



ESB pays State dividend



The ESB paid the State one of the largest dividends ever paid by a state-owned company to the government after making profits of €250 million on sales of €2.3 billion. These healthy financial results are partially due to the healthy performance of the company's ESB International subsidiary that was set up as a result of intrapreneurial behaviour by staff.

The rise in ESB profits will increase pressure from employees and their unions for a pay rise and also a larger equity stake in the company through the ESB's employee share ownership scheme. Workers already own 5% and want a 20% stake.

At the company's AGM, the Chairperson of the Board of Directors has said that while profits have been very healthy, the company needs large retained earnings in order to finance the expensive upgrading or replacement of existing and ageing power stations around the country. For example, the upgrading of the Moneypoint power station in County Clare alone will cost over €250 million.

Several other state-owned companies, such as Bord Gais have also paid annual dividends to the state. However, many others have not paid dividends for years. These include An Post, CIE, Aer Lingus, Bord Na Mona, RTE and Coillte. The reason is that few state-owned companies are profit making.

Questions...

Explain the underlined terms.

Distinguish between a state-owned company and private limited company.

Distinguish between a partnership and a co-operative.

Recall & Review – Fill in the gaps



There are four main types of legal structures available to entrepreneurs setting up in business. They can operate as sole _____, partnerships, limited _____ or co-operatives. Each structure offers different strengths and weaknesses for a business. As a result, businesses often choose to change their legal structures over time to suit

their needs.

If the Government is setting up a business, it does so by setting up either a _____ company established by law or, alternatively, as a limited company but with the state as the majority _____.

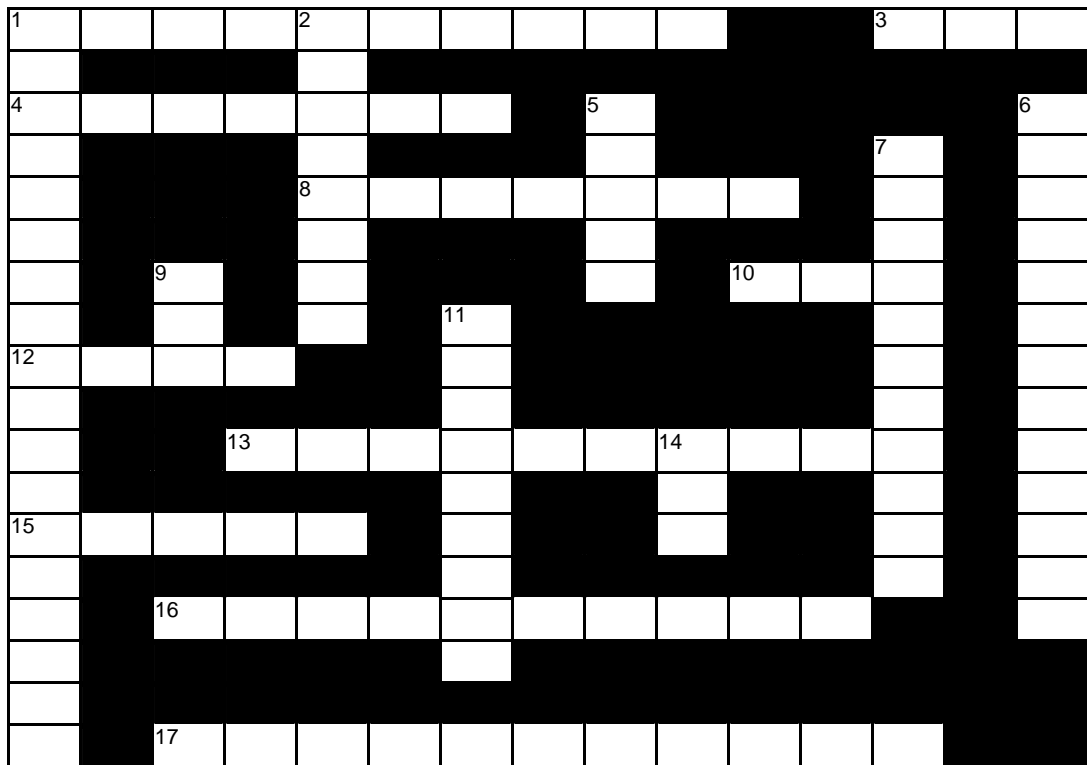
Besides having to select a legal structure, businesses can also choose to enter into strategic alliances or franchising agreements with each other as part of their business strategy. Private limited companies can decide to raise extra equity by becoming a PLC, which can sell, or 'float', shares on the _____.

Most businesses in Ireland fall into the SME category. However, internationally, recent decades have seen the emergence of very large transnational corporations that produce and sell goods all over the globe. Many of these transnational have been attracted to set up operations in Ireland by low business taxes.

Score: _____ out of 5



**Crossword 19 –
Types of Business Organisation**



CLUES

Across

1. This describes when a company acts outside its legal limits (5, 5)
3. Initials of the person in charge of a company (3)
4. _____ liability means that a firm's owners only lose the value of their investment if the firm goes bankrupt (7)
8. A business owned by shareholders (7)
10. Initials of a public 8 across (3)
12. This legal document shows who owns a property or house (4)
13. Ray Moore runs this type of business (4, 6)
15. This group of people is responsible for overseeing the running of a company (5)
16. A _____ of association sets out the details of the organisation in 8 across for the public (10)
17. The rock group Phoenix has this type of business organisation (11)

Down

1. This means that a creditor can sue each partner in a business for all of the money owned by the business (9, 9)
2. The _____ of association sets out the internal rules of a company (8)
5. A distinctive product name with a symbol or design such as Adidas (5)
6. A certificate of _____ is issued by the Companies' Office when a private limited company is formed (13)
7. When a business hires an outside firm to do work that it used to do itself (11)
9. A firm in Ireland with less than 50 employees and sales of 300,000 or less (3)
11. The most senior managers of a limited company who are members of 15 across (9)
14. The annual meeting of a firm or organisation that is open to all shareholders or members (3)