

AN ROINN OIDEACHAIS AGUS EOLAÍOCHTA

LEAVING CERTIFICATE EXAMINATION, 2001

BUSINESS — ORDINARY LEVEL

(400 marks)

WEDNESDAY 13TH JUNE 2001 — MORNING 9.30 a.m. to 12.00 noon.

Two and a half hour Examination**Answer****Ten questions from Section 1****Four questions from Section 2 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	
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9	
10	
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12	
13	
14	
15	
Total	

Warning

**You must return Section 1 with your answer book,
otherwise marks will be lost.**

Please note allocation of marks per question.**Calculators may be used.****Write your Examination Number here**

SECTION 1 – SHORT ANSWER QUESTIONS

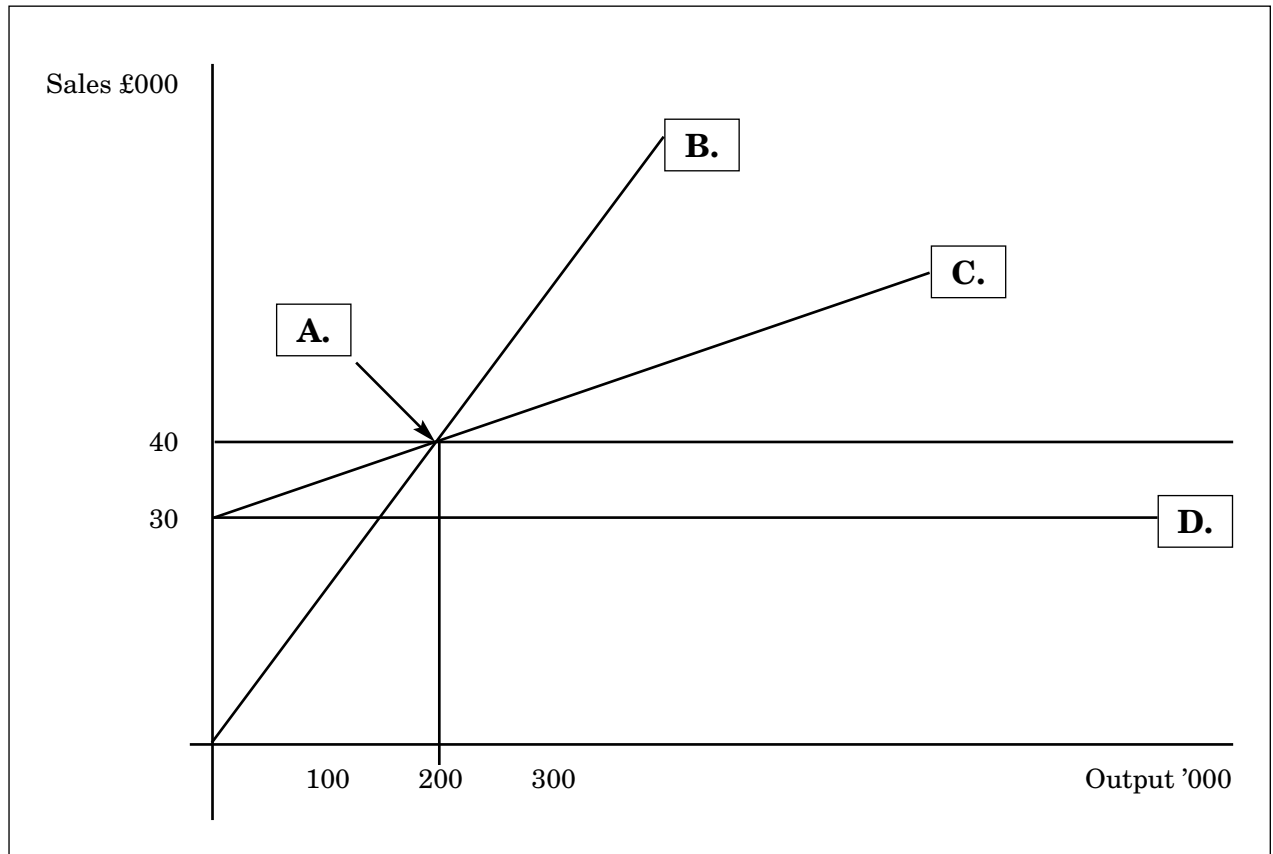
(100 marks)

This section is compulsory. Answer **10** questions. Each question carries **10** marks. Please enclose this Section in your answer book.

