

**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 – ORDINARY LEVEL**  
(400 marks)

THURSDAY 13 JUNE – MORNING 9.30 - 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.)

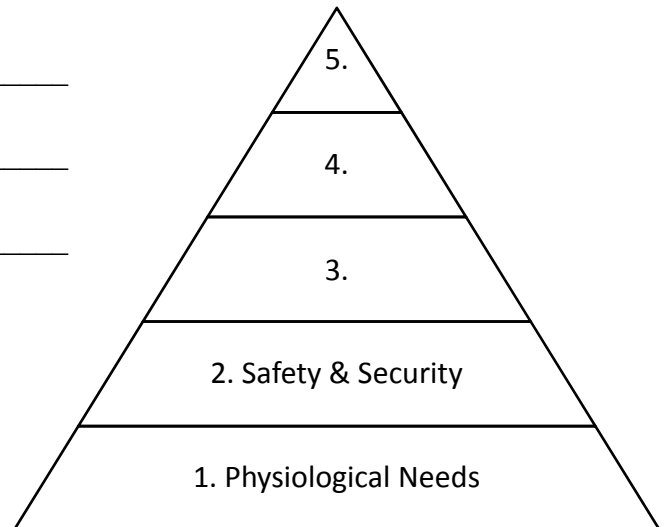
PAYE	
PRSI	
USC	

2. Name levels 3, 4, and 5 in Maslow's Hierarchy of Needs.

Level 5: \_\_\_\_\_

Level 4: \_\_\_\_\_

Level 3: \_\_\_\_\_



3. Outline **three** reasons why a person would consider becoming an entrepreneur:

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

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

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

4. Complete the **three** missing elements of the Marketing Mix:

(i) <b>PRODUCT</b>	(ii)	(iii)	(iv)
--------------------	------	-------	------

5. Explain what is meant by a ‘Multinational Company’ and state **one** example.

---



---

Example: \_\_\_\_\_

6. The following information is available from the final accounts of Daly Ltd on 31/12/2012:  
(**Show your workings**)

Current Liabilities            €140,000

Current Assets                €280,000  
(includes Closing Stock    € 70,000)

<b>WORKINGS</b>
-----------------

**Calculate:**

(a) Working Capital Ratio

**Answer:**            \_\_\_\_\_

(b) Acid Test Ratio

**Answer:**            \_\_\_\_\_

7. Indicate by means of a tick (✓), the category to which each good or service belongs:

	Visible Export	Invisible Export	Visible Import	Invisible Import
Australian tourists in Ireland for ‘ <i>The Gathering 2013</i> ’	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greek cheese sold in Ireland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Irish Lamb sold in France	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Justin Timberlake</i> plays a concert in the O2 Dublin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. List **two** elements of a valid contract:

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

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

9. State whether the following market research techniques are DESK or FIELD research.

MARKET RESEARCH TECHNIQUES	DESK or FIELD
1. Questionnaire	
2. Central Statistics Office Statistics	
3. Government Publications	
4. Focus Group	
5. Observation	

