

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 2010

Business – Higher Level
(400 marks)

TUESDAY 15 JUNE - AFTERNOON 2.00 to 5.00

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. (a) Illustrate your understanding of the term '*Indigenous firm*'.

(b) State **two** benefits of promoting the development of '*Indigenous firms*' for the Irish economy.

(i) _____

(ii) _____

2. Distinguish between '*Prototype Development*' and '*Test Marketing*' as stages in the development process of a new product.

3. (a) Explain what is meant by the term '*Exchange rate*'.

(b) Outline **two** impacts on Irish Exporters to the UK market, if the euro (€) increases in value relative to the UK pound sterling (£).

(i) _____

(ii) _____

4. **Column 1** is a list of EU Institutions. **Column 2** is a list of possible explanations of these institutions. *(One explanation does not relate to any of the institutions)*

Column 1 – Terms	Column 2 – Explanations
1. European Parliament	A. Draws up proposals for new EU law.
2. European Commission	B. Most important decision-making body in the EU.
3. European Court of Justice	C. Ensures the EU budget is spent efficiently.
4. Court of Auditors	D. Is responsible for ensuring the correct interpretation and application of EU laws by member states.
5. Council of the European Union (Council of Ministers)	E. Is responsible for managing the euro currency and the EU's monetary policy.
	F. Directly elected by EU citizens.

Match the two lists by placing the letter of the correct explanation under the relevant number below.

1	2	3	4	5

5. (a) Outline the purpose of a company's '*Articles of Association*'.

- (b) List **three** items of information included in the '*Articles of Association*'.

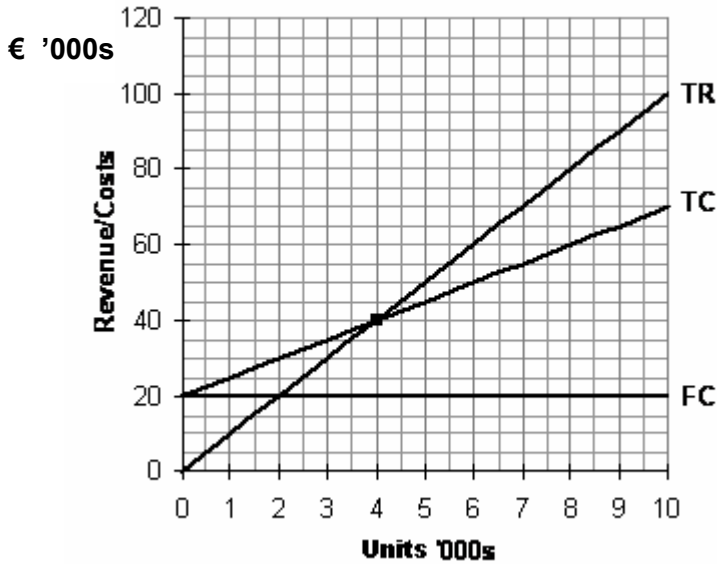
(i) _____

(ii) _____

(iii) _____

6. Study the break-even chart below and answer the following questions in the Answer Box provided:

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



Answer Box

BEP in units and in euros	Units: _____ €
Profit at Forecast Sales in euros	€
Margin of safety in units	Units: _____

7. Illustrate the difference between the insurance principles ‘Insurable Interest’ and ‘Indemnity’.

(a) Insurable interest is:

(b) Indemnity is:

8. Distinguish between a *Quota* and a *Tariff* as **barriers** to free trade between countries.

9. Outline **three** grounds for **fair** dismissal under the terms of Unfair Dismissals Act 1977/93.

(i) _____

(ii) _____

(iii) _____

10. (a) From the following figures calculate the net pay of Hazel Dunne.

Gross Pay €50,000, Tax Credits €6,000

Standard Tax Rate 20%

Higher Tax Rate 41%

Cut-off Point €36,400

Workings

(b) State **two** tax credits a person may be entitled to.

(i) _____

(ii) _____

REMEMBER TO RETURN THIS QUESTION PAPER WITH THE ANSWER BOOK YOU USE FOR ANSWERING SECTIONS 2 AND 3.

SECTION 2

(80 marks)

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

Applied Business Question

Castlewest Hotel and Conference Centre

Castlewest Hotel and Conference Centre was established by Mary Cullen in 1994. Having worked in senior management positions within the hospitality sector for many years, Mary identified a niche in the local market for a hotel providing a high standard of service and comfort, while offering customers value for money. Located in the west of the country, Castlewest Hotel and Conference Centre enjoys an excellent reputation for delivering a personal and professional service to holidaymakers, businesses and passing trade. Independent online reviews of the hotel continue to compliment the very helpful and friendly staff. The hotel was totally refurbished and extended to include a state-of-the-art Conference Centre in 2005.



A significant investment in Information and Communications Technology (ICT) has taken place within the hotel in recent years. The Marketing Manager, Pat Butler, redesigned the website to include an on-line booking facility, which also provides a customer database. Complimentary Wi-Fi (internet access) is available throughout the hotel, while the Conference Centre is equipped with the latest video and audio conferencing facilities. Technology is also used in the day-to-day operations of the hotel, from stock ordering to managing the hotel's accounts.

Mary Cullen adopts a hands-on approach in her role as General Manager and can be seen daily walking around the hotel, talking to staff and customers and getting feedback. Despite her long working hours, she is also president of the local Chamber of Commerce. Using the hotel intranet, Judy O'Brien, the Assistant Manager, provides a weekly update to all staff on the hotel's performance. She has also developed a voluntary suggestion scheme where staff are encouraged to come up with innovative ideas for improvements, for which they are rewarded. Recently Dylan Jones, the Head Chef, was named 'Employee of the Month' for introducing a 'Lunch to Go' menu, which has increased weekday lunch sales.

