Answers

1 (a) Tucker's framework

Is the decision:

Profitable? For SHC, the answer to this question is yes. Profits would potentially be substantially increased by the loss of all of its competitors and the emergence of SHC, in the short to medium term at least, as a near monopolist.

Legal? The secrecy option poses no legal problems as it is a part of normal competitive behaviour in industries. In some jurisdictions, legislation forbids monopolies existing in some industries but there is no indication from the case that this restriction applies to Swan Hill Company.

Fair? The fairness of the secrecy option is a moral judgment. It is probably fair when judged from the perspective of SHC's shareholders but the question is the extent to which it is fair to the employees and shareholders of SHC's competitors.

Right? Again, a question of ethical perspective. Is it right to pursue the subjugation of competitors and the domination of an industry regardless of the consequences to competitors? The secrecy option may be of the most benefit to the local community of Swan Hill that the company has traditionally valued.

Sustainable or environmentally sound? The case says that the sink method emits at a lower rate per unit of output than the existing process but this has little to do with the secrecy option as the rates of emissions would apply if SHC licensed the process. This is also an argument for the licensing option, however, as environmental emissions would be lower if other competitors switched to the sink method as well. There may be environmental implications in decommissioning the old plant to make way for the new sink method investment.

(b) Strategic and operational risks

Strategic risks
These arise from the overall strategic positioning of the company in its environment. Some strategic positions give rise to greater risk exposures than others. Because strategic issues typically affect the whole of an organisation and not just one or more of its parts, strategic risks can potentially concern very high stakes – they can have very high hazards and high returns. Because of this, they are managed at board level in an organisation and form a key part of strategic management.

Operational risks
Operational risks refer to potential losses arising from the normal business operations. Accordingly, they affect the day-to-day running of operations and business systems in contrast to strategic risks that arise from the organisation's strategic positioning. Operational risks are managed at risk management level (not necessarily board level) and can be managed and mitigated by internal control systems.

The secrecy option would be a strategic risk for the following reasons.

It would radically change the environment that SHC is in by reducing competition. This would radically change SHC's strategic fit with its competitive environment. In particular, it would change its 'five forces' positioning which would change its risk profile.

It would involve the largest investment programme in the company's history with new debt substantially changing the company's financial structure and making it more vulnerable to short term liquidity problems and monetary pressure (interest rates).

It would change the way that stakeholders view SHC, for better or worse. It is a 'crisis issue', certain to polarise opinion either way.

It will change the economics of the industry thereby radically affecting future cost, revenue and profit forecasts.

There may be retaliatory behaviour by SHC's close competitor on 25% of the market.

[Tutorial note: similar reasons if relevant and well argued will attract marks]

(c) (i) For the secrecy option

Important developments at SHC
This is an exciting time for the management and shareholders of Swan Hill Company. The research and development staff at SHC have made a groundbreaking discovery (called the 'sink method') that will enable your company to produce its major product at lower cost, in higher volumes and at a much higher quality than our competitors will be able to using, as they do, the existing production technology. The sink process also produces at a lower rate of environmental emissions which, as I'm sure shareholders will agree, is a very welcome development.

When considering the options following the discovery, your board decided that we should press ahead with the investment needed to transform the production facilities without offering the use of the technology to competitors under a licensing arrangement. This means that once the new sink production comes on stream, SHC shareholders can, your board believes, look forward to a significant strengthening of our competitive position.

The business case for this option is overwhelming. By pushing ahead with the investment needed to implement the sink method, the possibility exists to gain a substantial competitive advantage over all of SHC's competitors. It will place SHC in a near monopolist position in the short term and in a dominant position long term. This will, in turn, give the company pricing power in the industry and the likelihood of superior profits for many years to come. We would expect SHC to experience substantial 'overnight' growth and the returns from this will reward shareholders' loyalty and significantly increase the value of the company. Existing shareholders can reasonably expect a significant increase in the value of their holdings over the very short term and also over the longer term.

