

**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, 2013**

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

**THURSDAY 13 JUNE - 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. Outline **two** characteristics of a private limited company:

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

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

2. (a) What do the letters NCA stand for? Write the answer in the space provided.

NCA	
-----	--

(b) Outline **two** functions of the NCA:

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

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

3. (a) Using the figures below calculate the **Current Ratio** for 'Sentry Ltd'.

**(Show your workings)**

Debtors	€12,000
Bank Overdraft	€20,000
Cash	€15,000
Creditors	€50,000
Closing Stock	€ 8,000

<u>Workings</u>
<u>Answer:</u>

(b) Comment on the liquidity position of Sentry Ltd:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Write *True* or *False* after each of these statements.

Sentence		True or False
1.	Batch Production is used when making a single, one off, unique product.	
2.	In a Hire Purchase agreement legal ownership of the good transfers to the buyer when the first installment is made.	
3.	A Cash Flow deficit can be addressed by negotiating a shorter period of credit with debtors.	
4.	A sole trader is an ownership structure that benefits from limited liability.	
5.	When a company's equity capital is greater than its debt capital it has low gearing.	

5. Outline **two** implications for management when a company develops its own website:

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

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

6. In break-even analysis a distinction is made between '*Fixed Costs*' and '*Variable Costs*'. Explain these terms, and give **one** example in **each** case.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. Explain the term 'Constructive Dismissal'.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Column 1 - Terms	Column 2 - Explanations
1. Exchange Rate	A. The increase in the value of goods and services produced in an economy from one year to the next.
2. Interest Rate	B. Is measured by the Consumer Price Index (CPI).
3. Taxation	C. Is measured by the live register.
4. Economic Growth	D. Can be progressive or regressive.
5. Inflation	E. The price of one currency expressed in terms of another currency.
	F. The cost of borrowing money.

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

1	2	3	4	5

9. Distinguish between a '*Directive*' and a '*Regulation*' as legislative instruments within the EU.

---



---



---



---



---

10. Outline **two** possible implications for a business if a manager adopts McGregor's Theory X approach to managing:

(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 5, 6 and 7

### APPLIED BUSINESS QUESTION

#### GALAXY GAMES LTD

Galaxy Games Ltd is a small indigenous company, operating in the new gaming technology sector. It was founded by two college graduates, David Whelan and Jane Ward. David is a software engineer and a web architect while Jane is a marketing graduate. Their design team recently identified some ideas for new games in action-adventure, music, and e-learning.



After reviewing the various ideas put forward, 'Knights' Domain', a new action-adventure game that involved building a fantasy kingdom, was chosen. The design team decided to use Irish music and cutting-edge graphics to set the game apart. Jane completed a business report, including a detailed break-even analysis, to determine the potential of 'Knights' Domain'. Following on from this report, the design team introduced more challenging levels to the game and added more 3D graphics. The game was introduced to a group of transition year students from a local secondary school, who commented positively on the different levels and on its distinctive graphics. The product 'Knights' Domain' was launched in various games stores with an advertising campaign accompanying the launch.

Social responsibility is a key element in Galaxy Games' corporate business plan. Funding was invested in supporting the development of a highly skilled customer service department. Galaxy Games Ltd attracts and retains high quality, creative employees. A major European venture capital firm has invested €1.5 million in the company to date. Galaxy Games Ltd maintains good relationships with its suppliers, many of whom have continued a business relationship with the company since its establishment. When choosing a suitable business premises, David and Jane prioritised energy efficiency.

As a result of Ireland's growing international reputation in the gaming technology sector and Galaxy Games' successful company presentation at the '2012 Dublin Web Summit', the company became a target for acquisition. In January 2013 it was taken over by BizzBuzz, a US global gaming company and a market leader in the industry. BizzBuzz implements a global approach to marketing its games. All games are available in ten different languages. Prices per game are set taking account of competitor prices and various economies of scale. Recent developments in technology enable BizzBuzz to distribute its games worldwide through download from the internet to laptops, smartphones and tablets. BizzBuzz is a globally recognised brand name and uses the slogan 'A new game every day' on its website.

- (A) Outline the stages involved in the product development process of 'Knights' Domain' for Galaxy Games Ltd. (30 marks)
- (B) Discuss the social responsibilities of Galaxy Games Ltd to its stakeholders. (20 marks)
- (C) Evaluate the global marketing mix of BizzBuzz. (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) (i) Explain the term 'data protection' under the terms of the Data Protection Acts 1988 and 2003.  
(ii) Discuss the functions of the 'data protection commissioner' under the terms of this act. (20 marks)
- (B) Evaluate any **two** of the following legislative approaches to solving conflict:  
(i) Small Claims Court;  
(ii) Labour Relations Commission;  
(iii) Employment Appeals Tribunal. (20 marks)
- (C) Illustrate your understanding of the following terms in relation to a valid contract:  
**Agreement; Legality of form; Consideration.** (20 marks)
- (60 marks)**

### Domestic Environment

Choosing the most appropriate type of business structure is very important when setting up a business.

