Worksheet 6: Who might be affected? answers

1 A business is planning to use a Computerised Accounting System for maintaining financial records.

Accept any reasonable answer including:

- The owners – may make the business more efficient leading to lower costs and higher profitability.
- The employees/managers/supervisors – may lose their job leading to financial hardship.
- The suppliers of Computerised Accounting System and accessories – gain a new sale.
- The public and environmental bodies – there may be less traffic going to and from the business as there are less workers.

2 A business starts to use JIT (Just In Time) principle for inventory management.

Accept any reasonable answer including:

- The public and environmental bodies – more lorries delivering supplies leading to more noise and pollution.
- The employees – their job/tasks may change, may need to be retrained.
- The suppliers – may be expected to deliver more often, leading to an increase in their costs.
- The owners – may reduce the business's costs leading to an increase in their profit/dividends.

3 A business issues debentures instead of a share issue for an extension of a factory.

Accept any reasonable answer including:

- The investors – may lose confidence – leading to lower demand and lower share prices.
- The workers/managers/supervisors – lower bonus due to higher expenses leading to being demotivated.
- The owners/shareholders – reduced profit leading to lower dividends.
- The lenders – may charge higher rate of interest due to increased gearing ratio/risk.

4 A business changes from being a sole trader to a public limited company.

Accept any reasonable answer including:

- The lenders – willing to lend more due to increased credit worthiness.
- The owners – will gain limited liability meaning that their personal possessions are no longer at risk.
- The customers – may trust the business more since it is listed on the stock exchange.
- The suppliers – may be more willing to give the business good credit terms.