Ethical implications of the secrecy option
In addition to the overwhelming business case, however, there is a strong ethical case for the secrecy option. SHC recognises that it is the moral purpose of SHC to make profits in order to reward those who have risked their own money to support it over many years. Whilst some companies pursue costly programmes intended to serve multiple stakeholder interests, SHC recognises that it is required to comply with the demands of its legal owners, its shareholders, and not to dilute those demands with other concerns that will reduce shareholder returns. This is an important part of the agency relationship: the SHC board will always serve the best economic interests of its shareholders: its legal owners. The SHC board believes that any action taken that renders shareholder returns suboptimal is a threat to shareholder value and an abuse of the agency position. Your board will always seek to maximise shareholder wealth; hence our decision to pursue the secrecy option in this case. The secrecy option offers the possibility of optimal shareholder value and because shareholders invest in SHC to maximise returns, that is the only ethical action for the board to pursue. Happily, this option will also protect the employees' welfare in SHC's hometown of Swan Hill and demonstrate its commitment to the locality. This, in turn, will help to manage two of the key value-adding resources in the company, its employees and its reputation. This will help in local recruitment and staff retention in future years.

(ii) For the licensing option

Important developments at SHC
Your board was recently faced with a very difficult business and ethical decision. After the discovery by SHC scientists of the groundbreaking sink production method, we had a choice of keeping the new production technology secret or sharing the breakthrough under a licensing arrangement with our competitors. After a lengthy discussion, your board decided that we should pursue the licensing option and I would like to explain our reasons for this on both business and ethical grounds.

In terms of the business case for licensing, I would like shareholders to understand that although the secrecy option may have offered SHC the possibility of an unassailable competitive advantage, in reality, it would have incurred a number of risks. Because of the speed with which we would have needed to have acted, it would have necessitated a large increase in our borrowing, bringing about a substantial change in our financial structure. This would, in turn, increase liquidity pressures and make us more vulnerable to rising interest rates. A second risk with the secrecy option would involve the security of the sink technology 'secret'. If the sink process was leaked or discovered by competitors and subsequently copied, our lack of a legally binding patent would mean we would have no legal way to stop them proceeding with their own version of the sink process.

As well as avoiding the risks, however, the licensing option offers a number of specific business advantages. The royalties from the licences granted to competitors are expected to be very large indeed. These will be used over the coming years to extend our existing competitive advantage in the future. Finally, the 'improvement sharing' clause in the licensing contract will ensure that the sink process will be improved and perfected with several manufacturers using the technology at the same time. SHC's sink production may, in consequence, improve at a faster rate than would have been the case were we to have pursued the secrecy option.

Ethical implications of the licensing option
In addition to the business case, there is also a powerful ethical case for the decision we have taken. As a good, responsible corporate citizen, Swan Hill Company acknowledges its many stakeholders and recognises the impacts that a business decision has on others. Your board recognises that in addition to external stakeholders having influence over our operations, our decisions can also affect others. In this case, we have carefully considered the likelihood that keeping the new technology a secret from our competitors would radically reshape the industry. The superior environmental performance of the sink process over existing methods will also mean that when fully adopted, the environmental emissions of the entire industry will be reduced. SHC is very proud of this contribution to this reduction in overall environmental impact.

There seems little doubt that the secrecy option would have had far-reaching and unfortunate effects upon our industry and our competitors. The licensing option will allow competitors, and their employees and shareholders, to survive. It is a compassionate act on our part and shows mercy to the other competitors in the industry. It recognises the number of impacts that a business decision has and would be the fairest (and most just) option given the number of people affected.

(d) (i) Mandatory and voluntary disclosures

Mandatory disclosures
These are components of the annual report mandated by law, regulation or accounting standard.

Examples include (in most jurisdictions) statement of comprehensive income (income or profit and loss statement), statement of financial position (balance sheet), cash flow statement, statement of changes in equity, operating segmental information, auditors' report, corporate governance disclosure such as remuneration report and some items in the directors' report (e.g. summary of operating position). In the UK, the business review is compulsory.

Voluntary disclosures
These are components of the annual report not mandated in law or regulation but disclosed nevertheless. They are typically mainly narrative rather than numerical in nature.

Examples include (in most jurisdictions) risk information, operating review, social and environmental information, and the chief executive's review.

(ii) Accountability to equity investors

Voluntary disclosures are an effective way of redressing the information asymmetry that exists between management and investors. In adding to mandatory content, voluntary disclosures give a fuller picture of the state of the company.

More information helps investors decide whether the company matches their risk, strategic and ethical criteria, and expectations.

Makes the annual report more forward looking (predictive) whereas the majority of the numerical content is backward facing on what has been.

