Coimisiún na Scrúduithe Stáit
State Examinations Commission

Scéimeanna Marcála	*Scrúduithe Ardteistiméireachta, 2004*
Gnó	*Ardleibhéal*

Marking Scheme	*Leaving Certificate Examination, 2004*
Business	*Higher level*

Leaving Certificate Business Higher Marking Scheme 2004.

Section 1. Short Answer Questions (SAQ) - 80 marks (8 at 10 marks)

1.	5 + 5 marks
2.	6 + 4 marks
3.	6 + 4 marks
4.	6 at 1 and 2 at 2 marks
5.	6 + 4 marks
6.	4 + 6 (3 + 3) marks
7.	2 + 2 and 1 + 2 and 1 + 2 marks
8.	3 + 3 + 2 + 2 marks
9.	6 + 4 marks
10.	2 + 2 + 2 + 2 + 2 marks

Section 2. Applied Business Question (ABQ) - 80 marks

(A) Four Enterprising Skills /Characteristics: 5 + 5 + 5 + 5 marks (2 + 2 + 1). Illustration from text of the ABQ. (Total 20 marks)

(B) Report Structure: 6 at 1mark.
Remedies to the Challenges: 3 points at 8 marks each (2 + 3 + 3).
Must have reference to text of ABQ. (Total 30 marks)

(C) Management Skills: 3 at 10 marks (2 + 4 + 4) (Link).
Relevant to the text of the ABQ. (Total 30 marks)

Section 3. 240 marks (4 at 60 marks)

Part 1

Question 1

(A) A Co-operative and a Competitive Relationship: 10 + 10 marks (4 + 4 + 2). Must illustrate with example. (Total 20 marks)
(B) Director Of Equality Investigations: 7 + 7 + 6 marks (4 + 3 and 4 + 2). (Total 20 marks)
(C) Legitimate Trade Disputes: 4 at 5 marks (3 + 2). (Total 20 marks)

or

Grounds for Dismissal: 4 at 5marks (3 + 2). (Total 20 marks)

Question 2

(A) Climate for Business Enterprises: 4 at 5 marks (3 + 2). Must illustrate. (Total 20 marks)
(B) Organisational Structure: 2 at 10 marks (6 (3 + 3) + 4). (Total 20 marks)
(C) Private Limited Company: 4 at 5 marks (3 + 2). Must have Limited Liability. (Total 20 marks)

Question 3

(A) Global Marketing: 4 at 5 marks (3 + 2). Must have definition. (Total 20 marks)
(B) Transnational Companies: 4 at 5 marks (3 + 2). Must have example. (Total 20 marks)
(C) Opportunities in developing markets for expansion: 2 at 10 marks (2 + 4 + 4). (Total 20 marks)

Part 2

Question 4

(A) Organising: 6 + 4 marks. Importance 5 marks (3 + 2). (Total 15 marks)
(B) Planning: 2 at 10 marks (2 + 4 + 4). (Total 20 marks)
(C) Agenda: 10 marks (5 at 2) and Minutes: 15 marks (5 at 3). Match. (Total 25 marks)

Question 5

(A) Empowerment of Workers and Total Quality Management: 2 at 10 marks (5 + 5). (Total 20 marks)
(B) Benefits of Teamwork: 4 at 5 marks (3 + 2). (Total 20 marks)
(C) Technology costs and opportunities: 2 at 10 marks (5 + 5) (3 + 2). (Total 20 marks)

Question 6

(A) **(i) and (ii)** Profit and Loss account and Balance Sheet: 4 at 5 marks (3 + 2). Must be 2 from each. (Total 20 marks)
(B) **(i)** Profitability: 20 marks (10 + 10) (7 at 1 plus 3). (Total 20 marks)
(ii) Liquidity: 20 marks (10 + 10) (7 at 1 plus 3). (Total 20 marks)

Question 7

(A) Market Research--Define: 10 marks (6 + 4) and Explain: 3 at 5 marks (3 + 2). (Total 25 marks)
(B) Market Research Techniques: 2 at 10 marks (2 + 4 + 4). (Total 20 marks)
(C) The Marketing Concept: 15 marks (5 + 10). (Total 15 marks)

Marking Scheme Business Higher Level 2004

Notes accompanying Marking Scheme

Section 1(80 marks): Short Answer Questions (8 at 10 marks)

1. *Arbitration:* Arbitration is where the settlement of a dispute (conflict) is sent before one or a group of independent (impartial) persons for adjudication. The parties to the dispute agree in advance to the arbitration process and that the arbitration decision will or will not, be binding on them.
The main type of disputes dealt with by arbitration are ones that concern:
The conditions of general contracts. e.g. travel agents with customers for holidays, building contracts for houses, etc. Industrial relations agreements between (employees) trade unions and employers.

Conciliation: The conciliation process gets the two sides in dispute to listen to each other's points of view, to discuss the issues and negotiate an agreed settlement before the dispute grows into a serious one.
In the case of a conflict, e.g. of an industrial relations nature, it means the voluntary coming together of the parties to the dispute in the interest of resolving the conflict. Once the agreement is made it is not a legally binding one but its aim is to resolve the dispute without strike action.
One of the main functions of the Labour Relations Commission, a body set up under the Industrial Relations Act 1990, is to provide a conciliation service to help resolve industrial relations difficulties.

2. *Intrapreneur:* The intrapreneur engages in entrepreneurial activities eg. coming up with new ideas and turning them into profitable activities, from inside an organisation. An intrapreneur would therefore work for an enterprise/organisation e.g. a transnational company or a government department etc.

3. *Taxation Credit:* Tax credits replace Tax Free Allowances from 2001. Under the tax credit system a taxpayer is entitled to tax credits depending on personal circumstances e.g. married person's tax credit, employee (PAYE) tax credit etc. Theses tax credits are used to reduce tax calculated on your gross pay. Tax credits are non refundable.
Gross Tax less Tax Credits = Tax Payable.

4. *Memo (Memorandum):*
To: All Departmental Managers
From: Managing Director
Date: 15-06-2004
Re: Please note that the suggested topics for the next management Training Day are
(1) Understanding Financial Statements
(2) Strategic Planning
Signed: Paddy Kelly. M.D.

5. *Terms of Reference:* Terms of Reference set out the purpose of a report. Instructions given to define the limits within which a report must be kept and up to which it must go. Terms of reference give authority to the author to prepare the report and set out the guidelines to be followed including the problems to be addressed in the report. They may also include the requirement for the report to make recommendations.

6. *Debt Equity Ratio:* To examine the relationship between the equity capital of an enterprise and its loan capital (fixed interest securities) (relative amounts). The gearing.
High loans equal high interest to be paid out of profit therefore less for distribution.
Calculations / 2003:
100,000 : 75,000
1.33 : 1
The level of Debt to Equity is relatively high. Access to raising more funds may not be readily available in the future.

7. *Types of production:*
<u>Job Production</u>
The product is produced to a specific customer order. It is a once-off production unit. It is not produced to be held in stock. High level labour skills are required.
Examples of job production products: custom-built vehicles like cars, boats and planes, specially produced pieces of crystal or craft work for presentations, etc.
<u>Batch Production</u>
The production is not continuous. The batch may be repeated again in time. A certain number, quantity or group of products is made at the one time.
Examples: the production of fruit/vegetables in varying sized tins, weights, etc., the baking of bread in different sizes (weights of loaves) and the production of clothing in differing sizes, colours and designs.
<u>Mass Production</u>
Production of huge numbers of the same products. There is non-stop continuous production of identical products. Produced for stock and then sold.
Examples: textiles, ball-point pens, popular cars and golf balls.