1. What do the following letters stand for? (*Write each answer in full in the space provided.*)

(i)	PRSI
(ii)	IBEC
(iii)	EDI

2. Study the graph and answer the questions below.



- (a) Name point A. _____
- (b) What is the line marked B? _____
- (c) What is the line marked C? _____
- (d) What is the line marked D? _____
- (e) List one reason why this chart is important to a business. _____

3. List three types of production options available to a business.

4. Outline two reasons for expansion of a business.

5. Column 1 is a list of business terms. Column 2 is a list of possible explanations for these terms. Match the two lists by placing the letter of the correct explanation beside the relevant number below. One explanation has no match.

Column 1 Terms		Column 2 Explanations	
1.	Idea generation	A.	Carried out to see if the product can be made at a reasonable cost.
2.	Product screening	B.	First stage in development of a new product.
3.	Concept development	C.	Try out a product to see if customers like it.
4.	Feasibility study	D.	Turning an idea into a potential product which will appeal to customers.
5.	Prototype development	E.	Selects a sample of people at random according to aged and income.
6.	Test marketing	F.	Making a mock up or test sample of the product.
		G.	Selecting the most promising idea from the rest.

1	B	2		3		4		5		6	
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6. Explain the term 'Privatisation' of a company.

7. List the 4 Ps of the Marketing Mix and explain any one of them.

8. Describe two functions of the Data Protection Act 1988.

9. Write TRUE or FALSE after each of these sentences:

	Sentence	True or False
1.	The Primary sector of the economy deals with manufacturing and construction.	
2.	The Secondary sector of the economy deals with raw materials.	
3.	The Tertiary sector provides a variety of services to the economy.	
4.	Agribusiness processes the output of the Primary sector.	
5.	The Extractive industries include agriculture, forestry, fishing and mining.	

10. Outline two benefits of a Sole Trader as a type of business organisation.

11. Explain what the Debt/Equity Ratio is, and, why it is important to a business.

12. Define global marketing.

13. Explain what is meant by a trading bloc and illustrate your answer with an example.

14. Please tick the box of the correct answer.

Net profit percentage is calculated in which of the following ways:

- (a) Gross profit less corporation tax multiplied by 100
- (b) Gross profit less business expenses
- (c) Net profit less current liabilities divided by 100
- (d) Net profit divided by sales multiplied by 100
- (e) Net profit less closing stock divided by sales

15. What are the four stages which successful teams go through?

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BUSINESS — ORDINARY LEVEL
SECTION 2

(300 marks)

All question carry equal marks.

Answer four questions from Section 2 as follows:

One question from Part 1

Two questions from Part 2

And one other question from either Part 1 or Part 2

SECTION 2:

Part 1

People in Business

Question 1

(75 marks)

Read the following information and answer the questions which follow.

David Owens worked in a computer firm for two years and has been told that he is no longer wanted. David maintains that he has been dismissed from his position for being involved in a strike. The management of the firm maintain that this strike has lost them a large order and that David's position in the firm is no longer required.

- (A) Name the law that protects the employee in this case. (10 marks)
- (B) Outline one method of solving the above problem and two reasons for fair dismissal. (15 marks)
- (C) Explain the main functions of a trade union. (20 marks)

The elements of the law of contract include:
Offer, acceptance, capacity, intention to contract and consideration.

- (D) Define a contract. (10 marks)
- (E) Explain any two of the elements of the law of contract listed above. (20 marks)

Domestic Environment

Question 2

(75 marks)

Read the following information and answer the questions which follow.

The formation of a private limited company is governed by legislation.

- (A) Name the law that governs formation of a limited company. (10 marks)
- (B) Explain what is meant by a private limited company. (15 marks)
- (C) Outline three reasons why a business would want to become a private limited company. (15 marks)
- (D) Distinguish between Articles of Association and Memorandum of Association. (15 marks)
- (E) People in a company include 'shareholders', 'directors', 'auditors' and a 'company secretary'. Explain the role of any two of these people. (20 marks)

Domestic/International Environment

Question 3

(75 marks)

- (A) Explain the benefits of state owned enterprises. (10 marks)
- (B) List two ways in which the government affects business. (10 marks)
- (C) How have developments in Information Technology affected International Trade? (15 marks)
- (D) Explain collective bargaining and list three of the major stakeholders involved in the process. (25 marks)
- (E) Discuss the opportunities facing Irish business with the introduction of a Single European currency. (The Euro). (15 marks)

SECTION 2:

Part 2

Managing 1

Question 4

(75 marks)

Read the information supplied and answer the questions which follow.

