

WARNING

This question paper MUST be returned with your answerbook(s) at the end of the examination – otherwise marks will be lost.

Write your Examination Number here

AN ROINN OIDEACHAIS AGUS EOLAÍOCHTA

LEAVING CERTIFICATE EXAMINATION, 2002

BUSINESS — ORDINARY LEVEL

(400 marks)

WEDNESDAY 12TH JUNE, MORNING 9.30 a.m. - 12.00 noon

ANSWER

(A) **Ten** questions from Section 1 AND

(B) **Four** questions from Section 2 as follows:

One question from Part 1 and
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	
11	
12	
13	
14	
15	
Total	

Please note allocation of marks per question.
 Calculators may be used.

REMEMBER TO RETURN THIS EXAMINATION PAPER WITH THE ANSWERBOOK(S) YOU USE FOR ANSWERING SECTION 2.

SECTION 1 - SHORT ANSWER QUESTIONS
(100 marks)

Answer **10** questions. Each question carries 10 marks. Please return this question paper with your answer book(s).

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

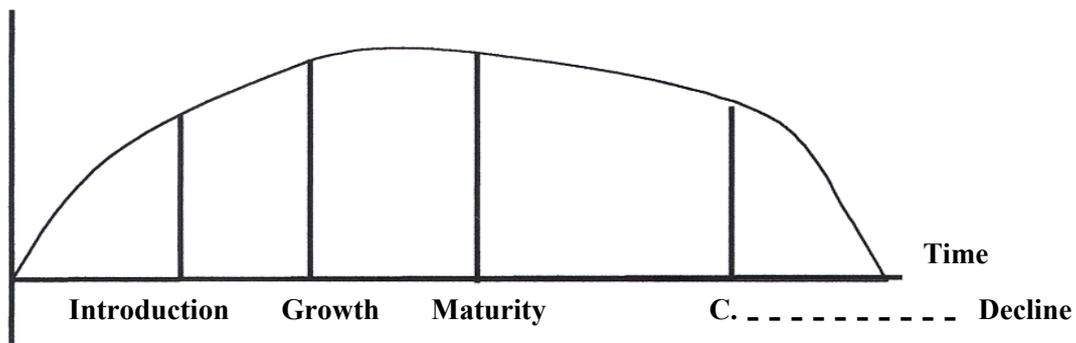
(i)	A.T.M.
(ii)	S.W.O.T.
(iii)	A.G.M.

2. List **four** items that could be contained in a company 'agenda'.

3. Study the graph and answer the questions below.

A. Life Cycle

B.



(i) Complete the title A of the chart with the word that is missing. _____

(ii) Name the label marked B. _____

(iii) What is the stage marked C? _____

(iv) Outline one reason why this chart is important to a business.

4. Outline **two** characteristics of an 'entrepreneur'.

5. Describe what is meant by the term 'franchise'.

6. Column I is a list of taxation topics. Column 2 is a list of possible explanations for these items. Match the two lists by placing the letter of the correct explanation alongside the relevant number below. One explanation has no match.

	Column I Terms		Column II Explanations
1	VAT	A	Annual Balancing statement
2	P21	B	A tax on goods and services
3	Corporation Tax	C	This is issued by the employer to an employee who leaves employment during the tax year
4	Capital Gains Tax	D	A Tax on the profit on the sale of assets
5	Income Tax	E	This is issued to each employee at the end of each tax year
6	P60	F	A direct tax on people who earn income over a certain amount
		G	A tax on company profits

1. B	2.	3.	4.	5.	6.
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7. Explain the term 'business ethics'.

8. Describe two merits of a 'co-operative' as a form of business organisation.

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

	Sentence	True or False
(i)	Equity capital is a long term source of finance.	
(ii)	Leasing is a short term source of finance.	
(iii)	A bank overdraft is a short term source of finance.	
(iv)	Hire purchase is a medium term source of finance.	
(v)	Trade credit is a long term source of finance.	

10. Identify **three** key headings in a business plan.

11. Outline the importance of 'stock control' to a company.

12. Draft the 'Memo' from Ann Miller the Marketing Manager to her staff outlining that the monthly staff meeting on the 28th of June is to be cancelled.