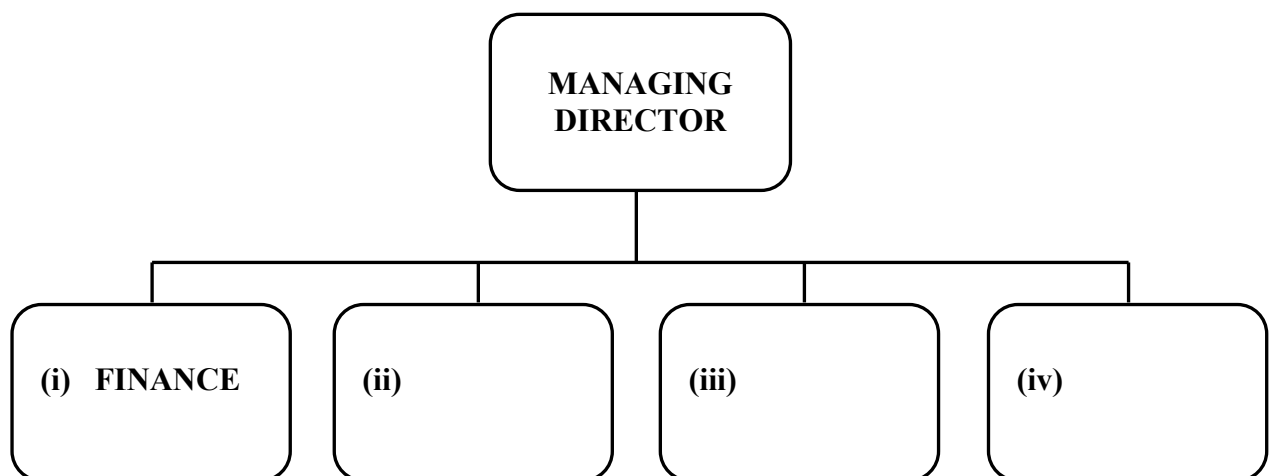
10. Outline **two** advantages of leasing as a medium term source of finance:

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

11. List **three** benefits to a business of investing in new technology:

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

12. Complete the functional organisation structure of a business with four departments:



13. Column 1 is a list of business terms. Column 2 is a list of explanations for these terms.  
(One explanation has no match.)

Column 1: Business Terms	Column 2: Explanations
1. Certificate of Incorporation	A. Has eight or more members with a common bond.
2. Articles of Association	B. Has unlimited liability.
3. Private Limited Company	C. It states the main objectives of the company.
4. Sole Trader	D. Document proving the company legally exists.
5. Memorandum of Association	E. Has the abbreviation LTD after its name.
	F. Internal rules governing how a company operates.

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

1	2	3	4	5

14. Write TRUE or FALSE after the following statements:

STATEMENT	TRUE or FALSE
1. The balance sheet is a statement of assets and liabilities.	
2. Quality Control involves monitoring how much money is owed to the business by its customers.	
3. A Tactical Plan is a long term plan set out by the business.	
4. A Mission Statement outlines what a business sets out to do.	
5. A cash flow is an example of a financial plan.	

15. Outline **two** methods for rewarding employees:

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

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

## 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:



Jim & Cliona McCarthy booked a two-week family holiday to Portugal with Sunhols costing €1,800. On arrival they discovered that the apartment, which was advertised on the website as overlooking the beach, was actually three kilometres inland. They had been informed by the sales assistant that there was a restaurant on site but this was not the case. They were very disappointed when they realised that the 'Kids Club' which they read about in the company's brochure as being open from June to August, did not open until July.

Cliona complained to Sunhols when she returned home, but they said it was not their responsibility. Cliona then contacted the National Consumer Agency (NCA) about her rights, and they advised her to take her case to the Small Claims Court.

- (A) Explain how Sunhols has broken the terms of the Consumer Protection Act, 2007. (15 marks)
- (B) Outline **two** functions of the National Consumer Agency (NCA). (15 marks)
- (C) Outline **three** advantages for Cliona of bringing her case to the Small Claims Court. (20 marks)

#### Employment Equality Act, 1998

Pavel Zachwieja applied for a promotion in Reddon Ltd. He worked for the company for four years and was qualified in Production Management. The promotion was given to John Clancy, who had only worked in the company for six months and had no management qualification. Pavel believed he was not given the job because he is not Irish.

- (D) List **three** grounds on which discrimination is outlawed under the Employment Equality Act, 1998. (15 marks)
- (E) Outline the role of the Equality Tribunal in assisting Pavel with his discrimination case. (10 marks)  
(75 marks)

**DOMESTIC / INTERNATIONAL ENVIRONMENT**

**QUESTION 2**

Read the information supplied and answer the questions which follow.

***GLENTRONIC PHARMACEUTICALS***

John Tuohy set up Glentronic Pharmaceuticals in 2003 in his home town of Abbeyglen. The company develops and produces medical drugs. Glentronic Pharmaceuticals employs over 600 employees and exports its products to many countries. John is thinking about expanding into the Asian market and setting up a base there. He is considering changing Glentronic Pharmaceuticals from a Private Limited Company to a PLC so that it can access more finance to support the expansion.

