

An Roinn Oideachais agus Eolaíochta **M56A**

Leaving Certificate Examination, 1999

**Business - Ordinary Level
(400 marks)**

WEDNESDAY, 16 JUNE, MORNING, 9.30 - 12.00p.m.

Answer

Ten questions from Section 1

Four questions from Section 2 as follows:

One question from Part 1

Two questions from Part 2

And one other question from either Part 1 or Part 2

Warning

**You must return Section 1 with your answer book,
otherwise marks will be lost.**

Calculators may be used.

Write your examination number here

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Business - Ordinary Level

SECTION 1

(100 marks)

Answer 10 questions. Each question carries 10 marks. Please enclose this Section with your answer book.

1. Distinguish between firms 'exporting' and 'importing' goods. Illustrate with an example of each.

2. List the main parties involved in business:

(i)	
(ii)	
(iii)	
(iv)	
(v)	

3. Draw a bar chart using the following information:

Transnational companies in Ireland					
Country	U.S.	Germany	U.K.	Sweden	Other
Number of Companies	400	180	160	40	150

Number of Companies



Country

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

(i)	S.W.O.T.	
(ii)	T.Q.M.	
(iii)	H.R.M.	

5. List three reasons why a private limited company would expand to become a public limited company.

6. *Column 1 is a list of business terms. Column 2 is a list of possible explanations for these terms. Match the two lists by placing the letter of the correct explanation under the relevant number below. One explanation has no match.*

Column 1: Terms		Column 2: Explanation	
1.	Income Tax	A.	Pay related social insurance
2.	Value Added Tax	B.	Tax on profits earned by companies
3.	Capital Gains Tax	C.	Tax charged on goods and services
4.	P.R.S.I.	D.	Tax on profits made from selling assets
5.	Deposit Interest Retention Tax	E.	Tax deducted from interest earned on savings accounts
6.	Corporation Tax	F.	Tax on gifts and inheritances
		G.	Tax payable on income

1	G
2	
3	
4	
5	
6	

7. State two elements in a valid contract and briefly explain one of them.

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

9. Outline **three** items of information that a bank manager would require from a person applying for a business loan.

10. Explain the term 'equity capital'.

11. Calculate Jim's annual net take home pay from the following figures.

Yearly Gross Pay IR£14,000	Total Tax Free Allowance IR£4,000
Rate of PAYE 24%	PRSI 6.75%

Net take home pay =

Workings

12. List four stages in the channel of distribution available for getting a product to the customer. Name a product suitable for the channel which you have listed.

	Product
↓	
↓	
↓	

13. Define Market Research.

14. Write TRUE or FALSE after each of these sentences:

- (A) Cash is a Current liability. _____
- (B) Land is a Fixed asset. _____
- (C) Creditors are a Current asset. _____
- (D) Ordinary shares are a liability. _____
- (E) Bank overdraft is a Fixed asset. _____

15. Explain the role of an entrepreneur in business.

PLEASE REMEMBER TO RETURN THIS SECTION WITH YOUR ANSWERBOOK

Leaving Certificate Examination, 1999
Business - Ordinary Level

SECTION 2

(300 marks)

All questions carry equal marks

Answer four questions from Section 2 as follows:

One question from Part 1

Two questions from Part 2

And one other question from either Part 1 or Part 2

Section 2

Part 1

People in Business

Question 1

Read the following information and answer the questions which follow.

- (i) Deirdre brought a sample of wallpaper home to check if it suited her hall. She rang the shop and ordered five rolls of this wallpaper. The wallpaper was delivered and she found that the colour did not match the sample. She telephoned the shop but the shop assistant refused to take back the five rolls of wallpaper.

- (A) Name the law that protects the consumer in this case. (5 marks)
- (B) Outline one non-legislative (non-legal) method of solving the above problem. (10 marks)
- (C) Explain the legal rights of Deirdre and the duties of the shop in this case. (20 marks)

- (ii) Mary is the shop steward in a factory. She is holding a secret ballot on whether the workers will take industrial action or not over the dismissal of a colleague.

