

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, 2006

BUSINESS - ORDINARY LEVEL (400 marks)

WEDNESDAY, 14 JUNE – MORNING 9.30am 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	
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5	
6	
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8	
9	
10	
11	
12	
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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) SWOT	
(ii) VAT	
(iii) WWW	

2. The following documents are used in insurance. Outline their purpose:

- (i) Claim form _____

- (ii) Policy _____

3. Name the **three** management activities:

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

4. Outline **two** reasons for unfair dismissal and **two** reasons for fair dismissal under the Unfair Dismissals Act 1977 – 1993:

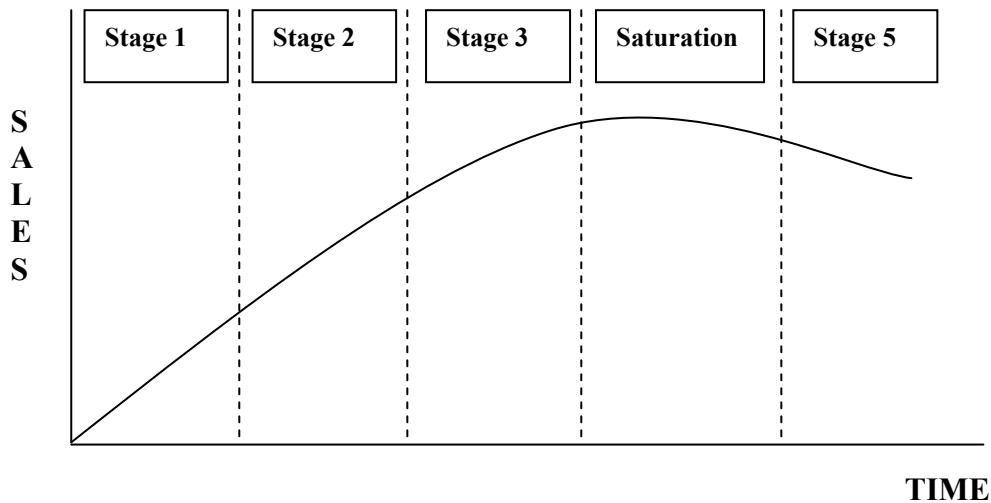
- Unfair (i) _____

- (ii) _____

- Fair (i) _____

- (ii) _____

5. The following diagram of the Product Life Cycle is incomplete. One stage 'Saturation' has been filled in and the names of the other stages are missing.



Fill in the **four** missing stages below:

Stage 1 _____ Stage 2 _____
 Stage 3 _____ Stage 5 _____

6. Draft, using today's date, the Memorandum (Memo) from Phil Doyle, Human Resources Manager, to all staff reminding them of the forthcoming monthly review meeting on 27 June 2006:

MEMORANDUM	
To: _____	From: _____
Date: _____	Re: _____
Signed: _____	Title: _____

7. Name **three** institutions of the European Union:

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

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

Column 1: Terms		Column 2: Explanations	
1	Compensation	A	Annual fee paid to an insurance company
2	Commission	B	Payment based on value of goods sold
3	PAYE	C	Non-repayable finance given to an enterprise
4	Grants	D	Pay As You Earn
5	Mortgage	E	A payment made to an insured person who has suffered a loss
6	Premium	F	Tax on gifts and inheritances
		G	Long-term loan for buying property

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
E					

9. A limited company has a taxable profit of €68,400. Tax is charged at a rate of 12.5%.

- (i) Calculate the amount of tax to be paid:
(Show your workings.)

Answer: € _____

- (ii) Fill in the missing word in the following sentence:
The tax paid on profits of a limited company is called _____ tax.

WORKINGS

10. Give **three** examples of sales promotion:

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

11. As a type of business organisation, describe **three** features of a sole trader:

- (i) _____

(ii) _____

(iii) _____

12. Explain the term 'span of control': _____

13. Information and Communications Technology provide opportunities to business. Outline **two** of these opportunities:

- (i) _____

- (ii) _____

14. The development of a new product/service usually involves seven stages. Three of these stages, 'Idea Generation', 'Test Marketing' and 'Introduction and Launch', are already entered in the box below.