8. *Institutions of the European Union:*
The European Council
The European Parliament
The Council of Ministers
The European Commission
The Court of Justice
The Court of Auditors.

9. *Feasibility Study:*
A market study conducted to research the viability of a product/business idea both commercially and technically. It assesses the viability of a business/product proposal. The study is conducted in such a way as to confirm or otherwise the possible success of a product/idea in a target market.
It examines research and development, prototype production, test marketing, consultancy advice, financial projections, the preparation of a formal business plan, grants, the manufacturing process, the availability of plant and equipment, the sourcing of raw materials, etc.
A feasibility study attempts to answer questions like:
Should the product be produced or the service provided?
Will the sales increase and by how much?
How much will it cost to develop? Can the business afford it?
When, and to what extent, will the profits of the enterprise rise because of the new product?

10. *On the Break Even Chart* provided indicate clearly the following information:
Total Cost Line, Revenue Line, Margin of Safety, Fixed Costs Line, Break Even Point. The answers are straightforward except in the case of the Margin of Safety which, in the absence of a level of production in the question, a broad indication of the relevant area on the graph was accepted.

Section 2 (80 Marks): Applied Business Question (compulsory)

Peter Palmor

(A) Personal Characteristics of Enterprising People
1. Control. They usually need to be in control of situations. They are independent and have a need for achievement. He had a university degree in civil engineering
2. Risk taking. Successful enterprising people are not afraid of failing. They can take both financial risk and personal reputation risks. Peter Palmor arrived in Ireland from Eastern Europe in 1991 with little spoken English and no money.
3. Flexibility. Enterprising people accept change as natural. They learn from mistakes and failures and are always checking feedback to see if the job can be improved. Their self-imposed standards are high. The managing director of the firm had confidence in Peter's ability to appreciate future opportunities and to learn quickly.
4. Confidence. Enterprising people have high self-image and self-confidence. They look for solutions rather than problems. They like to get things done by the most efficient ways. Peter's technical skills and 'can do' attitude.

5. Realism. Enterprising people are very realistic people. They are honest with themselves. They choose things that are achievable rather than desirable all the time. Entrepreneurs accept what can happen and do not go for the impossible. His fresh ideas and ability in tackling problems impressed his employer.

6. Decisiveness. Enterprising people have the ability to make quick and clear decisions and take responsibility for the actions and decisions they make. If a decision is a bad one then they accept the result without blaming other people. His employer helped him to set up a structural engineering and consultancy firm and gave him his first contract

7. Determination. They do not give up easily due to obstacles and failures. They are determined at tackling problems and succeeding in the task on hand. They cope with disappointments on the way to success and can take setbacks regularly. Peter was ambitious and worked successfully for the business but felt he needed more. Peter's technical skills and 'can do' attitude.

8. Leadership. Enterprising people are good leaders. They can get people to work together in teams and motivate people to see opportunities and use the opportunity to everyone's benefit. Peter's personal commitment to the business is excellent

9. Energetic. Enterprising people are not lazy people. They are 'get up and go' and hard working people who stick at a task until it is completed. He quickly secured a job with an established property developer in Dublin. He succeeded in impressing employer and clients.

Enterprise skills:

1. Personal inner control
2. Reality perception
3. Innovation
4. Risk management
5. Decision making
6. Planning and goal setting
7. Time management
8. Delegation
9. Using Feedback
10. Problem solving
11. Stress management
12. Human relations
13. Leadership skills

(B) Report identifying remedies to the challenges he is encountering

Title: Report to the Peter on identifying remedies to the challenges he is encountering.

Names: Prepared by J. Blake, Management Consultant.

Terms of Reference: Identifying remedies to the challenges.

Employee Issues. Create and maintain employee motivation. Eg. Wage and productivity agreements, profit sharing, job enrichment, job rotation.
Establish workable and credible channels of communications. Eg. with unions, worker teams. Agree general procedures. Regular consultation.
Negotiate with trade unions. Eg. collective bargaining, procedural agreements, codes of practice etc.
Share decision making. Eg. Have a participative management style, involve workplace representatives, worker directors.
Employee participation. Co-operation in the interest of efficiency and service. Eg. Agree disciplinary parameters, productivity and grievance procedures.
Investors. Investors make money available to an enterprise, i.e. they risk funds in a project that may or may not profit them in the future. Ensure that the investor feels that the venture is a good risk when compared to the possible return in the future.
Description of the enterprise. The description provides details of background, history, products and services, financial performance to date, customers, the goals (long range) of the enterprise and the particular strategies set out to achieve them.
Key Personnel. Details of the management team, e.g. ages, experience, qualifications, etc. and the management structure in place.

Market Analysis. There must be a market for the product or service and the management team must be able to exploit it properly. Information on the market size and present and future trends. The location and structure of the market. The segments of the target market. Details on customer preferences and behaviour etc.
Competitors. Sales and distribution issues in the market.
Marketing Strategies. The enterprise has a good chance of entering the target market and selling profitably there against the competition. What is the competitive edge? What is the Unique Selling Point (USP) of the product or service and the strategy to cope with and counteract the reaction from the competition.
Products or Services. Description of the product, its uses and applications, any product technology, the research and development completed.
Financial Analysis. All management accounts and audited financial statements are included. Projections for the future with the assumptions on which they were prepared are clearly stated. A projected Profit and Loss account and Balance Sheet for three to five years ahead, Cash flow forecasts with inflows and outflows.
Investment Proposal. The investment proposal sets out the amount and the reasons why the capital is required, the type of funds sought whether loan or equity, etc. and details of any security on offer. The rate of return expected and the percentage of the shareholding available to the investor.
Suppliers. Producers/suppliers are the makers, manufacturers and suppliers of goods and services. Have more than one if possible. Can the supplier actually make the product to your standard? Influence the product manufacturing process, the premises, plant and equipment proposed, the provisions made for quality etc. The supplier is interested in making a profit but will only do so if you and the consumers are satisfied with the product. Pay all suppliers on time. Avoid 'leaning' on the trade. Negotiate agreements on discounts, bonuses etc.

The Executive Summary.
Recommendations.
Acknowledgements.
Appendices.
Bibliography / Reference.
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(C) Suggested Improvements to business and lifestyle.
Leading. Leadership allows an individual to positively influence how others behave so that they contribute voluntarily to achieving group goals.

Directing. Determining in general terms the courses of action to be followed i.e. the direction to be followed (Vision). Harmony of objectives.

Delegation. Assigning duties to subordinates who are permitted to act within the authority granted to them. Giving the right to use power to other people.

Responsibility. Where the subordinate has a responsibility to ensure that the delegates' duties are performed satisfactorily.

Accountability. The subordinate who has been delegated duties (responsibility) is accountable for the performance of the duties.

