

Business studies case study

Education



**ASSIGN
BUSTER**

(a) All business have objectives or targets to meet which are set out by the people who lead or control the business. Two possible business objectives of Hotspur & Wren could be survival, profit maximisation and expansion.

Survival is required when trading becomes difficult, periods of recession and threats of takeover. Profit maximisation is producing a level of output which generates the most profit for a business. To communicate the objective with Shareholder's, the business could produce circulars which would be mailed to the customers.

A forum might also be held to receive feedback about the proposed changes. Shareholders will be interested in the changes as they receive a dividend. To communicate with their customers however, the business might need to adopt other methods such as various media advertising methods, advertising agencies etc.

TYPES OF ORGANISATION

Hotspur and Sons were a partnership. Wren ; Co is a private limited company. Hotspur ; Wren Ltd is also a private limited company. (b) Mergers and takeovers take place when firms join together and operate as one organisation. " Hotspur & Sons" and " Wren & Co" merged in 1967 and there are many reasons why businesses merge. Firstly, mergers are a quick and easy way to expand the business compared to opening and building new sites. Secondly, buying a business is usually cheaper than growing internally. Thirdly, firms can also lower their costs by joining with another firm and gaining economies of scale. Also, growth of the business might be one of its main objectives and the size of the business can be increased with a merger.

Lastly, mergers can also take place for defensive reasons and to consolidate its position in the market.

To become a PLC, Hotspur ; Wren Ltd would have to produce two documents. The Memorandum of Association, which gives details about the name of the company, the address, the liability of members, the amount of share capital and a description of the business activities. The Articles of Association will also have to be produced which gives details about the voting rights of the shareholder, how profits will be distributed, the duties of the directors, and information about the AGM. These documents are sent to the Registrar of Companies and if successful, the company will be awarded the Certificate of Incorporation and can begin trading. PLC's have to raise capital from shareholders to be issued a Trading Certificate from the Registrar before starting trading.