

**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 2012

# Business – Higher Level

(400 marks)

**THURSDAY 14 JUNE 2012 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	
<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. Illustrate your understanding of the term *enterprise*.

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

Column 1 – Terms	Column 2 – Explanation
1. Stakeholder	A. A party acting beyond its legal powers.
2. Ultra Vires	B. A quick, inexpensive way for dealing with consumer complaints.
3. Lobbying	C. The manner in which a contract is drawn up.
4. Legality of Form	D. A party that can affect or be affected by business decisions.
5. Labour Court	E. Using an organised campaign to influence a decision maker.
	F. Establishes Joint Labour Committees.

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

1.	2.	3.	4.	5.

3. Explain the difference between the terms *tax rates* and *tax credits*.

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4. (a) Define the term *delegation*.

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(b) Outline **two** benefits of delegation within a business:

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

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

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5. Outline **two** features of a matrix organisation structure:

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

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

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

<b>R&amp;D</b>	
<b>PLC</b>	
<b>IBEC</b>	
<b>EGM</b>	
<b>DIRT</b>	

7. Distinguish between a *merger* and a *franchise* as methods of business expansion.

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8. (a) Define the term *primary sector*.

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(b) Outline **two** current trends affecting this sector in Ireland:

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

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

9. Illustrate your understanding of the term *Trading Bloc*.

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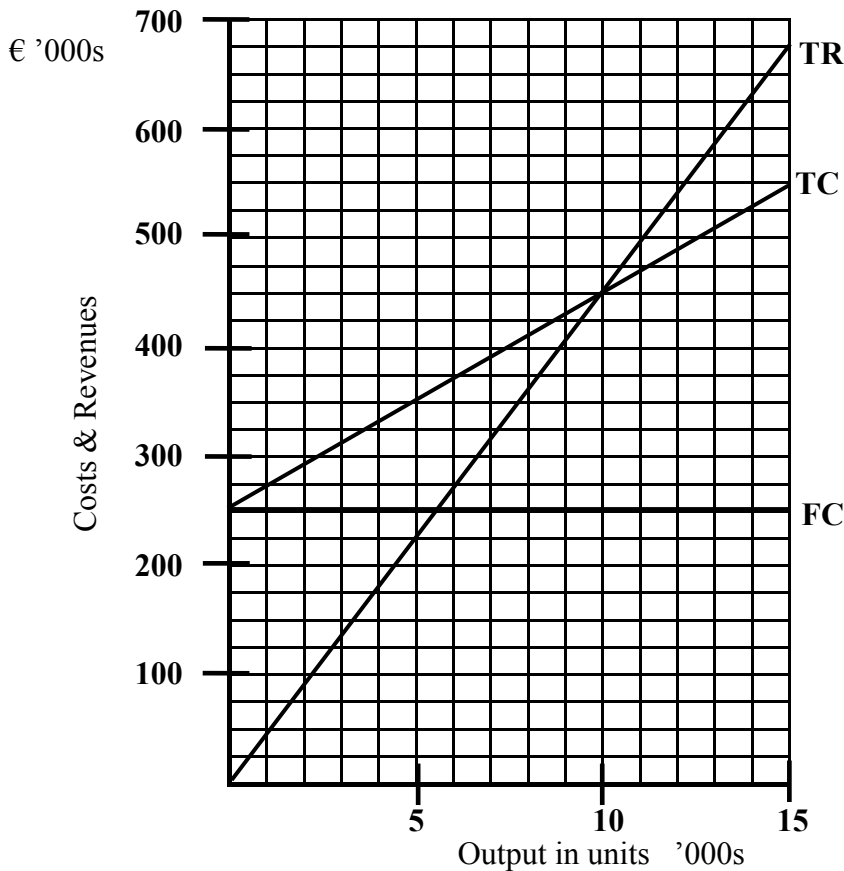
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10.

**Break-even chart**



Answer the following questions in the Answer Box below.

