

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, 2006

Business – Higher Level
(400 marks)

WEDNESDAY, 14 JUNE – MORNING, 9.30am to 12.30pm

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.

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 'entrepreneurship':

2. Outline **two** functions of the Director of Consumer Affairs:

(i) _____

(ii) _____

3. Define management:

4. Draft and label a matrix structure for an organisation having two project teams:

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5. (a) Explain the term 'privatisation':

(b) Illustrate its impact on the development of the Irish economy:

6. Draft a memorandum from the Sales Manager to all staff in a retail outlet informing them that the newly agreed 10% commission scheme on sales will apply from 1 July:

7. The following figures relate to a company for the past two years.

	<u>2005</u>	<u>2004</u>
	€	€
Authorised Share Capital	500,000	500,000
Ordinary Share Capital	420,000	320,000
Long-term loans	140,000	270,000
Retained Earnings	30,000	40,000

Workings

Calculate the Debt/Equity ratio for 2004 and 2005:

2004 _____ 2005 _____

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: _____

8. Define ethical business practice:

9. (a) Define short-term finance:

(b) Outline **two** short-term finance options available for an established manufacturing business:

(i) _____

(ii) _____

10. (a) Explain the term 'invisible exports':

(b) Using the following information, calculate the (i) Balance of Trade and (ii) Balance of Payments:

Total Imports €16 billion
Total Exports €19 billion

Invisible Exports €11 billion
Invisible Imports €9 billion

(i) Balance of Trade _____

(ii) Balance of Payments _____

Workings

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SECTION 2

(80 Marks)

This is a compulsory question based on Units 3, 4 and 5.

Applied Business Question.

Stylish Décor Ltd.

Ruth Cavanagh became Managing Director of Stylish Décor Ltd., a retail and wholesale business, one year ago. She took over the paint, wallpaper and tiling business when her father Paddy retired. Paddy had been a popular employer locally but the business had not grown and kept pace with developments in technology, marketing or human resource management. The company's premises is based in an expanding town within a one-hour commuting distance of Dublin and is in need of modernisation.

The town has seen a large increase in new house building over the last few years and its development plan provides for further housing and industrial units. Ruth is ambitious. Her aim is to become a market leader. Research has convinced her of the benefits of adding a 'Do-It-Yourself' (DIY) department to the existing business and setting up a second shop in a town less than twenty-kilometres away. These initiatives will require an increase in staff, a retraining programme for existing staff, incentives, and capital investment, if the business is to succeed.

Ruth is a Business graduate and understands the importance of marketing for the success of a business. Her enterprise's market share and turnover are below those of comparable businesses. Ruth intends to penetrate the market by a further fifty-percent within the next five years, to improve the expertise of staff, the quality of customer service and the product range. The fact that a major multiple is due to open a new hardware and gardening outlet with good parking just four-kilometres away has concentrated her mind. Stylish Décor Ltd. has not, up to now, invested in marketing activities. She also intends to introduce clearly defined lines of responsibility for staff in the areas of purchasing, sales/marketing and offer employees rewards for achieving targets. She wants to make changes and respond to customer needs quickly but she is facing strong opposition from her staff.

- (A) Discuss how management activities can help Ruth improve the performance of the business. (30 marks)
- (B) Advise Ruth on the strategies that will help her manage the changes that have to take place if the business is to succeed. (20 marks)
- (C) Illustrate, using the above text, how applying the Price and Promotion elements of the marketing mix can contribute to achieving Ruth's ambitions. (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) ‘The relationship between an enterprise and its stakeholders may be competitive or co-operative.’ Discuss this statement, with appropriate examples. (15 marks)
- (B) (i) Under the terms of the Unfair Dismissals Act 1977/1993, explain the grounds for dismissal that are deemed to be fair.
(ii) Describe the different types of redress that are available to employees for unfair dismissal. Illustrate your answer with appropriate examples. (25 marks)
- (C) Explain the elements of a valid contract. (20 marks)
- (60 marks)**

Domestic / International Environment

Question 2

- (A) Outline the categories of industry in the Irish economy. In the case of **one** of these, describe its contribution to the economy. (20 marks)
- (B) Describe the impact of inflation and interest rates on business in Ireland. (20 marks)
- (C) Discuss the social responsibilities of business. (20 marks)
- (60 marks)**

Domestic / International Environment

Question 3

- (A) (i) Outline the decision-making process of the European Union.
(ii) Explain the term 'EU directive' and the effect of **one** of them on Irish business. (25 marks)
- (B) Evaluate the impact on Ireland of any **two** of the following:
(i) The Common Agricultural Policy
(ii) The Competition Policy
(iii) The European Union Social Charter (20 marks)
- (C) Analyse how changes in the international economy are impacting on Irish business.
Use relevant examples to illustrate your answer. (15 marks)
- (60 marks)**

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SECTION 3

Part 2

Enterprise

Managing / Enterprise

Question 4

- (A) Describe **one** motivational theory commonly used in management. (10 marks)
- (B) Discuss **three** styles of leadership. (30 marks)
- (C) Using examples, analyse the importance of **four** different enterprising skills and relate two to business and two to the community. (20 marks)
- (60 marks)**

Managing / Business in Action

Question 5

- (A) (i) Differentiate between indemnity and insurable interest. Illustrate your answer.
(ii) Distinguish between insurance for a household and for a business. (20 marks)
- (B) Financial information published in financial statements such as Profit and Loss Accounts and Balance Sheets is useful for decision making. Consider the following figures and answer the questions that follow:

	2005	2004
	€	€
Sales	500,000	400,000
Expenses	50,000	40,000
Net Profit	70,000	60,000
Capital Employed	650,000	600,000

- (i) For 2004 and 2005, calculate the Gross Profit Margin, the Net Profit Margin and the Return on Investment.
- (ii) Analyse these profitability trends and discuss how shareholders might use them in making decisions. (40 marks)

(60 marks)

Business in Action

Question 6

Paula and Thomas have recently returned to Ireland having worked with transnational companies for ten years. They wish to set up in business together in Ireland manufacturing a range of new organic breakfast cereals. Paula has particular expertise in production and finance and Thomas in marketing and human resources.

- (A) Draft a Business Plan for this proposed new business using **five** main headings, outlining the contents under each heading. (40 marks)
- (B) In time, Paula and Thomas intend to expand the business into the EU market.
- (i) Describe the implications for the business of expansion.
- (ii) Explain **two** methods of expansion you would advise them to consider. (20 marks)
- (60 marks)**

Business in Action

Question 7

Deirdre Moloney hopes to start up her own cosmetics and personal beauty products business aimed at the consumer market. She has approached you as a marketing consultant for some marketing advice. In **one** single report, explain to her:

- (A) The stages in the development of a new product/service. (20 marks)
- (B) The significance of ‘packaging’, ‘branding’ and ‘product life cycle’ with reference to this business. (30 marks)
- (C) The term ‘channel of distribution’ and recommend a suitable one for her business. (10 marks)
- (60 marks)**

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