Leadership Styles.
Autocratic (Authoritarian)
No consultation with subordinates. All major decisions are made by the leader and orders are issued and directives are made to be obeyed without question. Objectives are achieved through the use of fear and threats. An autocratic style will in the end fail because it produces a very resentful group of people who will not co-operate and people do not help the leader when help is needed Usually there is nobody trained or willing to take over at the top.
Democratic
This encourages people to contribute to the decision-making process. People's feelings and emotions are considered important by the leader. Shared solutions to problems are sought, motivation and co-operation levels are very high, there is excellent job satisfaction.
Laissez Faire.

The leader allows complete democracy in all matters. There are no bounds to freedom of action and decision within overall objectives.

Motivating. Motivation may be defined as the factors that cause people to act or behave in certain ways. People's behaviour can be influenced (controlled) by motivating them to meet their unsatisfied needs: (1) A need (2) A goal (3) Action (4) Feedback.
Maslow's Hierarchy of Needs
The satisfaction of a person's needs begins with the basic physiological needs, e.g. food and shelter (salary). Only after these basic needs have been satisfied will a person attempt to satisfy the next need on the ladder, e.g. safety needs (secure employment), social needs (friends in work groups), esteem (job titles) , self actualization (challenging job).

McGregor's Theory X and Theory Y
Theory X
The average human being has a natural in-built dislike for work. People have to be forced, controlled and threatened with punishment. Safety and security above all else. avoid taking responsibility. Theory X suits the autocratic manager.
Theory Y
The individual does not dislike work. Work is very satisfying. Strict control over people is not necessary if people are committed to shared objectives. The satisfaction of self- actualisation, is the best way to get effort from people. Human beings can be taught to accept and seek responsibility. All members of the organisation can help solve problems.
Theory Y would suit a democratic style of management.

Communicating. Communication is concerned with the processes of transferring of ideas, information, messages, etc. from a sender to a receiver with the main purpose being the understanding by the receiver of the sender's message.
Downward Communications. Downward communications. Instructions etc. go from a superior to a subordinate.
Upward Communications. Upward - allow suggestions to be reported to the superior by the subordinate.
Feedback. Everybody in the organisation should have the opportunity to influence decision making. By getting opinions through discussion, the message is clear. Subordinates appreciate the chance to have a say. It brings everyone closer together. It helps democratic style leadership.
Lateral (Horizontal) Communications. Maintained between people with the same level of authority in the organisation. The purpose is to ensure that all sections work together at all times in the interest of all.

Lifestyle suggestions: Examine the business under the above headings to improve his management strategy and skills. Identify and isolate the time consumers in the business and address. Enrol on time management programme. Consider refusing business or selling troublesome parts. Delegate and employ or promote competent staff. Consider bringing in a partner(s) to share the responsibility and to bring in specific expertise. Move upstairs into a more strategic and non executive role.

Section 3 (240 Marks): Four questions out of 7 to be answered.

Part 1.

Question 1. (A) A co-operative and a competitive relationship.
Co-operation. A co-operative relationship exists where joint action or effort is required so that people can work together to everyone's benefit eg. employees helping each other in a spirit of teamwork to achieve a certain level of sales or profit for an enterprise or one business co-operating with another business in the marketing or distributing of each other's products or services.
Businesses sometimes get together and co-operate with each other in local areas to encourage economic development and the to create jobs which benefits the whole community.
People working and co-operating together in a business make it successful. Employees co-operate with their employers. They agree pay and working conditions and produce goods and services for customers. They may also co-operate with each other by consulting each other and making decisions together e.g. worker representatives on the board of directors.
A business will more than likely have outside investors. The relationship between the owners of the business and the investor must be one of co-operation to ensure that both of them gain. Money will have to be made by the enterprise to give the owners (shareholders) an adequate profit and the investor an adequate return.
Producers listen to their customers and co-operate with them to supply the goods and services that are needed and wanted by them. Customers trust their producers to supply them with high quality goods at prices they can afford.
Competition. A competitive relationship within an organisation might be where salespeople compete with each other for orders, employees compete for promotion or departments for cost savings. Outside the organisation, elements like price, quality and service are common areas of competition between business enterprises who are competing with each other for market share.
Competing interests among the parties to business form the background in which business activity takes place. All interests compete with each other in the business enterprise and businesses are always in competition with other businesses for sales, the recruitment of labour and in the price of goods and services.
Consumers are interested in the best value for money possible.
Suppliers and producers are interested in having customers buying at the right price.
The government is interested in collecting taxes and keeping employment levels high.
The trade unions are concerned with working conditions and pay rates for their members.
The employees of the enterprise and interest groups may be interested in possible damage to the environment, health risks, etc.
Sometimes one might find a mixture of competition and co-operation between business enterprises. By co-operating with each other for example on storage and distribution of goods the enterprises may feel that total market share would increase and all businesses will gain. Competition would still exist however in areas such as advertising, sales techniques, product design/development and price.

(B) Role of the Director of Equality Investigations (DEI) in solving conflicts in business.
Under the Employment Equality Act 1998 discrimination is outlawed on nine grounds: gender, marital status, family status, sexual orientation, religious belief, age, disability, race and membership of the travelling community.
Cases of discrimination are referred to the Director of Equality Investigations (DEI).
The DEI will investigate all cases and issue a decision.
The decision is binding and enforceable through the Circuit Court.
All decision may be appealed to the Labour Court within 42 days.
The DEI may order: In an equal pay case, equal pay and arrears in respect of a period not exceeding three years preceding the reference of the case.
In other cases equal treatment and compensation of up to a maximum of two years pay or €10,000 where the person was not an employee.
The DEI may order any person to take a specified course of action to avoid future discrimination.
The DEI may refer a case to mediation if it appears possible to resolve it that way.

(C) (i) The reasons for legitimate trade disputes.
Legitimate Trade Disputes can result from any of the following matters:
Pay and conditions of employment eg. rates of pay, overtime, shift working, holidays, in fact anything in a contract of employment or a collective agreement.
Physical conditions of work. Safety, heating, canteens, welfare and comfort.
Employee dismissal. The employment policy of an employer, e.g. qualifications for a job or the enterprise's method of recruitment.
The range of duties required of employees.
Trade union recognition in the work place.
Improvement on statutory conditions eg. redundancy or maternity benefits etc.
The term redundancy is used when workers are laid off from their jobs by an employer because the employer's need for labour is reduced or ceases altogether.

or

(ii) The grounds for dismissal that are deemed to be unfair.
Unfair Dismissal: The Act lists situations where a dismissal is unfair, i.e. if it was the result of any of the following:
Trade union membership or activities of an employee.
The political views or religion of the employee.
The racial background, colour, sexual orientation or cultural background (e.g. membership of the travelling community) of the employee.
The pregnancy, and matters connected to the pregnancy, of the employee.
The redundancy of the employee which is unfair, e.g. an employee chosen because of personality differences.
If the employee is suing the employer in the courts.