(i) **Break-even point (BEP)** in units and in euros

(ii) The **Profit** at Forecast Sales (15,000 units) in euros.

**Answer Box**

BEP in units and in euros	Units: _____ €
Profit at Forecast Sales in euros	€

(iii) Explain the term Margin of Safety.

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## SECTION 2

(80 marks)

This is a compulsory question based on Units 4, 5, and 6

### Applied Business Question

#### Riverport Indoor Market (RIM) Ltd

Riverport is a scenic town in the West of Ireland. In 2009, a large multinational company, the town's biggest employer, closed down. This loss motivated a group of enthusiastic local residents and business people to do something to revive their local community. They saw the multinational's empty factory warehouse as a potential resource and believed its location, easy access and ample parking would assist local development projects. They consulted widely gathering information from as many local interests as possible.



Arising from the consultation process, local farmers, producers and crafts people identified the provision of an indoor farmers' market as being a unique opportunity to sell their produce directly to the consumer. A small group of local business people formed a private limited company, Riverport Indoor Market (RIM) Ltd. It set about identifying the financing options available to purchase the factory warehouse for the agreed price of €400,000. An additional €50,000 was required to refurbish the warehouse into 50 stall units, which could then be rented out to farmers and crafts people. The stallholders had to initially purchase a transport vehicle, equip their stall and pay the agreed stall rent of €50 a day to RIM Ltd. On an ongoing basis, the stallholders would have to manage cash flow effectively and control essential costs such as raw materials, stock, transport operating costs, wages, and insurance.

The farmers' market proved a major success. At the end of its second year the number of stallholders had increased from its original 7 to 30. Due to the increasing numbers visiting the market, RIM Ltd was able to lease out units within the warehouse to an indoor children's play and activity centre, and a car valeting centre. Many local services in Riverport such as B&Bs, restaurants and petrol stations reported increased year-end profits. The market provided opportunities for locals and visitors to meet informally and interact with each other. The local town council donated a nearby green area for the construction of a public park.

Given that many of the new stallholders travel from neighbouring counties, there are plans now to promote RIM Ltd as a regional market, serving the Connacht area. RIM Ltd has developed an interactive website which includes a video clip capturing a day in the life of the market. This website has impressed tour operators so much that they have included the market as part of their visitor tour route. Sales representatives from RIM Ltd use mobile display booths within the region to attract visitors to the area. In addition RIM Ltd run monthly competitions to win a prize of a weekend break in Riverport. RIM Ltd continues to build on its good relationship with the local community by providing financial support to the local GAA club, in return for having the RIM Ltd brand name and logo appear on the club's jersey.

- (A) Identify and describe the most appropriate sources of finance to meet the needs of  
(i) RIM Ltd  
(ii) Individual stallholders. (20 marks)
- (B) Discuss the benefits for the local community, arising from the success of RIM Ltd. (30 marks)
- (C) Evaluate the promotional techniques undertaken by RIM 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

- (A) Outline the procedures an employer should follow under the Unfair Dismissals Acts of 1977-2007, before dismissing an employee. (20 marks)
- (B) A legal contract can be terminated by breach, frustration or agreement. Illustrate your understanding of the underlined terms. (20 marks)

*The Consumer Protection Act 2007 came into effect in Ireland on 1<sup>st</sup> May, 2007. The Act provided for the establishment of the National Consumer Agency, which replaced the Office of the Director of Consumer Affairs.*

- (C) Evaluate the role and functions of the National Consumer Agency (NCA) in protecting consumers. (20 marks)

(60 marks)

### Domestic Environment

#### Question 2

*“Choosing an appropriate business structure is a key element of a business plan.”*

- (A) Discuss *Co-operatives* **and** *Private Limited Companies* as forms of business ownership, using the following headings:  
*Formation; Liability; Finance; Control* (25 marks)
- (B) Outline how the Irish Government’s policy of increased taxation and decreased public expenditure is impacting on business. (20 marks)
- (C) (i) Define the term ‘Business Ethics’.  
(ii) Outline how ethical behavior in business can be encouraged. (15 marks)

