

Section A (Short Answer)

Answer **all** questions.

- 1 (a) Define the term 'competitive pricing strategy'. [2]
 (b) Briefly explain why a business might use a price skimming strategy. [3]
- 2 (a) Define the term 'retained earnings'. [2]
 (b) Briefly explain the distinction between short-term and long-term sources of business finance. [3]
- 3 Explain factors that could influence the scale of operations of a business. [5]
- 4 (a) Define the term 'private limited company'. [2]
 (b) Briefly explain **two** possible **disadvantages** to a sole trader of changing to a private limited company. [3]

Section B (Essay)

Answer **one** question only.

- 5 (a) Analyse the difference between autocratic and laissez-faire leadership. [8]
 (b) 'A democratic style of leadership is the most effective leadership style for a manufacturing business in a very competitive industry.'
 Discuss this view. [12]
- 6 Discuss the view that the limitations of income statements and statements of financial position significantly reduce their usefulness as measures of business performance. [20]
- 7 (a) Analyse the advantages and disadvantages for a retail business of using Just in Time (JIT) to manage its inventory. [8]
 (b) Discuss the importance of flexibility and innovation to a multinational furniture manufacturer. [12]

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