

WARNING

This Question Paper **MUST** be returned with your answerbook 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, 2005

Business – Higher Level
(400 MARKS)

WEDNESDAY, 15th JUNE – MORNING, 9.30 am to 12.30 pm

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	
Total	

Please note allocation of marks per question.

Calculators may be used.

Remember to return this examination paper with the answerbook you use for answering Sections 2 and 3.

Leaving Certificate Examination 2005

Business – Higher Level

SECTION 1 – SHORT ANSWER QUESTIONS
(80 marks)

This section is compulsory. Answer eight questions. Each question carries 10 marks. Remember to return this Examination Paper with your answerbook.

1. Explain the legal term ‘capacity to contract’.

Give **TWO** examples of situations where an individual or legal entity does not have capacity to contract.

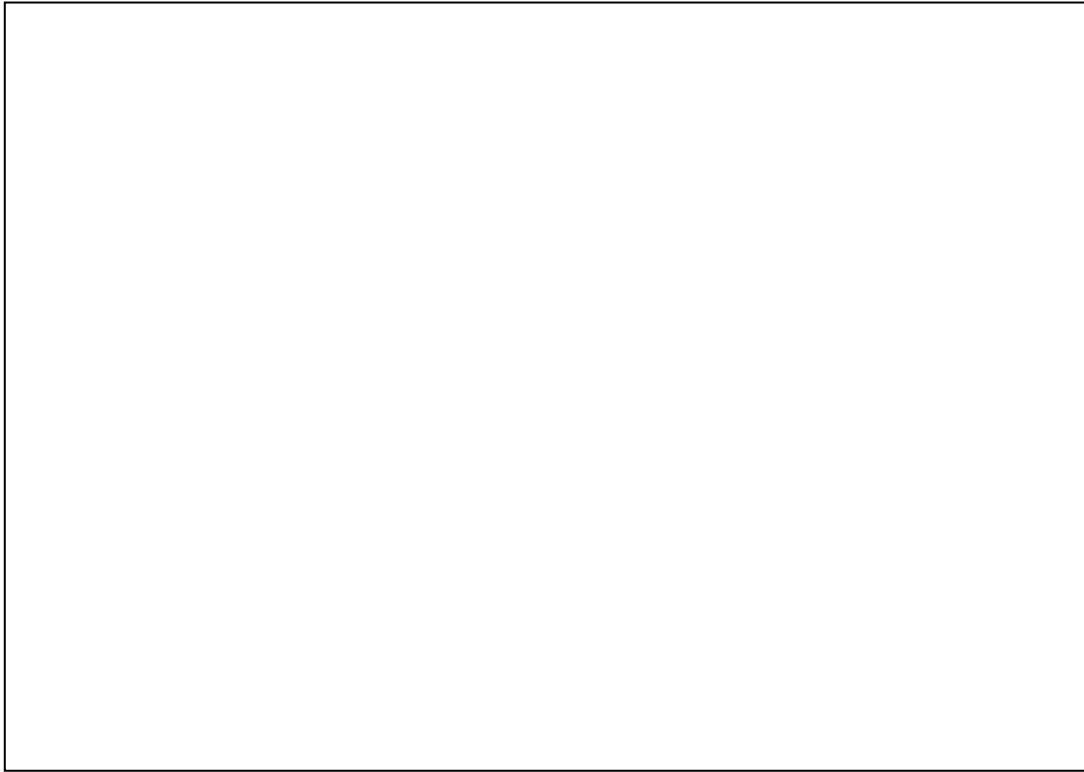
(i) _____

(ii) _____

2. ‘Risk Management’ requires managers to:

3. List **four** activities that are similar when managing a household and managing a business.

4. Draw and label a suitable 'organisation structure' diagram for a manufacturing organisation.



5. Outline **three** problems of e-mail in business.

(i) _____

(ii) _____

(iii) _____

6. Explain the concept of 'limited liability'.

7. Distinguish between the insurance principles (i) Utmost good faith and (ii) Indemnity.

(i) _____

(ii) _____

8. The following are figures relating to Laser Ltd.

	2004	2003
Current Assets	90,000	85,000
Current Liabilities	60,000	40,000
Closing Stock	20,000	25,000

Workings

Calculate the Acid Test Ratio for 2003 and 2004.

2003 _____ 2004 _____

Indicate, by means of a tick (✓), whether the trend is improving or disimproving and give one possible reason for this.

Improving		Disimproving	
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Reason: _____

9. The following table shows three types of production and four qualities. For each quality, tick (✓) the type of production which is **most** likely to match that quality.

	JOB	BATCH	MASS
Unique products			
Groups of products			
Highly skilled direct labour			
Expensive products			

10. The following sales information is taken from the books of The Grand Hotel:
May 2004: Rooms €45,000; Bar €35,000; Restaurant €25,000; Functions €15,000.
May 2005: Rooms €60,000; Bar €40,000; Restaurant €30,000; Functions €95,000.

Illustrate this information in bar chart form.



REMEMBER TO RETURN THIS EXAMINATION PAPER WITH YOUR ANSWERBOOK.

