

(A)

Long-Term Loan:

Crowley Housebuilders Ltd. can borrow a large sum of money for a period of between 5 and 30 years. Each year, the business pays interest on the loan as well as repays the principal in instalments. The business may also need to provide collateral against the loan.

“They took advantage of low-interest rates and received approval for a 20-year long-term loan to fund expansion into Europe and Asia.”

Issued Share Capital:

Crowley Housebuilders Ltd. can sell shares in the business to new investors. This gives away ownership in the business however the payment of dividends is not mandatory.

“The company raised €3 million from issuing share capital.

Reserves:

This is money that the Crowley Housebuilders Ltd. has saved up from previous years they have made a profit. This may be useful as no interest is paid on this amount but the quantity may be restricted in size.

“The business was benefiting from economies of scale and their cash reserves were healthy.”

(B)

### Benefits

Increased Sales:

Crowley Housebuilders Ltd. can access a larger market by expanding internationally as there are more potential customers, leading to higher revenue and profits.

“However, as management systems improved the company began to gain market share in several countries.”

Improved Economies of Scales:

By expanding into a larger market, Crowley Housebuilders Ltd. will begin to produce and sell in bulk, which will reduce each unit's cost.

“The business was benefiting from economies of scale and their cash reserves were healthy.”

### Challenges

Increases Competition:

There are more businesses to compete with when expanding internationally, which may prove more difficult for Crowley Housebuilders Ltd. than only competing with Irish firms.

“They struggled to compete with local firms in international markets.”

Different Legislation:

Crowley Housebuilders Ltd. will have to adapt to each country's legal systems, ensuring they are compliant with all relevant laws to ensure they do not receive any fines.

“Crowley Housebuilders Ltd had to adapt to the varying legislation in other countries.”

(C)

Crowley Construction Ltd. must take into consideration interest rates. This refers to the cost of borrowing capital expressed as a percentage of the amount borrowed. An increase in interest rates leads to less consumer borrowing, which may lead to lower sales for Crowley Construction.

“Recently, across the world, interest rates have begun to increase.”

Crowley Construction Ltd. must take into consideration inflation rates. This is the sustained increase in the general level of prices over a period of time. Currently, inflation is high and this will have a negative impact on Crowley Construction costs as the cost of wages, raw materials etc. will increase.

“Supply chain issues have caused delays, and inflation has led to a massive increase in price of raw materials.”

Crowley Construction Ltd. must take into consideration employment rates. This refers to the percentage of the labour force who are engaged in paid employment. A decrease in employment levels may have a negative impact on Crowley Construction as people have less income and consumer spending decreases. This leads to a decrease in sales for Crowley Construction.

“She is considering consolidation which could lead to job losses.”

Crowley Construction Ltd. must take into consideration exchange rates. This refers to the cost of one currency in terms of another. Crowley Construction Ltd. must ensure that changing exchange rates do not affect their profits as rates are variable and subject to change. If Crowley Construction expanded within the Eurozone, the Euro currency would give stability to the rate of exchange.

“fluctuations in exchange rates are also adding to the uncertainty”

**(A)**

**(i)** A co-operative relationship exists when both parties work together towards a common goal. It is a win-win situation.

Employer and employee: An employer could ask an employee to work overtime as they are short-staffed and would pay them time-and-a-half pay. Both parties benefit.

Investor and the manager of a business: The manager may ask for more capital from the investor in order to grow the business and in return, the investor will receive higher dividend payments in the future when profitability increases. Both parties benefit.

**(ii)** A competitive relationship exists when both parties work towards a mutually exclusive goal. It is a win-lose situation

Employer and employee: An employee may ask an employer for a pay increase to ensure their standard of living but the employer may refuse to give a pay rise as they wish for the businesses' profitability to remain high. One party benefits at the expense of another.

Investor and the manager of a business: The investor may want the manager to increase dividends but the manager wishes to keep all profits in the business in order to expand. One party benefits at the expense of another.