Helps transparency in communicating more fully thereby better meeting the agency accountability to investors, particularly shareholders.

There is a considerable amount of qualitative information that cannot be conveyed using statutory numbers (such as strategy, ethical content, social reporting, etc).

Voluntary disclosure gives a more rounded and more complete view of the company, its activities, strategies, purposes and values.

Voluntary disclosure enables the company to address specific shareholder concerns as they arise (such as responding to negative publicity).

[Tutorial note: other valid points will attract marks]

2 (a) Typical roles of a risk management committee

The typical roles of a risk management committee are as follows:

To agree and approve the risk management strategy and policies. The design of risk policy will take into account the environment, the strategic posture towards risk, the product type and a range of other relevant factors.

Receiving and reviewing risk reports from affected departments. Some departments will file regular reports on key risks (such as liquidity assessments from the accounting department, legal risks from the company secretariat or product risks from the sales manager).

Monitoring overall exposure and specific risks. If the risk policy places limits on the total risk exposure for a given risk then this role ensures that limits are adhered to. In the case of certain strategic risks, monitoring could occur on a very frequent basis whereas for more operational risks, monitoring will more typically occur to coincide with risk management committee meetings.

Assessing the effectiveness of risk management systems. This involves getting feedback from departments and the internal audit function on the workings of current management and risk mitigation systems.

Providing general and explicit guidance to the main board on emerging risks and to report on existing risks. This will involve preparing reports on apparent risks and assessing their probability of being realised and their potential impact if they do.

To work with the audit committee on designing and monitoring internal controls for the management and mitigation of risks. If the risk committee is part of the executive structure, it will likely have an advisory role in respect of its input into the audit committee. If it is non-executive, its input may be more directly influential.

[Tutorial note: other roles may be suggested that, if relevant, will be rewarded]

(b) Risk management strategies and Chen Products

Risk transference strategy
This would involve the company accepting a portion of the risk and seeking to transfer a part to a third party. Although an unlikely possibility given the state of existing claims, insurance against future claims would serve to limit Chen's potential losses and place a limit on its losses. Outsourcing manufacture may be a way of transferring risk if the ourtsourcee can be persuaded to accept some of the product liability.

Risk avoidance strategy
An avoidance strategy involves discontinuing the activity that is exposing the company to risk. In the case of Chen this would involve ceasing production of Product 2. This would be pursued if the impact (hazard) and probability of incurring an acceptable level of liability were both considered to be unacceptably high and there were no options for transference or reduction.

Risk reduction strategy
A risk reduction strategy involves seeking to retain a component of the risk (in order to enjoy the return assumed to be associated with that risk) but to reduce it and thereby limit its ability to create liability. Chen produces four products and it

could reconfigure its production capacity to produce proportionately more of Products 1, 3 and 4 and proportionately less of Product 2. This would reduce Product 2 in the overall portfolio and therefore Chen's exposure to its risks. This would need to be associated with instructions to other departments (e.g. sales and marketing) to similarly reconfigure activities to sell more of the other products and less of Product 2.

Risk acceptance strategy
A risk acceptance strategy involves taking limited or no action to reduce the exposure to risk and would be taken if the returns expected from bearing the risk were expected to be greater than the potential liabilities. The case mentions that Product 2 is highly profitable and it may be that the returns attainable by maintaining and even increasing Product 2's sales are worth the liabilities incurred by compensation claims. This is a risk acceptance strategy.

(c) Risk committee members can be either executive on non-executive.

(i) Distinguish between executive and non-executive directors

Executive directors are full time members of staff, have management positions in the organisation, are part of the executive structure and typically have industry or activity-relevant knowledge or expertise, which is the basis of their value to the organisation.

Non-executive directors are engaged part time by the organisation, bring relevant independent, external input and scrutiny to the board, and typically occupy positions in the committee structure.

(ii) Advantages and disadvantages of being non-executive rather than executive

The UK Combined Code, for example, allows for risk committees to be made up of either executive or non-executive members.

Advantages of non-executive membership
Separation and detachment from the content being discussed is more likely to bring independent scrutiny.

Sensitive issues relating to one or more areas of executive oversight can be aired without vested interests being present.

Non-executive directors often bring specific expertise that will be more relevant to a risk problem than more operationally-minded executive directors will have.

