

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, 2007

Business – Higher Level
(400 marks)

WEDNESDAY, 13 JUNE – MORNING, 9.30 a.m. to 12.30 p.m.

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. **Column 1** is a list of business terms. **Column 2** is a list of possible explanations for these terms. (*One explanation does not refer to any of the terms.*)

Column 1 - Terms	Column 2 - Explanations
1. Arbitration	A. Protection against an event that might happen
2. Agenda	B. A review of an employee's job performance
3. Assurance	C. One enterprise purchases another enterprise
4. Acquisition	D. The referral of a dispute to an independent body for settlement
5. Appraisal	E. The details of business to be transacted at a meeting
	F. Protection against an event that will happen

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

1.	2.	3.	4.	5.

2. (a) What do the letters SWOT stand for? _____

- (b) Explain its use in business: _____

3. An EU directive is _____

4. Draft and label a matrix structure for a manufacturing organisation:

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5. In a legal context, consideration means _____

6. (a) What is a trading bloc? _____

(b) Give **two** examples: (i) _____
(ii) _____

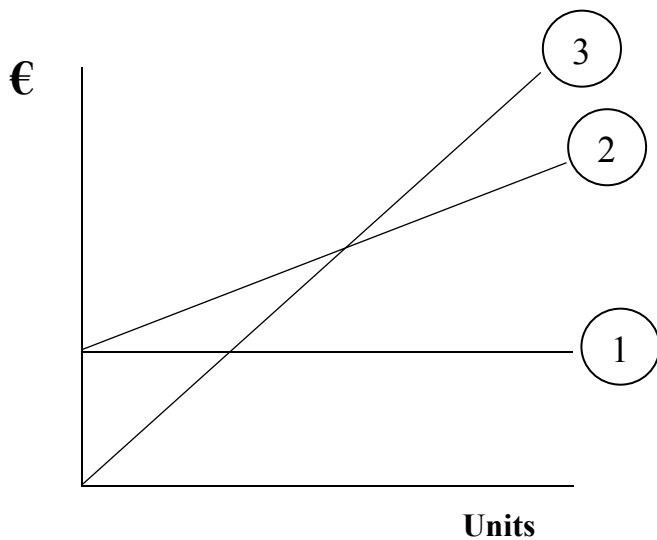
7. Maslow identified, in his hierarchical model, 'self-actualisation' as a human need.

(a) Self-actualisation means _____

(b) Name **two** other human needs he also identified:
(i) _____ (ii) _____

8. Identify **two** parties in business and describe a competitive relationship between them:

9. Below is a diagram used in business. In the answer box beside this diagram, name the diagram and insert the appropriate labels for the numbered lines in the diagram:



Answer Box

Name	
Label 1	
Label 2	
Label 3	

10. (a) Name a state-owned enterprise in the 'production' category:

(b) Explain **two** reasons for state involvement in this category:

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SECTION 2

(80 marks)

This is a compulsory question based on Units 4, 5 and 6.

Applied Business Question

McGComputers

McGComputers was founded in 1986 by Jason McGinley. It is an independent firm specialising in the sale and repair of computers, operating from a premises fronting onto the main street of a large town. Jason had worked a standard five-day week in his previous job, as a qualified engineer, with a transnational computer company. The new venture forced him to adjust to working long and irregular hours, and to manage with limited financial resources. The change also meant a review of his commitments to health and life plans, and the provision of his home as security. While his formal bookkeeping skills were limited, he maintained details of all customers and their transactions.

Responding to published official forecasts and trade publications, Jason recruited sales people and qualified technicians to serve the client base and expand the product range of the firm. He encouraged the staff to engage with customers and to note their reactions to new ideas and products. His reliance on trust in the staff has been successful in that only one employee has had to be dismissed for theft. McGComputers is now well established with twelve full-time employees and five service vehicles on the road. It regularly hosts product presentations and demonstrations on its premises for representative sections of its customer base.

Siobhán, Jason's daughter, a recent business graduate has joined the firm. Siobhán would like to add other services such as website design and maintenance, training and consultancy, and has held focused discussions with groups of customers. This has led Jason to consider reorganising the firm and leaving the day-to-day running with Siobhán. Overall policy control would rest with him, supported by a limited number of reward-seeking investors.