**(B)**

**(i)**

Goods should always be of merchantable quality. This means they should be of reasonable standard or quality taking into account what they are supposed to do, their durability and the price paid.

Services should be provided by an individual with the proper qualifications and skills for the job. They should also take due care and diligence while carrying out the service.

It is illegal for businesses to display signs that may trick consumers into believing they do not have their statutory consumer rights. Signs such as 'credit notes only' or 'no refunds' are banned.

**(ii)**

You have the right to a 14-day period to change your mind if you buy something online, over the telephone, through door-to-door selling with a value of €50 or more or through a street trader with a value of €50 or more

(c)

Consideration:

Something of value must be exchanged between both parties. E.g. Mark sells his house to Sarah for €500,000. Both parties received something of value.

Legality of Form:

Certain contracts must be drawn up in a certain format in order to be legally valid. E.g. A house sale must be in writing and signed by both parties in order to be valid.

Intention to contract:

All parties must be aware that the contract they are entering is legally binding and not just a social agreement. They could end up in court if they fail to fulfil their end of the agreements. E.g. A kid who leaves out the bins for their parents can't be sued for their pocket money as it is a social agreement.

**(A)**

**(i)**

Privatisation: The sale of a state-owned asset to private investors. E.g. The Irish Government sold Aer Lingus to private owners.

Nationalisation: The government taking over control of a privately owned business. E.g. The Irish Government took over AIB following the 2008 financial crisis.

**(ii)**

Benefit:

Increased Government Revenue: The government will get a large lump sum when selling off a state-owned asset. This can then be used to repay the national debt or invest in infrastructure.

Challenge:

Increased Unemployment: As a result of being privately owned, the company will now want to make a profit. This may lead to redundancies and thus, unemployment may increase as well as social welfare expenditure for the government.

**(B)**

Raise capital:

A business may want to change its ownership structure from a sole trader to a private limited company in order to raise capital as they could take on up to 149 investors which could collectively raise more than an individual running the business.

Liability:

A business may want to change its ownership structure from a partnership to a private limited company in order to benefit from limited liability. This would mean that shareholders would not be liable for the debts of the business if it went bankrupt.

Lower corporate tax:

A business may want to change its ownership structure from a sole trader to a private limited company in order to have a lower tax on its profits. A sole trader pays 20/40% self-assessment tax on profits whereas a private limited company pays 12.5% corporation tax.

(C)

An environmentally responsible business is honest. When an accident such as an oil spill occurs, they tell the relevant authorities immediately in order to rectify the situation.

An environmentally responsible business is aware of its impact and has regular environmental audits. They invite unbiased inspectors into the business in order to determine the business's impact on the environment. They then make an active effort to rectify any negative impact.

An environmentally responsible business consults others. Before beginning a project, the business may consult the Environmental Protection Agency (EPA) in order to mitigate the negative environmental impacts of the project.

An environmentally responsible business aims to reduce its waste production. The business will ensure all sensitive waste is disposed of safely and properly and will also encourage staff to reduce, reuse and recycle (3Rs).

**(A)**

Free movement of labour:

Ireland's membership in the EU allows highly skilled workers from Ireland to work in Europe and vice versa. This allows labour shortages in Ireland to be filled faster

Increased sales for Irish businesses:

Ireland's membership in the EU allows the free movement of goods and services. This lets Irish businesses sell their products to a larger market, thus increasing sales and profits.

Increase in Foreign Direct Investment (FDI):

Ireland's membership in the EU has attracted many US firms to set up their European headquarters here. This has increased employment in Ireland as well as boosted the Irish government's corporation tax receipts.

Irish businesses benefit from EU policies:

Ireland's membership in the EU allows Irish farmers to obtain subsidies due to the common agricultural policy (CAP). This has boosted farmers earnings and standard of living.

**(B)**

Special interest groups are groups which attempt to influence the political and decision-making process of the European Union.

