

**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 2005

## BUSINESS - ORDINARY LEVEL

(400 marks)

WEDNESDAY, 15<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.

Make and Model of Calculator Used:

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

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

## SECTION 1

(100 marks)

### SHORT ANSWER QUESTIONS

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 the space provided).

(i) AGM	
(ii) LRC	
(iii) IBEC	

2. List the **three** management skills.

- (i) \_\_\_\_\_  
(ii) \_\_\_\_\_  
(iii) \_\_\_\_\_

3. Define Global Marketing.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Identify **three** Semi-State organisations that help Irish businesses.

- (i) \_\_\_\_\_  
(ii) \_\_\_\_\_  
(iii) \_\_\_\_\_

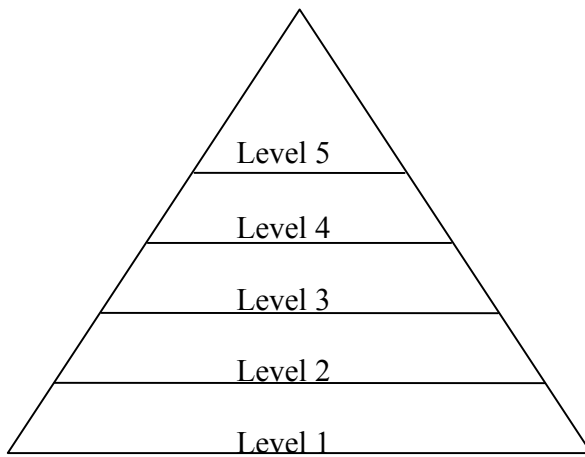
5. Write **True** or **False** for each of the following sentences:

	SENTENCE	TRUE OR FALSE
(i)	Bank Overdraft is a long term source of finance.	
(ii)	Dividends are paid by a Company to Shareholders.	
(iii)	D.I.R.T. is a tax on Interest on Savings.	
(iv)	Hire Purchase is cheaper than a Term Loan.	
(v)	Child Benefit is a Household source of income.	

6. Outline **three** elements of a valid contract.

- (i) \_\_\_\_\_  
\_\_\_\_\_
- (ii) \_\_\_\_\_  
\_\_\_\_\_
- (iii) \_\_\_\_\_  
\_\_\_\_\_

7. In the answer box provided below, name the first four levels in **Mazlow's** Hierarchy of Needs. Level 5 has already been answered.



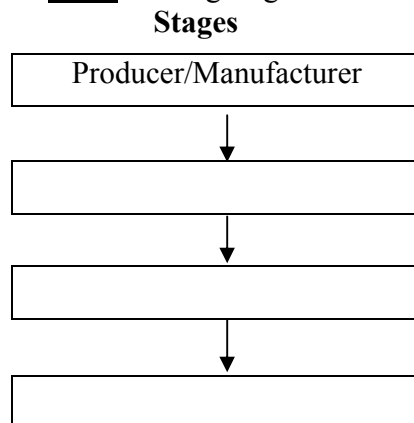
**Answer Box**

Level 5	Self-actualisation needs
Level 4	
Level 3	
Level 2	
Level 1	

8. Outline **two** ways in which high interest rates can affect business.

- (i) \_\_\_\_\_  
\_\_\_\_\_
- (ii) \_\_\_\_\_  
\_\_\_\_\_

9. Complete the **three** missing stages in the chain of distribution for getting a product to the consumer.



Name a *product* that might be distributed using this chain.

10. Name **three** taxes paid by a business.

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

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

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

11. What is the function of the Small Claims Court?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

12. List **two** uses of the World Wide Web (WWW) for business.

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

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

13. Draw a line graph to illustrate the following information for CAST Ltd.

Year	2000	2001	2002	2003	2004
Sales	€100,000	€150,000	€200,000	€250,000	€200,000



14. Name the **three** categories (sectors) of industry and give an example of each one.

(i) \_\_\_\_\_ Example: \_\_\_\_\_

(ii) \_\_\_\_\_ Example: \_\_\_\_\_

(iii) \_\_\_\_\_ Example: \_\_\_\_\_

15. List **three** functions of a Human Resource Manager.

(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 other question from either Part 1 or Part 2.

### PART 1

#### PEOPLE IN BUSINESS

#### QUESTION 1

Study the information supplied and answer the questions which follow.

*Ciara bought a ride-on lawnmower from Quality Lawnmowers Ltd. for €2,500. The first time she tried to cut the lawn the blades did not work on the lawnmower. She contacted Quality Lawnmowers Ltd. to complain.*

- (A) (i) Name the law that protects the consumer in this case. (10 marks)
- (ii) Explain Ciara's legal rights and the duties of Quality Lawnmowers Ltd. (20 marks)
- (iii) Outline one non-legislative (non-legal) method of solving the above problem. (10 marks)

*Industrial Relations sometimes break down in business.*

- (B) (i) Explain the terms 'Picketing' and 'Secret Ballot'. (20 marks)
- (ii) Describe the role of the Labour Court. (15 marks)
- (75 marks)

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## DOMESTIC ENVIRONMENT

### QUESTION 2

- (A) (i) Explain what is meant by a 'Sole Trader'. (5 marks)  
(ii) Give **two** advantages of setting up in business as a sole trader. (10 marks)
- (B) List **three** advantages of a private limited company. (15 marks)
- (C) Distinguish between Articles of Association and Memorandum of Association. (10 marks)
- (D) People involved in a company include 'Managing Director', 'Auditor' and 'Company Secretary'.  
Explain the role of **two** of these people. (20 marks)
- (E) Outline **three** environmental responsibilities a company may face when setting up in a locality. (15 marks)
- (75 marks)**