Mary Howard is the chairperson of Greenfields athletics club. She met Michael Smith the secretary to discuss organising the AGM. They both agreed that the most suitable date was June 30th 2001 and that the meeting should be held in the Greenfields community centre at 8.00 p.m.

Michael said he would have the minutes organised by then. Mary said that she had received a lot of correspondence from England on a July track event and would bring this up at the AGM. Other items that need to be discussed include sponsorship for next year and the election of new officers to the club.

- (A) What does 'AGM' mean? (5 marks)
- (B) Draft the notice and agenda of the meeting that resulted from the conversation between Mary and Michael. (25 marks)
- (C) Identify two duties of a Chairperson and two duties of a Secretary at an AGM (20 marks)
- (D) Describe the purpose of a meeting and outline the merits of a meeting as a method of communications. (15 marks)
- (E) Explain what 'terms of reference' means. (10 marks)

Managing 1 and 2

Question 5

(75 marks)

Study the information supplied and answer the questions which follow.

Comparison of petrol price per litre in Ireland from January to May 2000						
(i)	Ireland	January 52p	February 58p	March 64p	April 66p	May 75p
Comparison of petrol price per litre in different countries in May 2000						
(ii)	May 2000	Ireland 75p	UK 84p	France 69p	Greece 52p	USA 27p

- (A) Draft a line graph illustrating the information on petrol prices in Ireland from January to May as at (i) above and comment on the information illustrated. (15 marks)
- (B) Draft a bar chart of petrol prices in the different countries in May 2000 as at (ii) above and comment on the information illustrated. (15 marks)
- (C) Describe the effects that a rise in petrol prices would have on both a household and a business. (20 marks)
- (D) Explain the purpose of a cash flow forecast for a household. (10 marks)
- (E) Outline two sources of finance common to a household and a business and explain any one of them. (15 marks)

Business in action

Question 6

(75 marks)

Study the information supplied and answer the questions which follow.

BND Ltd. is a company that produces DVD players. They need to gather information relating to the USP of their product, their potential market and customers. They are going to use both desk research and field research to collect data.

- (A) What does 'USP' mean? (5 marks)
- (B) Distinguish between desk research and field research and illustrate your answer with examples of each. (20 marks)
- (C) Outline three methods of promotion which would be used to promote the products of BND Ltd. (15 marks)
- (D) Draft and label a product life cycle diagram. (20 marks)
- (E) Explain three main functions of advertising. (15 marks)

Managing/Business in action

Question 7

(75 marks)

Study the information supplied and answer the questions which follow.

Gerard O'Mahoney is an accountant with Allied Electronics. He is preparing a financial report for Ms. Jane Coughlan Managing Director.

Gerard prepared a P & L account and a Balance Sheet. He found that the Net Profit percentage of the company was 15% and the R.O.I. was 25%. The following is an extract from the Balance Sheet.

Balance Sheet	(extract)	
	2001	2000
	IR£	IR£
Current assets	80,000	120,000
Current liabilities	160,000	80,000
Closing Stock	40,000	20,000

- (A) What do the letters 'ROI' and 'P & L' mean? (10 marks)
- (B) Calculate the working capital ratio for the years 2000 and 2001. (20 marks)
- (C) Calculate the acid test ratio for the years 2000 and 2001. (20 marks)
- (D) Draft the financial report outlining the profitability and liquidity position of the firm. (20 marks)
- (E) Distinguish between a debtor and a creditor. (5 marks)

Enterprise/Managing

Question 8

(75 marks)

Study the information supplied and answer the questions which follow.

Mike O'Brien has set up and runs a recruitment company which has fifty employees. Mike leads by example and works well with his team. He would like to reward his employees for their ideas and extra work in making the company a success, and he is looking at ways to reward them both financially and non-financially.

- (A) Distinguish between an employee's gross pay and net pay. (10 marks)
- (B) Illustrate what is meant by a non-financial reward for an employee. (10 marks)
- (C) Explain the benefits to employees of a profit sharing scheme. (15 marks)
- (D) Outline what is meant by an entrepreneur and describe two characteristics of an entrepreneur. (20 marks)
- (E) Identify two types of leadership and explain any one of them. (20 marks)

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