

AN ROINN OIDEACHAIS AGUS EOLAÍOCHTA
LEAVING CERTIFICATE EXAMINATION, 1998

22503

BUSINESS ORGANISATION - HIGHER LEVEL
(400 MARKS)

TUESDAY, 16 JUNE - AFTERNOON 2.00 pm - 4.30 pm.

Answer Question 1 and three other questions
or

Answer five questions omitting Question 1
Please note allocation of marks per question

1. Eighteen months ago Brian and Paula Dempsey opened a small craft shop in a tourist resort in the West of Ireland. Selling mainly specialised local crafts, the business has not met the couple's expectations.

Although many tourists visit the town, especially in the Summer, only a small number visit the craft shop. Brian and Paula realise that this is due to the poor location of the shop. They have therefore decided to relocate and at the same time take the opportunity to diversify the product range of the business.

Three suitable new sites are available in the town but the asking price for all three is high. They estimate that extra running costs such as increased employers liability insurance, and commercial rates coupled with the need for modern shop fittings, will add further to the overall cost of the proposal. The question they are asking themselves is whether or not they can generate enough liquidity to support their plans.

A meeting with their accountant, Tony Kelly, has reassured them. Tony suggests the use of hire purchase to address the issue of the shop fitting costs. However, he also points out the opportunity costs that go with their decision to move premises.

Tony has arranged a meeting with the local bank manager for next week. Brian and Paula are a little nervous, because at this meeting the proposal will be discussed and evaluated. The decision to grant the loan will depend on it.

- (a) Explain the five terms underlined. (35 marks)
- (b) Suggest two sources of capital, other than a loan, that the couple might use to help finance the new premises. Give the benefits of both sources. (30 marks)
- (c) In preparing for the interview with the bank manager, advise the couple on the four main areas of the loan application which they should emphasise, to ensure success. (40 marks)
- (d) Assuming the couple get the loan from the bank, explain the other business aspects of moving to the new location that they will have to examine and plan for. (25 marks)

[130 marks]

2. (a) Describe the opportunities and threats which multinational corporations present to this country. (25 marks)
- (b) Discuss the considerations which are borne in mind by business when deciding on the location of an industry. (25 marks)
- (c) Outline the common production processes.
- Explain clearly which process would be the most suitable one for the production of:
- (i) Computer Chips,
(ii) Canned Fruit,
(iii) A communications space satellite. (40 marks)
[90 marks]
3. (a) Set out the reasons for business expansion and growth (eg. through mergers and takeovers). (30 marks)
- (b) Why would a successful sole trader consider setting up a Private Limited Company to run the business? (30 marks)
- (c) Differentiate between Ordinary Shares, Preference Shares and Debentures. (30 marks)
[90 marks]
4. (a) Illustrate the channels of distribution by means of a diagram. Explain how important Franchising is as a channel of distribution. (20 marks)
- (b) Why is the Branding of products regarded as an important marketing tool? Support your answer with examples. (30 marks)
- (c) Outline the main promotional techniques employed by business enterprises. Which technique would you recommend for the promotion of the following products:
(i) Childrens clothing,
(ii) Petrol sales?
Give a reason for your recommendation. (40 marks)
[90 marks]
5. (a) As a communications consultant you have been asked to write a report for the Company Secretary of Network PLC on presenting information visually. Recommend three forms of presenting information visually, for inclusion in the company's annual published accounts. Include the illustrations in the report and say why you chose them. (40 marks)
- (b) Explain the duties of:
(i) The Chairperson and (ii) The Secretary at meetings of clubs or associations. (25 marks)
[65 marks]

6. (a) Good industrial relations are fundamental to the success of business. Suggest methods that would encourage the creation of a good industrial relations climate in a business enterprise. (30 marks)
- (b) Explain the respective roles of both rights commissioners and the Labour Relations commission in the resolution of industrial relations disputes. (35 marks)
[65 marks]
7. Explain any five of the following terms:
(a) Self Assessment,
(b) Service Industry,
(c) Balance of Payments,
(d) Common Carrier,
(e) Producer Co-operatives,
(f) Span of Control,
(g) The Central Bank. [65 marks]
8. (a) The Stock exchange is a market for stocks and shares and both long term investors and speculators operate on it. Describe the different types of speculation that take place on the Irish Stock Exchange. (30 marks)
- (b) Eurovest PLC has issued share capital of 100,000 IR£1.00 Ordinary Shares. The company made a profit last year of IR£25,000 and the directors decided to retain IR£10,000 of the profit and distribute the rest. The present market price of the company's share on the exchange is IR£1.50p.
- Calculate
(i) The Dividend per Share and
(ii) The Dividend Yield.
- If the deposit account interest rate available from the financial institutions is 4.25%, do you think the return the investors are getting from the above company is a good one? Explain your view. (35 marks)
[65 marks]
9. (a) Describe the elements that make up a valid contract. (35 marks)
- (b) At a national conference on consumer protection during 1997 the Director of Consumer Affairs reminded the delegates that the "Caveat Emptor" rule still very much applies in Ireland. The Director also encouraged more extensive use of the small claims procedure of the District Court to address consumer problems.
- Write an explanatory note on the underlined terms above. (30 marks)
[65 marks]