

**WARNING**

This question paper **MUST** be returned with your answer book 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, 2007

## BUSINESS - ORDINARY LEVEL (400 marks)

WEDNESDAY, 13 JUNE – MORNING 9.30 a.m. 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.

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 QUESTION PAPER WITH THE ANSWER BOOK  
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 answer book.

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

(i) PRO	
(ii) ATM	
(iii) PRSI	

2. List **four** methods of written communication used in business:

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

3. Explain the term 'producer' and give **two** examples:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- Examples:
- (i) \_\_\_\_\_
  - (ii) \_\_\_\_\_

4. Distinguish between employer's liability insurance and public liability insurance:

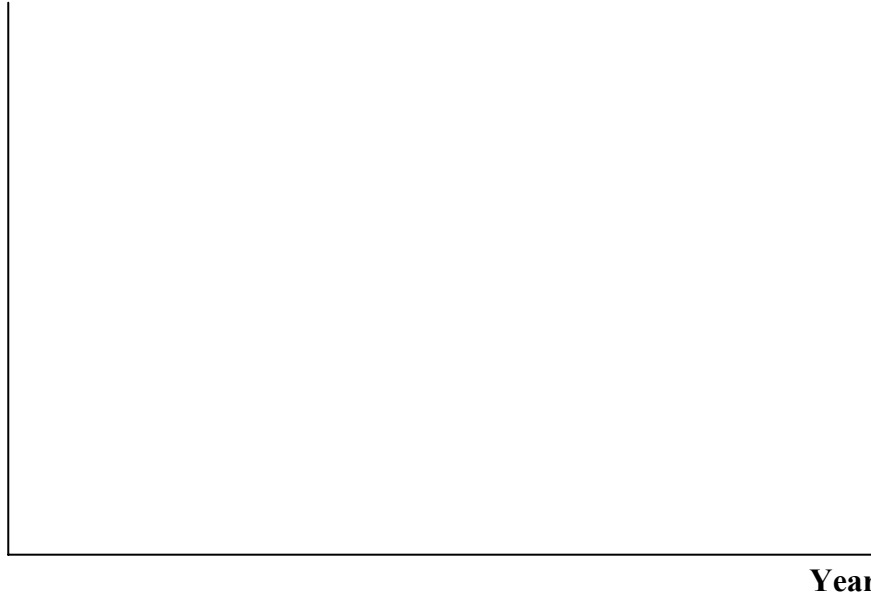
- (i) Employer's liability insurance  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (ii) Public liability insurance  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Draw a bar chart below to illustrate the following information for FLYNN MOTORS Ltd:

Year	2002	2003	2004	2005	2006
No. of Employees	25	30	40	35	20

No. of Employees



6. Explain the term 'transnational company' and give **one** example:

---

---

---

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

7. (i) Write in **three** items to complete the following Agenda for the AGM of Newtown Golf Club:

Newtown Golf Club Agenda for the AGM	
1.	Minutes of the last meeting
2.	_____
3.	_____
4.	_____
5.	A.O.B.

(ii) What do the letters A.O.B. stand for?

Answer: \_\_\_\_\_

8. **Column 1** is a list of six business terms. **Column 2** is a list of seven possible explanations for these terms. (One explanation has no match.)

Column 1: Terms		Column 2: Explanations	
1	Credit Rating	A	Payment of part of a company's profits to its owners
2	Utmost Good Faith	B	A long-term source of finance with a fixed rate of interest and a fixed date of repayment
3	Paypath	C	A medium-term source of finance
4	Dividend	D	A method of payment from a bank account at regular intervals
5	Direct Debit	E	Payment of wages directly into an employee's bank account
6	Leasing	F	The applicant must tell the truth and disclose all material facts when seeking insurance
		G	An assessment of a person's creditworthiness

Match the two lists by placing the letter of the correct explanation under the relevant number in the box below: (One answer has already been provided.)

1	2	3	4	5	6
<b>G</b>					

9. Explain the term 'prototype development': \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

10. List **three** of the main headings in a Business Plan: (Example: *Production*)

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

11. The following information is taken from the final accounts of S.K. Ltd on 31/05/2007.

Sales	€ 500,000
Gross Profit	€ 100,000
Net Profit	€ 37,500

Calculate:

- (i) the Gross Profit Margin.