Chen's four members, being from different backgrounds, are likely to bring a range of perspectives and suggested strategies which may enrich the options open to the committee when considering specific risks.

Disadvantages of non-executive membership (advantages of executive membership)
Direct input and relevant information would be available from executives working directly with the products, systems and procedures being discussed if they were on the committee. Non-executives are less likely to have specialist knowledge of products, systems and procedures being discussed and will therefore be less likely to be able to comment intelligently during meetings.

The membership, of four people, none of whom 'had direct experience of Chen's industry or products' could produce decisions taken without relevant information that an executive member could provide.

Non-executive directors will need to report their findings to the executive board. This reporting stage slows down the process, thus requiring more time before actions can be implemented, and introducing the possibility of some misunderstanding.

3 (a) (i) FIVE general objectives of internal control

An internal control system comprises the whole network of systems established in an organisation to provide reasonable assurance that organisational objectives will be achieved.

Specifically, the general objectives of internal control are as follows:

To ensure the orderly and efficient conduct of business in respect of systems being in place and fully implemented. Controls mean that business processes and transactions take place without disruption with less risk or disturbance and this, in turn, adds value and creates shareholder value.

To safeguard the assets of the business. Assets include tangibles and intangibles, and controls are necessary to ensure they are optimally utilised and protected from misuse, fraud, misappropriation or theft.

To prevent and detect fraud. Controls are necessary to show up any operational or financial disagreements that might be the result of theft or fraud. This might include off-balance sheet financing or the use of unauthorised accounting policies, inventory controls, use of company property and similar.

To ensure the completeness and accuracy of accounting records. Ensuring that all accounting transactions are fully and accurately recorded, that assets and liabilities are correctly identified and valued, and that all costs and revenues can be fully accounted for.

To ensure the timely preparation of financial information which applies to statutory reporting (of year end accounts, for example) and also management accounts, if appropriate, for the facilitation of effective management decision-making.

[Tutorial note: candidates may address these general objectives using different wordings based on analyses of different study manuals. Allow latitude]

(ii) Factors affecting the need for internal audit and controls
(Based partly on Turnbull guidance)

The nature of operations within the organisation arising from its sector, strategic positioning and main activities.

The scale and size of operations including factors such as the number of employees. It is generally assumed that larger and more complex organisations have a greater need for internal controls and audit than smaller ones owing to the number of activities occurring that give rise to potential problems.

Cost/benefit considerations. Management must weigh the benefits of instituting internal control and audit systems against the costs of doing so. This is likely to be an issue for medium-sized companies or companies experiencing growth.

Internal or external changes affecting activities, structures or risks. Changes arising from new products or internal activities can change the need for internal audit and so can external changes such as PESTEL factors.

Problems with existing systems, products and/or procedures including any increase in unexplained events. Repeated or persistent problems can signify the need for internal control and audit.

The need to comply with external requirements from relevant stock market regulations or laws. This appears to be a relevant factor at Gluck & Goodman.

(b) Criticisms

The audit committee is chaired by an executive director. One of the most important roles of an audit committee is to review and monitor internal controls. An executive director is not an independent person and so having Mr Chester as chairman undermines the purpose of the committee as far as its role in governance is concerned.

Mr Chester, the audit committee chairman, considers only financial controls to be important and undermines the purpose of the committee as far as its role in governance is concerned. There is no recognition of other risks and there is a belief that management accounting can provide all necessary information. This viewpoint fails to recognise the importance of other control mechanisms such as technical and operational controls.

Mr Hardanger's performance was trusted without supporting evidence because of his reputation as a good manager. An audit committee must be blind to reputation and treat all parts of the business equally. All functions can be subject to monitor and review without 'fear or favour' and the complexity of the production facility makes it an obvious subject of frequent attention.

The audit committee does not enjoy the full support of the non-executive chairman, Mr Allejandra. On the contrary in fact, he is sceptical about its value. In most situations, the audit committee reports to the chairman and so it is very important that the chairman protects the audit committee from criticism from executive colleagues, which is unlikely given the situation at Gluck and Goodman.

There is no internal auditor to report to the committee and hence no flow of information upon which to make control decisions. Internal auditors are the operational 'arms' of an audit committee and without them, the audit committee will have little or no relevant data upon which to monitor and review control systems in the company.

