

AN ROINN OIDEACHAIS
LEAVING CERTIFICATE EXAMINATION, 1997

23520

BUSINESS ORGANISATION - HIGHER LEVEL
(400 MARKS)

TUESDAY, 17 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. Andy and Mark had got to know each other well over the last few years, mainly because of their interest in Gaelic football, having played together for their club for nearly two seasons. It was during a conversation one evening that, by accident, the school teacher and the company representative realised they had something else in common, the shared desire to set up and successfully run their own business. They both felt that they had true entrepreneurial commitment and motivation.

Andy had toyed with the idea of developing a range of Irish-made health food products, while Mark simply wanted to be his own boss. They decided to take their idea one step further and wrote immediately to both Forbairt and the local County Enterprise Board.

Both men soon realised that there were lots of things to be considered. The R and D factor for example, would take a lot longer than they had anticipated. With very generous help from a fellow club member and experienced industrialist, they settled on a batch production model for their product range.

Approaching a local firm of accountants, they got advice on the preparation of the business plan and the formation of the private limited company with the name A & M Health Foods Ltd. Raising the necessary finance would be a challenge, with options like Bank borrowings, personal equity, grant aid and venture capital all proposed. Undaunted, they pledged to press ahead with the founding of A & M Health Foods Ltd.

- (a) Explain the five terms underlined. (35 marks)
- (b) Advise the entrepreneurs on the considerations, for the location of their food products business especially those in terms of possible growth in the long run. (35 marks)
- (c) Assume you are working for the accountants. Outline for Andy and Mark the legal requirements for the formation of the private limited company. (30 marks)
- (d) Suggest two methods of distribution that A & M Health Foods Ltd might usefully employ. Support your suggestions with reasons. (30 marks)

[130 marks]
OVER →

2. (a) Explain what is meant by working capital. (12 marks)
- (b) Good working capital management is regarded as vital to the successful running of a business enterprise. Recommend how you would manage (control) the following working capital elements:
- | | | |
|-------|----------------------------|-------------------|
| (i) | Credit (debtors) | (26 marks) |
| (ii) | Stock levels (Inventories) | (26 marks) |
| (iii) | Cash (liquidity) | (26 marks) |
| | | [90 marks] |
3. (a) Name a state agency which assists Irish Exporters. Describe some of the services made available by the agency to help in the development of foreign markets. (35 marks)
- (b) Set out the pieces of practical advice you would give to a growing Irish business who wishes to enter into and succeed in a foreign market. (35 marks)
- (c) Why is it that exporting enterprises might generally be in favour of the development of Economic and Monetary Union (the Single Currency) in the European Union? Explain. (20 marks)
[90 marks]
4. (a) State and explain the functions which are associated with the role of management. (35 marks)
- (b) Explain what is meant by industrial relations. Describe some of the industrial disputes which might arise as a result of bad management/employee relations. (35 marks)
- (c) Why should non-executive directors be part of the management team of an enterprise ? (20 marks)
[90 marks]
5. (a) Would you agree that Income tax, because of being a progressive tax, is a good tax, in that it meets the requirements of the canons (or principles) of taxation? Explain. (35 marks)
- (b) Show, by using examples what is meant by:
- | | | |
|-------|------------------------|-------------------|
| (i) | Tax Free Allowance. | |
| (ii) | Tax Deduction Card. | |
| (iii) | Local Authority Rates. | (30 marks) |
| | | [65 marks] |

6. (a) Are the financial services provided by Building Societies different to those provided by commercial banks? Support your answer fully. (25 marks)
- (b) Contrast the role played by the European Investment Bank with the Irish Central Bank. (40 marks)
[65 marks]
7. Explain any five of the following terms:
- (a) Capital Gearing.
- (b) E Mail.
- (c) Merchantable Quality.
- (d) Invoice Discounting.
- (e) Gild Edged Securities.
- (f) Diversification.
- (g) Endowment Policy. [65 marks]
8. (a) Draft a memo (Memorandum), suitable for circulation to all staff in an organisation, on the legal obligations concerning the keeping of personal data on computer. (35 marks)
- (b) A former colleague of yours has just been elected to the position of chairperson of the local Credit Union. Write her a formal letter outlining the two main methods of voting on motions that may come before meetings. (30 marks)
[65 marks]
9. (a) Explain the reasons why business enterprises regard Market Research as important. (25 marks)
- (b) Some particular terms associated with Marketing include:
Niche markets, Sales Promotions, Merchandising and Branding.
What do these mean? (40 marks)
[65 marks]