

LEAVING CERTIFICATE BUSINESS ORDINARY LEVEL 2002

SUPPORT NOTES

Section 1: (100 marks) Answer 10 questions. Each question carries 10 marks

1.	<p>(i). A.T.M: Automatic Teller Machine (ii). S.W.O.T: Strengths Weaknesses Opportunities Threats (iii). A.G.M: Annual General Meeting</p>	
2.	<p>Company Agenda. Minutes, Chairperson's report, Auditors report, AOB <i>(Matters arising, re-election of directors, dividend proposal, appointment of auditors, directors's fees, signature of company secretary....)</i></p>	
3.	<p>(i) Product (ii) Sales (iii) Saturation (iv) It helps the firm identify products at different stages of their lifecycle so that they can maintain products at different stages and not rely on products at the end of their cycle. <i>(Helps promotion of products at different stages)</i></p>	
4.	<p>An entrepreneur is a person who undertakes the risk of setting up and running a new business. Characteristics – An entrepreneur being innovative/creative in seeking out a new business opportunity, being motivated/decisive and flexible when setting up a business. <i>(Being confident, realistic, prepared to take moderate risks, a leader, good communicator)</i></p>	
5.	<p>Franchise is a business based on the name, logos and trading methods of an existing successful business. Example: McDonalds <i>(The granting by one company to another the right (licence) to supply its products. It is a contract where royalties are paid. Example: Kentucky Fried Chicken)</i></p>	
6.	<p>1. 2. 3. 4. 5. 6. B A G D F E</p>	
7.	<p>Business Ethics. These are moral principles that govern the actions of individuals or groups of business people. They are guiding principles on how to act in business situations. <i>(Business ethics are principles like honesty and fairness and how business should respect these when dealing with the interests of workers, customers, the environment and government. A set of guidelines (code or document) for management: rules for right and wrong)</i></p>	
8.	<p>Every member has one vote Open membership for every one People work together for a common goal</p>	
9.	<p>(i) True (ii) False (iii) True (iv) True (v) False</p>	

10.	Business plan – ownership, marketing, finance <i>(History of company and owners, production, cash flow, names of directors)</i>	
11.	The firm keeps its stocks at the right level to meet customer and production demand. To minimise losses from stealing. To keep storage costs low. <i>(Ensures effective use of stock of raw material and finished goods)</i>	
12.	To: Staff From: Ann Miller (Marketing Manager) Date: 12th June 2002 The monthly meeting on the 28th June is cancelled. <i>(Any date accepted before the 28th June)</i>	
13.	Indigenous firms are Irish owned. They are set up in Ireland by Irish people. <i>Example: Cement Roadstone, Superquin</i>	
14.	This means producing one unit (mock up/sample) of a product. <i>(When this has been tested and perfected, full production can be started)</i>	
15.	Sole Trader Partnership Private Company <i>(Public Company, Multinational, Business alliance, Franchise, State owned)</i>	

Section 2: (300 marks) Part 1

Question 1 (75 marks) People in Business		
1(A)	Sale of Goods and Supply of Services Act 1980	
1(B)	Remedies: Return with the bike to the shop and discuss with the shop assistant/manager. <i>(She could telephone the shop and discuss the problem, this time with the manager)</i>	
1(C)	Rights of Majella (customer): The Sale of Goods and Supply of Services Act 1980 requires that the bicycle should be of merchantable quality and fit for the purpose intended. The bicycle chain was faulty. This fact should be pointed out to the shop assistant (manager). Majella is entitled to: Repair/replacement/refund Duties of Better Bikes (shop) To sell goods which are of merchantable quality To sell goods fit for the purpose intended The shop should provide for repair, replacement or refund of cost	
1(D)	‘Work to rule’ is when employees refuse to carry out work that is outside the precise terms of their employment contract. <i>(The employees only carry out their contracted duties and nothing else).</i> An ‘official strike’ is one which is sanctioned by a trade union after a secret ballot of its members. Permission must be given by the Irish Congress of Trades Union (ICTU).	
1(E)	The LRC assists in the settling of disputes by acting as a neutral arbitrator. It provides a conciliation service. Both sides present their case to the LRC who are independent. The LRC suggest a solution which may not be binding.	

Question 2 (75 marks) Domestic Environment	
2(A)	The primary sector of the economy deals with food and raw materials and is based on the country's natural resources (agriculture, forestry, fishing, mining, oil fields).
2(B)	Challenges: The resources may run out, or become uneconomic. Agriculture can be affected by bad weather, disease etc. The environment needs to be protected.
2(C)	The secondary sector deals with construction and manufacturing. This sector is very important as it provides employment for many. It benefits the economy in helping build roads, telephone and mobile networks (infrastructure). Exports of the products enable the economy to expand.
2(D)	The tertiary sector involves people and companies providing services like finance, medicine, transport, tourism and education. It is important to the Irish economy as it provides employment and does not require significant natural resources. It is large contributor of taxes (VAT, PAYE, Company taxation) to the government.
2(E)	Capital and Enterprise. Labour is the skilled and unskilled workers who carry out work in return for wages and salaries.