Question 2 (A) Government contribution to creating suitable climate for business enterprises.
The role of the Irish Government in creating a suitable climate for business includes:
Business organisations are controlled by legislation (e.g. The Sale of Goods and Supply of Services Act) promoted by way of advisory services (Forfas and Eolas)
An important role for government is to set out regulations to be observed by everyone in society and within which the social partners will operate.
Certain basic needs of people would not be met. health and education services, security services, etc. would only be supplied if they were economically viable.
The government, through its regulations, protects employees and consumers and tries to ensure that there is no waste of resources.
Government uses taxation to transfer wealth in the community by levying taxes on those able to pay and redistributing the money to other parts of the economy such as training, supports for start-up businesses and social welfare.
Government policies restrict the excesses of business behaviour (e.g. competition laws), control government spending (e.g. the national budget), maintain employment and encourages enterprising activities (e.g. grants) which all can help to stabilise the economy.
Changes can be made to the business climate when necessary eg. an increase in interest rates often reduces spending in the economy which affects sales. If businesses have borrowings, it increases their expenses, and their ability to finance new projects.
Fiscal policies are those concerned with financial receipts and expenditure. If personal taxes are increased the working population buys less, saves less and business activity decreases. If personal taxes are reduced, workers may work harder.
An increase in the corporation tax rate affects the growth of companies and reduces the enterprise's ability to reinvest in the business, effect on job creation.
Increases in VAT reduce sales. Reducing excise duty encouraged the consumption of lead free petrol to control harmful pollution. Reduction of specific taxes can help businesses that are struggling or meeting specific competition eg. tax on betting.
Wages to government employees has a big effect on local economies. Current expenditure by government departments on goods and services for schools, hospitals, offices, security, etc. e.g. payments for catering, electricity, transport, cleaning, telecommunications, post and insurance.
Government capital expenditure on fixed assets, e.g. contracts for buildings, schools, hospitals, roads, etc. affect the construction, engineering, tourism and transport sectors.

Monetary policies are those that affect the amount of money in circulation if the government wants to affect spending in the economy and thus in business eg. an increase in interest rates restricts the amount of money the banks lend and reduces the supply of money. People borrow less and demand is reduced.
If government lowers interest rates then business can borrow more easily and economic activity will increase. Individuals and businesses spend more.
Exports and imports can be controlled by tariffs and restrictions etc. on imports or subsidies and grants to exporters. The EU and the WTO (World Trade Organisation) agreements guarantee free markets for goods and services.
Government planning influences the economic environment for business in Ireland. e.g. PPF, the parties include all the social partners who have a stake in the country. Government plans affects business, the workforce, the community and society.

(B) Two reasons why a business enterprise might change its organisational structure.
Business organisations change their structure over time to adapt to changing circumstances and market demands. The plans that the owners may have for the organisation far into the future and the vision of where the organisation wants to be, can be facilitated by choosing the most appropriate organisation structure to meet those objectives.
Size.
The business enterprise may wish to grow larger. With size comes the burden of extra specialisation where one individual simply cannot do all things and more people and expertise are needed, e.g. specialists in finance, marketing, production, etc. The move from a sole trader to a private limited company may be suitable for this purpose.
Limited Liability.
The desire for the protection of limited liability is another reason for changing structure. A business person wishes to protect family members, etc. from business risks and ensure a secure future for them. Personal assets must be protected to do this.
Finance
If more capital is needed for the development of the business, then a move from being a co-operative or a private limited company to being a public limited company might be necessary.
Marketing.
The expansion of markets may be better served by joining a business alliance with another enterprise, either abroad or in Ireland, e.g. for the distribution of the firm's goods.
Opportunity.
A new business opportunity, the opportunity to diversify into another line of business or enhance the existing businesses products may offer itself in the form of a franchise or an agency agreement.
Privatisation.
The state may wish to free itself of business that can be owned and managed successfully by the private sector. It could therefore change its state owned enterprise into a public limited company to enable the sale to take place effectively and offer the opportunity to the public to invest and become the new owners.
Examples of the changing trends in ownership and structure include:
The Growth of Producer Co-Operatives in Ireland. The producer co-operatives are found mainly in the agricultural sector. The successful marketing of Irish food products abroad resulted in their expansion. They have grown with the expansion in the industry and have shared the benefits of EU membership with the agri-sector in general.
Some producer co-operatives in the agricultural sector have become public limited companies like Kerry Foods PLC, Avonmore Waterford Foods PLC. They ‘went public’ on the Irish Stock Exchange mainly because very large amounts of finance could be raised quickly on the stock exchange by the issue of shares to the public. The PLC structure is also put to good use in arranging and financing growth through acquisition.
The move by the co-operatives to the public company model reduced their dependency on debt as a source of finance with its resultant high gearing. It restored a healthy debt/equity ratio to the organisations and thus attracted investors because of better profit possibilities and laid the basis and foundation for healthy growth.
Alliances and joint ventures have been formed with other big food producers in the EU with a view to exploiting market opportunities in the wider European and world markets. Irish food products are marketed and sold not only in the accessible EU markets but in many other third countries where food products are needed, e.g. North African and Asian markets.

(C) Limited Company as a type of business organisation for a new business venture.
The benefits of being a private limited company include:
Shareholders are extended the status of limited liability. This is particularly important to the small investor who may stand to lose all if things go wrong, e.g. if the enterprise was a sole trader.
The company is the legal entity and can sue and be sued.
It is often easier to raise finance from financial institutions. Companies in general are given a higher credit rating by suppliers of finance, e.g. they may have a triple A rating with a bank (AAA rating).
It is also possible to raise the necessary capital through the issue of shares up to the amount of authorised capital stated in the memorandum of association.
Because companies allow for growth to take place more easily, e.g. through mergers and take-overs, it becomes possible to operate on a larger scale by bulk buying supplies and economies of larger scale in general.
The tasks of managing and controlling the operations of the company can be divided among a team of personnel.
From the point of view of not only family-run enterprises but all business, it is easier to pass a company on from one generation to the other or from one set of owners/ shareholders to another, i.e. continuity of existence.
A private limited company also has negative implications:
There are formation and running costs involved and they can prove to be expensive especially on the small enterprise, e.g. accounting, legal and taxation services.
Because of larger size there may be problems with slow and less flexible decision-making procedures. Bureaucracy or 'red tape' may also slow things down.
The enterprise may simply become too big and end up being less efficient. The employees, management and shareholders may become more distant from one another and less trusting of each other.
The business affairs of the organisation are public in that the annual accounts and returns are made to the Company Registrar and the books are audited and presented to the AGM.
The law is very strict on the operations and control of limited companies with heavy penalties for breaches of the law.
In the area of taxation, any business losses suffered by the company cannot be set against personal income giving benefit to the shareholders and directors and the enterprise may be liable to capital gains tax if some of the assets are sold by the company.
All accounts and an annual report must be published and audited each year and specific returns made to the registrar for filing with easy access by the public.

Question 3 (A) Global Marketing.
A global business attempts to sell one product in the same way worldwide, focusing all the time on the similarities found across the markets. Globalisation means that the world is increasingly becoming one large marketplace. A global business identifies world markets for its products and then produces for that global market.
It exports its products but usually has a very strong home base.
It plans and co-ordinates all activities on a global basis.
It purchases the factors of production and sets up its assembly and manufacturing facilities in any geographical location in the world, and usually in a number of different countries.
Savings in research and development, distribution, transport, marketing and finance are sought out anywhere they can be found to ensure that costs are reduced and economies of scale are achieved in purchasing and manufacturing operations.
Examples of global businesses include: Ford, Nike, Epson.
Global businesses do not consider the differences between countries and cultures important. They put all their efforts into satisfying the common desires and drives of people everywhere – global standardisation. It attempts to sell one product in the same way worldwide, focusing all the time on the similarities found across the markets.
Global marketing and standardisation. Products are globally marketed under a common world brand name, like Coca-Cola, McDonalds, Sony Walkman, IBM, Toyota.
Not only is a brand like Coca-Cola found everywhere but the actual product itself is exactly the same in every market, i.e. global standardisation of both brand and product, e.g. standardised MP3 players, televisions, etc.
Cost efficiencies are turned into value for consumers. Reliable, high quality products are made available at lower prices. Thus increasing consumption and driving further demand.
The markets of the world are not totally homogenous, i.e. they are not all of the same composition and nature. This fact requires that products must vary to suit the various markets (product adaption.) The

brand might prove to be global but customisation may be needed for the product to meet particular country requirements. e.g. left or right hand drive motor vehicles, different electrical and TV power and transmission standards, local tastes, etc.