Answer: \_\_\_\_\_

- (ii) the Net Profit Margin.

Answer: \_\_\_\_\_

WORKINGS

12. Explain the term 'quality control': \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

13. Indicate, by means of a tick (✓), the category to which each good or service belongs:

	Category			
	Visible Exports	Visible Imports	Invisible Exports	Invisible Imports
Irish beef sold abroad				
Foreign music bands on tour in Ireland				
French fans coming to a match in Dublin				
Japanese cars sold in Ireland				

14. Explain each of the following types of training offered to employees:

(i) On-the-job training

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

(ii) Off-the-job training

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

15. Outline **two** benefits which business can bring to a local community:

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

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

**REMEMBER TO RETURN THIS QUESTION PAPER WITH YOUR ANSWER BOOK**

## 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:

*James and Emer O'Brien ordered paving slabs for their garden patio from Healy's Garden Centre Ltd. They selected the paving slabs from samples shown to them at the garden centre. When the paving slabs were delivered, they were not the same as the sample they had chosen.*

*The O'Briens were not happy but the sales assistant told them that they must pay for the goods delivered.*

- (A) (i) Name the law that protects the O'Briens in this case. (10 marks)
- (ii) Outline **one** non-legislative method of solving the above problem. (10 marks)
- (iii) Explain the legal rights of the O'Briens and the duties of Healy's Garden Centre Ltd. (20 marks)

*The Employment Equality Act 1998 aims to prevent discrimination in the workplace.*

- (B) (i) Describe **two** grounds on which discrimination is unlawful under this Act. (20 marks)
- (ii) Outline the role of a Rights Commissioner. (15 marks)
- (75 marks)**

**REMEMBER TO RETURN THIS QUESTION PAPER WITH YOUR ANSWER BOOK**

**DOMESTIC / INTERNATIONAL ENVIRONMENT**

**QUESTION 2**

Study the information supplied and answer the questions which follow:

*Goodfoods Ltd is an indigenous company set up by sisters Una and Jane O'Sullivan and it has 14 full-time employees. As a company, it benefits from limited liability. The company prepares readymade meals for the home market and is currently considering exporting to foreign markets. The owners have drafted a code of ethics for the business believing that decisions made should be guided by what is morally right, honest and fair.*

- (A) Explain the term 'limited liability'. (10 marks)
- (B) What is meant by the term 'indigenous company'? (10 marks)
- (C) Outline **three** challenges Goodfoods Ltd may face when exporting to foreign markets. (15 marks)
- (D) Describe **two** environmental responsibilities of Goodfoods Ltd. (20 marks)
- (E) Using examples, describe how Goodfoods Ltd can behave ethically towards (i) its employees and (ii) its customers. (20 marks)
- (75 marks)**

**DOMESTIC / INTERNATIONAL ENVIRONMENT**

**QUESTION 3**

Study the information supplied and answer the questions which follow:

*Unemployment in Ireland is less than 5% but some economists are concerned because interest rates have risen and are forecast to increase.*

- (A) Outline **three** benefits of low unemployment to the Irish economy. (15 marks)
- (B) Outline **three** effects of increasing interest rates on Irish business. (15 marks)
- (C) Describe **two** ways in which the Irish Government assists business. (20 marks)
- (D) Discuss **two** opportunities and **two** challenges for Irish business arising from the enlarged European Union. (25 marks)
- (75 marks)**

**REMEMBER TO RETURN THIS QUESTION PAPER WITH YOUR ANSWER BOOK**

## PART 2

### MANAGING

#### QUESTION 4

Study the information supplied and answer the questions which follow:

*Cathal and Joan Lyons and their three school-going children live in Cork city. Their household income totals €3,000 a month. They regularly prepare a household budget to help them manage their finances.*

Lyons Household Budget (Summary)			
	July	August	September
	€	€	€
<b>A.</b> Income	3,000	3,000	3,000
<b>B.</b> Expenditure	2,100	2,900	4,800
Net Cash (A-B)	900	100	(1,800)
Opening Cash	100	1,000	1,100
Closing Cash	1,000	1,100	(700)