Question 3 (75 marks) International Environment	
3(A)	The single European market is an agreement between members of the EU to remove barriers to free movement of goods and services, people and capital. It allows all member states to treat the EU as the home market. The euro reduces currency transactions and costs among the states in the euro zone. Irish firms benefit from EU grants. Irish firms have the right to bid for government contracts in Europe. Transnational companies are attracted to set up businesses in Ireland to access the single European market and this, in turn, provides opportunities for Irish firms.
3(B)	The role of the European Parliament: It represents the people of the EU. It is directly elected by the citizens of the member states. Ireland has 15 Members of the European Parliament (MEPs). Elections are every 5 years. It debates new legislation. It amends the EU budget. It supervises the Commission and Council.
3(C)	International Trade is commerce between countries. It involves exports and imports. The EU is important because it provides a huge market for Irish exporters. It also provides imports of raw materials for Irish industry.
3(D)	The Balance of Payments is a record of the money that flows into and out of Ireland. It is the balance between the value of exports of goods and services and imports of goods and services. If the value of exports is greater than that of imports the difference is called a surplus. <i>(The BOP shows both visible and invisible trade. Visible trade is visible exports and imports (eg coal) and invisible trade is invisible exports and imports (eg holidays abroad).</i>

Question 4 (75 marks) Managing 1	
4(A)	<p>Shareholders are individuals or institutions who invest (contribute) funds to a company in return for shares. They are the owners of the business.</p> <p><i>They receive dividends if the firm makes and distributes profits. They provide capital and are risk takers in the hope of reward. They lose their money if the business becomes bankrupt.</i></p>
4(B)	<p>The Board of Directors of a company is elected by the shareholders at the company's Annual General Meeting to run the business. The Board elects a managing director (chief executive) to run the business on a day to day basis.</p> <p><i>They ensure the business makes a profit so that the shareholders can be rewarded for their investments by receiving dividends.</i></p>
4(C)	<p>The Human Resources Manager is responsible for personnel planning, recruitment and selection, induction and training and monitoring of relations between employer and employees.</p> <p>The Marketing Manager is responsible for carrying out market research, planning and developing products, pricing and packaging.</p>
4(D)	<p>Planning involves setting targets for the future. A manager devises a plan, sets targets and decides how they can be achieved eg setting a budget.</p> <p><i>Organising is deciding who will do what in the firm.</i></p> <p><i>Controlling is comparing the targets set with the goals achieved. It measures performance to make sure the standards are being reached.</i></p>
4(E)	<p>Span of Control is the number of subordinates reporting to a manager. In the diagram provided four managers and the accountant report directly to the Managing Director, who is directly responsible to the Board of Directors.</p>

Question 5 (75 marks) Business in action	
5(A)	<p>A Retailer is a firm that sells products directly to the consumers. They normally buy in large quantities from wholesalers. A newsagent is a retailer.</p> <p>A Wholesaler is a firm that buys products in bulk from the manufacturer/producer and then resells in smaller quantities to the retailer. Musgraves Cash and Carry is a wholesaler.</p>
5(B)	<p>The traditional Channel of Distribution is the path through which goods normally pass on their way to the final user. The goods are manufactured by the producer who sells them to the wholesaler, who distributes them to the retailer, who sells them directly to the consumer.</p>
5(C)	<p>A merger is where two companies agree to come together to run their business as one. They normally trade under a common name.</p> <p><i>A merger is an agreement between two companies to bring both firms together under a common Board of Directors.</i></p> <p>The benefits: Repas Ltd. and PricePower2 Ltd will be able to share skills and resources. They gain guaranteed access to new markets. The merger benefits both firms because of new ideas and greater finance. They can share transport and advertising costs.</p>
5(D)	<p>Two sources of long term finance are Reserves (retained earnings) and Equity (share capital). Equity is finance provided by shareholders</p>

