

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, 2009

BUSINESS - ORDINARY LEVEL (400 marks)

TUESDAY, 9 JUNE – AFTERNOON 2.00 p.m. to 4.30 p.m.

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.)

WWW	
PRSI	
ATM	

2. Complete the grid for McGregor's Motivational Theory X and Theory Y:

Theory X managers believe:	Theory Y managers believe:
(i) that most workers dislike work	(i) that most workers enjoy work
(ii)	(ii)

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

Explanation: _____

Examples: (i) _____
(ii) _____

4. List **three** items that should be included in a Job Description.

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

5. 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: Terms	Column 2: Explanations
1. Insurable Interest	A. The fee paid for insurance annually.
2. Employer's Liability Insurance	B. The insured must have a financial interest in the item insured.
3. Premium	C. A profit cannot be made from an insurance claim.
4. Policy	D. This insures employees while working.
5. Indemnity	E. Used if property is underinsured.
	F. Contract document between insurance company and the insured.

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

1	2	3	4	5

6. Explain the term 'franchising' and give **one** example of a franchise.

Example:

7. What is a 'global product'? Give **two** examples of global products.

A global product is

Example 1:

Example 2:

8. List **three** barriers to effective communication.

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

9. Outline **two** advantages of EU membership to Irish business.

- (i) _____

- (ii) _____

10. Explain the term 'bank overdraft'.

11. Outline **two** environmental responsibilities of business.

- (i) _____

- (ii) _____

12. Explain any **two** of the following four Factors of Production:

Land Labour Capital Enterprise

- (i) _____

- (ii) _____

13. Explain the following terms used in the Sale of Goods and Supply of Services Act 1980.

Goods must be:

(i) of merchantable quality:

(ii) as described:

14. Indicate, by means of a tick (✓), the features that **most** likely apply to the different production processes.

	Job Production	Batch Production	Mass Production
Goods are produced in groups			
Continuous production of identical products			
Unique made-to-order products			

15. List **three** sources of new business ideas for an entrepreneur.

- (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:

Celine worked as a secretary for J.B. Productions for five years. Recently she informed her manager that she was pregnant and would be taking maternity leave. Her manager informed her that this would not be acceptable to the business and terminated her employment.

(A) Under the Unfair Dismissals Act 1977/1993

- (i) Outline **two** reasons (other than pregnancy) for **unfair** dismissal. (15 marks)
- (ii) Outline **two** reasons for **fair** dismissal. (15 marks)
- (iii) Explain **one** right that Celine has under the Act. (15 marks)

James decided to sell his car privately. He advertised it in a local newspaper. Tom rang James and after much discussion he said he would drop by the following day to buy the car. Tom did not however come to buy the car.

- (B) (i) State and explain **two** elements of a valid contract. (15 marks)
- (ii) Do James and Tom have a contract? Explain your answer. (15 marks)

(75 marks)

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DOMESTIC/ INTERNATIONAL ENVIRONMENT

QUESTION 2

Study the information supplied in the newspaper article below and answer the questions which follow:

Midlands Tribune 18 September 2008

More job losses in the Midlands

Two hundred and eighty workers in the midlands town of Ballydrum face unemployment with the announcement that the American transnational company Teltec is to shut its plant next month. Workers expressed shock and dismay at the decision of the company to relocate its operations to China. Teltec, based in Ballydrum

since 1995, manufactures computer parts and accounted for €3.5m exports in 2007. Local politicians said yesterday that the closure would damage local businesses and the community of Ballydrum. They asked the Minister for Enterprise, Trade and Employment to meet them to discuss the crisis.

- (A) Identify **one** reason why Teltec may have decided to locate in Ballydrum in 1995. (10 marks)
 - (B) Explain **three** possible benefits that Teltec may have brought to the community of Ballydrum since 1995. (30 marks)
 - (C) Explain **two** possible effects that the closure of Teltec will have on local businesses in Ballydrum. (20 marks)
 - (D) Outline **two** possible reasons for Teltec's decision to relocate to China. (15 marks)
- (75 marks)**

DOMESTIC / INTERNATIONAL ENVIRONMENT

QUESTION 3

Answer all parts of this question:

- (A)

Visible Exports	€ 1,138m
Visible Imports	€ 1,235m

 - (i) From the above information, calculate the **Balance of Trade**. (Show your workings)
 - (ii) State whether it is a surplus or a deficit. (15 marks)
 - (B) Explain the term 'Balance of Payments'. (10 marks)
 - (C)
 - (i) Outline **two** reasons why Irish firms engage in international trade.
 - (ii) Identify **two** challenges faced by Irish firms engaged in international trade. (30 marks)
 - (D) The government may consider increasing taxes to help the economy. Using examples of taxes, describe **two** effects of increased taxes on the Irish economy. (20 marks)
- (75 marks)**

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PART 2

ENTERPRISE/MANAGING

QUESTION 4

Study the information supplied and answer the questions which follow:

A Transition Year class set up a mini-company in their school. They decided to produce greeting cards decorated with dried wild flowers from their local area. They named their mini-company Adora Flora Ltd and they believed it would be successful.