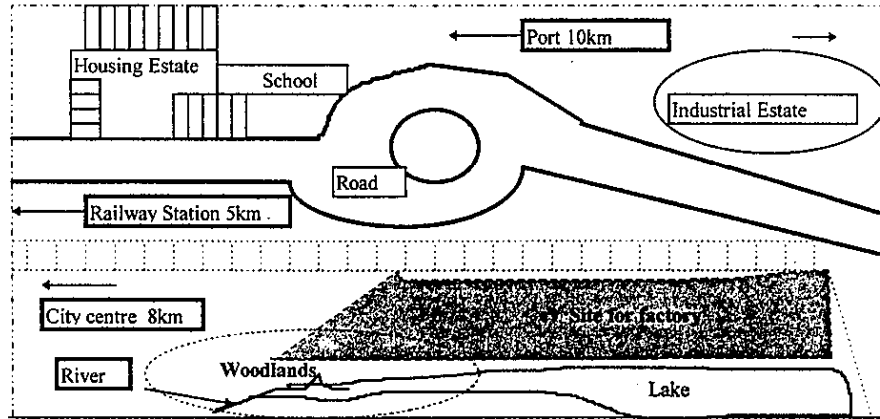
- (D) Explain the terms 'shop steward' and 'secret ballot'. (20 marks)
- (E) List two provisions of the Unfair Dismissals Act 1977 - 1993. What redress has an employee under the Act? (20 marks)

Domestic/International Environment

Question 2

Study the information supplied and answer the questions which follow.

The White family owns a large dairy farm and supplies milk to the local producer co-operative called Natural Cheese Co-operative. The family are members of the Natural Cheese Co-operative (NCC) which produces and sells cheese and yoghurt. The co-operative has bought a site to build a new cheese making factory.



- (A) Name the category of industry in which Natural Cheese Co-operative (NCC) operates. (5 marks)
- (B) Describe **two** benefits to the White family of being members of a co-operative. (10 marks)
- (C) List **three** reasons why NCC would like to locate a new factory on this site. (15 marks)
- (D) Outline **two** environmental responsibilities that NCC may have if they locate their factory on this site. (20 marks)
- (E) Describe briefly **two** state owned enterprises that may be able to help Natural Cheese Co-operative in developing its business. (25 marks)

Domestic/International Environment

Question 3

Read the information supplied and answer the questions which follow.

International economies including Ireland are experiencing many changes. Privatisation in Ireland and in other European countries, the development of the Single European Market and the development in new technologies have created opportunities and challenges for Irish business.

- (A) Define the term 'privatisation'. (10 marks)
- (B) Outline **three** benefits of privatisation of a state enterprise. Give an example of a company that has been privatised. (20 marks)
- (C) List **two** reasons why technology is important in international trade. (10 marks)
- (D) Describe **three** opportunities offered by the Single European Market (SEM) to Irish firms. (15 marks)
- (E) Name **two** EU institutions. Explain the role of any **one** of them. (20 marks)

Section 2

Part 2

Enterprise / Managing

Question 4

Read the information supplied and answer the questions which follow.

Mary and Mark Brown live in a seaside town. Both had been working in a furniture factory which closed down and they are now unemployed. Mary worked with information technology in the factory office and Mark worked designing and making furniture. They noticed that during the summer season tourists were always looking for souvenirs in the town. They decided to start a business making wooden toys to sell to the tourists. They raised capital by using their savings and also applied to the bank for a loan. Mark visited, wrote letters, sent faxes and telephoned all the local stores to sell the toys. Mary used electronic mail (e-mail) to contact firms and the internet to find information on wooden toys.

- (A) What does the term 'electronic mail' mean? (10 marks)
- (B) Identify two enterprise skills that Mark and Mary have used. (20 marks)
- (C) What is the 'internet' and how would it help Mark and Mary? (10 marks)
- (D) List three external methods of communication used by Mark and Mary. (15 marks)
- (E) Draft a business letter that Mary and Mark would write to M. Green, Newsagent, Main Street, Dunavon, to persuade him to take their products to sell in his store. (20 marks)

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 presented at the A.G.M. of the Allsports Club.