Question 6 (75 marks) Business in action	
6(A)	<p>'I.T.' stands for Information Technology: 'C.A.D.' stands for Computer Aided Design.</p>
6(B)	<p>Software is the term applied to the programmes of instructions that enable a computer to perform specific tasks eg wordprocessing, spreadsheets, internet browsing.</p> <p>Hardware is the term is applied to the physical components that make up a computer system eg cpu, disk drive, monitor.</p> <p>A spreadsheet is a software programme principally designed for mathematical calculations: it could be used by Ronan Design Ltd. to calculate the costs of design jobs and to provided estimates and invoices.</p>
6(C)	<p>Job Advertisement: Wanted – CAD operator with Design experience Send a letter of application and a CV to Mr. Barry Ronan, M.D., Ronan Design Ltd., Main Street, Letterkenny, Co. Donegal. The closing date for applications is the 21st July 2002.</p>
6(D)	<p>Letter of Application</p> <p style="text-align: right;">11, Mount Eden Tce., Galway. 12th June 2002.</p> <p>Mr. Barry Ronan M.D., Ronan Design Ltd., Letterkenny, Co. Donegal.</p> <p style="text-align: center;"><u>Re: CAD Operator with Design experience.</u></p> <p>Dear Mr. Ronan,</p> <p>I am writing in response to the advertisement for a CAD operator. I am enclosing a copy of my CV in support of this application.</p> <p>Yours sincerely,</p> <p><i>_john murphy_</i> John Murphy</p>
6(E)	<p>Importance of recruitment and selection Ronan Design Ltd. must recruit an employee who is appropriate and is skilled enough to do the job the firm needs. They must select the best candidate from the group who apply for consideration.</p>

Question 7 (75 marks) Managing 2/ Business in action	
7(A)	Disadvantages of being a sole trader: Sheila has unlimited liability and can be sued for her personal assets. While she will benefit from profits she will suffer all losses if they are made.
7(B)	Leasing and Hire Purchase are both medium term sources of finance
7(C)	Factors that influence a financial institution: Reason for the request for finance—is the van necessary? Ability to repay—is she making enough profit to repay the loan? Security--- what could she sell to repay the loan if she cannot meet her repayments?
7(D)	Gross profit is the profit before expenses are deducted. Net profit is the profit after expenses are deducted. <i>Gross profit = Sales – Cost of Sales</i> <i>Net profit = Gross profit - Expenses</i>
7(E)	Net Profit Percentage is Net Profit x 100/Sales. 2001 Net Profit % = 9900 x 100 divided by 64000 = 15.5% 2002 Net Profit % = 8500 x 100 divided by 62000 = 13.7% Comment. The net profit % trend is down as the percentage has decreased from 15.5% in 2001 to 13.7% in 2002.

Question 8 (75 marks) Managing 1 and 2	
8(A)	An insurance proposal form is an application form that must be filled out if a person or firm is taking out insurance on people or property.
8(B)	A premium is the fee paid annually to the insurance company by the person seeking insurance. In return, the insurance company will compensate the insured for loss or damage covered by the agreement. Factors taken into account by insurance firm: Location of house. Is it occupied during the day? Is it of unusual construction? Is there an alarm fitted?
8(C)	Contents insurance would be taken out to protect the contents of a house against risks such as theft, fire, breakage etc. It would provide compensation to the owner in the event of loss or damage to the specified items covered by the policy.
8(D)	An insurance contract requires that the person taking out the policy discloses all material facts relating to it. It requires the exercise of utmost good faith . A material fact is information that might affect the risk and thus the premium to be charged. Example: A person with a heart problem looking for life assurance would have to disclose this to the insurance company as this is a relevant fact related to life assurance.
8(E)	As the house and contents are underinsured the full amount of the claim will not be paid. The average clause applies. The amount to be paid will be the claim multiplied by the amount insured divided by the total value of the house and contents. Workings: €2000 x €80000 /€100000 = €1600.

Leaving Certificate Business

Ordinary Level 2002

Marking Scheme

Business Ordinary Level 2002	Section 1 Final marking scheme	Available marks 100
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Question	Scheme	Sub -totals	
1.	(i) 3 @ 1 mark each (ii) 4 @ 1 mark (iii) 3 @ 1 mark	3 4 3	10
2.	2 @ 3 marks each 2 @ 2 marks each	6 4	10
3.	(i) 1 @ 2 marks each (ii) 1 @ 2 marks (iii) 1 @ 2 marks (iv) 1 @ 4 marks	2 2 2 4	10
4.	2 @ 5 marks each (Example)	5 5	10
5.	2 @ 5 marks each (Example)	5 5	10
6.	5 @ 2 marks each	10	10
7.	2 @ 5 marks each	10	10
8.	2 @ 5 marks each	5 5	10
9.	5 @ 2 marks each		10
10.	1 @ 4 marks 2 @ 3marks	4 6	10
11.	2 @ 5 marks	5 5	10
12.	To. 1 @ 2 marks From. 1 @ 2 marks Date. 1 @ 2 marks Message. 1 @ 4 marks (28 th June acceptable for date)	2 2 2 4	10
13.	Explanation 2 @ 5 marks	10	10
14.	Explanation 2 @ 5 marks	10	10
15.	1 @ 4 marks 2 @ 3 marks	4 6	10
Section 1	Available Marks		100