The other stages in the development of a new product/service are:

Prototype Development, Product/Service Screening, Feasibility Study and Concept Development.

Enter these **four** stages in the correct order below:

New Product/Service Development

1.	Idea Generation
2.	_____
3.	_____
4.	_____
5.	_____
6.	Test Marketing
7.	Introduction and Launch

15. Over the past ten years, exports have helped improve the Irish economy. Explain the term 'export' and give **two** examples of Irish exports:

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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:

John and Mary Farrelly visited their local travel agent to arrange a holiday for themselves and their young children.

They looked at some brochures and booked a Spanish resort where they were assured that their apartment was within a 5 minute walk of the beach and that the apartment block had play facilities with supervision for the children.

However, on arrival, they discovered that a trip to the beach involved using an infrequent local bus service. The play facilities were still under construction.

On their return from Spain, John and Mary went to the travel agent to complain.

- (A) (i) Name the law that protects the Farrellys in this case. (10 marks)
- (ii) Outline **two** possible remedies the travel agent might offer to solve this problem. (20 marks)
- (iii) Explain **three** functions of the Director of Consumer Affairs. (15 marks)

Joan Brown has just been appointed to her first job.

Her employer presented her with a Contract of Employment. Joan knew from studying Business that the elements of a contract include: Offer, Acceptance, Consideration, Capacity and Intention to Contract.

- (B) (i) Define the term 'contract'. (10 marks)
- (ii) Explain any **two** of the elements of a contract underlined above. (20 marks)
- (75 marks)

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DOMESTIC ENVIRONMENT

QUESTION 2

Answer all parts of this question:

- (A) List and explain the **four** factors of production. (20 marks)
 - (B) Outline the importance of the 'primary sector' to the Irish economy. (15 marks)
 - (C) Explain, using **two** examples, what is meant by the 'services sector'. (15 marks)
 - (D) List **two** benefits of a growing 'services sector' for the Irish economy. (10 marks)
 - (E)
 - (i) Name **two** state-owned enterprises which help business to set up in Ireland.
 - (ii) Outline **two** disadvantages of state-owned enterprises. (15 marks)
- (75 marks)**

DOMESTIC / INTERNATIONAL ENVIRONMENT

QUESTION 3

Answer all parts of this question:

- (A)
 - (i) Explain the term 'inflation'.
 - (ii) Outline **two** benefits of low inflation for Ireland. (20 marks)
 - (B) Outline **three** benefits of the European Union for Irish business. (20 marks)
 - (C) Describe **three** environmental issues which affect Irish business. (15 marks)
 - (D) Discuss **three** challenges faced by Irish business engaged in international trade. (20 marks)
- (75 marks)**

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PART 2

MANAGING

QUESTION 4

Study the following advertisement and answer the questions which follow:

VACANCY FOR HUMAN RESOURCES MANAGER AT FONAFREND LTD.

Fonafrend Ltd. provides telemarketing for a wide range of businesses and now employs 35 full-time and 5 part-time staff.

We are looking for a Human Resources Manager. The ideal candidate must have excellent communication skills, good IT skills, relevant experience and be willing to work as part of a team.

Responsibilities will include: Recruitment and Selection, Rewarding, Training/Development and Performance Appraisal.

We are offering an attractive salary and benefits-in-kind to the successful candidate.

Interested candidates should forward their CV, together with a covering letter, to:

Ms. Martina Murphy
Managing Director
Fonafrend Ltd.
Greenfield Industrial Estate
Dublin 14.

or e-mail: mmurphy@fonafrend.ie by Friday 7 July 2006.

