

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, 2011

BUSINESS – ORDINARY LEVEL
(400 marks)

TUESDAY 14 JUNE – AFTERNOON 2.00 - 4.30

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.)

AGM	
PLC	
AOB	

2. Explain the term 'investor' and give **two** examples of investors.

Explanation: _____

Examples: (i) _____
(ii) _____

3. Indicate by means of a tick (✓) the appropriate source of finance for the following:

	Short term	Medium term	Long term
Delivery van			
Purchase of stock			
Extension to a factory			
Payment of electricity bill			

4. Outline **two** reasons why Irish firms export goods and give **two** examples of Irish exports.

Reasons:
(i) _____
(ii) _____

Examples: (i) _____
(ii) _____

5. 'Capacity to contract' is the ability of a person to enter into a legal contract. List **three** situations where a person does **not** have capacity to contract.

(i) _____

(ii) _____

(iii) _____

6. The following information has been taken from the accounts of Dalton Ltd on 31/12/2010:

Net Profit: **€40,000**

Capital Employed: **€500,000**

Calculate the Return on Capital Employed:
(Show your workings.)

Answer: _____ %

Workings:

7. Write TRUE or FALSE after each of the following statements:

Statement		True or False
(i)	Utmost Good Faith means that the insured must tell the truth and disclose all material facts.	
(ii)	Batch Production involves producing identical products continuously.	
(iii)	The Average Clause rule applies in insurance when an item is underinsured.	
(iv)	An Autocratic leader likes to involve employees in decision-making.	
(v)	Job Production involves producing a one-off single product to a customer's specification.	

8. Outline **two** advantages to Ireland of EU membership.

(i) _____

(ii) _____

9. List **three** methods of Written Communication a business might use:

- (i) _____
- (ii) _____
- (iii) _____

10. Explain **each** of the following terms:

(i) On-the-job training:

(ii) Off-the-job training:

11. Outline **two** functions of a Trade Union:

(i) _____

(ii) _____

12. List **three** sources of household income:

- (i) _____
- (ii) _____
- (iii) _____

13. Column 1 is a list of business terms. Column 2 is a list of explanations for these terms.
(One explanation has no match.)

Column 1: Business Terms	Column 2: Explanations
1. Credit Control	A. Aims to reduce the number of faulty products in a business.
2. Benefit-in-kind	B. Shares in a business are given to employees at a preferential price.
3. Quality Control	C. A third party listens to both sides of a dispute and suggests a solution.
4. Profit-sharing	D. Aims to ensure that customers pay on time.
5. Conciliation	E. A non-monetary reward given to an employee.
	F. A percentage of the profits is paid to the employees.

Match the two lists by placing the letter of the correct explanation under the relevant number below.

1	2	3	4	5

14. Outline **two** advantages of the Small Claims Court for the consumer.

- (i) _____

- (ii) _____

15. If the **euro (€)** falls in value against the **UK (£) Sterling**, indicate whether each of the following would be expected to **increase** or **decrease**:

	Increase or decrease
(i) Number of UK visitors coming to Ireland	
(ii) Irish exports to the UK	

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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 information supplied and answer the questions which follow:

Paula McCarthy received a birthday present of a new mobile phone from her parents.

After one week Paula discovered that the volume control on her mobile phone did not work properly and the phone had to be recharged several times a day.

Her parents told her that they had bought the phone in FonesToGo and they gave her the receipt.

Her friend Mike, who had studied Business at school, explained to Paula that under the law she had the right to get a phone that was of merchantable quality, fit for its purpose and that she was entitled to redress.

- (A) (i) Name the **law** that protects Paula McCarthy in this case. (10)
- (ii) Explain what Paula should do to try to solve the above situation. (15)
- (iii) Explain the **three** underlined terms '**merchantable quality**', '**fit for its purpose**' and '**redress**', with reference to Paula's situation. (25)

The Employment Equality Act 1998 outlawed discrimination in the workplace and established the Equality Authority.

- (B) (i) List **three** grounds on which discrimination is unlawful under this Act. (15)
- (ii) Outline the role of the Equality Authority. (10)

(75 marks)

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DOMESTIC / INTERNATIONAL ENVIRONMENT

QUESTION 2

Read the information supplied and answer the questions which follow:

ShopLocal in Carrig

The town of Carrig has been badly affected by the recession (downturn in the economy). Several shops in the town have closed down and the number of unemployed people has doubled since 2008. Martin Power Construction Ltd, a major employer in the town, made 46 of its 80 workers redundant two years ago.

