

Chapter 15 PP Q's Business Start Up

Business Start Up Challenges

Organisational Options

Production Options (Job, Batch, Mass)

Business Plan

Break-Even Charts

The Business Guys

2021 Q8 (A) Read the information supplied and answer the questions which follow.

Aimee Connolly

Aimee Connolly started working behind a makeup counter when she was a transition year student. While studying at university, Aimee decided to create her own makeup business and produce makeup products. 'Sculpted by Aimee' is now a very popular makeup brand. The products are sold nationally and internationally.

Discuss the three challenges below that a new business start-up must address.

Ownership structure

Production

Finance (20)

MS: 2 x 7m (2+3+2) 1 x 6m (2+2+2)

Ownership structure

Production

Finance

2015 Q5 (C)

Read the information supplied and answer the question which follows.

Having been made redundant, Lia O'Brien has decided to set up her own enterprise manufacturing individually designed disposable tableware and paper cups for small coffee shops and restaurants. She recognises, however, that having an idea and having the will to succeed will not be enough to ensure success.

Discuss the key issues Lia will have to address before setting up her business enterprise. (15 marks)

MS: 3 @ 5m (2+2+1) Must refer to Lia for full marks

2014

Q7 (C) Discuss three challenges facing business start-ups. (15 marks)

2011

Q7 (A) Discuss **two** possible challenges associated with starting a new business. (10 marks)

2014 Q6 (A)

Read the information supplied and answer the questions which follow.
Sarah Fleming is a wedding dress designer and has worked for over 20 years in the bridal and clothing industry. She specialises in creating unique wedding dresses with an emphasis on personal service. Business is good and Sarah has applied for a bank loan of €10,000 to finance expansion.

- (i) Name the type of production process used by Sarah.
- (ii) Outline two challenges for Sarah of this type of production process.
- (iii) Discuss two implications for Sarah of changing to another type of production process. (25 marks)

MS: 5m;2 @ 5m (3+2, alt process 2m, 2 @ 4m(2+2))

(i) _____

(ii) _____

(iii) _____

2009 – Short Q9

Contrast 'job production' and 'batch production', giving one appropriate example in each case.

MS: 5m (3 + 2) x 2

Job Production _____

Batch Production _____

2016 Short – Q6

Describe two features of job production.

MS: 2 @ 5m (3+2)

1. _____

2. _____

2018 Q5 (C)

Discuss the factors a business should consider before changing from a batch to a mass (flow) method of production.

MS: 3@5(2+3)

2012 Q6 (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)

MS: 6 marks (3+3) 2 @ 6 marks (3+2+1)+2

(i) _____

(ii) _____

Evaluation: In my opinion, _____

2010 Q6 (B)

Outline **two** benefits to 'Marie's Pizzas' of preparing a business plan. (10 marks)

MS: 2@ 4 marks (2 + 2) 2 marks (reference to Marie's Pizzas)

2017 Q5 (C)

- (i) Outline the main sections contained in a business plan.
(ii) Explain the importance of a business plan for two different stakeholders.
(20m)

(i) _____

(ii) _____

2016 Q6 (B)

Read the information supplied and answer the questions which follow.
Medron plc has supplied the following financial information for the new medical device:

Forecast Output (Sales) 60,000 units

Selling Price per unit €30

Fixed Costs €400,000

Variable Costs per unit €20

Illustrate the following by means of a breakeven chart:

- (i) Breakeven point
- (ii) Margin of safety at the forecast output
- (iii) Profit at forecast output. (25 marks)

(i)

(ii)

(iii)

Units	0	40,000	60,000
Fixed Costs			
Total Costs			
Total Revenue			
Profit/Loss			

2016 Q6 (C)

Following a review of costs, Medron plc decreased its variable costs per unit to €10.

(i) Calculate the new breakeven point and illustrate on your breakeven chart the new total cost line (TC2) and the new breakeven point (BE2).

(ii) Outline one limitation of a breakeven analysis when making business decisions. (20 marks)

(ii) Limitation _____

2013 Q6 – Short

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

MS: Fixed Costs 5 marks (3+2(1+1)) Variable Costs 5 marks (3+2(1+1))

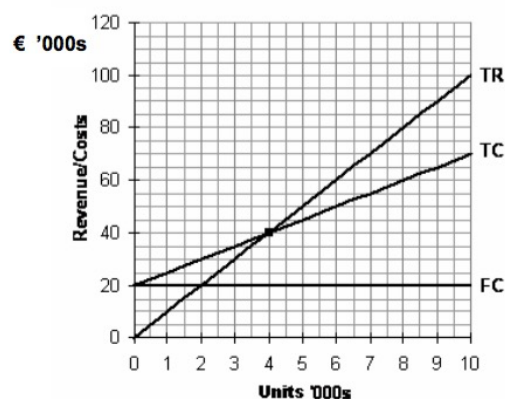
Fixed costs _____

Variable costs _____

2010 – Short Q6

Study the break-even chart below and answer the following questions:

- (i) **Break-even point (BEP)** in units and in euros
- (ii) The **Profit** at Forecast Sales (10,000units) in euros.
- (iii) **Margin of safety (MOS)** in units.

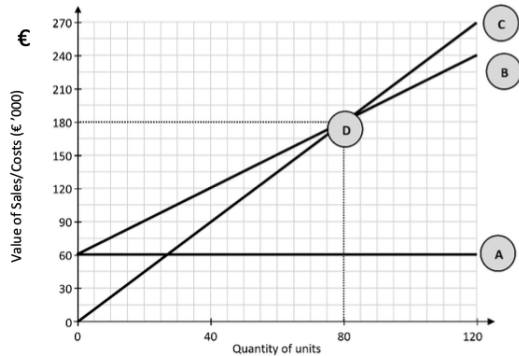


2019 Short Q10

(i) Read the Break-Even chart below and identify the full labels (not abbreviations) for A, B, C and D.

MS: (i) 4(4@1), (ii) 3(3@1), (iii) 3

Break-Even Chart for Eurocon DAC



Answer Box

	Full Label
A	
B	
C	
D	

(ii) Calculate Profit at Forecast Output of 120 units. (show your workings)

(iii) Outline one limitation of break-even analysis.

2021 Q7 (B)

Moon Moods has provided the following information for their new product line:

Forecast Output (Sales) 30,000 units

Selling Price per unit €15

Fixed Costs €200,000

Variable Costs per unit €5

Illustrate the following by means of a breakeven chart:

(i) Breakeven point

(ii) Margin of safety at the forecast output

(iii) Profit at forecast output. (25)

MS: X Axis: Output in units '000s 1m Y Axis: Revenue/Costs €'000s 1m Title of Chart 1m FC line 2m TC line 4m TR line 4m BEP 4m MOS 4m Profit at Forecast output 4m

(i)

(ii)

(iii)

Units	0	40,000	60,000
Fixed Costs			
Total Costs			
Total Revenue			
Profit/Loss			

2021 Q7 (C)

(i) Define the term **margin of safety**(ii) Discuss **one** limitation of a breakeven analysis when making business decisions. (15)

MS: (i) 5m (ii) 2@5m

(i) _____

(ii) _____
