

AN ROINN OIDEACHAIS
LEAVING CERTIFICATE EXAMINATION, 1996

M.57
20498

BUSINESS ORGANISATION - HIGHER LEVEL
(400 MARKS)

TUESDAY, 11 JUNE - AFTERNOON 2.00 p.m. - 4.30 p.m.

Answer Question 1 and three other questions
or
Answer five questions omitting Question 1
Please note allocation of marks per question

1. "Puella", a successful chain of ladies fashion outlets has become prominent in the fashion media of late, especially since the recent successful management buyout.

The up-market chain was led and developed over the years by the charming and popular Johnny Blake. His marketing strategy of capturing the over-twenty five year old niche market from competitors has worked extremely well.

The business began to decline late last year. Problems with quality, pricing and industrial relations all hit at the same time. A short unofficial strike and media accusations of bully tactics by Johnny, proved to be the most serious difficulties, resulting from a claim for unfair dismissal by an employee in the Limerick branch. It was widely reported that Johnny would not allow the matter to go to conciliation.

The senior management team thought that this situation was bad enough, but a further dispute in the Dundalk branch on the dual issues of flexitime and job sharing really outraged the human resources manager. The added publicity did the business no good at all and sales began to fall off.

With market share diminishing, and with sales and margins strained, a liquidity problem loomed. The Management Buy Out was decided upon by a closely knit team of managers from the marketing, human resources, purchasing and finance departments. Johnny was happy to go. The new owners have immediate challenges to rationalise employee numbers and to increase efficiency all round. Employee relations must drastically improve, especially as each sales assistant is the direct face of the business with the customer.

- (a) Explain the five terms underlined. (35 marks)
- (b) "Puella's" new management must reduce permanent staff numbers quickly if survival is to be assured. How might this objective be achieved successfully? (40 marks)
- (c) Suggest an acceptable method of determining the value of the business which the Buy Out group would have used. (20 marks)
- (d) Outline the procedures which the new management could use to improve employer/employee relations in the firm. (35 marks)

2. (a) Among the divisions of the Equity share market of the Irish Stock Exchange are Industrial, Food, Financial and Building stocks. Name **one** Public Limited Company in each of those four areas and describe the benefits to a company of having a Stock Exchange quotation. (30 marks)
- (b) Why does the demand for shares on the Stock Exchange vary, thus affecting the share price? (30 marks)
- (c) Do you think that the Dividend Yield and the Price Earnings Ratio are important considerations for investors? Explain your answer. (30 marks)
- [90 marks]

3. (a) Set out a report to a Board of Directors, in a generally acceptable report structure, on the most important elements of effective communications in a business. Use fictitious names. (35 marks)
- (b) Draft an appropriate notice and agenda for the Annual General Meeting of a Private Limited Company and write the minutes of the proceedings of that A.G.M. (35 marks)
- (c) Differentiate between voting at meetings by Ballot, by Poll and by Proxy. (20 marks)
- [90 marks]

4. (a) Has the law overprotected the consumer in Ireland? Support your opinion with reference to at least one Act on consumer legislation. (30 marks)
- (b) What is Hire Purchase? Contrast the Flat rate of interest charged in HP contracts with the APR required by law to be quoted publicly by all lenders. (35 marks)
- (c) Jim Kelly operates a self service shop and displays most of the goods with prices attached on open shelves. He priced jars of coffee last week at 11p each when in fact they should have been priced at £1.10p each. Pat Ryan selected one of the "11p" jars of coffee and presented it at the cash desk but was informed of the higher price by Jim. Pat was not pleased. From your knowledge of the law of contract explain his legal position to Pat. (25 marks)
- [90 marks]

5. (a) It is said that wholesalers reduce costs for consumers. How do they do this? (25 marks)

- (b) Given the following information concerning Trader and Co. Ltd.;

Cash sales	£20,000,	Closing stock	£12,000
Opening stock	£16,000,	Cost of Sales	£35,000,
Credit sales	£25,500,	Total expenses	£1,400.

- Calculate
- (i) The rate of stock turnover,
 - (ii) The percentage mark-up on costs,
 - (iii) The percentage Net Profit Margin.

(40 marks)
[65 marks]

6. (a) The Irish Food Co. Ltd. wishes to set up a retail outlet on the main street of a large provincial town. The firm will need to finance trading stock, business premises and a delivery van.

Advise the firm on appropriate sources of finance for its needs, setting out the strengths and weaknesses of each source recommended. (35 marks)

- (b) Explain (i) Bank Reconciliation Statement, (ii) Bank Category of customer and (iii) Bank security for loans. (30 marks)
[65 marks]

7. Explain five of the following terms:

- (a) Competition Authority,
- (b) Portfolio Management,
- (c) "Green" Marketing,
- (d) Business Expansion Scheme,
- (e) EU Cohesion Fund,
- (f) Off-the-shelf Company
- (g) Reservation of Title.

[65 marks]

8. (a) Describe three relevant **types** of insurance and the various **policies** under each type which a newly-formed business would be well advised to take out. Explain the reasons for your choice.

(35 marks)

- (b) Illustrate the basic Principles of Insurance using examples in each case.

(30 marks)

[65 marks]

9. (a) Outline the factors which will determine for a business the choice of a method of transport for the distribution of goods. (30 marks)

- (b) Describe the main documentation used by Irish businesses when exporting goods to both EU and non-EU countries. (35 marks)

[65 marks]