

AN ROINN OIDEACHAIS AGUS EOLAÍOCHTA
Leaving Certificate Examination 2001

Business – Higher Level
(400 MARKS)

WEDNESDAY 13 JUNE, 9.30 a.m. - 12.30 p.m.

ANSWER

- (A) **Eight** questions from Section 1
- (B) The Applied Business Question from 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	

WARNING

**You must return Section 1 with your answer book,
otherwise marks will be lost.**

**Please note allocation of marks per question.
Calculators may be used.**

Write your Examination Number here

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SECTION 1:- SHORT ANSWER QUESTIONS

(80 marks)

This section is compulsory. Answer eight questions. Each Question carries 10 marks. Please enclose this section in your answer book.

1. What do the following letters stand for? Write each answer in full in the space provided.

SWOT

EDI

ROI

TQM

HRM

2. Illustrate your understanding of the term 'Inflation'.

3. Chart & label Maslow's Hierarchy of needs.



4. Management co-ordination requires:

5. Define market research:

6. Prototype development involves:

7. The Single European Market helps business because it:

8. Draft a memorandum (memo) using an appropriate format, to all Sales Executives in the organisation listing two methods of Sales promotion to be used in the business.

9. Outline two reasons why a business would calculate the Working Capital Ratio.

(A)

(B)

10. Identify and chart the stages of the Product Life Cycle in the space provided.



(80 marks)

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SECTIONS 2 AND 3

ANSWER APPLIED BUSINESS QUESTION

and

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.

SECTION 2

(80 Marks)

This is a compulsory question.

Applied Business Question.

AORA

Aileen O'Rourke established her ladies fashion business and label, 'AORA' almost three years ago. Aileen had studied design at college and had graduated with distinction, coming among the top 10% in her class. Because of her desire and drive to succeed in anything she undertook, the business developed well. She had the flair and creativity necessary for the enterprise to thrive. Over the past year however competition from European designers and manufacturers has been growing. She was beginning to notice delays and shortages that were not a feature of the business in the past. A family friend, who was experienced in business management, had indicated to her that the controls in her business were not as tight as he would have expected and changes in these areas were essential.

Aileen had a democratic management style. This had worked well up to now but she was having doubts if the changes needed in the business could be achieved with such a management style. While her advisor has indicated that changes are needed quickly to raise standards and retain customers, he has not pointed out to her how she might go about achieving the changes.

The business also needs an injection of capital. It needs to expand and acquire the technology to produce the high quality products for the niche market that the 'AORA' label is aiming at. From her meeting with her advisor Aileen knows that a credible business plan to guide the future of the business and for presentation to the financial institutions is an immediate requirement.

- (A) Illustrate two areas of control that you would recommend to be put in place immediately in the business. Outline one reason in each case and refer to the above text in your response. (30 marks)
- (B) Discuss strategies that Aileen could use to successfully manage the change process in the business. Explain your answer fully. (30 marks)
- (C) Using appropriate business headings to guide your thinking, describe how you see the future of the enterprise. Make relevant assumptions that you feel may be necessary given the details above. (20 marks)
- (80 marks)**

SECTION 3

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) Contrast the relationship that exists between entrepreneurs and investors in a business enterprise. (15 marks)
- (B) Define 'Contract'. Outline why an 'invitation to treat' is not a contract. (20 marks)
- (C) Evaluate how effective the main provisions of the Sales of Goods and Supply of Services Act 1980 are in protecting consumers. (25 marks)
(60 marks)

Domestic/International Environment

Question 2

Read the following information and answer the questions that follow.

Businesses, community organisations and various economic variables influence the wider economic system in Ireland. The economic variables sometimes determine both the choice of business organisation that is set up and the degree of success or failure of community organisations.

- (A) Contrast a Private Limited Company with a Public Limited Company as a form of Business Organisation. (20 marks)
- (B) Discuss how the services provided by one community development organisation in your locality helps business enterprises. (20 marks)
- (C) Analyse how the economic variables (factors) in the Irish economy have an impact on a local economy. (20 marks)
(60 marks)

Domestic/International Environment

Question 3

In a modern society very few countries can survive by entirely depending on their own domestic (home) trade. Nearly all countries are interdependent on each other and therefore on international trade.

- (A) Analyse the significance or otherwise of International trade for Ireland. Refer to the development of trading blocks and transnational companies in your answer. (35 marks)
- (B) Explain the decision-making process of the European Union. Include the relevant institutions in your answer. (25 marks)
- (60 marks)**

SECTION 3

Part 2 Enterprise

Managing

Question 4

- (A) Draft a business letter to the managing director of an enterprise, outlining the benefits to the business of improving its Information and Communications Technology (ICT) systems. Include examples in your answer. (20 marks)
- (B) Outline and illustrate what is meant by Delegation. (15 marks)
- (C) *"Planning is the most important management activity"*

Explain why many managers would deem this statement to be true. Support your answer with reasons and examples. (25 marks)
(60 marks)

Managing \ Business in Action

Question 5

Read the information supplied and answer the questions that follow.

'Capdata' is a small software writing business located in the south of Ireland and employing four employees. It has the opportunity to grow but has little experience of the day to day reality of running a business. It needs premises, equipment and employees not only with computer technology skills but also with business management and sales skills.

- (A) In choosing either a short, medium or long term source of finance 'Capdata' has been advised that it should always match the source of finance with the purpose for which the finance is to be used.
Explain, using examples from each type of finance source why this is so. (20 marks)
- (B) Describe what is meant by Risk Management.
Illustrate a method that 'Capdata' could use to reduce risks to the business. (20 marks)
- (C) Describe the taxes that 'Capdata' would be liable for. Give reasons for your choice. (20 marks)
(60 marks)

Managing

Question 6

- (A) Discuss the importance of the following financial statements to the management of a business enterprise.
- (i) The Profit and Loss Account.
 - (ii) The Balance Sheet. (30 marks)
- (B) From the figures given below.
- (i) Calculate for 1999 and 2000 the Acid Test Ratios and the Debt Equity Ratios.
 - (ii) Analyse any trends you notice from your calculations.

	<u>1999</u>	<u>2000</u>
Current Assets	IR£ 90,500	IR£ 75,400
Current Liabilities	IR£ 65,100	IR£ 44,600
Closing Stock	IR£ 47,300	IR£ 51,200
Equity Share Capital	IR£ 240,000	IR£ 240,000
Long Term Debt	IR£ 150,000	IR£ 220,000
Retained Earnings (Reserves)	IR£ 60,000	IR£ 62,000

(30 marks)
(60 marks)

Business in Action

Question 7

- (A) Outline three sources from which an enterprising person might identify new business ideas. (20 marks)
- (B) 'Seatsoft' Ltd. manufactures office chairs. To survive it must meet its costs. 'Seatsoft' supplies the following figures about its activities:

Fixed Costs IR£ 1 million
Variable Costs per unit IR£20
Forecast output (Sales) 70,000 units
Selling Price IR£40 per unit.

Illustrate by means of a break even chart:

- (i) The Break Even Point.
 - (ii) The Profit at full capacity.
 - (iii) The margin of Safety. (40 marks)
- (60 marks)**

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