Section 2 Part 1 Final marking scheme Total available marks 300

People in Business Question 1			
1 (A)	5 @ 2 marks (Sale, Goods, Supply, Services, 1980)		10
1 (B)	Method 1 @ 10 marks each	10	10
1 (C)	Legal rights 2 @ 5 marks each Duties 2 @ 5 marks each	10 10	20
1 (D)	Work to rule 2 @ 5 marks each Official strike 2 @ 5 marks each (sanction/ ballot)	10 10	20
1 (E)	Role LRC 3 @ 5 marks	15	15
Available marks			75

Domestic Environment Question 2			
2 (A)	Explain 1 @ 5 marks Examples 2 @ 5 marks	5 10	15
2 (B)	Challenges 3 @ 5 marks each		15
2 (C)	Importance 3 @ 5 marks each		15
2 (D)	Explain 2 @ 5 marks Contribution 1 @ 5 marks	10 5	15
2 (E)	List 2 @ 5 marks Explain 1 @ 5 marks	10 5	15
Available marks			75

International Environment Question 3			
3 (A)	Effects 2 @ 10 marks each		20
3 (B)	3 @ 5 marks	15	15
3 (C)	International trade 2 @ 5 marks each E.U 2 @ 5 marks	10 10	20
3 (D)	Explanation BOP 2 @ 10 marks each	20	20
Available marks			75

Section 2	Available marks	One question	75
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Part 1	Maximum Available marks	Two questions only	150
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SECTION 2**Part 2**

Managing 1		Question 4	
4 (A)	3 points @ 5 marks	15	15
4 (B)	3 points @ 5 marks	15	15
4 (C)	HRM 2 duties @ 5 marks each Marketing Manager 2 duties @ 5 marks each	10 10	20
4 (D)	Explanation 3 points @ 5 marks	15	15
4 (E)	2 @ 5 marks		10
	Available marks		75

Business in action		Question 5	
5 (A)	Retailer 2 @ 5 marks each Wholesaler 2 @ 5 marks each	10 10	20
5 (B)	Illustration 4 headings @ 3 marks each Clarity of graph 1 @ 3 marks (e.g. arrows/numbered)	12 3	15
5 (C)	Merger 2 @ 5 marks Benefits 2 @ 5 marks	10 10	20
5 (D)	LT sources 2 @ 5 marks each Explanation 2 @ 5 marks	10 10	20
	Available marks		75

Business in action		Question 6	
6 (A)	5 @ 2 marks {4, 6}		10
6 (B)	3 @ 5 marks (Software, Hardware, Spreadsheet)		15
6 (C)	Title of vacancy 1 @ 4 marks Name of company 1 @ 4 marks Letter of application 1 @ 4 marks CV 1 @ 4 marks Closing date 1 @ 4 marks	4 4 4 4 4	20
6 (D)	Own address 1 @ 2 marks Address 1 @ 2 marks Date 1 @ 2 marks Salutation 1 @ 2 marks Content 2 @ 3 marks Yours sincerely 1 @ 2 marks	2 2 2 2 6 2	

	Signature	1 @ 2 marks	2	
	Presentation (punctuation, spelling)	1 @ 2 marks	2	20
6 (E)	2 @ 5 marks each			10
	Available marks			75

Managing 2/ Business in Action Question 7
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7 (A)	2 @ 5 marks each			10
7 (B)	2 MT sources @ 5 marks each			10
7 (C)	3 @ 5 marks each			15
7 (D)	2 @ 5 marks each			10
7 (E)	NPP Formula 2 @ 2 marks	4		
	2002 Figures 2 @ 2 marks	4		
	2002 Answer 1 @ 4 marks	4		
	2001 Figures 2 @ 2 marks	4		
	2001 Answer 1 @ 4 marks	4		
	Comment 1 @ 10	10		30
	Available marks			75

Managing 1 and 2 Question 8

8 (A)	2 @ 5 marks each	10		10
8 (B)	Premium and Factors 3 @ 5 marks each	15		15
8 (C)	2 @ 5 marks each	10		10
8 (D)	3 points 2 @ 10 1 @ 5 marks	20 5		25
8 (E)	Compensation 1 @ 10 marks Workings 1 @ 5 marks	10 5		15
	Available marks			75

	Available marks	1 quest	75
Section 2	Available marks	2 quests.	150
Part 2	Maximum available marks	3 quests.	225