They do this by setting up offices in Brussels and Strasbourg in order to put pressure on the Commission through media pressure and demonstrations.

They also lobby members of the European Parliament to influence the decision-making process by promoting their point of view.

E.g. The Irish Farmers Association regularly lobbies members of the European Commission to increase the Common agricultural payment (CAP).

Evaluation: In my opinion, special interest groups have a negative impact on decision-making as when they lobby members of the European Union, they fail to take into full account their proposed actions on other groups.

(C)

**Positives:**

MNCs pay corporation tax on their profits to the Irish government every year. In 2022, MNCs paid over 75% of the total corporation tax intake, allowing the Irish government to spend more on social welfare and infrastructure projects.

MNCs create a large proportion of employment in Ireland. In 2022, over 200,000 people were employed by MNCs such as Google, Meta and Pfizer. This reduces the rate of unemployment and reduces the burden of social welfare on the government.

**Negatives:**

MNCs aren't loyal to Ireland. While Ireland is a good location to locate, MNCs will leave if the cost of operating here becomes unfeasible and a better opportunity arises. E.g. Dell moved operations to Poland as the cost of production became cheaper.

MNCs increase competition for Irish SMEs. Smaller Irish businesses may be unable to compete with the lower prices and greater variety offered by MNCs and thus, they may become unprofitable. E.g. Many Irish businesses may close due to Amazon's competition.

**(A)**

**(i)** Collective bargaining is a process of negotiation between employers and employees. Both sides try to compromise and work together to find common ground usually with regard to worker's pay.

**(ii)**

**Secret ballot:** The act states that in order for a strike to take place, a secret ballot must be held. If a majority vote in favour of the industrial action, a strike can take place. A week's notice must be given to the employer.

**Primary Picketing:** Under the act, it is legal for employees to picket outside the employer's premises with placards as long as it is peaceful.

**Immunity:** The act states that trade unions and members on strike are not liable for losses suffered by the employer during an industrial action as long as it is a legal strike (i.e. all steps are followed).

**(B)**

Incompetence:

If an employee consistently fails to meet their sales targets over a significant period of time, this may lead to the employee being fairly dismissed.

Incapability:

If an employee persistently shows up late for work or is regularly absent without notice, this may lead to the employee being fairly dismissed.

Redundancy:

If the economy begins to worsen, a business can dismiss employees fairly. The business must ensure the procedure for laying off employees is adequate (e.g. last in, first out).

Qualifications:

If an employee lies about their qualifications on their CV, this may lead to the employee being fairly dismissed. Similarly, if an employee fails to upskill with adequate time and notice, they may be fairly dismissed.

(C)

Advisory Service:

Advisors from the WRC aid businesses in the development of good industrial relations practices in the workplace. They focus on areas such as grievances, discipline and consultation.

Conciliation Service:

Free service where an industrial relation officer (IRO) hosts a conciliation conference. It is a voluntary process where both parties negotiate and the IRO may offer a solution. It is not legally binding.

Adjudication Services:

A service where an adjudication officer holds a hearing and listens to both party's points of view and evidence. They will then give a written decision that is legally binding if it has been agreed prior. This decision can be appealed in the labour court.

Inspection Service:

An inspector from the WRC ensures compliance with all equality and employment legislation. If a business is in breach, they may issue a compliance or fixed payment notice.

**(A)**

Physical Needs:

Basic needs for food, water shelter and clothing. E.g. A manager could pay a fair salary to all employees.

Safety Needs:

The need to feel safe and physically secure. E.g. A manager could offer long-term contracts to all employees.

Social Needs:

The need for social interaction, friendship and a sense of belonging. E.g. A manager could organise regular employee sporting events for employees to mix and develop friendships.

Esteem Needs:

The need for recognition and praise from others. E.g. A manager could deliver 'employee of the month' awards to staff who have succeeded.