<u>Memo</u>	
To:	From:
Date:	

13. Explain what is meant by an indigenous firm.

14. What does 'prototype development' mean?

15. List **three** different types of 'business organisation'. Example: Co-operative

1. _____
2. _____
3. _____

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SECTION 2 (300 marks)

Answer four questions from Section 2 as follows:

One question from Part 1 and

Two questions from Part 2 and

One other question from either Part 1 or Part 2.

Part 1

People in Business

Question 1

Read the following information and answer the questions which follow.

Majella bought a bicycle for her daughter Aoife for Christmas. When Aoife tried out the bicycle on Christmas morning the chain kept coming off. Eventually the chain broke. One week later Majella rang the bicycle shop 'Better Bikes' to complain. The shop-assistant said that the best she could do was to return the bicycle to the manufacturer.

1. (A) Name the law that protects the consumer in this case. (10 marks)
- (B) Outline **one** method of solving the above problem. (10 marks)
- (C) Explain the legal rights of Majella and the duties of 'Better Bikes'. (20 marks)

The employees of Pear Ltd. have been on a work to rule for six weeks and have now gone on an official strike. The Labour Relations Commission has been called in.

- (D) Explain the terms 'work to rule' and 'official strike'. (20 marks)
 - (E) Describe the role of the 'Labour Relations Commission'. (15 marks)
- (75 marks)**

Domestic Environment

Question 2

Read the following information and answer the questions which follow.

The Irish economy can be divided into three main sectors: (i) primary (extractive) (ii) secondary and (iii) tertiary. The secondary sector in Ireland consists of manufacturing and construction industries.

2. (A) Explain with examples what is meant by the 'primary sector' of the economy. (15 marks)
- (B) List the challenges facing the primary sector industries in Ireland. (15 marks)
- (C) Outline the importance of the 'secondary sector' to the Irish economy. (15 marks)

Approximately 64% of the labour force in Ireland work in the tertiary sector, 28% in the secondary and 8% in the primary sector. It is often said that 'to produce goods requires four factors of production'. Two factors of production are labour and land.

- (D) Explain what is meant by the 'tertiary sector' of the economy and outline its contribution to the economy. (15 marks)
 - (E) List the other two factors of production (apart from land and labour) and explain any **one** of the **four** factors. (15 marks)
- (75 marks)**

International Environment

Question 3

Some Countries of the E.U.		E.U. Institutions
<i>United Kingdom</i>	<i>Portugal, Spain</i>	<i>European Council</i>
<i>France, Italy</i>	<i>Denmark, Sweden,, Finland</i>	<i>European Parliament</i>
<i>Germany</i>	<i>Austria, Netherlands</i>	<i>Council of Ministers</i>
<i>Greece</i>	<i>Luxembourg</i>	<i>European Commission</i>
	<i>Belgium</i>	<i>European Court of Justice</i>

3. (A) Identify the effects of the single European market on Irish business. (20 marks)
- (B) Explain the role of any **one** of the E.U. institutions listed above. (15 marks)
- (C) Explain what is meant by ‘international trade’ and why the E.U. is important for Irish trade. (20 marks)
- (D) Describe what is meant by Ireland’s ‘Balance of Payments’. (20 marks)
- (75 marks)**

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Part 2

Managing 1

Question 4

Read the information supplied and answer the questions which follow.

<i>This is an example of a 'line organisation' in a company.</i>				
<i>Shareholders</i>				
<i>Board of Directors</i>				
<i>Managing Director</i>				
<i>Human Resource Manager</i>	<i>Marketing Manager</i>	<i>Accountant</i>	<i>Production Manager</i>	<i>Transport Manager</i>

4. (A) Define what the term 'Shareholders' means. (15 marks)
- (B) Describe the role of the 'Board of Directors' in a company. (15 marks)
- (C) Contrast the duties of a Human Resource Manager with the duties of a Marketing Manager in a company. (20 marks)

<i>Management activities include 'planning', 'organising' and 'controlling'.</i>
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- (D) Explain any one of the management activities listed above. (15 marks)
- (E) What does 'span of control' mean? (10 marks)
- (75 marks)**

Business in action

Question 5

Study the information supplied and answer the questions which follow.