(B) Impact of Transnational companies in Ireland.

Transnational (multinational) companies as associations which possess and control means of production or services outside the country in which they were established. One which is structured on a global basis. A holding company with majority shareholdings in many overseas subsidiary companies. The companies that make up a transnational are tied together by share ownership and by managerial control. A transnational may originate in a particular country but they are international in their allegiances. Examples include household names like: Nestle, Siemens, IBM, Volkswagen, Intel, Coca-Cola, Unilever, Shell, Jefferson Smurfit etc.

Ireland tries to attract these large organisations to locate factories here for the following reasons:

When a large new manufacturing firm is developed in the country it brings an inflow of foreign investment into the economy. This creates jobs for the local construction industry, for the employees in the plant and in all the services provided to the manufacturing facility.

The level of imports of manufactured products is reduced. This benefits the economy as a whole because goods which were not up to now made in the country are readily available in the local economy, helping the balance of payments.

The level of exports will be increased greatly. The transnationals almost certainly sell all their products into overseas markets. In fact they may be selling a lot of their products to other firms owned by them in other countries, this creates an inflow of foreign currencies into the host economy.

Because of the presence of huge businesses in the local economy, competition between firms and economic activity within the country is stimulated and encouraged. These competitive forces have positive effects on prices, efficiency and innovation.

Production by transnationals increases the country's Gross National Product and thus increases the standard of living for all people living in the country. TheGovernment will be able to collect more taxes to pay for social services and further economic development.

The modern production and management techniques employed by the companies provides good quality training and education skills for the workforce. These skills are transferable.

The risks attaching to transnational companies locating in a country are:

They may close down the business without much notice. Cheaper labour costs and market influences may attract the manufacturing operations to migrate abroad.

The size and importance of the transnational to the country might make it powerful and lead to threats of withdrawal if it does not get its own way, e.g. industrial relations, taxation policy, etc.

The host country authorities may have little control over important sectors of the economy. Company decisions are made solely with a view to maximising profits.

Profits are transferred out of the host country (repatriated profits) and not used to build up the business at the present location. This is not good for the host country's balance of payments.

Grant aid and incentives are offered to attract the transnational locate in a country. These are often lost if the business pulls out.

(C) Business opportunities for Irish business in 'developing' markets.

The principal changes that have taken place in the world economy over recent years which offer Irish business opportunities are as follows:

World Trade Organisation.

The establishment of the World Trade Organisation (WTO) and trade negotiations that allow for the liberalisation of world trade have provided countries with huge sales opportunities abroad. Markets are open and access to them is free.

Influence of Other Trading Blocs and Agreements eg. The North American Free Trade Agreement (NAFTA) and the Asia Pacific Economic Co-operation (APEC) zone where multilateral trade agreements encourage international trade between the countries in the particular blocs.

Transnationals

The growth in power and influence of the transnational sector, the globalisation of products and the development of global marketing has created huge businesses. The location of a global business in a country is often sought by many countries, not least Ireland.

Technology.

Modern technology makes widespread communications easier for all businesses, e.g. the internet. Technology enhances the efficient management of transport, speeds up decision-making and reduces costs in both time and money terms.

‘Developing’ Countries
There is a significant challenge thrown down by the Asian (the Pacific Rim) such as South Korea, Singapore, Taiwan and Hong Kong, and and South American countries like Brazil. Recently China has become a significant world economic power. These economies are supplying high quality, low cost goods to world markets.
The growth in power and influence of the EU (the European trading bloc). The Union has a common commercial policy, an internal market with free movement of goods, capital, services and labour and a common external frontier. It is now made up of 25 countries since May 1st this year representing a total market of 300 million people.
The changes that are taking place in the EU after the accession of the new countries to the Union. The Eastern European countries on joining the Union are entitled to enjoy all the economic privileges that membership entails. The focus of the EU may well be eastwards rather than westwards, e.g. Poland.
Political Changes. The Iron Curtain countries of the Czech Republic, Hungary, Slovakia, etc. have opened up their economies to market forces. This presents a particular challenge for Ireland as these countries are excellent producers of agricultural products and offer quality at a lower price to the European consumer.
Deregulation. The highly regulated and centrally controlled economies of Eastern Europe are all being transformed into market led economies. The central control that the governments had over the economies is gone. The new privatised economy model offers many opportunities to private enterprises both within the countries themselves and among their trading partners. The change from a highly regulated economy to one of deregulation and free enterprise has created huge demand for a wide range of goods and services in these economies eg. English language tuition, consultancy services, infrastructural and environmental expertise etc.
The Market Opportunities. The market opportunity of Eastern Europe is significant, especially when one considers the population structure. The eastern European market, being potentially large and lucrative, bigger even than the present EU market, offers opportunities to business enterprises from the west. There is a huge shortage of goods and services such as: home appliances and entertainment, construction services, private and commercial transport vehicles, communications systems, leisure and entertainment facilities etc.

Part 2.

Question 4 (A) Define and illustrate the importance of good organisation.
Organising means building a structure in an organisation so that its activities are coordinated and its objectives are achieved. Possible structures are line organisation, line and staff organisation and matrix structure. The formal structure of an organisation is the agreed method by which it is organised. Organising involves getting things done through some form of planned structure.
Successful organisations give themselves a structure within which they organise themselves. Somebody must take the responsibility for completing the many jobs to be done. A structure that meets the needs of the people in the organisation is the best one.
An ‘organisation chart’ shows how an organisation expects to get things done. The structure will therefore start with those people who are in charge of discrete areas or functions. Moving downwards from these heads of departments to each lower level of responsibility are subordinates, who may themselves have other subordinates further down the authority chain.
Line Organisation. An organisation that is divided into departments made up of line activities ie. activities essential for the survival of the organisation eg. Finance, Production, Sales, Research and Development. A line org. is easy to understand, responsibilities are well defined, there are few communications problems and employees can see the value of their contribution.
Line and Staff Organisation. Where a staff function is added on to the existing line activities. New departments are created which have specialist expertise to help the line departments function more effectively. The work of the staff functions is mainly an advisory and support role, e.g. HRM, ICT, Legal, Distribution, that cut across other departments.
Matrix Organisation (Project team structure). This is a team based approach to problem solving. The emphasis is on joining together many disciplines in the interest of completing the project. A highly coordinated approach to problem solving eg. areas of new product development or major construction jobs where many experts are required and whose work must be co-ordinated. A team leader controls the project and efficiency is promoted, thus reducing costs. It allows for good professional development of managers because of the wide responsibility of the work.