- (A) Explain **three** benefits to a household of preparing a budget. (15 marks)
- (B) (i) Identify **three** items that could be included in the 'Income' section of the household budget.
- (ii) Suggest **two** ways in which the Lyons household could overcome the expected deficit in September. (25 marks)
- (C) In the context of banking, explain **three** features of a current account. (15 marks)
- (D) Name **two** types of insurance that are important for a household to have and explain **one** of them. (20 marks)
- (75 marks)**

**REMEMBER TO RETURN THIS QUESTION PAPER WITH YOUR ANSWER BOOK**



**QUESTION 5**

Study the information supplied and answer the questions which follow:

*Andrew Roche, a qualified plumber, has recently set up his own business. He provides services for households and small businesses in his local area. He has rented premises and is considering the purchase of a van. He intends to employ other staff as his business expands and knows that this may require focus on the area of human resource management.*

- (A) Describe **three** enterprising skills/characteristics that Andrew has as an entrepreneur. (15 marks)
- (B) Explain **two** appropriate sources of finance that Andrew may use to purchase the van. (20 marks)
- (C) Outline **three** disadvantages of Andrew setting up his own business. (15 marks)
- (D) Outline **two** suitable methods that Andrew could use to promote his new business. (10 marks)
- (E) (i) Explain the term 'human resource management'.  
(ii) Identify and explain **two** functions of a Human Resources Manager. (15 marks)
- (75 marks)**

**REMEMBER TO RETURN THIS QUESTION PAPER WITH YOUR ANSWER BOOK**

## MANAGING

### QUESTION 6

Study the information supplied and answer the questions which follow:

*The Shareholders and Managing Director fulfil important roles in a company. Leadership and Motivation are two management skills. Technology and modern developments in technology have changed the role of management.*

- (A) Explain the role of Shareholders in a company. (10 marks)
- (B) Describe **two** functions of the Managing Director of a company. (15 marks)
- (C) Autocratic, Democratic and Laissez-faire are three styles of leadership. Describe the characteristics of **two** of these leadership styles. (20 marks)
- (D) Describe **one** of the following theories of motivation;  
(i) Maslow's Hierarchy of Needs or (ii) McGregor's Theory X and Theory Y. (15 marks)
- (E) Using examples, describe **three** ways in which technology has changed the role of management. (15 marks)
- (75 marks)**

## BUSINESS IN ACTION / MANAGING

### QUESTION 7

Study the information supplied and answer the questions which follow:

*Michael Brennan has recently completed his degree in Administration and Marketing. He has started his first job as overall Marketing Manager with Stewart Chemists Ltd, a national franchise of chemist shops. His first task is to carry out market research for the business. He is looking forward to both the financial and non-financial rewards of his position.*

- (A) Explain the term 'franchise'. (10 marks)
- (B) Outline **three** reasons why businesses carry out market research. (15 marks)
- (C) Using examples, explain the terms (i) field research and (ii) desk research. (20 marks)
- (D) Outline **one** financial reward and **one** non-financial reward that Michael may receive in his job. (10 marks)
- (E) Form P21, Form P60 and Form P45 are three forms used in PAYE taxation. Outline the purpose of **two** of these forms. (20 marks)
- (75 marks)**

**REMEMBER TO RETURN THIS QUESTION PAPER WITH YOUR ANSWER BOOK**

**BUSINESS IN ACTION**

**QUESTION 8**

Study the information supplied and answer the questions which follow:

*Milltown Bakery Co-operative was set up in 1998 by a group of workers who had been made redundant when a national bakery closed its base in the town. The co-operative has been very successful and uses a system of batch production to produce different kinds of breads, cakes and pastries which it sells nationwide.*  
*The co-operative is considering expanding the business and the management committee has discussed the idea of becoming a limited company.*

- (A) Outline **two** differences between a co-operative and a limited company. (10 marks)
- (B) (i) Apart from batch production, name **two** other types of production used in business.
- (ii) Outline **three** features of batch production. (15 marks)
- (C) Identify **four** factors that Milltown Bakery Co-operative should consider when deciding the price of its products. (20 marks)
- (D) Describe **three** reasons why Milltown Bakery Co-operative would consider expanding the business. (15 marks)
- (E) Outline **three** advantages to Milltown Bakery Co-operative of having a brand name. (15 marks)
- (75 marks)**

**REMEMBER TO RETURN THIS QUESTION PAPER WITH YOUR ANSWER BOOK**

Blank Page