A group of local business people decided to work together to support each other and to try to keep jobs in the town. They met with a representative of the local County Enterprise Board. They launched a major promotion campaign 'ShopLocal' to encourage local people to shop in Carrig.

Martin Power Construction Ltd recently won a contract to build part of the athletes' village for the London Olympics 2012. Martin and 20 of his former employees will work in London for a year to complete the contract.

- (A) Describe **three** effects of the recession on the town of Carrig, using examples from the above text. (20)
- (B) Explain **two** benefits of the 'ShopLocal' campaign to the town of Carrig. (20)
- (C) Outline **two** advantages for the Irish economy of Martin Power Construction Ltd winning the contract for London Olympics 2012. (20)
- (D) Explain **two** services that City/County Enterprise Boards provide for businesses. (15)
- (75 marks)**

DOMESTIC / INTERNATIONAL ENVIRONMENT

QUESTION 3

Read the information supplied and answer the questions which follow:

Transnational Companies, Irish-owned firms and the agricultural industry have an important role to play in the recovery of the Irish economy.

- (A) Explain **two** benefits of the agricultural industry for the Irish economy. (15)
- (B) Outline **three** ways in which the Irish Government could help Irish business. (25)
- (C) Explain **two** reasons why transnational companies (multinational companies) locate in Ireland. (15)
- (D) The Government increased taxes on petrol and diesel in its 2011 Budget.
- (i) Outline **one** reason for this increase in taxes.
- (ii) Describe **two** effects of this increase in taxes. (20)
- (75 marks)**

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PART 2

ENTERPRISE / MANAGING / BUSINESS IN ACTION

QUESTION 4

Read the information supplied and answer the questions which follow:

Jason saw a business opportunity in January 2010 when snow and bad weather hit the country. He recognised that there was a huge demand for snow to be cleared from housing estates, pavements and private driveways.

He set up in partnership with his friend Gerry. They got financial help from their parents and a loan from the bank. They imported three mini road sweeper machines from Sweden, which could be used to clear snow and ice in winter.

During the major snowfall before Christmas 2010, Jason and Gerry had to employ two part-time staff to help them with the extra workload. Jason decided to attend night classes to learn more about being an employer and about taxation.

- (A) Outline **three** enterprising characteristics/skills displayed by Jason. (15)
- (B) Explain **two** advantages of a partnership as a form of business. (15)
- (C) Outline **two** factors that a bank would take into account before lending to a business. (15)
- (D) Describe **three** responsibilities of an employer towards employees. (20)
- (E) The following forms are used in PAYE taxation: Form P60, Form P45 and Form P21. Outline the purpose of **two** of these. (10)
- (75 marks)**

MANAGING / BUSINESS IN ACTION

QUESTION 5

Read the information supplied and answer the questions which follow:

Jim and Susan Doyle and their two children live in Limerick. Susan, who works as a nurse, has had a reduction in her gross pay and her net pay. Jim, a painter/decorator, was recently made redundant.

They realise that they must cut down on their expenditure and have decided to prepare a household budget for the next year. They also want to review their insurance cover.

Using his redundancy money, Jim wants to set up his own painting/decorating business and is thinking of leasing a van.

- (A) Outline **two** benefits of preparing a household budget. (15)
- (B) Explain **one** advantage and **one** disadvantage of leasing. (15)
- (C) (i) Name **three** types of insurance the Doyle household might have.
(ii) Explain **two** of them. (15)
- (D) (i) Outline **two** advantages for Jim of setting up his own business.
(ii) Outline **two** difficulties Jim might face in setting up his own business. (20)
- (E) Explain the terms 'gross pay' and 'net pay'. (10)
- (75 marks)**

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QUESTION 6

Read the information supplied and answer the questions which follow:

Maria's Design Knitwear Ltd

Maria has always loved designing and knitting clothes for family and friends. Over the past two years she supplied local boutiques with some of her products and they are proving to be a great success.

