2021.M57

2021L033A1EL

Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate Examination 2021

Business

Section 1 and Answerbook

Higher Level

Thursday 17 June Morning 9:30 – 12:30

300 marks

Examination Number

Day and Month of Birth

For example, 3rd February is entered as 0302

Centre Stamp

The 2021 examination papers were adjusted to compensate for disruptions to learning due to COVID-19. This examination paper does not necessarily reflect the same structure and format as the examination papers of past or subsequent years.

Instructions

Write your Examination Number and your Day and Month of Birth in the boxes on the front cover.

Write your answers to all parts of the examination into this Answerbook.

Write your answers in blue or black pen. You may use pencil for sketches, graphs and diagrams only.

There are three sections in this examination. Questions for **Sections 2** and **3** are supplied separately but your answers must be written in this Answerbook.

Candidates are required to answer:

(A) Four questions from **Section 1 and**

(B) The Applied Business Question in Section 2 and

(C) Three questions from **Section 3** as follows:

One question from Part 1,
One question from Part 2,
and **ONE** other question from either Part 1 or Part 2.

All questions in this section carry equal marks.

Make and Model of calculator used:

Section 1 Short Answer Questions 40 marks

This section is compulsory. Answer four questions. Each question carries 10 marks.

1. **Column 1** is a list of business terms.
Column 2 is a list of possible explanations for these terms.
(One explanation does not refer to any of these terms.)

Column 1: Terms	Column 2: Explanations
1. Merger	**A** This occurs when one company purchases more than 50% of the shares in another company.
2. Economies of Scale	**B** Two businesses work together on a project but remain separate legal entities.
3. Acquisition	**C** Purchasing a company and selling off its assets to increase return for investors.
4. Diversification	**D** Two or more businesses join together to create a new legal entity.
5. Strategic Alliance	**E** A business spreads risk by not being dependant on one market or one product.
	F The cost of producing each unit decreases due to an increase in production/bulk buying of raw materials.

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

1	2	3	4	5

2. In the context of business, what do the following letters stand for?

Write each answer in the space provided.

WTO	
CAM	
EDI	
CAD	
JIT	

3. Camile Thai is a healthy, sustainable fast-casual restaurant franchise.

(i) Explain the term **franchising**.

(ii) Outline **one** benefit of a franchise as a **start-up** option.

4. Circle the **correct option** in the case of **each** of the following statements.

(i) A larger policy excess will result in a **higher / lower** insurance premium.

(ii) The person who calculates the amount of compensation to be paid to a claimant is known as an **Actuary / Assessor**.

(iii) **Indemnity / Utmost good faith** means you cannot make a profit from an insurance claim.

(iv) Loadings on an insurance policy result in an **increase / decrease** in the premium.

(v) An insurance company who tries to reclaim any losses against a third party is using the principle of **contribution / subrogation**.

5. Insert the correct state agency which corresponds with the explanations below.

Explanation	State Agency
This state agency helps local entrepreneurs establish and grow a business.	
This state agency helps existing indigenous firms to expand.	
This state agency supports the tourism industry and works to promote Ireland as a tourism destination.	
This state agency aims to attract foreign direct investment into Ireland.	

6. **(i)** Explain the term **invisible imports**.

(ii) Outline the impact of a **decrease** in invisible imports on the Balance of Payments.

7. Distinguish between **chain of command** and **span of control**.

8. Stylish Tile & Bath Ltd provided the following financial information for 2020:

Net Profit	€72,000	Return on Investment
Issued Ordinary Share Capital	€450,000	2019 = 7%
Long Term Loan	€100,000	
Retained Earnings	€26,000	

(i) Calculate the **Return on Investment (ROI)** for the owners of Stylish Tile & Bath Ltd for 2020. Show your formula and your workings.

Workings:	**Return on Investment 2020:**
	_____

(ii) Analyse the significance of the change in the Return on Investment for Stylish Tile & Bath Ltd.

9. **(i)** Distinguish between **enterprise** and **management**.

(ii) Suggest an example of enterprise in action in a school.

10. Illustrate, using examples, the role of **interest groups** in business.

11. Many leading global pharmaceutical companies are located in Ireland.



Outline **two** reasons why multinational companies locate in Ireland.

1.
2.

12. Outline **two** advantages in favour of privatisation for the Irish economy.

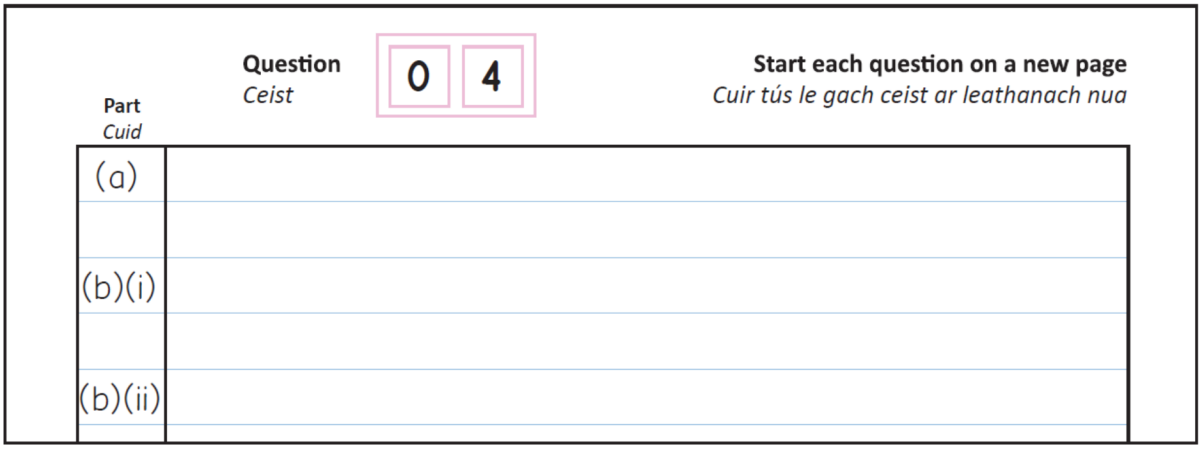
1.
2.