Allsports Treasurer's report 1999

1. At the end of 1998 the club had no cash in its Savings Account, loans of £10,000 and an overdrawn current account of £900.
2. During the year letters were written to twenty five firms for sponsorship. No replies were received. Fund raising is needed immediately.

R. Grant (Hon. Treasurer)

- (A) What is the financial position of the Allsports Club? (5 marks)
- (B) Outline **five** items that you would expect to find on the agenda of the Allsports Club AGM. (15 marks)
- (C) Distinguish between the role of a Chairperson and Secretary at an AGM. (20 marks)
- (D) Define the term 'credit control'. (10 marks)
- (E) List **three** management skills and explain **one** of them. (25 marks)

Managing

Question 6

Study the information supplied and answer the questions which follow.

The Hegarty family budget (Mike Hegarty's net take home pay is £900 monthly)			
	IR£ Jan.	IR£ Feb.	IR£ Mar.
A. Income	900	900	900
B. Expenditure	1,200	900	950
C. Net Cash (A-B)	(300)	0	(50)
D. Opening Cash	200	(100)	(100)
Closing Cash (C+D)	(100)	(100)	(150)

L & M Ltd. Cash Flow Forecast March 1998			
	IR£ Jan.	IR£ Feb.	IR£ Mar.
A. Total Receipts	5,000	12,000	24,000
B. Total Payments	8,000	11,000	15,000
C. Net Cash (A-B)	(3,000)	1,000	9,000
D. Opening Cash	1,000	(2,000)	(1,000)
Closing Cash (C+D)	(2,000)	(1,000)	8,000

- (A) Calculate Mike Hegarty's annual net take home pay. (5 marks)
- (B) Outline **three** reasons why L&M Ltd prepare a cash flow forecast. (15 marks)
- (C) What is a bank overdraft? Explain why the Hegarty family and L&M Ltd. both need to use an overdraft in January? (15 marks)
- (D) Outline some similarities in managing a household and managing a business. (15 marks)
- (E) List **three** principles of insurance and explain **one** of them. (25 marks)

Managing

Question 7

Study the information supplied and answer the questions which follow.

The Managing Director of R&D Ltd. has set up teams in each department in the firm. The finance team sent the following information by e-mail to the MD.

From: Finance Team (R&D Ltd.)				To: Managing Director		
Subject: Accounts Spreadsheet						
	Final Accounts	(extract)		Balance Sheet	(extract)	
	1998	1997			1998	1997
	IR£	IR£			IR£	IR£
Sales	100,000	60,000		Current Assets	40,000	60,000
Gross Profit	20,000	6,000		Current liabilities	80,000	40,000
Net Profit	5,000	3,000		Closing Stock	20,000	10,000
				Retained Earnings		50,000

- (A) What is a spreadsheet? (5 marks)
- (B) Outline three benefits of teamwork for the firm R&D Ltd. (15 marks)
- (C) Calculate the gross margin and the net margin for 1998 and 1997. Comment on the trend. (25 marks)
- (D) Calculate the working capital ratio and the acid test ratio for 1998 and 1997. Comment on the trend. (25 marks)
- (E) Define the term 'Retained Earnings'. (5 marks)

Business in action

Question 8

Study the information supplied and answer the questions which follow.

Jane Mills is a sole trader. She design and sells clothes. She cannot meet the demand for her products and is thinking of forming a private limited company to raise finance. She has been advised to move from job to batch production and to undertake an advertising campaign.

- (A) Explain what is meant by a sole trader. (10 marks)
- (B) Distinguish between job and batch production. (10 marks)
- (C) List three benefits for Jane Mills in forming a private limited company. (15 marks)
- (D) Identify two sources of medium term finance available to Jane and explain one of them. (15 marks)
- (E) Explain four types of advertising media and illustrate your answer with an example of each. (25 marks)