



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

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Day and Month of Birth

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For example, 3rd February
is entered as 0302

Centre Stamp

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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:

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.

	Question <i>Ceist</i>	<table border="1"><tr><td>0</td><td>4</td></tr></table>	0	4	Start each question on a new page <i>Cuir tús le gach ceist ar leathanach nua</i>
0	4				
Part <i>Cuid</i>					
(a)					
(b)(i)					
(b)(ii)					

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.



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate Examination 2021

Business – Higher Level

Sections 2 and 3

Thursday 17 June – Morning 9:30 - 12:30

Candidates are required to answer:

The Applied Business Question in Section 2 AND

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 Section 3 carry equal marks.

Do not hand this up

This is a compulsory 80 mark question based on Units 3, 4 and 5.

Write your answer in the Answerbook containing Section 1

Miriam's Crèche

Miriam Brophy set up Miriam's Crèche and Childcare Ltd in 2017. Miriam's Crèche offers childcare services for children aged between three months and 12 years of age. Miriam aims to be the leading provider of childcare services in the area by 2030. The vision for the business is to offer each child the surroundings to develop to their full potential with friendly, professional staff. Miriam manages the business on a day-to-day basis. She places an importance on attracting and retaining high quality staff. Miriam communicates all key messages at the weekly staff meetings. In 2019, Miriam started to research taking over a competitor. After 12 months of negotiations, Miriam purchased a rival business which owned three nearby crèches.



Prior to setting up the business, Miriam's experience with budgeting, insurance and taxation was limited. However, as a business owner, she had to familiarise herself with new payments such as commercial rates. Miriam recognised the need to be tax compliant. Miriam hired the services of a local accountant to ensure the company paid the correct amount of taxation on their profits. She also received advice from an insurance broker. They discussed the need to have adequate policies in place to protect the business in case a child is injured in the crèche. The meeting also highlighted the need to have cover in place against the risk of financial loss as a result of a member of staff claiming for injury.

Miriam charges a higher price than any of her competitors in the area. This strategy has paid off as Miriam's Crèche has a waiting list in all of her childcare facilities. Miriam also understands the need to promote the business. The crèche offers a bus service to and from the 'afterschool' for primary school children. The bus is branded with the company logo. Annually, Miriam sponsors sports kits for local underage sports teams. She feels that sponsorship and an active social media campaign are more effective than paying for advertisements. When sponsoring teams, Miriam insists her business logo is visible on the team kit and the team must organise a photo event with local newspapers.

- (A) Outline, using examples, the different types of planning that contribute to the success of Miriam's Crèche. (30)
- (B) (i) Discuss, with reference to the text, the types of business insurance you would recommend for Miriam's Crèche.
- (ii) Describe **two** types of taxation Miriam's Crèche might pay. (30)
- (C) Evaluate the **price** and **promotion** element of the marketing mix for Miriam's Crèche. (20)

Write your answers in the Answerbook containing **Section 1**

Answer **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 carry 60 marks.

Part 1
People in Business / Business Environment

Question 1**People in Business**

Read the information supplied and answer the questions which follow.



Louise and Cormac wanted to buy their first home. They visited the CCPC website for advice. They placed a bid on a house they liked, which was accepted. They signed their mortgage contract in their solicitor's office and received the keys to their new property.

- (A) Explain, using examples where appropriate, **three** essential elements of a valid contract. (20)
- (B) Evaluate the role of the Competition and Consumer Protection Commission (CCPC). (20)
- (C) Outline **three** types of redress available to employees who have been unfairly dismissed under the Unfair Dismissals Act 1977/2015. (20)

Question 2**Domestic Environment**

Read the information supplied and answer the questions which follow.

Inflation hits 10 year low!

Adapted from The Irish Times

(A) Illustrate the impact of the following economic variables on Irish businesses:

Interest rates

Inflation rates

Employment

(20)

(B) Apart from taxation, discuss the different ways in which the Irish Government affects the labour force in Ireland. (20)

(C) Read the information supplied and answer the questions which follow.

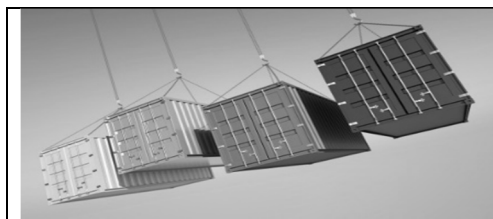
Community development has never been more important.

(i) Explain the term 'community development'.