The ineffectiveness of the internal audit could increase the cost of the external audit. If external auditors view internal controls as weak they would be likely to require increased attention to audit trails, etc. that would, in turn, increase cost.

(c) Market risk

Definition of market risk
Market risks are those arising from any of the markets that a company operates in. Most common examples are those risks from resource markets (inputs), product markets (outputs) or capital markets (finance).

[Tutorial note: markers should exercise latitude in allowing definitions of market risk. IFRS 7, for example, offers a technical definition: 'Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk, and other price risks'.]

Why non-compliance increases market risk
The lack of a fully compliant committee structure (such as having a non-compliant audit committee) erodes investor confidence in the general governance of a company. This will, over time, affect share price and hence company value. Low company value will threaten existing management (possibly with good cause in the case of Gluck and Goodman) and make the company a possible takeover target. It will also adversely affect price-earnings and hence market confidence in Gluck and Goodman's shares. This will make it more difficult to raise funds from the stock market.

4 (a) Purposes of codes of ethics

To convey the ethical values of the company to interested audiences including employees, customers, communities and shareholders.

To control unethical practice within the organisation by placing limits on behaviour and prescribing behaviour in given situations.

To be a stimulant to improved ethical behaviour in the organisation by insisting on full compliance with the code.

[Tutorial note: other purposes, if relevant, will be rewarded]

Contents of a corporate code of ethics

The typical contents of a corporate code of ethics are as follows:

Values of the company. This might include notes on the strategic purpose of the organisation and any underlying beliefs, values, assumptions or principles. Values may be expressed in terms of social and environmental perspectives, and expressions of intent regarding compliance with best practice, etc.

Shareholders and suppliers of finance. In particular, how the company views the importance of sources of finances, how it intends to communicate with them and any indications of how they will be treated in terms of transparency, truthfulness and honesty.

Employees. Policies towards employees, which might include equal opportunities policies, training and development, recruitment, retention and removal of staff. In the case of HPC, the policy on child labour will be covered by this part of the code of ethics.

Customers. How the company intends to treat its customers, typically in terms of policy of customer satisfaction, product mix, product quality, product information and complaints procedure.

Supply chain/suppliers. This is becoming an increasingly important part of ethical behaviour as stakeholders scrutinise where and how companies source their products (e.g. farming practice, GM foods, fair trade issues, etc). Ethical policy on supply chain might include undertakings to buy from certain approved suppliers only, to buy only above a certain level of quality, to engage constructively with suppliers (e.g. for product development purposes) or not to buy from suppliers who do not meet with their own ethical standards.

Community and wider society. This section concerns the manner in which the company aims to relate to a range of stakeholders with whom it does not have a direct economic relationship (e.g. neighbours, opinion formers, pressure groups, etc). It might include undertakings on consultation, 'listening', seeking consent, partnership arrangements (e.g. in community relationships with local schools) and similar.

[Tutorial note: up to six points to be identified and described but similar valid general contents are acceptable]

(b) Code of ethics and strategic positioning

Strategic positioning is about the way that a whole company is placed in its environment as opposed to the operational level, which considers the individual parts of the organisation.

Ethical reputation and practice can be a key part of environmental 'fit', along with other strategic issues such as generic strategy, quality and product range.

The 'fit' enables the company to more fully meet the expectations, needs and demands of its relevant stakeholders – in this case, European customers.

The 'quality' of the strategic 'fit' is one of the major determinants of business performance and so is vital to the success of the business.

HPC has carefully manoeuvred itself to have the strategic position of being the highest ethical performer locally and has won orders on that basis.

It sees its strategic position as being the ethical 'benchmark' in its industry locally and protects this position against its parent company seeking to impose a new code of ethics.

The ethical principles are highly internalised in Mr Hogg and in the company generally, which is essential for effective strategic implementation.

(c) Mr Hogg's belief that employing child labour is 'always ethically wrong'

Deontological perspective:
In the case scenario, *Mr Hogg is demonstrating a deontological position* on child labour by saying that it is 'always' wrong. He is *adopting an absolutist* rather than a relativist or situational stance in arguing that there are no situations in which child labour might be ethically acceptable. The deontological view is that *an act is right or wrong in itself* and does not depend upon any other considerations (such as economic necessity or the extent of the child's willingness to work). *If child labour is wrong in one situation, it follows that it is wrong in all situations* because of the Kantian principle of generalisability (in the categorical imperative). Because child labour is wrong and potentially exploitative in some situations, the deontological position says that *it must be assumed to be wrong in all situations*. The fact that it *may cause favourable outcomes in some situations does not make it ethically right,* because the deontological position is not situational and the quality of the outcome is not taken into account.