A local entrepreneur interviewed the students for the management positions and Laura Ryan was appointed Managing Director. The entrepreneur believed that Laura was a democratic leader who was very capable of planning and organising the activities of Adora Flora Ltd.

The students contributed €10 of their own money to provide start-up capital for their company. Laura decided her first task was to do a SWOT analysis of the mini-company and the product idea.

- (A) Outline **three** enterprising characteristics/ skills of the students involved in Adora Flora Ltd. (15 marks)
- (B) Outline **two** characteristics of a democratic leader. (15 marks)
- (C) Explain the term SWOT analysis. (20 marks)
- (D) (i) Name **two** types of plans used in business.
(ii) Explain **two** benefits of planning for a business. (25 marks)
- (75 marks)**

MANAGING / BUSINESS IN ACTION

QUESTION 5

Study the information supplied and answer the questions which follow:

Chairperson Seán Byrne and Managing Director Rory Brennan of Kilbay Ltd met to plan for a Board of Directors meeting. They discussed the downturn in the economy, the effect it was having on sales and profits and the possibility of having to introduce a three-day week.

Seán Byrne is considering using long term sources of finance to secure the future of the company.

- (A) Kilbay Ltd has limited liability. Explain the term 'limited liability'. (10 marks)
- (B) Using today's date, draft the Notice **and** the Agenda for the Board of Directors meeting (The Agenda must contain at least **five** items) (25 marks)
- (C) Explain the term 'minutes' of a meeting. (10 marks)
- (D) Outline **two** advantages of meetings as a method of communication. (10 marks)
- (E) Name **two** long term sources of finance and explain **one** of them. (20 marks)
- (75 marks)**

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MANAGING / BUSINESS IN ACTION

QUESTION 6

Study the information supplied and answer the questions which follow:

Jim Ryan recently established a garage selling cars. His sole trader business trades under the name of Jim Ryan Motors. Before setting up the business, Jim researched the market using both field and desk research methods. He also approached his bank manager for a loan.

The following information relates to the sale of cars over a six month period:

January	February	March	April	May	June
50	40	35	30	35	40

- (A) Present the above information in the form of a **bar chart**. (10 marks)
- (B) (i) Explain the term ‘Sole Trader’.
(ii) Outline **two** disadvantages of a sole trader business. (15 marks)
- (C) Outline **three** advantages of conducting market research. (15 marks)
- (D) Explain the following terms and identify **one** example of each:
(i) Field Research;
(ii) Desk Research. (20 marks)
- (E) Outline **three** items of information that the bank manager would require in assessing Jim’s loan application. (15 marks)
- (75 marks)**

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MANAGING / BUSINESS IN ACTION

QUESTION 7

Study the information supplied and answer the questions which follow:

Paula Doherty is the Managing Director of Doherty Ltd which manufactures a range of beauty and skincare products. The products are sold in beauty salons and pharmacies throughout the country.

*They have developed a new range of skincare products using natural ingredients under the brand name **Skin kind**.*

*Paula wants to promote **Skin kind** products on a nationwide basis.*

(A) Outline **three** advantages of using a brand name. (15 marks)

(B) Describe **three** methods Doherty Ltd could use to promote the new **Skin kind** products. (20 marks)

(C) The following information is available from the final accounts of Doherty Ltd

	2007	2008
	€	€
Sales	600,000	750,000
Gross Profit	200,000	300,000
Net Profit	120,000	210,000

(i) Calculate the **Gross Profit Margin** for 2007 and 2008 and comment on the trend. (20 marks)
(Show the formula and all your workings)

(ii) Calculate the **Net Profit Margin** for 2007 and 2008 and comment on the trend. (20 marks)
(Show the formula and all your workings)

(75 marks)

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MANAGING / BUSINESS IN ACTION

QUESTION 8

Study the information supplied and answer the questions which follow:

John and Martin Quinn are organic farmers in Co. Wicklow. They supply organic vegetables and meat to local shops, restaurants and butchers. Their business is expanding and they believe that with the correct channels of distribution and a suitable pricing policy they can become very successful.

The brothers are concerned with their cash flow position and they know that credit control is a problem. They give their established customers 30 days credit but some of their customers do not pay their bills on time.

- (A) (i) Explain what is meant by 'Channels of Distribution'.
(ii) Illustrate by means of a diagram, the channel of distribution used by John and Martin Quinn. (15 marks)
- (B) Outline **four** factors that John and Martin would take into account in setting a suitable price for their products. (20 marks)
- (C) Describe **two** methods to improve their Credit Control system. (20 marks)
- (D) John and Martin prepared a Cash Flow Forecast for the period July – September 2008.

Cash Flow Forecast July – September 2008.				
	2008	July	August	September
A	Total Receipts	85,000	76,000	65,000
B	Total Payments	74,000	86,000	75,000
C	Net Cash (A – B)	11,000	(10,000)	(10,000)
D	Opening Cash	5,000	16,000	6000
E	Closing Cash	16,000	6000	(4,000)

- (i) Outline **two** benefits of preparing a Cash Flow Forecast.
(ii) Identify **two** items that might be included in the Payments section of the Cash Flow Forecast. (20 marks)
- (75 marks)

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