
1. Explain the legal term 'capacity to contract'.

Give **TWO** examples of situations where an individual or legal entity does not have capacity to contract.

(i) _____

(ii) _____

5. Outline three problems of e-mail in business.

(i) _____

(ii) _____

(iii) _____

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

(i) _____

(ii) _____

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

IBEC	
ICTU	
ISME	
IFA	
CAI	

Managing

Question 6

(A) Outline the financial rewards used for motivating employees. (15 marks)

(B) Equinox Design Ltd is a graphic design business.

From the figures given below for **2016**, calculate the following for Equinox Design Ltd:
(Show your workings.)

(i) Net Profit Margin	(iii) Return on Investment
(ii) Current Ratio	(iv) Debt/Equity Ratio

Equinox Design Ltd: Information for 2016	
Sales	€200,000
Net Profit	€30,400
Current Assets	€20,000
Current Liabilities	€16,000
Issued Ordinary Share Capital	€300,000
Long-Term Loan	€400,000
Retained Earnings	€60,000

Equinox Design Ltd: Results for 2015	
Net Profit Margin	20.5%
Current Ratio	2:1
Return on Investment	8%
Debt/Equity Ratio	0.7:1

(20 marks)

(C) (i) Analyse the profitability **and** liquidity of Equinox Design Ltd for 2016, with reference to the results for 2015 shown in the box above.

(ii) Should Equinox Design Ltd expand its business? Outline **one** reason for your answer.

(iii) Outline **two** limitations of using ratios to analyse the final accounts of a business.

(25 marks)
(60 marks)

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.

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)

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)

11. Illustrate your understanding of a Joint Labour Committee.

12. Outline **two** functions of a Local Enterprise Office (LEO) in supporting small businesses in Ireland.

(i)	
(ii)	

Question 6**Managing**

Read the information supplied and answer the questions which follow.

The Royal Oak Hotel is a venue for evening functions such as Debs balls in the local area. There is also a restaurant and leisure centre in the hotel. They have requested a letter from their insurance provider, Super Insurance LTD, outlining the types of insurance they recommend a hotel should have in place.

(A) Outline the different types of insurance that The Royal Oak Hotel should have in place. (20)

(B) Discuss the strategies used to manage change in a business. (20)

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

Gemma is a manager at The Royal Oak Hotel and earns a gross annual salary of €55,000. Her employer provides her with a Benefit in Kind worth €20,000. This is treated as income for tax purposes and is taxed accordingly.

PAYE	
20% on the first €44,000	40% on the balance of her gross income.
Tax Credits	
Single person Tax Credit €1,875 Employee Tax Credit €2,000	
USC	
0.5% on the first €12,012 2% on the next €9,281 3% on the balance	
PRSI	
4% of her gross income	

Calculate each of the following for Gemma. (show your workings)

(i) The PAYE which Gemma has to pay

(ii) The total amount of USC paid.

(iii) The total amount of PRSI paid

(iv) Gemma's net annual take-home pay. (20)

Question 7

Managing/Business in Action

Read the information supplied and answer the questions which follow.

Glanbia acquired The Optimum Nutrition brand in 2008. This was part of a shift in focus towards consumer nutrition products.



(A) Discuss the advantages **and** disadvantages of an acquisition (takeover) as a method of business expansion. (20)

(B) Illustrate **four** stages, apart from launch, that Glanbia may use for developing a new product. (20)

(C)

Anthem Transport Ltd is a large courier business with operations in Ireland. They purchased a small regional courier which has an aging fleet and outdated I.T. system.

Discuss how Anthem Transport Ltd could use different medium-term sources of finance for their medium-term needs. (20)