- (A) What do the letters **PLC** stand for? (5 marks)
- (B) List **two** sources of finance Glentronic Pharmaceuticals can use for expansion. (10 marks)
- (C) Explain **two** possible benefits of Glentronic Pharmaceuticals for the town of Abbeyglen. (20 marks)
- (D) Outline **two** possible benefits for Glentronic Pharmaceuticals of expanding into the Asian market. (20 marks)
- (E) Outline **two** environmental responsibilities of Glentronic Pharmaceuticals. (20 marks)
- (75 marks)**

**DOMESTIC/ INTERNATIONAL ENVIRONMENT**

**QUESTION 3**

Read the information supplied and answer the questions which follow.

**The following information relates to the main sources of taxation received by the Irish Government in 2012:**

Income Tax	€15 billion
VAT	€10 billion
Corporation Tax	€ 4 billion
Excise Duties	€ 5 billion

- (A) Draft a Bar Chart to represent the above information. (15 marks)
- (B) Outline **three** reasons why the Government collects tax. (15 marks)
- (C) Outline **two** effects on Irish business of increases in taxation. (10 marks)
- (D) Outline **two** advantages to Ireland of membership of the European Union (EU). (15 marks)
- (E) Name **two** EU institutions **and** explain the role of **one** of them. (20 marks)
- (75 marks)**

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

## PART 2

### ENTERPRISE / MANAGING

#### QUESTION 4

Read the information supplied and answer the questions which follow:

#### SNAPAPPY

While completing a degree in Computer Science, Shane Whelan designed and developed an ‘app’ for smartphones, allowing users to change their photographs into cartoons. Shane worked long hours to develop the ‘app’. Once it was launched it became very popular, achieving more than 20,000 downloads in the first few days, and so began his business ‘Snapappy’. He intends employing three of his college friends to develop more ideas for ‘apps’, and plans to adopt a democratic leadership style. He contacted his local County Enterprise Board for assistance.

- (A) Outline **three** enterprising characteristics/skills displayed by Shane. (15 marks)
  - (B) Outline **two** risks and **two** rewards for Shane setting up his own business. (20 marks)
  - (C) Explain **two** features of a democratic leadership style. (15 marks)
  - (D) Explain **two** benefits of teamwork in ‘Snapappy’. (15 marks)
  - (E) Outline **two** services provided by County/City Enterprise Boards. (10 marks)
- (75 marks)**

### MANAGING

#### QUESTION 5

Read the information supplied and answer the questions which follow:

#### FLAXCO LTD

Frank Mahon is the Managing Director of Flaxco Ltd. The AGM of the company is to be held in The Marriot Hotel, Rathmines on Friday 19<sup>th</sup> July 2013 at 3.00 p.m.

Flaxco Ltd needs to reduce its costs and will not be able to pay a dividend this year. At the AGM Frank needs to make the shareholders aware of this and knows the importance of delivering this message clearly.

- (A) What do the letters **AGM** stand for? (5 marks)
  - (B) Explain the terms underlined above. (15 marks)
  - (C) Draft the *Notice and Agenda* of the AGM of Flaxco Ltd sent by the company secretary, Miriam Hannon. (The Agenda must contain at least **five** items.) (25 marks)
  - (D) Outline **two** functions of the Managing Director of a company. (15 marks)
  - (E) Name **and** explain **two** barriers to effective communication. (15 marks)
- (75 marks)**

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



## MANAGING

### QUESTION 6

Read the information supplied and answer the questions which follow.

#### Liscarrig Equestrian Centre



The Liscarrig Equestrian Centre provides individual and group horse riding lessons. It has a café and an activity centre for children.