(B) Contribution of two different types of planning to business or community enterprise.
Planning involves selecting organisational goals or objectives and seeking out ways to achieve them. It sets out what to achieve and how to achieve it. The targets to be aimed at by the entitiy. The main objective is to survive and be profitable while meeting the needs of customers. Plans reduce risk and uncertainty and give an organisation purpose and direction. Planning is a method of looking ahead to the future that helps us to make decisions.
By going through the planning process (or method) stage by stage, an enterprise gains greatly because:
All people in the enterprise have a say in the development of the plan. They will have looked at all the opportunities and threats. The plan is therefore clear, and agreed.
Change is viewed as normal and emphasis is placed on seeking out new opportunities.
The planning process demands that the most important factors for the enterprise are identified. The best people can then be put in charge of that particular job to improve the chances of success.
Decision-making becomes common and shared. All options have to be considered.
The control of the enterprise is improved. The plan for the future is agreed so it is likely to be realistic and achievable. The plan can be altered to meet the targets set.
Business planning helps organisations look ahead to the future and cope with change in the use of technology, new products, society changes, competitors etc.
Business planning is often linked to the 'mission statement'. The purpose of the organisation: that is, what it was set up to achieve.
Forecasting is the anticipation of a probable event, involving the use of foresight and judgement. It is a look into the future. Plans are developed from forecasts eg. changing economic trends, new technology etc. In most business enterprises, sales forecasting is the starting point for planning, forming the basis for all types of plans eg. marketing, finance, production etc.
The objectives of an organisation are what it is trying to achieve. It's aims.
An organisation would first have general objectives and then develop specific objectives based on the general ones. General objectives (aims) for a business enterprise would have to be set out in the following areas: profitability, market standing, product development (innovation), quality, employee performance and development, physical and financial resources and public responsibility. They are the basis for the direction and guidance of the enterprise. They are the targets to be aimed at. They motivate people to achieve results. Objectives must be SMART.
Strategic plans are developed over the long term. Long Term planning one to five years into the future.
Strategic planning requires an examination of the organisations strengths, weaknesses, opportunities and threats in the interest of achieving objectives. The plan looks at existing practices, deciding on the action to be taken and the setting of a timescale for completion.
Internal eg. Good staff, lots of work, good suppliers etc.
External analysis eg. trends affecting building business, what the competition are up to, government proposals that affect the industry etc.
Tactical (or Operational) planning applies to periods of one or two years, i.e. the short term day-today operations of the business.
Decisions are made for the short term. Tactical planning is action planning, involving more doing than thinking eg. management accounting, human resource management functions, the purchasing of raw materials, stock, production and quality control etc.
Policies are the expressed means (or methods) employed by an enterprise to achieve objectives. A 'policy' guides the decisions and actions of people in the enterprise. They may list procedures to be followed and provide recommended methods to perform work.
Examples of Policy
Production policy, this might involve producing the product in a specific way.
Marketing policy, e.g. distribution of the goods by self-owned trucks, advertising goods on a specific medium, giving credit to certain groups of customers only, etc.
Purchasing policy, e.g. purchasing raw materials from various suppliers.

(C) Agenda and Minutes of the AGM of a limited company.

Agenda

Notice is hereby given that the 6th Annual General Meeting of Offline Systems Ltd. will be held in the head office of the company at Second Street, First Avenue, Waterford on the 11th of January 2004 commencing at 11.00 am for the following purposes:

1. Minutes of the 2003 AGM as previously circulated.
2. Matters arising from the minutes.
3. To Receive and consider the Chairperson's Report.
4. Auditor's Report and Accounts.
5. To confirm the Interim Dividend and to declare a final dividend for the year.
6. Remuneration and appointment of Auditors.
7. Election / reappointment of Directors.
8. Motions.
9. Any Other Business of the Company.

By Order of the Board of Directors
Kevin Mannix
Company Secretary
Date 3rd January, 2004.

Minutes of 5th Annual General Meeting of Offline Systems Ltd.

The 5th. Annual General Meeting of Offline Systems Ltd. was held in the head office of the company at Second Street, First Avenue, Waterford on the 18th of January 2003 commencing at 11.00 am. The Chairperson, Ms. A Kelly brought the meeting to order. The attendance included the directors, twenty shareholders and the auditor.

1. The Minutes of the 2002 AGM as previously circulated were proposed by __________ and seconded by ______________ and signed by the chairperson.
2. There were no matters arising from the minutes.
3. The Chairperson's Report was given by Ms. Kelly who outlined the successful year gone by with growth in all sectors of the business. She also set out the plans for the future of the business.
4. The Auditor's Report was presented and the Accounts were adopted. Proposed by ______________ and seconded by _______________.
5. The dividend for the year was agreed at 45c per share. Proposed by _______________ and seconded by ___________________.
6. The remuneration of the auditors was agreed and Apple, Pear and Orange, Chartered Accountants, were re-appointment as auditors for the following year.
7. Ms. J. Jones and Mr. H. Hughes were reappointment as directors for a further year.
8. There were no Motions before the meeting
9. As there was no Other Business the meeting was completed at 12.30 pm.

Signed:
_____________________. Date _______________.
Chairperson.

Question 5 (A) Empowerment of Workers /Total Quality Management and the role of managers.
The empowerment of workers means placing real power, which includes decision-making, and full responsibility in the hands of those workers where it is most effective, i.e. as close as possible to the customer. Empowerment is far more than delegation.
Workers who deal with the organisation's customers every day are given great influence over the operation of the enterprise. Decision-making and control is in the hands of workers who use their skills and knowledge in the interests of the organisation.
Empowerment and Managers.
The management skills that help to achieve and support the empowerment of workers in effective groups are the skills of:
1. Enabling. Enabling involves making sure that all the resources necessary for empowerment, e.g. time, money, training, personnel, etc. are made available. Staff must feel competent and have the skills and knowledge to be effective team members, so training and development programmes are vital. This is the investment in people. Workers tend to be more flexible and positive.
2. Facilitating. Facilitating involves the removal of all blocks, hurdles, restrictions, rules, systems procedures, indeed anything that prevents staff from achieving what they are capable of. Rules and procedures are generally designed to stop something from happening rather than to help something happen and aid progress. The manager will learn from staff the obstacles to serving the customers well.

3.Consulting. The manager consults staff regularly, as often as is necessary, on all issues concerning the job. Suggestions and recommendations are taken seriously. The knowledge and experience of the staff are recognised as valuable and useful to the enterprise. The action resulting from the consultation is made known to all staff (feedback) and if no action is taken then explanations are given as to the reason why, e.g. lack of money, time, expertise, etc. By employing this method, further solutions may be put forward by staff.
4. Collaborating. To increase staff motivation and general standards of work, staff have to be viewed by managers as partners or stake-holders in the organisation. Staff are encouraged to hold meetings and chair or facilitate the conduct of business. Their work must be shown to be important to the organisation as a whole and discussions must be open, honest and constructive to allow for successful change to take place. There must be no hidden or other agendas (e.g. personal interest) in the group. People skills, skills such as insight, imagination and maturity are necessary.
5. Mentoring. The best mentors encourage and support staff to grow and develop as team members. Mentoring involves the widely experienced manager working through others rather than directly applying personal skill and knowledge to a particular situation. Being a mentor is being in a role of influence and advice. It involves acting as a role model and coach to colleagues and staff.