Self-actualisation needs:

The need to achieve one's full potential and be the best one can. E.g. A manager could give employees promotions and aid them in achieving higher education such as a master's degree.

**(B)**

Improves morale:

Employees will feel that their manager trusts them and will take pride in their work. This will motivate them to work harder and encourage them to take on more responsibility.

Improved communication:

As employees feel there is a more open work environment and mistakes will be seen as a tool for learning, they will be more likely to suggest new ideas and will be receptive to changes.

More training required:

As managers will be delegating more complex tasks to staff, they need to ensure all employees have adequate training. If not, they may resist this management approach or make costly mistakes.

**(c)**

**(i)**

Enterprise refers to an attempt to take a personal and financial risk in order to create something new for the return of profit. It involves combining the factors of production into a business unit

Management is a goal-orientated process. It involves planning, organising and controlling a business and a manager should have the skills of leadership, motivation and communication.

**(ii)**

Focuses the business on the future:

Planning allows a business to set down goals and achievements that they are hoping to accomplish. It allows them to set a guide with which they can follow to hit their targets, reducing uncertainty.

Attracts investors:

A business that has long-term strategic objectives and a roadmap of how to get there will assure potential investors that the company will succeed. This may increase the likelihood they will invest capital.

**(A)**

**(i)**

If a business is underinsured, they have failed to insure an asset for its full cost. If, for example, a fire burnt down a warehouse that was underinsured, the business would not receive the full amount in compensation from the insurance policy. This could lead to severe financial difficulty for the business as they may be unable to afford the building of a new warehouse.

**(ii)**

Public liability insurance:

This would protect the hotel against financial loss as a result of a claim made by a customer/guest injuring themselves on the hotel's premises.

Employer liability insurance:

This would protect the hotel against financial loss as a result of a claim made by an employee due to an injury suffered while working on the hotel's premises.

**(B)**

**(i)**

Flexible working conditions refer to an agreement between an employer and employees that allows employees to decide their work hours, within an agreed period. This may allow employees to start work early and finish early or even work from home if possible.

**(ii)**

### **Financial Rewards**

Commission:

An employee receives a percentage of each sale they make. E.g. a car sales-person.

Bonus:

A lump sum paid to an employee usually after reaching certain targets.

### **Non-financial Rewards**

Benefit-in-kind:

A non-cash payment given to an employee. E.g. a company phone or free meals.

Job enlargement:

Allowing an employee to fulfil their self-actualization needs. E.g. Voluntary work schemes or further education opportunities.

(C)

Job Description:

Outlines the job title and salary for the role. It will also lay out the daily duties and responsibilities as well as who you report to.

Person Specification:

Outlines the ideal potential candidate for the role. It may state specific characteristics, academic qualifications and skills required such as the ability to work well under pressure.

Internal Recruitment:

This involves looking internally in a business and promoting someone to a higher role. This may improve morale for some employees as they have a target for what to achieve but candidates may not have a wide range of experience.

External Recruitment:

This involves looking for employees not currently in the business and may be done through a recruitment agency or LinkedIn. This may lead to a large pool of experienced candidates but these applications may not share the business's core values.

Interview and Selection:

This is a process in which a potential employee is evaluated by an employer for prospective employment and is usually face-to-face. This could be done through a group interview in order to spread questions and reduce personal bias. They aim to select the applicant who fits the person's specifications with the corporate culture.

(A)

### Internal

Brainstorming:

Centre Parcs may be able to come through bringing groups from different parts of the business together in order to stimulate ideas, innovation and creativity to create a new product.

Research & Development:

Centre Parcs could allocate a budget for a research department in order to analyse trends in the market. They could then create new products to meet predicted future demand.

### External

Import substitution:

Centre Parcs could look at a product that is currently imported and replace it by producing their own domestic version. The product would be of a similar quality but it gives consumers the option to buy the Irish version.

Competitors:

Centre Parcs could imitate successful products that their competitors sell. They would have to ensure they do not infringe on any patents or copyright law.