Fonafrend Ltd. is an equal opportunities employer

- (A) Explain each of the following terms: (i) CV
(ii) Benefits-in-kind
(iii) Equal opportunities (15 marks)
- (B) Outline **three** benefits of teamwork to an organisation. (15 marks)
- (C) Explain **two** of the following functions of a Human Resources Manager:
(i) Recruitment and Selection
(ii) Training/Development
(iii) Performance Appraisal (25 marks)
- (D) Identify and explain **three** barriers to effective communication. (20 marks)
- (75 marks)**

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MANAGING

QUESTION 5

Study the information supplied and answer the questions which follow:

The following is an extract from the Treasurer's report which was recently presented at the AGM of Glenmore Football Club.

1. On recent completion of the building programme at our grounds, the loan balance is €200,000 and the current account is overdrawn by €20,000.

- (A) Describe **two** different methods the club could use to raise funds to improve its financial position. (10 marks)
- (B) Draft the Notice and Agenda for the AGM of Glenmore Football Club. (25 marks)
- (C) Outline **two** duties of a chairperson and **two** duties of a secretary at an AGM. (20 marks)
- (D) (i) Explain **three** advantages of meetings as a method of communication.
(ii) Formal meetings normally require a quorum. Explain the term 'quorum'. (20 marks)
- (75 marks)**

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MANAGING / BUSINESS IN ACTION

QUESTION 6

Study the information supplied and answer the questions which follow:

Anita and Mark Doyle have been in partnership running their own DIY/hardware business for the last eight years and they currently employ seven salespeople and three van drivers.

They own a warehouse in a local business park and a retail outlet in the centre of town.

They have decided to extend the retail outlet and have applied to the bank for a loan.

- (A) Outline **four** factors that the bank would take into account when deciding on whether to grant a loan to Anita and Mark. (20 marks)
- (B) Describe **three** methods of advertising that Anita and Mark might use to promote their business. (15 marks)
- (C) (i) Explain the term 'partnership'.
(ii) Give **two** benefits of a partnership as a type of business organisation. (15 marks)
- (D) Describe **four** different types of insurance policies the business should have and give a reason for each one. (25 marks)
- (75 marks)**

BUSINESS IN ACTION

QUESTION 7

Answer all parts of this question:

- (A) Define marketing. (10 marks)
- (B) (i) List the elements of the marketing mix (4Ps).
(ii) Explain any **one** of these elements. (25 marks)
- (C) Explain **three** sources of new product/service ideas for a business. (15 marks)
- (D) (i) Give **two** examples of well known brand names.
(ii) Outline **two** benefits a brand name can give to a business. (15 marks)
- (E) Explain, using an example, the term 'market segmentation'. (10 marks)
- (75 marks)**

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QUESTION 8

Study the information supplied and answer the questions which follow:

Buckley Ltd. is a butchers' shop in Drogheda. Brothers Jim and John have run the business since their father retired 10 years ago.

They supply fresh meat from local farms to consumers, hotels and restaurants in the area. They give one month's credit to major customers.

They have prepared a cash flow forecast. The following is a summary of this forecast for July, August and September 2006.

2006	July €	August €	September €
Receipts	55,000	80,000	90,000
Payments	57,500	63,000	77,000
Net Cash	(2,500)	17,000	13,000
Opening Cash	1,500	(1,000)	16,000
Closing Cash	(1,000)	16,000	29,000

- (A) (i) Identify **two** items that could be included in the 'Receipts' section of the cash flow forecast for Buckley Ltd.
- (ii) Identify **three** items that could be included in the 'Payments' section of the cash flow forecast for Buckley Ltd. (15 marks)
- (B) Describe a suitable 'channel of distribution' for the above business. (15 marks)
- (C) Explain the term 'credit control'. (15 marks)
- (D) A new shopping centre is due to open in Drogheda in Autumn 2006. Identify **two** strengths Buckley Ltd. has in facing this challenge. (15 marks)
- (E) Explain **two** reasons why a household would prepare a budget. (15 marks)
- (75 marks)**

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