#### Question 2

- (A) Discuss the opportunities **and** challenges of *Partnership* as a form of business ownership. (20 marks)
- (B) Outline the role of the Irish Government in encouraging **and** in regulating business in Ireland. (20 marks)
- (C) Discuss current trends affecting businesses in the services sector of the Irish economy. Provide examples to support your answer. (20 marks)
- (60 marks)**

**Domestic / International Environment**

**Question 3**

(A) Read the information below, supplied by the CSO and answer the questions which follow:



	<b>Balance of Trade</b>	<b>Balance of Invisible Trade</b>
	<b>€m</b>	<b>€m</b>
Quarter 2, 2012	10,004	(6,769) deficit
Quarter 2, 2011	9,660	(9,192) deficit

- (i) Explain the terms 'Balance of Trade' and 'Balance of Payments'.
- (ii) Calculate the Balance of Payments figures for both years from the above data.
- (iii) Illustrate what is meant by the term 'invisible exports' with reference to the Irish economy. (20 marks)

(B) Discuss the opportunities **and** challenges for large indigenous companies, such as Kerry Group plc, in exporting to non EU countries. (20 marks)

(C)

Ireland's Presidency of the Council of the European Union is an opportunity to play an active part in shaping Europe's future.

Discuss the benefits for the Irish economy of on-going membership of the EU. (20 marks)

**(60 marks)**

## SECTION 3

### Part 2

### Enterprise

#### Enterprise / Managing

#### Question 4

Read the information supplied and answer the questions which follow.

EducaPrint Ltd is a business publishing schoolbooks in Ireland. John O’Leary, the Production Manager, suggested introducing some of its traditional print books in eBook format. He wanted to tap into the improvements in broadband speed and the major developments in mobile devices. The eBooks were launched onto the market in 2013 to great success. EducaPrint Ltd operated a matrix organisation structure for the development of the eBook products.

- (A) (i) Explain the term ‘intrapreneurship’.  
(ii) Outline methods of promoting intrapreneurship in EducaPrint Ltd. (20 marks)
- (B) Outline the benefits **and** challenges for EducaPrint Ltd of a matrix organisation structure (team structure) for the development of the eBook products. (20 marks)
- (C) Discuss the importance of the management activity of 'planning' for EducaPrint Ltd. (20 marks)
- (60 marks)**

#### Managing

#### Question 5

Audrey Stapleton is an employee at BAT Resources Ltd and earns a gross annual salary of €78,000. Her employer provides her with a holiday voucher worth €2,000. This is treated as a benefit-in-kind for tax purposes and is taxed accordingly.

The standard rate band for a single taxpayer is €32,800. (This means that the first €32,800 is taxed at the 20% standard tax rate, and the remainder is taxed at the higher tax rate of 41%.)

Audrey has the following tax credits: Single Person Tax Credit €1,650, PAYE Tax Credit €1,650 and Rent Tax Credit €320.

The Universal Social Charge (USC) rates on Audrey’s gross income are 2% on the first €10,036, 4% on the next €5,980 and 7% on the balance of her gross income. Audrey pays employee PRSI at 4% of her gross income.

- (A) Calculate Audrey Stapleton’s net **monthly** take-home pay. (20 marks)
- (B) Explain the different types of financial **and** non-financial rewards for employees in a business. (20 marks)
- (C) (i) Outline **two** reasons why a household should prepare a cash flow forecast.  
(ii) Illustrate how a household can overcome cash flow problems. (20 marks)
- (60 marks)**



## Managing/Business in Action

### Question 6

Read the information supplied and answer the questions which follow.



Google's '20 Percent Time' strategy gives engineers time and space to work on their own projects.

- (A) Outline the internal **and** external sources of new product ideas for technology companies like Google. (20 marks)
- (B) *'For a business to survive it needs to grow and expand.'*  
Evaluate **two** methods of business expansion. (20 marks)
- (C) Discuss the short-term and long-term implications of business expansion using the following headings:  
**Organisation Structure; Product mix; Profitability; Employment.** (20 marks)
- (60 marks)**

## Business in Action

### Question 7

Read the information supplied and answer the questions which follow.

An Irish company, 'All-Weather Wellies Ltd' identified a niche market for colourful wellington boots of all sizes. The wellington boots are sold mainly on-line to people who enjoy the 'great outdoors' and festival-goers. The company wishes to expand and add accessories, such as, umbrellas, scarves and hats to the product range.

- (A) Outline the market research techniques available to 'All-Weather Wellies Ltd' for developing its product range. (20 marks)
- (B) (i) Explain the term 'market segmentation' with reference to 'All-Weather Wellies Ltd'.  
(ii) Discuss the reasons why the marketing department of 'All-Weather Wellies Ltd' might engage in market segmentation. (20 marks)
- (C) Outline the factors a marketing manager might consider in determining the selling price of products at 'All-Weather Wellies Ltd'. (20 marks)
- (60 marks)**

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

Blank Page

Blank Page

Blank Page