(B)

Gross Salary			85,000
Benefit in Kind			25,000
Taxable Income			<b>2</b> 110,000
<b>(i) The PAYE which Tommy has to pay</b>			
40,000 x 0.20	<b>3</b> 8,000		
<b>1</b> <u>70,000</u> x 0.40	<b>1</b> 28,000		
Gross PAYE		<b>1</b> 36,000	
Less Tax Credits:			
Single Person	1,700		
PAYE	1,700		
Dependent Relative	245	<b>1</b> (3645)	
<b>PAYE Tommy has to Pay</b>			<b>1</b> €32,355
<b>(ii) The total amount of USC</b>			
12,012 x 0.005		<b>3</b> 60.06	
9,281 x 0.02		<b>1</b> 185.62	
<b>1</b> <u>88,707</u> x 0.045		<b>1</b> 3,991.82*	
<b>Total amount of USC</b>			<b>1</b> €4,237.50
<b>(iii) The total amount of PRSI</b>			
<b>110,000</b> x 0.04			<b>1</b> €4,400
<b>(iv) Tommy's annual take-home pay</b>			
Gross Salary			85,000
Less deductions:			
PAYE		32,355.00	
USC		4,237.50	
PRSI		4,400.00	40,992.50
<b>Annual Net Pay</b>			<b>2</b> €44,007.50

**(c)**

**(i)**

Involves managers giving employees the power and freedom to make decisions without consulting them. This gives staff responsibility and allows them to use their own skill and knowledge to deal with problems.

**(ii)**

Improve decisions making:

Employee empowerment allows staff to make quicker decisions as they do not need to consult managers. This can lead to faster response times and improved efficiency.

Prepares staff for promotion

Employee empowerment facilitates staff to become decision-makers. This increase in responsibility will make them more suitable to become a manager in the future.

Increased motivation

Employee empowerment gives staff more responsibility over their decisions. This satisfies their self-actualization needs under Maslow's hierarchy of needs, boosting motivation.

**(A)**

**(i)**

A niche market is a small subset of a larger market that sells a specialised product and only has a few suppliers. E.g. The sale of wheelchair-accessible cars would be a niche market.

**(ii)**

Lower competition:

There are few competitors in a niche market. This may allow a business to charge a higher price and earn larger profits.

Dependent on one product:

A firm operating in a niche market may only sell a small number of products. In an economic downturn, it may be more difficult for the business to survive as they are not diversified, thus they may become bankrupt.

**(B)**

**(i)**

Strategic alliance:

When two or more businesses agree to cooperate on a single temporary business project for mutual benefit. They share resources, expertise and skills with each other. E.g. BBC and RTÉ form a strategic alliance to shoot documentaries

Merger:

A voluntary amalgamation of two or more firms for mutual benefit. They join together as a single legal entity and it is permanent. E.g. Avomore plc and Waterford Foods plc merged to form Glanbia plc.

**(ii)**

**Benefit**

Risk is shared by both partners:

All businesses share the financial cost of the venture in a strategic alliance. This means that if it does fail, each firm will lose less than if they had started on their own.

**Risk**

Slower decision-making:

In a strategic alliance, all decisions must be unanimous. This can result in conflict and a clash of cultures which can lead to slow decision-making

Evaluation: In my opinion, a strategic alliance is a very useful method for business expansion. While the venture will never be fully equal and there is a risk corporate risks may be stolen, it is a more cost-effective and efficient expansion method due to the ease at which it can be terminated if neither party is satisfied.

(c)

(i) **Break Even Point =**  
 Fixed Costs/Contribution per unit  
 $= 40,000/10 = 4,000$  units **4**

(ii) **Margin of Safety =**  
 Forecast output in units – BEP in units  
 $= 8,000 - 4,000 = 4,000$  units **4**

(iii) **Profit at forecast output = TR-TC**  
 $= €160,000 - €120,000 = €40,000$  **4**