Maria now wants to turn her hobby into a business. She has received advice from local business consultant Dermot Jones.

He advised her to set up a limited company which would give her the advantage of limited liability. He also advised her to conduct market research, to decide on her advertising media, to decide on her target market and to think about a brand name.

- (A)** What is meant by 'the advantage of limited liability' as referred to above? (10)
- (B)** Explain the following market research terms and give **one** example of each:
- (i) Field research
 - (ii) Desk research. (20)
- (C)** Outline **two** benefits to Maria of having a brand name for her knitwear. (10)
- (D)** (i) Explain **one** function of advertising.
(ii) Describe **three** advertising media that Maria might consider. (20)
- (E)** (i) What is meant by the term 'target market'?
(ii) Name **one** example of a target market. (15)

(75 marks)

QUESTION 7

Read the information supplied and answer the questions which follow:

SuperDeli

SuperDeli is a successful delicatessen café set up three years ago by Martina White, a qualified chef. She spotted a gap in the market for good quality fast food for both sit down and take away customers.

SuperDeli's unique selling point (USP) is that it uses locally sourced organically produced ingredients. Martina has prepared a Business Plan and a SWOT analysis for the business.

She would like to expand the business and intends to develop a website.

- (A) Explain the term 'SWOT analysis'. (20)
- (B) Outline **two** benefits of preparing a business plan. (10)
- (C) (i) Outline **two** advantages for **SuperDeli** of having a website.
(ii) Explain **two** challenges of the internet for business. (20)

Margaret Moran is the Human Resource Manager at **SuperDeli** and her current task is to recruit a Marketing Manager.

The ideal candidate must have a marketing degree and a minimum of three years management experience. **SuperDeli** would like suitably qualified persons with experience in internet selling to apply.

Knowledge of the catering industry is desirable and the ability to work as part of a team is essential.

Applications are to be returned by 30 June 2011 to:

Ms. Margaret Moran
Human Resource Manager
SuperDeli
63 Main Street
Cork.

- (D) (i) Draft a suitable newspaper advertisement seeking a Marketing Manager.
(ii) Outline **two** advantages of teamwork in a business. (25)

(75 marks)

QUESTION 8

Read the information supplied and answer the questions which follow:

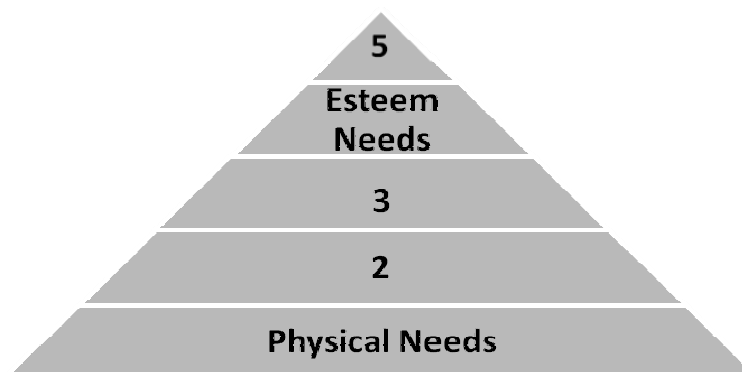
Brady's Hotel

Brady's Hotel is a family run business situated in a seaside town. It provides accommodation, restaurant and bar services. Mark Brady has overall responsibility for managing the hotel.

He wants to upgrade the hotel.

Despite his plans for the hotel, Mark has noticed that some of the hotel staff lack motivation. His focus now is to try and improve staff motivation.

- (A) Explain **two** benefits of upgrading Brady's hotel. (15)
- (B) Outline **three** methods that Mark could use to improve staff motivation. (20)
- (C) Maslow's Hierarchy of Needs is presented below.
- (i) List levels 2, 3 and 5 (*in your answer book*).
- (ii) Briefly explain **two** of the five levels. (20)



- (D) Use the information in the table below and answer the questions which follow:

BALANCE SHEET – Brady's Hotel (Extract)		
	2010	2009
	€	€
Current Assets	900,000	800,000
Current Liabilities	500,000	400,000

- (i) Calculate the Working Capital Ratio for 2010 and 2009. (Show the formula and all your workings.)
- (ii) Explain whether the ratio has improved or disimproved. (20)
- (75 marks)**

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