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.

Please note allocation of marks per question.
Calculators may be used.
Make and Model of calculator used: ____________________________
This section is compulsory. Answer eight questions. Each question carries 10 marks. Remember to return this question paper with your answer book.

1. Illustrate your understanding of the term ‘entrepreneurship’:

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

2. Outline two functions of the Director of Consumer Affairs:
   (i) _______________________________________________________________________
__________________________________________________________________________
   (ii) _______________________________________________________________________
__________________________________________________________________________

3. Define management:

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

4. Draft and label a matrix structure for an organisation having two project teams:
5. (a) Explain the term ‘privatisation’:
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised Share Capital</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Ordinary Share Capital</td>
<td>420,000</td>
<td>320,000</td>
</tr>
<tr>
<td>Long-term loans</td>
<td>140,000</td>
<td>270,000</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>30,000</td>
<td>40,000</td>
</tr>
</tbody>
</table>

Calculate the Debt/Equity ratio for 2004 and 2005:

2004 ________  2005________

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

<table>
<thead>
<tr>
<th>Improving</th>
<th>Disimproving</th>
</tr>
</thead>
</table>

Reason: ____________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
8. Define ethical business practice:
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

9. (a) Define short-term finance:
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

(b) Outline two short-term finance options available for an established manufacturing business:
(i) ___________________________________________________________________
_____________________________________________________________________
(ii) __________________________________________________________________
_____________________________________________________________________

10. (a) Explain the term ‘invisible exports’:
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

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

Total Imports €16 billion       Invisible Exports €11 billion
Total Exports €19 billion       Invisible Imports €9 billion

(i) Balance of Trade ___________  
Workings
(ii) Balance of Payments ________

REMEMBER TO RETURN THISQUESTION 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 3, 4 and 5.

Applied Business Question.

Stylish Décor Ltd.

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

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

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

(A) Discuss how management activities can help Ruth improve the performance of the business. (30 marks)

(B) Advise Ruth on the strategies that will help her manage the changes that have to take place if the business is to succeed. (20 marks)

(C) Illustrate, using the above text, how applying the Price and Promotion elements of the marketing mix can contribute to achieving Ruth’s ambitions. (30 marks)

(80 marks)
SECTION 3
(240 marks)

Answer four questions from Section 3 as follows:
One question from Part 1, Two questions from Part 2 and One other question from either Part 1 or Part 2. All questions carry equal marks.

Part 1
People in Business / Business Environment

<table>
<thead>
<tr>
<th>People in Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 1</td>
</tr>
<tr>
<td>(A) 'The relationship between an enterprise and its stakeholders may be competitive or co-operative.' Discuss this statement, with appropriate examples. (15 marks)</td>
</tr>
<tr>
<td>(B) (i) Under the terms of the Unfair Dismissals Act 1977/1993, explain the grounds for dismissal that are deemed to be fair. (ii) Describe the different types of redress that are available to employees for unfair dismissal. Illustrate your answer with appropriate examples. (25 marks)</td>
</tr>
<tr>
<td>(C) Explain the elements of a valid contract. (20 marks)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Domestic / International Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 2</td>
</tr>
<tr>
<td>(A) Outline the categories of industry in the Irish economy. In the case of one of these, describe its contribution to the economy. (20 marks)</td>
</tr>
<tr>
<td>(B) Describe the impact of inflation and interest rates on business in Ireland. (20 marks)</td>
</tr>
<tr>
<td>(C) Discuss the social responsibilities of business. (20 marks)</td>
</tr>
</tbody>
</table>

(60 marks)
Question 3

(A) (i) Outline the decision-making process of the European Union.
(ii) Explain the term ‘EU directive’ and the effect of one of them on Irish business.

(B) Evaluate the impact on Ireland of any two of the following:
(i) The Common Agricultural Policy
(ii) The Competition Policy
(iii) The European Union Social Charter

(C) Analyse how changes in the international economy are impacting on Irish business.
Use relevant examples to illustrate your answer.

(25 marks)

(20 marks)

(15 marks)

(60 marks)
SECTION 3
Part 2
Enterprise

Managing / Enterprise

Question 4

(A) Describe one motivational theory commonly used in management.  (10 marks)

(B) Discuss three styles of leadership.  (30 marks)

(C) Using examples, analyse the importance of four different enterprising skills and relate two to business and two to the community.  (20 marks)

(60 marks)

Managing / Business in Action

Question 5

(A) (i) Differentiate between indemnity and insurable interest. Illustrate your answer.  (20 marks)

(ii) Distinguish between insurance for a household and for a business.

(B) Financial information published in financial statements such as Profit and Loss Accounts and Balance Sheets is useful for decision making. Consider the following figures and answer the questions that follow:

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>€500,000</td>
<td>€400,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>€50,000</td>
<td>€40,000</td>
</tr>
<tr>
<td>Net Profit</td>
<td>€70,000</td>
<td>€60,000</td>
</tr>
<tr>
<td>Capital Employed</td>
<td>€650,000</td>
<td>€600,000</td>
</tr>
</tbody>
</table>

(i) For 2004 and 2005, calculate the Gross Profit Margin, the Net Profit Margin and the Return on Investment.

(ii) Analyse these profitability trends and discuss how shareholders might use them in making decisions.  (40 marks)

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

(A) Draft a Business Plan for this proposed new business using five main headings, outlining the contents under each heading. (40 marks)

(B) In time, Paula and Thomas intend to expand the business into the EU market.

   (i) Describe the implications for the business of expansion.
   (ii) Explain two methods of expansion you would advise them to consider. (20 marks) (60 marks)

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

(A) The stages in the development of a new product/service. (20 marks)

(B) The significance of ‘packaging’, ‘branding’ and ‘product life cycle’ with reference to this business. (30 marks)

(C) The term ‘channel of distribution’ and recommend a suitable one for her business. (10 marks) (60 marks)

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