)**

## SECTION 3

### Part 2

### Enterprise

Enterprise / Managing
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#### Question 4

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

<i>Colm has decided to form a tidy towns committee in his local village and enter the 'tidiest village' category of the National Tidy Towns competition in 2013.</i>
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Discuss **four** entrepreneurial skills that Colm will require in developing this local community initiative.

(20 marks)

- (B) (i) Explain Maslow's Theory of Motivation.
- (ii) Illustrate how a manager could motivate workers by applying Maslow's Theory in the workplace.

(20 marks)

- (C) Describe how 'stock control' **and** 'quality control' achieve efficiencies in business.

(20 marks)

**(60 marks)**

Managing
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#### Question 5

- (A) Outline the benefits of teamwork for the employees in a business.

(15 marks)

- (B) Pay As You Earn (PAYE), Value Added Tax (VAT), and Corporation Tax are examples of taxes relevant to a business.

- (i) Explain **each** tax underlined above.
- (ii) Evaluate the implications of **each** tax for a business.

(25 marks)

- (C) (i) Illustrate your understanding of the term 'risk management'.
- (ii) Describe **three** methods a manager might consider to minimise risk within a business.

(20 marks)

**(60 marks)**



## Business in Action

### Question 6

Read the information supplied and answer the questions which follow.

*Kilronan Ltd produces a range of chilled food products. Made from natural ingredients, the firm's award winning products have become household names. It is now one of the leading brands in Ireland and supplies all the major supermarket chains. Kilronan Ltd is considering either a 'merger' or a 'takeover' as a method of expansion within the Irish market. It is also considering how it will finance growth.*

- (A) (i) Illustrate the difference between a *merger* and a *takeover* as methods of business expansion.  
(ii) Discuss the benefits and risks of a merger as a method of expansion for Kilronan Ltd. (25 marks)
- (B) Distinguish between *debt capital* and *equity capital* as sources of finance for the expansion of Kilronan Ltd. (15 marks)
- (C) Outline internal **and** external sources of product innovation for Kilronan Ltd. (20 marks)
- (60 marks)**

**Business in Action**

**Question 7**

(A) Discuss **two** possible challenges associated with starting a new business. (10 marks)

(B) (i) Draw and label the ‘product life cycle’ diagram.  
(ii) Illustrate the methods a business could use to extend a product’s life cycle. (25 marks)

(C) As part of its feasibility study for a new product, Moore Ltd supplies the following financial information:

Forecast Output (Sales)	40,000 units
Selling Price per unit	€20
Fixed Costs	€300,000
Variable Cost per unit	€10

(i) Illustrate by means of a breakeven chart the following:  
(a) The Breakeven Point;  
(b) Profit at forecast output;  
(c) The Margin of Safety at forecast output.

(ii) Outline **one** other function of a feasibility study for Moore Ltd. (25 marks)

**(60 marks)**

**REMEMBER TO RETURN THIS QUESTION PAPER WITH THE ANSWER BOOK YOU USE FOR ANSWERING SECTIONS 2 AND 3.**

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