(60 marks)

**International Environment**

**Question 3**

*“Globalisation refers to the increasing interdependence of the world’s economies.”*

- (A) Outline **four** developments in technology that have facilitated the growth in globalisation. (20 marks)
- (B) *“Protectionism is a Government policy of placing barriers on free trade.”*  
Describe, using examples, barriers to free trade between countries. (20 marks)
- (C) Discuss the role of the Council of the European Union (Council of Ministers) and the European Commission in the European Union (EU) decision making process. (20 marks)
- (60 marks)**

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## SECTION 3

### Part 2

### Enterprise

#### Managing

#### Question 4

*“How you communicate is as important as what you communicate.”*

- (A) Illustrate the factors that a business needs to consider when communicating with its various stakeholders. (20 marks)
- (B) Distinguish between the duties of a chairperson and a secretary in the organising and running of an Annual General Meeting. (20 marks)
- (C) Outline two styles of leadership **and** illustrate how each of these styles may be appropriate in different business situations. (20 marks)
- (60 marks)**



## Managing

### Question 5

Read the information supplied and answer the questions which follow.

*Bianua Ltd, a medium size company, operating in the agrifood sector, supplies quality prepared food products in Ireland and in the UK market.*

- (A) Draft a business letter from EXON Insurance PLC to Bianua Ltd, using today's date, identifying the possible business risks and the appropriate types of insurance for Bianua Ltd. Use fictitious names and addresses. (20 marks)
- (B) The average performance of companies in the same industry as Bianua Ltd for 2011 is detailed in the table as follows:

Industry Average Results 2011	
ROI	11%
Current Ratio	2:1
Acid Test Ratio	1.2 :1
Debt/Equity Ratio	0.3:1

The following figures are taken from the final accounts of Bianua Ltd for 2011.

Bianua Ltd figures for 2011	€
Net Profit	50,000
Sales	975,000
Current Assets (including closing stock)	155,000
Long Term Loan	300,000
Ordinary Share Capital	500,000
Current Liabilities	85,000
Retained Earnings	100,000
Closing Stock	80,000

- (i) Calculate the following for 2011 for Bianua Ltd:
- Return On Investment (ROI)
  - Current Ratio
  - Acid Test Ratio
  - Debt/Equity Ratio. (20 marks)
- (ii) Analyse the *profitability* **and** *liquidity* of Bianua Ltd for 2011, with reference to the industry average results shown in the box above, **and** make recommendations for Bianua Ltd. (20 marks)

**(60 marks)**

## Managing /Business in Action

### Question 6

(A) Discuss the benefits **and** risks of empowering employees within a business.

(20 marks)

*“The process of introducing new products on a consistent basis is important to the future success of businesses.”*

(B) Idea Generation and Feasibility Study are important stages before a new product or service is launched onto the market.

Discuss the stages underlined above, referring to a product or service of your choice.

(20 marks)

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

*Zac Computing Ltd, an innovative new technology business, considers its business plan to be an essential document in the context of a business start-up and future growth.*

(i) Explain the term “business plan”.

(ii) Evaluate the importance of a business plan to an innovative new technology business.

(20 marks)

**(60 marks)**

## Business in Action

### Question 7

(A) Outline the factors a business should consider when choosing a suitable Channel of Distribution. Provide examples to illustrate your answer.

(20 marks)

(B) Within the product element of the marketing mix, evaluate “*product design*” and “*product packaging*.”

(20 marks)

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

*SuperToys Ltd, a large retail chain with 45 shops throughout Ireland, had sales of €100 million in 2011. It has just commissioned a firm to design and manufacture a new range of soft toys for babies. These will be available for sale in its shops from Summer 2013. SuperToys Ltd plans to open its first shop in the UK in 2014.*

Discuss the possible reasons for business expansion and growth at *SuperToys Ltd*.

(20 marks)

**(60 marks)**

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