

**WARNING**

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

Write your Examination Number here



# Coimisiún na Scrúduithe Stáit State Examinations Commission

LEAVING CERTIFICATE EXAMINATION 2004

## **BUSINESS - ORDINARY LEVEL** (400 marks)

WEDNESDAY 16<sup>th</sup> JUNE – MORNING 9.30 am to 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.

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

Q.	Mark
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
Total	

**REMEMBER TO RETURN THIS QUESTION PAPER WITH THE  
ANSWERBOOK YOU USE FOR ANSWERING SECTION 2.**

Coimisiún na Scrúduithe Stáit

Leaving Certificate Examination 2004

Business – Ordinary Level

SECTION 1 - SHORT ANSWER QUESTIONS

(100 marks)

Answer 10 questions. Each question carries 10 marks. Please return this question paper with your answerbook.

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

ATM
PAYE
ROI

2. Outline the purposes of the following forms used in insurance:

(i) Proposal form:

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(ii) Claim form

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3. List three ways in which Information Technology (IT) can help businesses.

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

4. List two enterprise skills and illustrate how they could be used in the community.

(i) \_\_\_\_\_

\_\_\_\_\_

(ii) \_\_\_\_\_

\_\_\_\_\_

5. Explain the term ‘franchising’ and illustrate your answer with an example.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Example: \_\_\_\_\_



10. Explain the term 'Limited Liability'

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11. The following information is available from the final accounts of GF Ltd. on the 31/12/2003

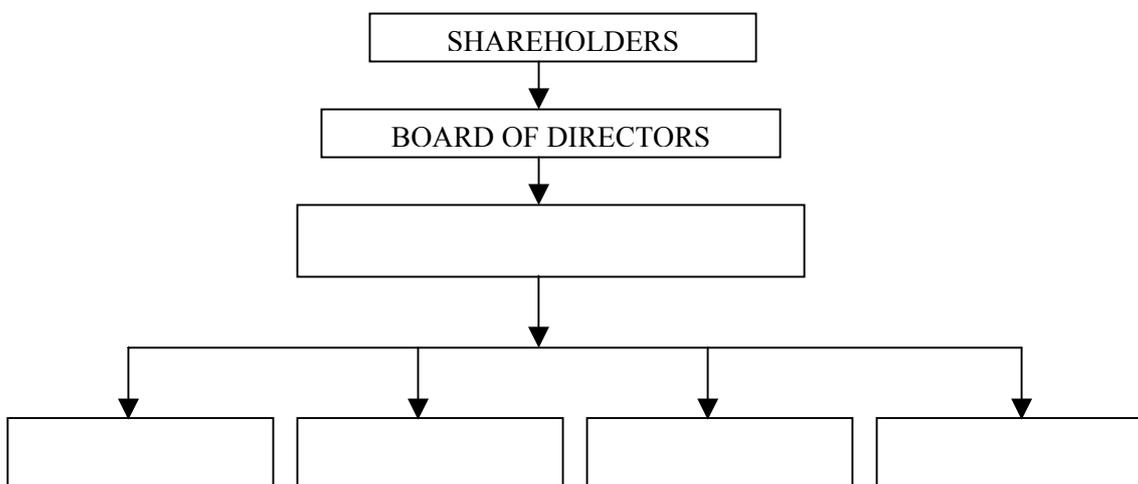
Current Liabilities    €100,000      Current Assets      €300,000

**Calculate**

- (i)    The Working Capital      \_\_\_\_\_
- (ii)   The Working Capital Ratio      \_\_\_\_\_

Show your workings:

12. Complete the following organisation structure for a private limited company with four departments.



13. Explain the term Batch Production and illustrate your answer with an example of a product produced using Batch Production.

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Example: \_\_\_\_\_

14. 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 term underneath the relevant number below. One explanation has no match.

