



The SAS
Introduction to Business Studies Programme

Part One of Two
Print It Out and Take It Away

Extract Only

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The SAS Introduction to Business Studies Programme

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Preface - The Purpose of This Introductory Course

Business Studies, a body of knowledge affects all aspects of the modern world. Thousands are attracted to Business Studies and would like to know more about it. However, for many it can be an expensive subject to study.

Also, what many do not realize is that there are different areas of Business Studies requiring different skills and talents e.g. sole trader, partnerships or directorships. A person could find that he or she has wasted one or two years studying a subject that they are not really suited to.

This introduction to Business Studies course will enable a person to consider whether Business Studies suits his/her abilities and temperament without first committing precious resources to a long and hard study programme.

If, after completing Parts One & Two of this short course, you decide that you would like to submit for an exam and have your work marked and receive a certificate please follow the instructions at the end of the course.

Certification is optional, however, a certificate will confirm that our school has assessed you. That you have passed an Introduction to Business Studies course which covered the basics of Business Law, Marketing and Business accounting.

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How To Work Your Way Through

- 1/ Read through the course material
- 2/ Complete the questions found in each section; use the answer sheet provided (Print out more if you need to).

The SAS
Introduction to Business Studies

Part One

Introduction to business studies

The study of business is a very popular course. Many are attracted to business studies courses for a number of reasons;

- It is very practical for anyone living in the world of today where business of one type or another makes up a large part of the economy.
- It is very real and deals with everyday issues. All of us (most of us) come into contact with business as normal part of everyday life. E.g., buying a car, buying an item of clothing, purchasing a holiday.
- The varieties of employment opportunities open to persons completing a business studies course are numerous. Accounts, Law, Sales, Marketing, Administration, Journalism, Information Technology, Teaching, Social Work, and Local Government are examples of such avenues of work open to business studies graduates.

So what is a business study?

- Essentially it is a study of how businesses go about running their business. It is a study of the core elements of a business and how they interact with each other for a business to run effectively.
- Any study of business should include three basic core elements:
 - (A) Business Law.
 - (B) Marketing.
 - (C) Business Accounting.

Business Law:

- (A) Every business is governed by law; company law, consumer law, contract law and employment law.

Marketing:

- (B) Businesses need to make a profit (those in the private sector) of their business and build a company image and reputation. A good marketing strategy will attempt to do this. A good marketing strategy is therefore, vital to any business wishing to grow and expand.

Business Accounting:

- (C) All businesses by law need to keep accurate records of transactions. They need to keep records of (sales figures) money they receive from the sale of their goods and services. They also need to keep records of the money they spend on running their business (i.e., business expenditure). All businesses will need to prepare end of year accounts to show how much profit they have made or how much loss they have incurred. *Proper accounts will also ensure that no fraudulent practices are taking place and profits and losses are not deliberately or negligently being over stated or under stated.

"Different Legal Forms of Business:"

There are three (most common) legal forms of business;

(A) Sole Trader:-

By sole trader we mean one person who runs as business either in his

own name or under a "company name" selected by him/her by which the business is referred to.

- Key characteristics of a Sole Trader:-
 - One person takes all the profit generated from that business and one person is responsible for accepting all losses of that business. He/she has full control of the running of a business.
 - He/she as a sole trader may employ other at a later date.
 - They are treated as an individual and are therefore, normally taxed by income tax.
- Benefits or Attractiveness of Running a business as a Sole trader:-
 - (1) There is a lot of flexibility in deciding how the business is run
 - (2) They may be a lot of personal contact with staff
 - (3) A sole trader takes all the profit generated from his/her business.
 - (4) No or little legal formalities.
 - (5) Generally they pay lower taxes and have to pay lower accountant fees.
- (B) Partnership:-

- The business that takes the form of a partnership may have between a minimum of two and a maximum of 20 partners.
- Each partner is responsible for debts incurred by the partnership.
- It is essentially an association of individuals that have come together to run a business.
- Each partner is entitled to an equal share of profits.
- Each partner shares in the management of the firm. Action is normally taken by majority based decisions.

(C) Limited Liability:-

- A business that takes the form of a limited liability can have two or more members if it is a public company.
 - Or one or more members if it is a private company.
 - Shareholders decide all actions taken by the company.
 - Their accounts are made public; open to public inspection.
- **Benefit/Attractiveness:-**
 - Shareholders enjoy limited liability. i.e., Responsible for debt according to the amount they have invested only.

- **Shareholders; who are they?/Definition.**
 - People who provide money to run a business by buying shares in that business. Shareholders carry votes on major decisions on running a company. Shareholders can influence major decisions. i.e., voting for the appointment or removal of a director. However, shareholders do not influence the everyday decisions made by a company.

(D) **Non Profit Sector:-**

- This sector includes voluntary organisations, government departments such as local authorities and charities.
- Although these organisations are not setup to make profits, they do nonetheless function like any other business in many ways.
- For example, a Public corporation in the non profit sector must prepare and make public annual report and statement of accounts like any other business.
- Since there are no shareholders, a public corporation can not raise funds by an issue of shares.
- In some countries, e.g. in the UK, public corporations obtain long term loans directly from the governments and most of their short term loans are from the banks.
- Public corporations are expected to take account of the national interest of their country.

- They are not permitted to aim at maximising their profits, but they are expected to pay their way over the longer period of time.
- Many public corporations are given a financial target which to some extent tries to measure how effective they are performing.
- These targets encourage managers to achieve a desired level of efficiency.
- Any surplus income earned by a public corporation must be used for the purposes of lowering prices, raising wages or for investment in new capital.

MARKETING:

What is it?

Marketing has been defined in many ways. Four common definitions are as follows:-

- Marketing is a means by which a business promotes its products and services.
- Marketing is a means by which a business makes people aware of its existence.
- Marketing is the means by which a business identifies new opportunities and new ways to see its products and services.
- Marketing is the means by which a business measures its past performance and identifies new areas and new products to sell to customers.

It is believed that marketing is a combination of all the above. Using these definitions any business today will be faced with four marketing choices:-

- Marketing existing products and services/to existing clients/customers.
- Marketing existing products and services/to new clients/customers.
- Marketing new products/services to existing clients/customers.
- Marketing new products/services to new clients/customers.

There are various ways that a business can seek to market its products and services. Some of the major ways are as follows:

- | | |
|-------------------------|------------------------|
| * Exhibitions | * Brochures |
| * Cold calling | * Advertising |
| * Media | * Surfing the Internet |
| * Television | * Networking |
| * Mail arts/Direct mail | * Word of mouth |

- **Exhibition:** This is often an event lasting one or more days where companies come together under one roof to market and display their goods and services to others.