There are 12 full-time staff and 10 seasonal staff employed. Susanne Carey is the Office Manager and she looks after all the finances in the business. Liscarrig Equestrian Centre wants to purchase eight acres of land to expand the Centre and Susanne is currently preparing a Business Plan and a Cash Flow Forecast to assist its application for a bank loan.

- (A) Outline **four** types of insurance you would expect Liscarrig Equestrian Centre to have. (20 marks)
- (B) Outline **two** responsibilities Liscarrig Equestrian Centre has towards its employees. (10 marks)

#### Liscarrig Equestrian Centre CASH FLOW FORECAST JULY-SEPT 2013

2013	July	August	September
Total Receipts (A)	42,000	40,000	26,000
Total Payments (B)	35,000	34,000	20,000
Net Cash (A-B)	7,000	6,000	6,000
Opening Cash	2,000	9,000	15,000
Closing Cash	9,000	15,000	21,000

- (C) List **two** items that would be included in the payments section of the above Cash Flow forecast. (10 marks)
- (D) Explain **two** factors a bank should consider before giving Liscarrig Equestrian Centre a bank loan. (15 marks)
- (E) Based on the Cash Flow forecast above, would you advise the bank to give Liscarrig Equestrian Centre the loan? Outline **two** reasons for your answer. (20 marks)
- (75 marks)**

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

**QUESTION 7**

Read the information supplied and answer the questions which follow.

**SPRAOI**

ACE Toys Ltd is a successful Irish toy manufacturer. It uses a 'Batch Production' process. Each year it develops new products for the Christmas period, selling to the Irish and international markets. This year ACE Toys Ltd has produced 'SPRAOI' an interactive games console which uses basic Irish language, aimed at children aged 7-11. ACE Toys Ltd have set up a website called [www. acetoys.com](http://www.acetoys.com).

- (A) Explain what is meant by the term 'Batch Production'. (10 marks)
  - (B) Describe **two** internal and **two** external sources of new product ideas for ACE Toys Ltd. (20 marks)
  - (C) Draft and label the Product Life Cycle for 'SPRAOI'. (15 marks)
  - (D) Outline **two** benefits for ACE Toys Ltd of having its own website. (10 marks)
  - (E) Choose a suitable advertising medium to bring 'SPRAOI' to the attention of consumers, **and** outline **two** reasons for your choice. (20 marks)
- (75 marks)**

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

QUESTION 8

Read the information supplied and answer the questions which follow.

IRISH NATURAL JUICES LTD

Thomas McCann, of Irish Natural Juices Ltd, identified a gap in the market for an Irish brand of organic fruit juice. Thomas is working on the concept development stage of the Product Development process. He is working on the design of a brand name and developing a Unique Selling Point (USP) for the fruit juice.

- (A) Explain **three** advantages of giving the organic fruit juice a brand name. (20 marks)
- (B) Explain what is meant by the term 'Unique Selling Point' (USP). (10 marks)
- (C) Explain **two** of the following stages in the Product Development Process:  
(i) Idea Generation;  
(ii) Prototype Development;  
(iii) Test Marketing. (15 marks)

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

IRISH NATURAL JUICES LTD

**FINANCE MANAGER REQUIRED**

**The ideal candidate:** Will have a Business Degree, excellent leadership, communication and analytical skills. Two years experience in a similar role is essential.

**The position:** Involves managing the Finance Department.

**Responsibilities include:** Preparation of monthly and annual accounts.

**Apply by 1<sup>st</sup> August 2013 with a letter of application, including a CV to:**

**Marion Pender, HR Manager,**

**Irish Natural Juices Ltd, Newtown Industrial Park, Newtown, Co. Tipperary.**

Irish Natural Juices Ltd is an Equal Opportunities Employer

- (D) Deirdre Keegan, 37 Oaklands, Athlone, Co. Westmeath applied for the position advertised. Using today's date, draft Deirdre's letter of application. (20 marks)
- (E) Explain the term 'Equal Opportunities Employer'. (10 marks)  
(75 marks)

REMEMBER TO RETURN THIS QUESTION PAPER WITH YOUR ANSWER BOOK

Blank Page