Bookings and sales overall have fallen in the past 18 months, as individuals and businesses have cut spending. Hotel rates have been reduced in an effort to attract more business, and a range of cost-cutting measures were introduced, including closure of the hotel for the month of January. Further cuts will be necessary to ensure the continued viability and success of the business.

- (A) (i) Explain the term 'intrapreneur'.
- (ii) Illustrate, using examples from the above text, how 'intrapreneurship' benefits Castlewest Hotel and Conference Centre. (20 marks)
- (B) Discuss the impact that investment in technology has had on Castlewest Hotel and Conference Centre. Refer to the above text in your answer. (30 marks)
- (C) Evaluate how Mary can use her management skills to ensure the continued success of her hotel. Refer to the above text in your answer. (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

The purpose of the Industrial Relations Act, 1990 is to put in place an improved framework for the conduct of industrial relations and for the resolution of trade disputes.

- (A) (i) Outline the impact on trade unions of the main provisions of the Industrial Relations Act 1990.
(ii) Describe **two** types of official industrial action a trade union can undertake as part of a trade dispute. (30 marks)
- (B) Evaluate the role of **each** of the following in protecting consumers:
(i) The Small Claims Court;
(ii) The Office of the Ombudsman for Public Services. (20 marks)
- (C) In relation to the Law of Contract, illustrate your understanding of *Capacity to Contract*. (10 marks)
- (60 marks)**

Domestic Environment

Question 2

Customers expect businesses to show regard for the natural environment.

- (A) Illustrate the characteristics of an environmentally conscious business. (20 marks)
- (B) Outline the reasons why a business may change its organisational structure from a 'Sole Trader' to a 'Private Limited Company'. (20 marks)
- (C) Discuss the different ways in which the Irish Government affects the labour force in Ireland. (20 marks)
- (60 marks)**

International Environment

Question 3

Ireland is ranked the third most globalised nation behind Singapore and Hong Kong.

- (A) (i) Explain what is meant by the term ‘Open Economy’.
(ii) Illustrate your understanding of the terms, ‘Balance of Trade’ **and** ‘Balance of Payments’.
- (20 marks)
- (B) Analyse how the changing trends in the international economy have impacted on Irish businesses.
- (20 marks)
- (C) Discuss the importance for Ireland of any **two** of the following EU policies:
- (i) Competition Policy;
 - (ii) Common Fisheries Policy (CFP);
 - (iii) Common Agricultural Policy (CAP).
- (20 marks)
- (60 marks)**

SECTION 3

Part 2

Enterprise

Enterprise / Managing

Question 4

- (A) (i) What is meant by the term SWOT analysis?
(ii) Conduct a SWOT analysis on a business of your choice.
(Include **two** points under each heading) (20 marks)
- (B) Analyse the contributions that *strategic* and *tactical* planning can make to the successful management of a business. Use examples in your answer. (20 marks)
- (C) Discuss the benefits of a functional organisational structure in a business. Refer to the *Chain of Command* **and** *Span of Control* in your answer. (20 marks)
- (60 marks)**

Managing

Question 5

Performance appraisals are a valuable way to communicate with employees and may boost business productivity in difficult times.

- (A) (i) Explain what is meant the term *performance appraisal*.
(ii) Outline the benefits of performance appraisal for a business. (20 marks)
- (B) From the figures given below for **2009** calculate the following for CES Ltd.:
(i) Net profit margin; (iii) Acid Test ratio;
(ii) Current ratio; (iv) Debt Equity ratio.

Information for 2009	
Sales	€135,000
Net profit	€33,750
Current Assets (including closing stock)	€84,500
Current Liabilities	€65,000
Closing Stock	€39,000
Ordinary Share Capital	€300,000
Long Term Debt	€192,000
Retained Earnings	€20,000

RESULTS 2008	
Net profit margin	32%
Current ratio	2:1
Acid test ratio	1.1:1
Debt Equity Ratio	0.4:1

- (C) Analyse the significance of the trends over the two years (2008/2009) for the following stakeholders: (20 marks)
- (i) Investors/shareholders;
(ii) Suppliers;
(iii) Employees.

NOTE: Results for **2008** are already calculated above. (20 marks)

(60 marks)

Managing / Business in Action

Question 6

Read the information supplied below and answer the questions which follow.

Marie Nolan is the owner of 'Marie's Pizzas' a successful pizza restaurant with a home-delivery service. Demand for take-aways has increased, as more people are eating at home due to the economic downturn. Marie is planning to expand her business through franchising and her accountant recommends that a business plan should be prepared before going ahead.

- (A) Evaluate franchising (benefits and risks) as a method of expansion for the Pizza business. (20 marks)
- (B) Outline **two** benefits to 'Marie's Pizzas' of preparing a business plan. (10 marks)
- (C) (i) Discuss the factors that should be considered when choosing between different sources of finance.
(ii) Analyse **two** appropriate sources of finance for acquiring an additional delivery van at 'Marie's Pizzas'. (30 marks)
- (60 marks)**

Business in Action

Question 7

Companies which invest in marketing in downturns benefit more when market conditions begin to pick up.

- (A) Discuss the reasons why businesses carry out market research. (15 marks)
- (B) Evaluate 'Sales Promotion' and 'Public Relations' as forms of promotion. (20 marks)
- (C) 'Many businesses spend large sums of money developing a brand name'. Illustrate the benefits of branding for the business **and** the consumer. (25 marks)
- (60 marks)**

REMEMBER TO RETURN THIS QUESTION PAPER WITH THE ANSWER BOOK YOU USE FOR ANSWERING SECTIONS 2 AND 3.

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