

Answer **all** the questions in the spaces provided.

1. What next for Kenton Air Conditioning Ltd?

Having left his job as an air-conditioning engineer in the late seventies in order to set up his own business as a sole trader, William Kenton found the early years very difficult and worried about having **unlimited liability**. However, he survived those early difficulties and has never looked back. By 1985 the firm had become a private limited company, having invited six other people to buy shares in the business. Today the company has a turnover of £26 million.

Growth has slowed considerably in the last two years, and the business needs investment in new computer-controlled machinery if it is to remain competitive and take advantage of the opportunities presented by the expansion of the **European Union**. The Board of Directors has already invested heavily in the business and the money for new machinery would be very hard to find. A proposal has been made by two members of the Board that the best way to expand the business would be to become a **public limited company (plc)**. This would be a significant step for the company to take and a Board meeting has been called to discuss the impact that such a move might have on its many **stakeholders**.

(a) With the use of examples, explain what is meant by the term *stakeholders*. [4]

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