Total Quality Management (TQM).
Quality is where products comply with the following:
Fitness to standard. The product or service does what it says it does.
Fitness of use. The product or service does what the customer wants it to do.
Fitness as to requirements of price and quality.
Fitness as to requirements of present and future customer needs. This last idea of always putting the efforts of the organisation into meeting the future needs of its customers is the foundation stone of TQM.

There are basically three principles to the TQM process: focus on satisfying customer needs, continuous improvement and total company involvement (teamwork).

TQM and Management Leadership:
- The management must be committed to TQM and lead by example.
- TQM requires empowerment
- TQM requires teamwork
- Management shows the way by making sure that an atmosphere is created in the business that helps to locate weaknesses and apply solutions.
- Management ensures that there is no fear on the part of the staff in exposing problems. Fear and mistrust will be present if managers merely pay lip service to TQM.
- Education and learning make up the core of successful TQM. Continual learning is provided by addressing the enterprise's training needs.
- Everyone in the organisation must be respected.
- Managers have to trust staff to do the work well and managers must be trusted by staff. Mutual trust will encourage people to listen to each other's comments without judgement but with understanding and at the same time thinking critically.

- All information is shared, people are praised for their contribution, the problem is seen to be in the process not the person and there is no blaming. Nothing is decided until the facts are known and all ideas are heard.
- Everyone must be treated as if they were a customer of the business, i.e. a 'market-in' approach within the business.
- The best business will use 'benchmarking' to confirm or otherwise, whether it has learned anything. It will measure everything about itself, e.g. its products, services, methods and processes against the most successful competition available.

(B) Benefits of teamwork to the employees of a business organisation

For enterprising individuals, working as part of a team is not always easy. One may have to follow rather than lead, listen rather than talk and share with the other group members rather than keep for one's self. Teams are formed in work situations commonly because:

- The individual wishes to feel a part of the organisation but this is made difficult by the large size of the organisation. Smaller groups are formed within the larger organisation to which the individual can belong.
- People can satisfy the need for belonging by contributing in some way to the smaller group, the team.
- Teams and groups form because of location reasons, e.g. the sales office team.
- Teams form groups because of common work demands or shared expertise, e.g. accountants, drivers or nurses form groups because they have some interest in common.
- Teams are formed because the members have shared objectives, e.g. apprentices. Certain groups or teams are attractive, e.g. working abroad, social or sporting skills.
- Morale is high when the team is working towards a common objective or interest and the objective or interest is also that of the individual (Morale is described as the feelings, attitudes or psychological state of mind of an individual or group of individuals). It is the quality of the feeling of belonging and of confidence that exists in a team or group.
- If the spirit of the team is high, it will encourage all members to work hard to achieve the team goal.
- Employees enjoy their work more when part of a team structure. Because teams satisfy social needs in individuals.
- The security of the team protects against being ignored or rejected.
- Team goals and individual goals are shared. What is good for the team is good for the member of the team.
- Teams support and help their members at difficult times. Relationships, friendships and feedback are all developed by the team.
- Team Characteristics (Group Strengths): All the members of the team share common objectives.
- All members voluntarily take part in problem-solving and shared decision-making for the team.
- Contributions made by each member are always welcome to the group. There is a willingness to accept ideas and suggestions.
- All conflicts are worked out through discussion and collaboration. Voting is not common and difficult issues will be given time in the interests of consensus.
- All members share the responsibility for the successes and failures of the team. The members are willing to see praise and recognition go to the team rather than the individual.
- Being in the team is a pleasurable experience for the members: they enjoy it.
- The team periodically reviews its own performance by asking questions like; Where did we go wrong? How can we improve this? Didn't we do well there?

(C)(i) How introduction of technology affects an enterprise's Business costs.

- If older technology is used in the production process, the amount produced is limited to that capacity. Better quality standards will be achieved by competitors who have acquired newer technology. Businesses have no option but to embrace new technological developments on an ongoing basis. Otherwise, they risk losing out to the competition in the market. Consider the consequences for producers of film cameras if they had not developed digital camera alternatives (in 2003 the number of digital cameras sold worldwide outstripped the film versions for the first time).

- There are huge capital costs associated with technology development. There is an increased risk to the enterprise because costly equipment has to be bought prior to selling the goods and creating cash flow eg. robotics for example, is a very expensive process involving a very complex production line.
- Changing technology reduces the number of workers required, e.g. using robotic equipment instead of people in automated production facilities.
- The emphasis is on quality and a far higher level of skill is required of the personnel. Multi-skilling (where people have a wide variety of job skills) is common in technologically advanced enterprises, and can reduce costs as fewer staff are required.
- Developments in technology, especially in information technology, changes the structure of the organisation. Large amounts of data can now be collected, analysed and interpreted very quickly. Less middle management is required.
- Decision-making at all levels, from top management down, is helped. Communications between the functions in the enterprise and between the people in the enterprise are improved. Training costs in the organisation must increase to help the process.
- Modern technology increases the speed of innovation and therefore shortens the life cycle of products, requiring new products or new developments/applications of old products. The associated research and development costs can be daunting. More personnel are required in this area.

(ii) The Impact of Technology on Business Opportunities

- The increased use of technology in production allows for standardisation of production, resulting in increased output/productivity and reduced costs.
- The employment of fewer resources leads to an increase in output with lower unit costs, e.g. the use of bar codes in supermarkets means that more goods can be handled and recorded more accurately and more quickly by fewer staff.
- Applications such as computer aided design (CAD) make the design process easier and increase productivity. Computer aided manufacture (CAM) where all equipment can be computer controlled and computer integrated manufacturing (CIM) which involves total integrated control of the production from design to delivery, all add to the efficiency of production.
- New job opportunities are created in service industries like hotels, catering and tourism businesses, and health and education services. It must be remembered that the service industries consume large amounts of manufactured goods. Tourism must have buildings, stationery, computers, food and beverages, etc. just as education needs paper, equipment and resources, etc.
- New products can be developed through the use of technology. In fact, some new products owe their existence and success to the fact that technology makes it possible to process information very speedily, e.g. reserving seats on airlines and making hotel reservations from any part of the world at any time.
- Extensive research facilities with information on businesses, people, countries, products, etc. are available immediately anywhere in the world at the touch of a button.
- Businesses can not only organise differently but the role of management can be changed because of technology. Large enterprises can be located anywhere and spread their activities to distant locations or even worldwide (globalisation).
- Spans of control can be widened because of the increased ability to monitor larger groups or groups which are geographically apart.
- The size of the organisation can be reduced leading to lower central costs and increases in efficiency.
- Technology helps the organisation to become flatter. Far fewer middle managers are needed as the decision-making roles are given to those people closest to the customer or to project teams. The provision of good timely information will result in quicker decisions.
- The use of information technology in sales and marketing offers enterprises the opportunity to keep a regular check on consumption patterns, consumer attitudes in the market and to pick out the section of the market to focus on. There should be better customer satisfaction due to the more focused service.
- Salespeople can be furnished with mobile telephones, laptop and email links, etc. which all contribute to business efficiency.

- There are opportunities to reduce costs such as travel, meetings, etc. by using electronic mail and video conferencing.
- Information technology offers business the chance to make better use of expensive human resources, e.g. by reducing the numbers employed to do the work or improving the efficiency of those employed.