<i>Repas Ltd. is a food manufacturer business in Cork. It supplies and distributes goods to wholesalers and retailers throughout Ireland. Repas Ltd. also owns and supplies a chain of supermarkets with outlets in Cork, Waterford and Kerry.</i>
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5. (A) Explain the terms 'retailer' and 'wholesaler'. (20 marks)
- (B) Illustrate what is meant by the traditional 'channel of distribution'. (15 marks)

<i>Repas Ltd. hopes to merge with PricePower2 Ltd. PricePower2 Ltd. is a chain of supermarkets with outlets in Dublin and Galway.</i>

- (C) Describe what a merger is and outline the benefits of the merger of Repas Ltd. with PricePower2 Ltd. (20 marks)
- (D) Outline two sources of long term finance which may be available to Repas Ltd. to finance the merger and explain any one of them. (20 marks)
- (75 marks)**

Business in action

Question 6

Study the information supplied and answer the questions which follow.

Ronan Design Ltd. designs products for its customers. The company has identified its needs which include both I.T. and human resources. It needs new 'hardware' and 'software' including C.A.D. and spreadsheet applications.

6. (A) What do the following letters stand for: 'I.T.' and 'C.A.D.'? (10 marks)
- (B) Distinguish between 'software' and 'hardware'. Describe what a 'spreadsheet' might be used for in Ronan Design Ltd. (15 marks)

Barry Ronan is the M.D. of Ronan Design Ltd., Main Street, Letterkenny, Co. Donegal. He needs to recruit a new employee (a CAD operator with design experience). He decides to advertise the job vacancy in the local newspaper requesting a letter of application and a curriculum vitae (C.V.) from each applicant. The closing date for applications is 21st July 2002.

- (C) Draft a suitable newspaper 'advertisement' for the vacancy in Ronan Design Ltd. (20 marks)
- (D) Draft a 'letter of application' to Ronan Design Ltd. applying for the position advertised. (20 marks)
- (E) Outline the importance of the recruitment and selection to Ronan Design Ltd. (10 marks)
(75 marks)

Managing 2 / Business in action

Question 7

Study the information supplied and answer the questions which follow.

Sheila Daly is a sole trader who owns and runs a small restaurant. She has decided to buy a van to offer a delivery service to her customers. Sheila gets the following information from her accountant.

	2002 (Estimate)	2001	2000
	€	€	€
Sales	62,000	64,000	74,000
Gross Profit	40,000	47,000	51,000
Net Profit	8,500	9,900	12,800
Net Profit Percentage			17.3%

7. (A) Outline the disadvantages of being a sole trader like Sheila. (10 marks)
- (B) List two suitable medium term sources of finance for the purchase of the van. (10 marks)
- (C) Outline the factors that a financial institution would take into account when deciding on whether to provide finance for Sheila. (15 marks)
- (D) Distinguish between 'Gross Profit' and 'Net Profit'. (10 marks)
- (E) Calculate the Net Profit Percentage for 2001 and 2002 (showing the formulae and all your workings) and comment on the trend. (30 marks)
(75 marks)

Managing 1 and 2

Question 8

Study the information supplied and answer the questions which follow.

Joan received an insurance proposal form when she was enquiring about insuring her house and contents.

<i>Extract from a Proposal Form for House Insurance</i>		
<i>(i)</i>	<i>Have you installed a smoke alarm and burglar alarm?</i>	
<i>(ii)</i>	<i>Is the house: brick, stone or concrete?</i>	
<i>(iii)</i>	<i>Is it roofed with slates?</i>	
<i>(iv)</i>	<i>Please sign the declaration below</i>	Signature: <input style="width: 150px; height: 20px;" type="text"/>
	<i>To the best of my knowledge all the information on this form is correct and nothing has been withheld.</i>	-----

8. (A) Explain what is meant by an ‘insurance proposal form’. (10 marks)
- (B) Outline what a ‘premium’ is and describe the factors which would affect the amount of premium to be charged in house insurance. (15 marks)
- (C) Outline the reasons why an individual or firm would take out ‘contents’ insurance. (10 marks)
- (D) Explain what is meant by ‘utmost good faith’. (25 marks)

The house and contents were valued at €100,000 and the owner insured them for €80,000. A fire caused €2,000 of damage to the contents.

- (E) Calculate the compensation to be paid to the owner. Show your workings. (15 marks)
- (75 marks)**

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