	Column 1 Terms		Column 2 Explanations
1	Consideration	A	When an independent third party agrees to help parties in conflict find a solution.
2	Capacity to contract	B	Paid by insurer to get insurance cover.
3	Credit control	C	When both parties to a contract are in agreement and there is no undue pressure on either party.
4	Conciliation	D	When the parties to a contract have the ability and right to make a contract.
5	Compensation	E	When some benefit or value moves from one party to a contract to the other.
6	Consent to contract	F	Aims to reduce the risk of bad debts and ensure that debtors pay on time.
		G	Received by insured when the loss occurs.

1.	2.	3.	4.	5.	6.
E					

15. Name three of the main institutions in the European Union

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

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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** question from either Part 1 or Part 2.

### PART 1

#### PEOPLE IN BUSINESS

(75 marks)

#### QUESTION 1

*Study the information supplied and answer the questions which follow.*

Kevin bought a computer game in Complay Ltd. a shop specialising in computer software and games. Before purchasing, Kevin explained to the shop assistant what he wanted and he described his computer to her. The assistant assured him that he would have no problems with the game but when he tried it at home, Kevin discovered that the game would not work on his computer.

- (A) Outline **one** approach for solving the above problem (10 marks)
- (B) Explain **three** rights that Kevin has under the Sale of Goods and Supply of Services Act 1980 (15 marks)
- (C) State **three** advantages of taking a case to the Small Claims Court. (15 marks)

Kate has just started working in her first full-time job in a factory in her town. The shop steward met with her and discussed the benefits of joining the trade union.

- (D) Describe the relationship which exists between an employer and an employee. (15 marks)
- (E) Describe the benefits to Kate of joining a trade union. (20 marks)

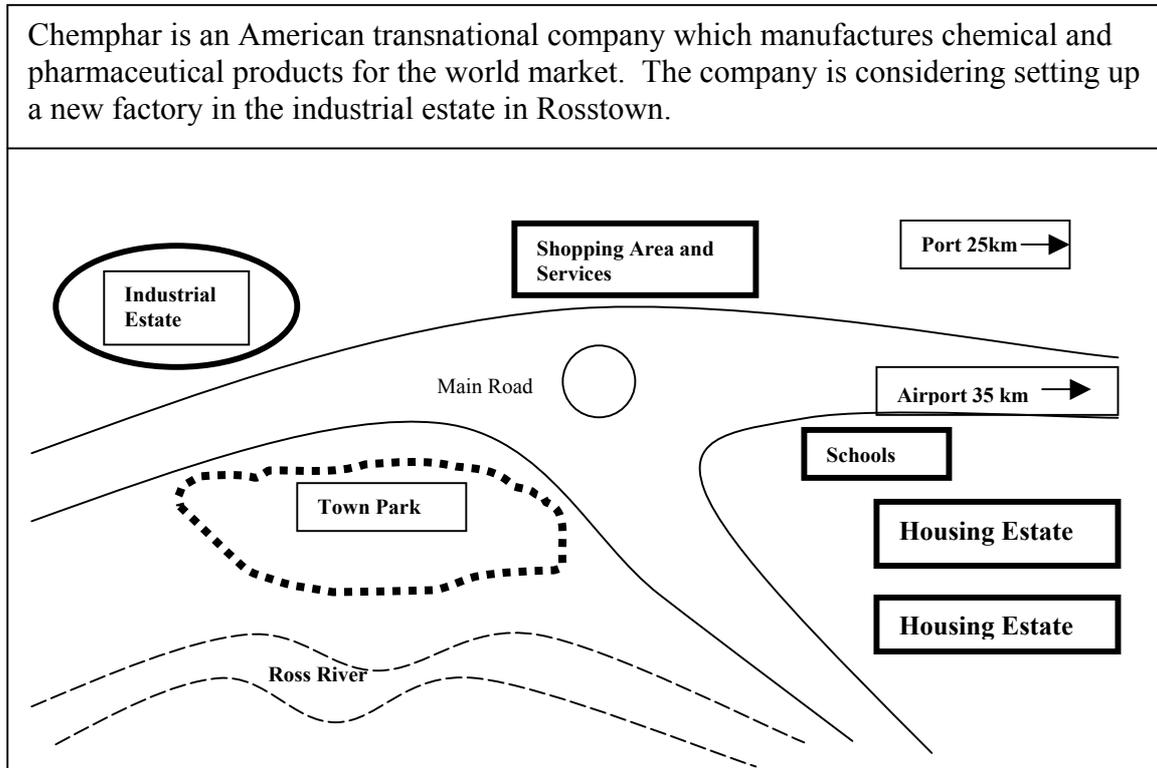
**REMEMBER TO RETURN THIS QUESTION PAPER WITH YOUR ANSWERBOOK**

