

Unit 4

5. (a) Explain the term 'interest rate'.

- (b) Outline **two** possible economic impacts of low interest rates for Irish businesses.

(i) _____

(ii) _____

6. In the context of business, what do the following letters stand for?
Write your answers in the spaces provided.

FDI	
HRM	
USC	
ECB	
CGT	

3. Explain the difference between the terms *tax rates* and *tax credits*.

6. In the context of business, what do the following letters stand for?
Write your answers in the spaces provided.

R&D	
PLC	
IBEC	
EGM	
DIRT	

2. (a) Explain the term 'Return on Investment' (ROI).

- (b) Using the figures below calculate the ROI for 'Natural Options Ltd.'. (Show your workings.)

Net Profit	€ 57,000
Ordinary Share Capital	€ 140,000
Reserves	€ 56,000
Long Term Loan	€ 24,000

Workings:

Answer

9. (a) Explain the term 'Short-term finance'.

(b) Illustrate a business situation where 'short-term finance' **would** be appropriate.

10. Outline **two** strategies management could use to help employees adapt to change.

(i) _____

(ii) _____

7. Illustrate the difference between the insurance principles 'Insurable Interest' and 'Indemnity'.

(a) Insurable interest is:

(b) Indemnity is:

10. (a) From the following figures calculate the net pay of Hazel Dunne.

Gross Pay €50,000, Tax Credits €6,000

Standard Tax Rate 20%

Higher Tax Rate 41%

Cut-off Point €36,400

Workings

(b) State **two** tax credits a person may be entitled to.

(i) _____

(ii) _____

1. Distinguish between the following taxation forms: Form P45 and Form P60.

(a) Form P45 is:

(b) Form P60 is:

3. Distinguish between 'Public Liability' and 'Fidelity Guarantee' as types of insurance.

(a) Public Liability Insurance is:

(b) Fidelity Guarantee Insurance is:

3. Differentiate between Working Capital and Equity Capital.

7. (a) Identify a suitable source of finance for the purchase of a delivery van in a new business enterprise.

(b) Give **two** reasons for your choice.

(i) _____

(ii) _____

10. (a) John O'Neill owned a house worth €350,000 and had insured it for €300,000 when a fire caused a partial loss of €63,000. Calculate the amount the insurance company will pay. **(Show your workings.)**

Workings

(b) Name the principle of insurance that applies in (a) above.

7. The following figures relate to a company for the past two years.

	2005	2004
	€	€
Authorised Share Capital	500,000	500,000
Ordinary Share Capital	420,000	320,000
Long-term loans	140,000	270,000
Retained Earnings	30,000	40,000

Workings

Calculate the Debt/Equity ratio for 2004 and 2005:

2004 _____ 2005 _____

Indicate, by means of a tick (✓), whether the trend is improving or disimproving and give **one** possible reason for this:

Improving		Disimproving	
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Reason: _____

9. (a) Define short-term finance:

(b) Outline **two** short-term finance options available for an established manufacturing business:

(i) _____

 (ii) _____

2. 'Risk Management' requires managers to:

7. Distinguish between the insurance principles (i) Utmost good faith and (ii) Indemnity.

(i) _____

(ii) _____

8. The following are figures relating to Laser Ltd.

	2004	2003
Current Assets	90,000	85,000
Current Liabilities	60,000	40,000
Closing Stock	20,000	25,000

Workings

Calculate the Acid Test Ratio for 2003 and 2004.

2003 _____ 2004 _____

Indicate, by means of a tick (✓), whether the trend is improving or disimproving and give one possible reason for this.

Improving		Disimproving	
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Reason: _____

9. The following table shows three types of production and four qualities. For each quality, tick (✓) the type of production which is **most** likely to match that quality.

	JOB	BATCH	MASS
Unique products			
Groups of products			
Highly skilled direct labour			
Expensive products			

3. Illustrate your understanding of the term “Taxation Credit”

4. Complete this sentence:
Empowerment helps a business to:

6. (i) Explain why a business would calculate the Debt / Equity Ratio.

(ii)

	<u>2003</u>
Long Term Loans	100,000
Ordinary Share Capital	50,000
Reserves	25,000
Overdrafts	15,000

Workings

Calculate the Debt / Equity Ratio for the year 2003: _____ : _____
Show all workings.

2. Distinguish between a P45 and a P60

(i) _____

(ii) _____

5. Column 1 is a list of Business terms. Column 2 is a list of possible explanations for the terms. Match the two lists by placing the letter of the correct explanation beside the relevant number below. One explanation has no match.

Column 1: Terms		Column 2: Explanations
1.	Planning	(a) An original model from which subsequent copies are made or developed.
2.	Proactive	(b) A written application for insurance, outlining the cover required and including all facts.
3.	Proposal Form	(c) Putting a value on employee's work and often relating this to the level of salary and other rewards.
4.	Performance Appraisal	(d) The selection of organisational goals for the future and the finding of ways to achieve them.
5.	Prototype	(e) A document sent to the tax office by the employer, on behalf of each employee, before the tax year begins.
		(f) Taking positive steps to achieve objectives rather than waiting for things to happen.

1		2		3		4		5	
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8. Illustrate your understanding of the term 'Performance Appraisal'.

9. Outline two reasons why a business would calculate the Working Capital Ratio.

(A)

(B)

7.

	2000	1999	Workings
	IR£	IR£	
Long Term Loans	310,000	307,000	
Ordinary Share Capital	210,000	150,000	
Reserves	98,000	55,000	
Overdrafts	56,000	76,500	

Calculate the Debt / Equity Ratios for each Year. 2000 _____ : _____ and 1999 _____ : _____ Show workings.

Comment on the trend.

9. If a Business premises had a market value of IR£450,000 and was insured for IR£350,000 when a partial loss of IR£124,000 was caused due to a fire in the office part of the building, calculate the amount of compensation to be paid to the insured.

	Workings
IR£ _____	

Explain your answer

6. Outline three areas of responsibility of a Human Resource Manager.

(i)

(ii)

(iii)

7. Total Quality Management (TQM) helps business because it:

9. List two short term and three long term sources of finance suitable for a new business enterprise.

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____
- (v) _____