- (A) Discuss the methods of market research currently used in the business and how these could be developed. (20 marks)
- (B) Describe the types of insurance appropriate to the context described above. (30 marks)
- (C) Evaluate McGComputers as a type of business organisation with appropriate recommendations. (30 marks)

(80 marks)

SECTION 3 (240 marks)

Answer four questions from Section 3 as follows:

One question from Part 1, Two questions from Part 2 and One other question from either Part 1 or Part 2. All questions carry equal marks.

Part 1

People in Business / Business Environment

People in Business

Question 1

- (A) Under the terms of the Industrial Relations Act 1990, (i) define a legitimate trade dispute and (ii) explain the role of the Labour Relations Commission. (20 marks)
- (B) Describe the provisions of the Sale of Goods and Supply of Services Act 1980 and evaluate its effectiveness. (30 marks)
- (C) *Specific Performance* is a term used in contract law. Explain what it is and when it would be used. (10 marks)
- (60 marks)**

Domestic / International Environment

Question 2

- (A) Discuss the importance of the categories of industry to the current Irish economy. (20 marks)
- (B) Name **three** examples of community development organisations and describe the services provided by **one** of them. (20 marks)
- (C) (i) Define code of ethics.
(ii) Outline the effects on a firm's costs of meeting its ethical and social responsibilities. (20 marks)
- (60 marks)**

Domestic / International Environment

Question 3

The Irish economy is an open economy and is greatly affected by economic influences from abroad. These influences create both opportunities and challenges for Irish business.

- (A) Discuss the opportunities provided by international trade for Irish business. (25 marks)
- (B) Explain the term ‘global marketing’ and its role in international business. (25 marks)
- (C) Outline, using an example, the role of ‘interest groups’ in the European Union. (10 marks)
- (60 marks)**

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SECTION 3

Part 2

Enterprise

Enterprise / Managing

Question 4

- (A) Describe **three** enterprise skills required of an entrepreneur. (15 marks)
- (B) Discuss the importance of good communication between the levels in an organisation. (20 marks)
- (C) The Data Protection Act 1988 sets out the following:
- (i) The rights of Data Subjects
 - (ii) The obligations of Data Controllers and
 - (iii) The functions of the Data Protection Commissioner
- Explain any **two** of the above. (25 marks)
- (60 marks)**

Managing

Question 5

- (A) Distinguish between the following taxation forms: *Form P21* and *Form P60*. (20 marks)
- (B) From the following information, calculate the net annual take-home pay of Ms. Joan McCormack.
Joan McCormack is an employee of Lynch Printers Ltd and earns a gross annual salary of €84,000.
She is allowed the following tax credits: Single Person credit of €1,760 and PAYE credit of €1,760. The income tax rates are: 20% on the first €34,000 (standard rate cut-off point) and 41% on the balance. The employee PRSI rate (including the health levy) is: 6% on the first €48,800 and 2% on the balance. (20 marks)
- (C) Explain the term TQM and describe how it can be of benefit to an organisation. (20 marks)
- (60 marks)**

Business in Action / Managing

Question 6

- (A) (i) Explain, using a diagram, the stages in the product life cycle.
(ii) In the case of **each** stage, describe the implications for the cash flow of a business. (20 marks)
- (B) Balden Ltd prepared the following cash flow forecast:

2007	July €	August €	September €	Total €
Receipts	70,000	55,000	80,000	205,000
Payments	80,000	45,000	55,000	180,000
Net Cash	(10,000)	10,000	25,000	25,000
Opening Cash	3,000	(7,000)	3,000	3,000
Closing Cash	(7,000)	3,000	28,000	28,000

- (i) Why would this cash flow forecast be prepared by Balden Ltd?
(ii) How might management deal with the financial issue highlighted in this forecast? (20 marks)
- (C) Liquidity ratios are used to assist in managing a business. Name **two** of these ratios and describe their respective benefits. (20 marks)
- (60 marks)**

Business in Action

Question 7

- (A) Explain **four** pricing policies that businesses can adopt as part of their marketing strategy and apply **one** of them to a product of your choice. (30 marks)
- (B) (i) What is a marketing plan?
(ii) Evaluate the role such a plan can have for a business. (20 marks)
- (C) Outline and illustrate the term 'niche market'. (10 marks)
- (60 marks)**

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