Question 6 (A) (i) and (ii) The benefit for the good financial management of a business of the Profit and Loss account and The Balance Sheet.

(i) *The Trading Section:* All businesses have a trading section which is made up of:
- All the sales, both cash and credit.
- The costs of sales, including all the costs incurred directly in producing the goods, e.g. direct labour and materials is deducted from the total sales figure.
- Sales minus the cost of sales is the gross profit of the business.

The Profit and Loss Section: All the expenses or overheads of the business are deducted from the gross profit figure to arrive at the net profit figure before taxation:
- The expenses include selling, administration and financial outlays, e.g. the labour costs for selling or clerical functions will appear here. Bad debts are an expense.
- The net profit figure before taxation is then distributed. The Revenue Commissioners receive the taxation charge. The shareholders receive their dividend. The enterprise retains some of the profit to allow for development in the future.
- The part of the profit that is retained is added to the balance of unappropriated profits retained from previous years and accumulated. This accumulated figure is the balance of retained earnings. It it sometimes referred to as a 'revenue reserve' or 'profit and loss account balance' or the 'ploughed back profits balance'.

(ii) *Balance Sheet Section:* A balance sheet is a financial statement of an enterprise on a particular date. It includes the value of assets and liabilities of the business at that point in time:
- The assets and liabilities are set out in a particular agreed format. It shows where the money invested in the business has come from and where and on what it has been spent.
- All balance sheets show the following details: Fixed Assets are items of value to the business, which are purchased to be retained and used by the business over extensive periods of time.
- Current Assets are items of value to the business but generally speaking they would be held for less than one year eg. stock, debts and cash or bank balances..
- Current Liabilities are amounts the business owes and are due to be paid in the immediate future, generally within one year. Examples include: trade creditors, bank overdrafts, amounts owed to the revenue, accrued expenses.
- Capital Employed is the money invested in the business by the owners of the business and/or bankers. It is the long term capital of the business and is made up of issued shares, profit and loss account balances (revenue reserves) and long term loans.
- The revenue reserves are the undistributed profits accumulated over the years out of the profits made and put aside by the business for future plans, e.g. expansion, takeovers.

(B) (i) The profitability and liquidity trends in Calty Construction and Co. Ltd.

Profitability	**2002**	**2003**
GPMGP / Sales	45,150/169,500 x 100 = 26.64%	40,950/157,500 x 100 = 26%
NPMNP/ Sales	15,100/169,500 x 100 = 8.9 %	12,285/157,500 x 100 = 7.8%
ROINP / Cap. Emp	15,100/120,000 x 100 = 12.58%	12,285/126,000 x 100 = 9.75%

Liquidity

Working Capital CA : CL 15.900 : 8,100 = 1.96 : 1. 16,800 : 7,400 = 2.27 : 1

Acid Test Ratio CA - Stock : CL

(15.900 - 9100) 6,800: 8,100 = 1 : 1.19 (16,800 –12,400) 4,400 : 7,400 = 1 : 1.68

(ii) How trends might be improved
GPM went from 26.64% to 26%. Margins steady. Sales and Gross Profit both reducing.
Direct Expenses under control.
The NPM went down from 8.9 % to 7.8%. This reflects the reducing Sales and Gross Profit figures. Expenses increasing: need control. Examine closely for possible savings or unusual unnecessary increases.
The ROI went down from 12.58% to 9.75%. Changed by 2.83% downwards. Compare to industry average and prevailing interest rates. Reduced profit levels but increased Capital Employed. Why?
The WCR went from: 1.96 : 1 to 2.27 : 1 Creditors increasing. Slow payment - Why? Not collecting debts? Stock levels/Control
ATR went from 1 : 1.19 to 1 : 1.68. Creditors and Bank overdraft going up ? Control. Stock levels/Control
ATR A dis-improvement over the year. There is less chance of the business being able to pay debts as they fall due for payment. While current assets have increased and current liability levels have reduced, the level and cost of stocks being held has increased. There is a danger of obsolescence and increased costs for storage and insurance etc.

Question 7 (A) Reasons why a business enterprise would conduct Market Research.
Market research is the gathering, in a systematic way, of important and relevant information about specific market features and trends. It includes the following:

· Market research gathers both quantitative (the number of customers in the market, their spending patterns etc,) and qualitative (customer likes and dislikes, opinions on why a product is preferred etc.) market information on its customers.
· Information is as accurate and reliable as it can be.
· Information like market size, future potential growth, details on competitors and customer profiles are important.
· Market research involves making a comprehensive analysis and evaluation of the market features and reporting this information back to the business so that the business may make sense of the market.
· Since market research involves the studying of market trends, patterns and the state of consumer demand, it reduces risk for a business and allows the business to plan for the future based on evidence rather than hunch and hearsay.

(B) Market Research techniques for a product or service.
Desk Research: Involves the examination of both internal and external records including all past sales records and salespersons reports on file.
Internal Sources: The study of these sources from the firm's files will help to locate the most and least successful products, any changes that have taken place and trends for the future. The research will reveal the nature of the problem you have.
External Sources: Internet, telephone, print media, trade directories and agencies, public libraries, . Examples of the most common are the following:
The population census. Available from the Central Statistics Office giving the population details of areas and towns around the country under headings age, sex, marital status and family structure, religion etc.
The census of distribution gives details of retail sales patterns and the sales turnover for various types of retail business.
Trade statistics for the country. Listed here will be the various types of imports and exports for Ireland. Trends may be noticed.
The Statistical Abstract of Ireland and the Irish Statistical Bulletin provide relevant data on the consumer price index and the wages index.
Thom's Commercial Directory lists all the businesses in Irish towns according to type.
The Household Budget Survey. This sets out the spending pattern of Irish households on different types of goods.
All government departments publish reports and printed material on all aspects of the departments.
The media in general, including all trade magazines and publications such as newsletters from trade associations, and both national and local newspapers and free sheets.

Field Studies. Some of the methods for field studies are as follows:
Surveys. The main purpose of surveys is to determine from the responses how consumers in general will react to new products. Determining the reactions of consumers is achieved by randomly selecting a sample of people from the entire market for the survey and using their reactions to make generalisations about the market as a whole. The survey is usually conducted by telephone or by post.

They require that potential customers are actually interviewed by researchers and the responses recorded and analysed.
Questionnaires should be prepared in such a way that the information acquired is useful and relevant. The questionnaires are completed by members of the public at large, randomly selected or by certain sections of the public who are specifically relevant. If customers have carried out tests on the product prototype they will complete very specific questionnaires on the product.
Observational Methods. Observe and watching the reactions of individuals in relevant real or contrived situations.

(C)   Advantage of adopting the marketing concept.
The marketing concept has been defined as:' understanding the needs and wants of customers in the market and of adapting the operations of the organisation to deliver the right goods and services more effectively and efficiently than its competitors.'
The marketing concept means that every effort is aimed at all times to satisfying its customer wants profitably. The organisation always attempts to ensure that the desired product, suitably priced and using the best promotion possible will be delivered on time to the right place. The enterprise's customers and their needs always come first. The firm begins with an in-depth analysis of the needs of the customer and only then move on to the design or manufacture of the product.
Advantage: Business will always be able to compete (sell) in the most competitive of markets, because they will produce what its customers need rather than attempting to get customers to purchase what the firm has produced.