SECTION 2

(80 Marks)

This is a compulsory question based on Units 2, 3 and 4.

Applied Business Question.

Circuit Ltd

Tom Ryan is the main shareholder in a busy electrical company. Tom had been working as a fulltime electrician with a local building firm, with whom he served his time as an apprentice, when he realised that the construction industry was changing and that subcontracting of specific areas of work would become the norm. He set up Circuit Ltd to provide electrical services in 1972. Tom gained many building and maintenance contracts with a range of local firms and soon had to take on employees to meet the demand. He was very flexible with his customers and was willing to work late and at weekends.

As the business expanded Tom regularly took on apprentice electricians and all the current employees had trained, or were in training, with the firm. He personally handled the recruitment, selection and development of all staff. He placed emphasis on loyalty, commitment and honesty which he rewarded with regular substantial bonuses. He did not recognise any trade union within the firm but paid the recommended trade union rates to his apprentices and the firm experienced few industrial relations problems or health and safety difficulties.

The business employed thirty electricians and trainees, as well as three office staff, by the beginning of 2005 when the annual turnover of the company had grown to €1.5 million. Tom decided that he would develop a specialised department to concentrate on installing wireless computer networks, using a new and promising technology. This would allow the firm to tender for high margin contracts and would require redeployment of half of the current staff and extensive retraining for them in new skills.

He felt that he also may have to make changes to his current management activities for this major development to succeed.

- (A) Explain, using examples, the enterprising characteristics/skills shown by Tom. (20 marks)
- (B) Evaluate Tom's effectiveness as a Human Resource Manager. (30 marks)
- (C) What advice on management activities would you give to Tom in relation to the new network installation department? Make relevant assumptions where necessary. (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 built on relationships between people.

- (A) Describe important aspects of the relationship between producers and consumers in business. (15 marks)
- (B) Explain four methods by which a legal contract may be terminated. (20 marks)
- (C) Under the terms of the Consumer Information Act (1978) describe and evaluate the role of the Director of Consumer Affairs. (25 marks)

(60 marks)

Domestic/International Environment

Question 2

All business is important to the economic wellbeing of Ireland.

- (A) Distinguish between a Sole Trader and a Partnership as a form of business organisation. Use an example of each in your answer. (15 marks)
- (B) Community Development organisations, incorporating local community initiatives, are set up to help local business enterprises. Describe the services provided by one community development organisation you know. (20 marks)
- (C) Evaluate the effect on a firm's revenue and costs of meeting its social responsibilities. (25 marks)

(60 marks)

Domestic/International Environment

Question 3

International activity has allowed a small country like Ireland to obtain a greater range of goods and services.

- (A) Explain the opportunities and challenges for Irish business as a result of the new member states who joined the Single European Market in 2004. (25 marks)
- (B) Outline the importance for Ireland of:
- (i) Any one policy of the European Union.
- and
- (ii) Any one institution of the European Union. (20 marks)
- (C) Discuss the concept of Global Marketing for Irish Business. (15 marks)
- (60 marks)**

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SECTION 3

Part 2

Enterprise

Managing

Question 4

- (A) Assume you are the secretary of a local youth club. Draft the notice and agenda to be posted to all members of the youth club notifying them of the Annual General Meeting. (The agenda must contain five items). (10 marks)
- (B) “On average managers spend over 75% of their time communicating.” Explain the factors that ensure managers communicate effectively. Use examples where appropriate. (25 marks)
- (C) Evaluate the motivational theories of Maslow and McGregor. (25 marks)
- (60 marks)**

Managing/Business in Action

Question 5

- (A) (i) What is a Business Plan?
(ii) Explain its role in business start ups. (20 marks)
- (B) Discuss, using examples, the factors a manager should consider when selecting sources of finance for expansion. (20 marks)
- (C) Describe three reasons for business expansion other than to increase profit. (20 marks)
- (60 marks)**

Business in Action

Question 6

(A) Discuss four external sources of new product or service ideas. (25 marks)

(B) (i) A business supplies the following figures about its activities.

<i>Forecast Output (Sales)</i>	<i>20,000 units</i>
<i>Selling Price</i>	<i>€50 per unit</i>
<i>Fixed Costs</i>	<i>€300,000</i>
<i>Variable Cost per unit</i>	<i>€20</i>

Illustrate by means of a break-even chart:

(a) The Break-Even Point.

(b) The Profit at forecast output.

(c) The Margin of Safety at forecast output. (25 marks)

(ii) Outline the effect on the break-even point if variable costs increased to €25 per unit. Illustrate your answer on the break-even chart. (10 marks)

(60 marks)

Business in Action

Question 7

(A) Describe the important factors that a Marketing Manager would consider when deciding on the price of a new product or service. (20 marks)

(B) In the case of a particular product/service of your choice, evaluate the role of (i) Advertising (ii) Public Relations and (iii) Personal Selling in the promotion of the product/service. (30 marks)

(C) Explain the term Market Segmentation. (10 marks)

(60 marks)

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