**DOMESTIC/INTERNATIONAL ENVIRONMENT**

(75 marks)

**QUESTION 2**

*Study the information supplied and answer the questions which follow.*



- (A) Explain the term ‘Transnational Company’. (10 marks)
- (B) List **three** reasons why Chemphar might like to locate a new factory in Rosstown. (15 marks)
- (C) Describe **two** environmental responsibilities that Chemphar may have if they locate their factory in Rosstown. (20 marks)
- (D) Outline **three** benefits to the local community of Rosstown if Chemphar were to locate their factory there. (15 marks)
- (E) Describe the role of **one** state agency that may influence Chemphar’s decision to locate in Rosstown. (15 marks)

**DOMESTIC/INTERNATIONAL ENVIRONMENT**

(75 marks)

**QUESTION 3**

*Read the following information and answer the questions which follow.*

International trade is very important to the Irish economy and the success of Irish firms is affected by factors such as inflation, rates of taxation and participation in the Single European Market.

- (A) (i) Explain the term ‘inflation’.  
(ii) Outline **two** effects that a high rate of inflation would have on business. (20 marks)
- (B) Outline **three** ways in which low taxation rates can help business. Use examples to illustrate your answer. (15 marks)
- (C) Outline **three** effects of the Single European Market on Irish firms. (15 marks)
- (D) Describe **two** benefits of state-owned enterprises. (10 marks)
- (E) Explain what is meant by ‘Balance of Payments’. (15 marks)

## PART 2

### MANAGING

(75 marks)

#### QUESTION 4

Study the information supplied and answer the questions which follow.

The Fairways Golf Club will hold its Annual General Meeting on the 1<sup>st</sup> July 2004 at 7.30 p.m in the Clubhouse.

The Chairperson John O Dowd has asked the Secretary Martin Browne to send the Notice and Agenda for the AGM to all members.

- (A) Draft the Notice and Agenda for the AGM.  
The Agenda should include **five** items that you would expect to find on the Agenda of Fairways Golf Club. (25 marks)
- (B) Outline **two** duties of a Chairperson at meetings. (10 marks)
- (C) Outline **two** duties of a Secretary at meetings. (10 marks)
- (D) Outline **two** advantages of a meeting as a method of communication. (10 marks)
- (E) Under the Data Protection Act 1988 people whose personal information is kept on a computer have several rights.  
Describe **two** of these rights. (20 marks)

### ENTERPRISE/MANAGING

(75 marks)

#### QUESTION 5

Study the information supplied and answer the questions which follow.

Philip Moran opened his first shop, The Book Shelf, on Main Street, Tralee, six years ago supplying an extensive range of books including schoolbooks for all levels. He supplies the local primary and secondary schools and often has promotions offering bestsellers at reduced prices.

He would like to expand the business to include the sale of stationery, greeting cards and gifts. An adjacent premises has just come on the market. Philip would like to purchase this premises and use it to extend his shop.

He has savings of €35,000 and he needs a long term loan of €80,000. He is preparing a business plan to accompany his loan application to the bank.

- (A) Outline **three** reasons for business expansion. (13 marks)
- (B) Outline **four** factors that the bank would take into account when deciding on whether to grant the loan to Philip. (20 marks)
- (C) The following Net Profit figures are available from The Book Shelf.