## INTERNATIONAL ENVIRONMENT

### QUESTION 3

- (A) Explain **two** benefits of Transnational Companies for Ireland. (10 marks)
- (B) 

Visible Imports	€900m
Visible Exports	€550m

  
(i) From the above information, calculate the **Balance of Trade**. (Show workings)  
(ii) State whether it is a surplus or a deficit. (15 marks)
- (C) (i) Explain what is meant by Invisible Exports.  
(ii) Give **two** examples of invisible exports. (15 marks)
- (D) State **three** advantages to Ireland of membership of the European Union. (15 marks)
- (E) Name **two** E.U. institutions. Explain the role of **one** of them. (20 marks)
- (75 marks)**

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## PART 2

### MANAGING

#### QUESTION 4

Read the information supplied and answer the questions which follow.

*Communication is the transfer of information between people and is increasingly vital in an expanding business world.*

- (A) Explain **three** factors to be considered when deciding on a method of communication to be used in a business. (15 marks)
- (B) Audio books have become very popular. The following information relates to the number of audio books loaned by a library over a six month period:

<u>Month</u>	<u>Number of Audio Books</u>
October	100
November	140
December	200
January	210
February	230
March	190

Present the above information in the form of a **bar chart**. (15 marks)

*The day-to-day running of an organisation requires appropriate finance and proper management.*

- (C) State, giving **two** reasons, why it would be important for a library to have a Stock Control system. (10 marks)
- (D) Name **two** sources of Long Term finance and explain **one** of them. (15 marks)
- (E) Explain each of the following terms: (i) Credit Control  
(ii) Quality Control (20 marks)
- (75 marks)

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**MANAGING / BUSINESS IN ACTION**

**QUESTION 5**

Read the information supplied and answer the questions which follow.

*John Molloy has been working in a computer firm for the past twenty years. The firm has now decided to relocate to the Far East and John is being made redundant.*

*He has saved money over the years by doing overtime and his redundancy terms are generous. He is considering setting up his own business in computer maintenance and repairs.*

- (A) Identify **three** enterprising characteristics/skills that John will need. (15 marks)
- (B) A friend suggested that it is important for John to carry out a SWOT analysis. What is a SWOT analysis? (15 marks)
- (C) Describe **three** methods of advertising that John could use to promote his business. (15 marks)
- (D) Identify **two** risks and **two** rewards of setting up your own business. (20 marks)
- (E) Define the term 'Delegation'. (10 marks)
- (75 marks)**

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## MANAGING

### QUESTION 6

Read the information supplied and answer the questions which follow.

*Patricia Quinlan runs her own hairdressing business "Hair Affair" in a busy town in County Galway. She employs two full time and two part time staff. She owns her own premises which is valued at €250,000 and is insured for €200,000.*

- (A) A fire on the premises has caused extensive damage. Patricia submits a claim to the insurance company for €150,000.
- (i) Calculate the amount of compensation that Patricia will receive from the insurance company. (Show your workings)
  - (ii) Name the insurance rule that applies in this situation. (10 marks)
- (B) Apart from fire insurance, name **three** other types of insurance that Patricia should take out for her business. (15 marks)
- (C) State and explain **three** principles of insurance. (20 marks)
- (D) Outline **three** methods Patricia could use to recruit new employees. (15 marks)
- (E) Outline **two** similarities *or* **two** differences in managing a household and in managing a business. (15 marks)
- (75 marks)**

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**MANAGING**

**QUESTION 7**

- (A) Explain the term Leasing and give **one** advantage of Leasing. (10 marks)
- (B) Outline **three** reasons why a business would prepare a cash flow forecast. (15 marks)
- (C) List **two** items of financial information a bank would request in an application for a *business* loan. (10 marks)

<b><u>BALANCE SHEET (Extract)</u></b>		
	<b>2004</b>	<b>2003</b>
	€	€
Current Assets	200,000	120,000
Current Liabilities	100,000	80,000
Capital Employed	220,000	200,000

<b><u>TRADING PROFIT &amp; LOSS ACCOUNT (Extract)</u></b>		
	<b>2004</b>	<b>2003</b>
	€	€
Net Profit	66,000	50,000

- (D) Calculate the **Working Capital Ratio** for 2004 and 2003 and comment on the trend. (Show the formulae and all your workings) (25 marks)
- (E) Calculate the **Return on Capital Employed** for 2004 and 2003. (Show the formulae and all your workings) (15 marks)
- (75 marks)**

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**BUSINESS IN ACTION**

**QUESTION 8**

Read the information supplied and answer the questions which follow.

*O'Brien Brothers manufacture Treadmills and Cross Trainers for personal use.  
They use Computer Aided Design (CAD) to design new models.  
They use a system of job production and are considering expanding their business.  
They are looking at opportunities for the business and are considering producing special models for the growing number of people wishing to use exercise equipment in their own homes.*

- (A) Explain the term 'Job Production'. (10 marks)
- (B) Outline **three** benefits of expanding the business. (15 marks)
- (C) Give **three** reasons why Market Research is needed before developing the new products. (15 marks)
- (D) Outline **two** methods of Sales Promotion, other than Public Relations (PR), that the O'Brien Brothers could use to increase sales. (10 marks)
- (E) (i) Explain PR as a method of promotion.  
(ii) Give **two** examples of PR that the business might use. (25 marks)
- (75 marks)**

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