(ii) Describe the **economic** and **social** benefits of community development. (20)

Question 3**International Environment**

Read the information supplied and answer the questions which follow.



China and 14 Asia-Pacific countries agreed a historic free trade deal in November 2020.

Trade barriers continue to impact trade between some countries.

(A) Outline, using examples, the barriers to free trade used by some countries. (20)

(B) **(i)** Explain the term **globalisation**.

(ii) Analyse how changes in the international economy are impacting Irish businesses. (20)

(C) Evaluate the impact on Ireland of any **two** of the following policies:

(i) The Common Agricultural Policy

(ii) The Competition Policy

(iii) The European Union Social Charter. (20)

Read the information supplied and answer the questions which follow.

The ASTI conducted a ballot for industrial action in October 2020.



- (A) (i) Outline **two** causes of industrial relations disputes.
- (ii) Discuss **two** types of official industrial action available to employees involved in an industrial dispute with their employer. (20)
- (B) Describe a co-operative relationship and a competitive relationship between two producers in the same line of business. Use appropriate examples to support your answer. (20)
- (C) Read the information supplied and answer the questions which follow.

Premier League soccer player Jack Wilshere and his club West Ham Utd agree 'mutual termination of midfielder's contract'.

Adapted from the Irish Independent



- (i) Explain the method of terminating a legal contract as referred to in the text above.
- (ii) Outline other methods for terminating a legal contract. Provide an example in each case. (20)

Part 2 Enterprise

Question 5

Enterprise/Managing

Read the information supplied and answer the questions which follow.



Ballymakenny Farm Heritage & Speciality Potatoes

Maria Flynn and her husband David are potato farmers. Maria saw a niche in the market to start growing their own speciality Purple Violetta Potatoes.

Ballymakenny Farm now supply their speciality potatoes to leading chefs and restaurants.

- (A) Discuss the entrepreneurial skills and characteristics you would associate with entrepreneurs like Maria and David. (20)
- (B) Illustrate the factors that a business needs to consider when communicating with its various stakeholders. (20)
- (C) (i) Define the term **delegation**.
(ii) Describe the benefits of delegation for:
- management
 - the employees. (20)

Read the information supplied and answer the questions which follow.

The logo for Kerry Group, featuring the word "KERRY" in a bold, white, sans-serif font on a dark rectangular background.

Kerry Group is a leading taste and nutrition company. Total Quality Management (TQM), reward schemes and teamwork are evident in many leading companies such as Kerry Group.

- (A) (i) Distinguish between **forming** and **norming** as stages in team development.
- (ii) Outline **two** benefits of **teamwork** for the employees in a business. (20)
- (B) Discuss the benefits of adopting a Total Quality Management (TQM) system for a company such as Kerry Group. (15)
- (C) Read the information supplied and answer the questions which follow.

Businesses offer a range of rewards to attract high calibre staff.

- (i) Explain the following types of financial and non-financial rewards.

Commission Employee Share Purchase Plan Flexitime

- (ii) Describe **one** other type of reward that you believe motivates employees. (25)

Read the information supplied and answer the questions which follow.

Moon Moods

The entrepreneurs behind Moon Moods set up a business that produces soft, comfortable and beautiful bedding for children and babies.



(A) Outline the internal **and** external sources of new product ideas for businesses. (20)

(B) Moon Moods has provided the following information for their new product line:

Forecast Output (Sales)	30,000 units
Selling Price per unit	€15
Fixed Costs	€200,000
Variable Costs per unit	€5

Illustrate the following by means of a breakeven chart:

- (i) Breakeven point
- (ii) Margin of safety at the forecast output
- (iii) Profit at forecast output. (25)

(C) (i) Define the term **margin of safety**.
(ii) Discuss **one** limitation of a breakeven analysis when making business decisions. (15)

Read the information supplied and answer the questions which follow.



Aimee Connolly

Aimee Connolly started working behind a makeup counter when she was a transition year student. While studying at university, Aimee decided to create her own makeup business and produce makeup products. *'Sculpted by Aimee'* is now a very popular makeup brand. The products are sold nationally and internationally.

(A) Discuss the three challenges below that a new business start-up must address.

Ownership structure **Production** **Finance** (20)

(B) Describe **the first four** stages involved in the development process of a new product. (20)

(C) (i) Define the term **market segmentation**.

(ii) Illustrate **two** different ways a market can be segmented. (20)

Do not hand this up

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Business – Sections 2 and 3

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