Teleological perspective:
According to the teleological perspective, an act is *right or wrong depending on the favourableness of the outcome*. It is sometimes called the consequentialist perspective because the consequences of the action are considered more important than the act itself.

In the teleological perspective, ethics is *situational and not absolute*. Therefore child labour is *morally justified if the outcome is favourable*. The economic support of a child's family by provision of wages for family support might be considered to be a favourable outcome that justifies child labour. There is an *ethical trade-off* between the importance of the family income from child labour and the need to avoid exploitation and interfere with the child's education. Education is clearly important but family financial support might be a more favourable outcome, at least in the short term, and if so, this would justify the child working rather than being in school. For HPC, child labour is likely to be *cheaper than adult labour but will alienate European buyers* and be in breach of its code of ethics. Child labour *may be ethically acceptable if the negative consequences can be addressed and overcome*.

[Tutorial note: other, equally relevant points made in evaluating Mr Hogg's opinion will be valid. The texts discuss teleology in terms of utilitarianism and egoism. Although this distinction is not relevant to the question, candidates should not be penalised for introducing the distinction if the other points raised are relevant].

1 **(a)** 1 mark for evidence of understanding of each of Tucker's criteria
1 mark for application of each to case.
1 mark for conclusion or summary of assessment
(Up to maximum of 10 marks)

(10 marks)

(b) 1 mark for each relevant point demonstrating understanding of operational risk up to a maximum of 3 marks
1 mark for each relevant point demonstrating understanding of strategic risk up to a maximum of 3 marks
1 mark for each reason explaining why the secrecy option is a strategic risk up to a maximum of 4 marks

(10 marks)

(c) **(i)** 1 mark for each relevant point making the business case up to a maximum of 4
1 mark for each relevant point making the stockholder (shareholder) moral case up to a maximum of 5
(Maximum of 8 marks)

(ii) 1 mark for each relevant point making the business case up to a maximum of 4
1 mark for each relevant point making the stakeholder moral case up to a maximum of 5
(Maximum of 8 marks)

Professional marks: up to 2 marks per part
(4 marks)

(20 marks)

(d) **(i)** 1 mark for definition of each (mandatory and voluntary)
Half mark for each example up to a max of 2 marks per category (allow latitude for jurisdictional differences).
(6 marks)

(ii) 1 mark for each relevant point made and briefly explained (half mark for mention only)
(4 marks)

(10 marks)

2 **(a)** Half mark for each role identified
Half mark for brief description of each role

(6 marks)

(b) Half mark for identification of each strategy.
One mark for description of each strategy
One mark for application of each strategy to Chen Products

(10 marks)

(c) **(i)** 2 marks for distinguishing between executive and non-executive directors

(ii) 1 mark for each relevant advantage up to a maximum of 4
1 mark for each relevant disadvantage up to a maximum of 3
(Up to a maximum of 7 marks)

(9 marks)

3 **(a)** **(i)** Half mark for the identification of each objective.
Half mark for brief description
(Maximum of 1 mark per objective).

(5 marks)

(ii) Half mark for the identification of each factor.
Half mark for brief description
(Maximum of 1 mark per factor).

(5 marks)

(b) 1 mark for the identification of each criticism.
1 mark for reason as to why identified behaviour is inappropriate.
(Maximum of 2 marks per criticism)

(10 marks)

(c) Definition of market risk – 1 mark for each relevant point made up to a maximum of 2 marks.
No audit committee and risk – 1 mark for each relevant point made up to a maximum of 3 marks.

(5 marks)

4 **(a)** For purposes of corporate codes of ethics – 1 mark for each relevant point made up to a maximum of 3 marks
For contents – 1 mark for description of each identified content area to a maximum of 6 marks.

(9 marks)

(b) 1·5 marks for each relevant point made and explained up to a maximum of 7.

(7 marks)

(c) For deontological assessment, 1 mark for each relevant point made up to a maximum of 5.
For teleological assessment, 1 mark for each relevant point made up to a maximum of 5.

(Maximum 9 marks)