Answerbook for Sections 2 and 3

Instructions

Questions for **Sections 2** and **3** are supplied separately.

Start each question on a new page. Write the question number in the box at the top of each page. Use the left-hand column to label each part, as shown below.

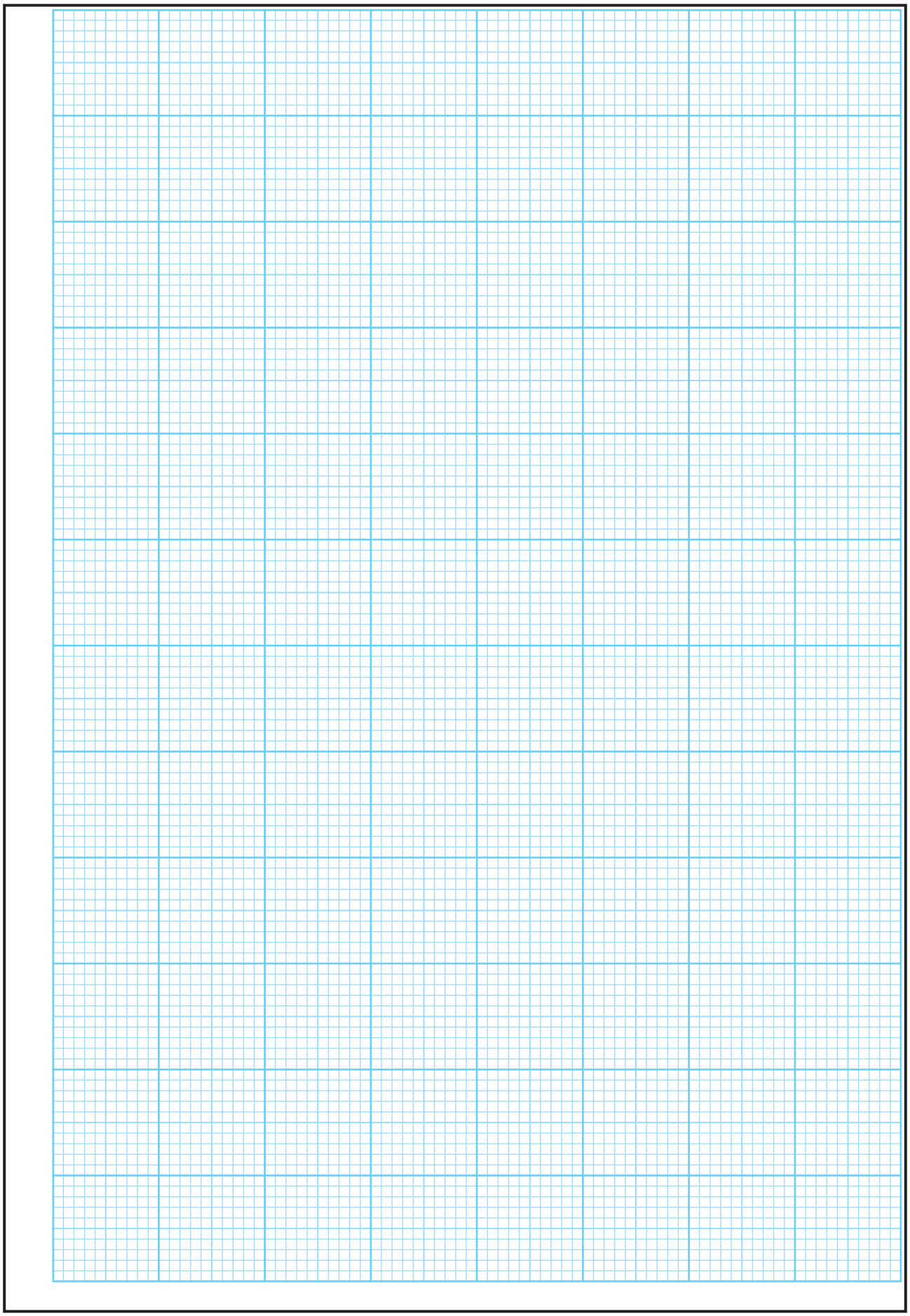


Two pages of graph paper are provided in this Answerbook. On pages with graph paper, the box for the question number is at the bottom of the page.

You do not need to use all of the pages in this Answerbook. If you run out of space in this Answerbook, you may ask the superintendent for more paper or graph paper.

Write your answers in blue or black pen. You may use pencil for sketches, graphs and diagrams only.

Question



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Business Section 1 and Answerbook

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