Year	1998	1999	2000	2001	2002
Net Profit	€8000	€12000	€18000	€24000	€30000

- Illustrate this information using a **bar chart**. (12 marks)
- (D) Draft a **business plan** for Philip to help his loan application to the bank under the following **three** headings:
1. Ownership
  2. Finance
  3. Marketing
- (30 marks)

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## MANAGING

(75 marks)

### QUESTION 6

*Study the information supplied and answer the questions which follow.*

Anne O'Brien is the Human Resource Manager of Murray's Department Store, a large retail business which employs 76 full time and 15 part time staff. Her main functions include Training and Development, Recruitment and Selection, and Rewarding.

- (A) Explain the term 'Training and Development'. (15 marks)
- (B) Outline **one** financial reward and **one** non-financial reward that Murray's could give to their sales staff. (20 marks)
- (C) Outline **two** advantages of internal recruitment. (15 marks)

A vacancy has arisen for the position of Office Manager in Murray's Department Store and Anne has written a person specification in consultation with the General Manager. The ideal candidate would be a confident, motivated person with good communication and organisational skills and with the ability to work well as part of a team. Management experience is desirable and IT skills are essential for the position.

- (D) State **two** benefits of teamwork. (10 marks)
- (E) Draft a suitable newspaper advertisement for the vacancy in Murray's Department Store. (15 marks)

## MANAGING 2/BUSINESS IN ACTION

(75 marks)

### QUESTION 7

*Study the information supplied and answer the questions which follow.*

Marketing is sometimes defined as the process of identifying, anticipating and satisfying customer needs. A business must identify its target market and develop its Marketing Mix to suit customer needs.

- (A) (i) List the elements of the Marketing Mix (4Ps).  
(ii) Explain **one** of these elements. (20 marks)
- (B) What does the term 'target market' mean?  
Use an example to illustrate your answer. (15 marks)
- (C) Give **three** reasons why businesses carry out market research. (15 marks)

Insurance is important for businesses and households because it provides protection against possible loss.

- (D) Outline **three** types of insurance policies you would expect a **supermarket** to have. (15 marks)
- (E) Explain the relationship between premium and risk in insurance.  
Give **one** example to illustrate your answer. (10 marks)

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**QUESTION 8**

*Study the information supplied and answer the questions which follow.*

Greenfare Ltd. is a fruit and vegetable wholesale business in Limerick. Brothers Tom and Patrick Dunne set up the business four years ago. They supply fresh fruit and vegetables to local retailers and to some hotels and restaurants. They give goods on credit (one month) to their longest serving customers. Although they have been very busy, Tom is worried because some of these customers do not pay their bills on time. They decided to prepare a Cash Flow Forecast for the first three months of 2004 to see if they need to get a bank overdraft.

<b>Greenfare Ltd. Cash Flow Forecast January 2004</b>			
	<b>January</b> €	<b>February</b> €	<b>March</b> €
<b><u>Receipts:</u></b>			
Cash Sales	46000	45000	44000
From Debtors	18000	15000	17000
Other receipts	0	1200	800
<b>Total receipts</b>	<b>64000</b>	<b>61200</b>	<b>61800</b>
<b><u>Payments:</u></b>			
Cash Purchases	36000	34500	36500
Payments to Creditors	23000	22500	24000
Wages	1500	1500	1500
Other Payments	2500	4500	1500
<b>Total Payments</b>	<b>63000</b>	<b>63000</b>	<b>63500</b>
<b>Net Cash</b>	<b>1000</b>	<b>(1800)</b>	<b>(1700)</b>
Opening Cash	100	1100	(700)
Closing Cash	1100	(700)	(2400)

- (A) Distinguish between a wholesaler and a retailer. (10 marks)
- (B) What is a bank overdraft?  
In which month(s) will Greenfare need a bank overdraft? (15 marks)
- (C) Outline **three** reasons why a business would prepare a cash flow forecast. (15 marks)
- (D) Outline **two** ways in which Greenfare could persuade their customers (debtors) to pay on time. (20 marks)
- (E) Describe **three** methods of sales promotions that Greenfare could use to attract new customers and increase sales. (15 marks)

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