

**Business and management**  
**Standard level**  
**Paper 1**

Wednesday 20 May 2015 (afternoon)

1 hour 15 minutes

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**Instructions to candidates**

- Do not open this examination paper until instructed to do so.
- A clean copy of the **business and management case study** is required for this examination paper.
- Read the case study carefully.
- Section A: answer two questions.
- Section B: answer the compulsory question.
- A calculator is required for this examination paper.
- A clean copy of the **business and management formulae sheet** is required for this examination paper.
- The maximum mark for this examination paper is **[50 marks]**.

## Section A

Answer **two** questions from this section.

1. (a) (i) Define the term *mission statement* (line 11). [2]  
(ii) Identify **two** fringe payments, **other than** health insurance, which Mrs Carroccio may have received from the school. [2]
- (b) **Other than** financial security, explain **one** advantage and **one** disadvantage of Mr Carroccio operating as a sole trader (line 5). [4]
- (c) Analyse the relevance of Maslow’s motivation theory to Alejandra. [7]
  
2. (a) Define the following terms:  
(i) *quality control* (line 115); [2]  
(ii) *workforce planning* (line 122). [2]
- (b) Using information from lines 120–124, explain **two** possible relevant effects, **other than** “employees complained less”, of changing the organizational structure. [4]
- (c) Analyse **two** methods of market research that Alejandra could have used to help her establish her brand (lines 111–112). [7]
  
3. (a) Describe the relationship between “opening balance” and “closing balance” in a cash-flow forecast (line 7). [4]
- (b) “Alejandra needed an accountant to help her prepare her final accounts” (lines 35–36). Explain the importance of final accounts to **two** different *LadyA* stakeholders. [4]
- (c) Analyse the usefulness to *LadyA* of the product life cycle model since 1994. [7]

## Section B

Answer **the compulsory** question from this section.

4. (a) Describe **one** strength and **one** weakness of *K&J*'s **Option 3** (lines 153–161). [4]
- (b) Using **the additional information below**, for a *LadyA* concert:
- (i) calculate the break-even quantity in units (*show all your working*); [2]
  - (ii) calculate the profit if 15 000 tickets are sold; [1]
  - (iii) construct to scale a fully labelled break-even chart. [5]
- (c) *LadyA* has rejected **Option 3** (lines 153–161). Recommend whether *LadyA* should choose **Option 1** (lines 139–146) or **Option 2** (lines 147–152). [8]

### Additional information

Average price per ticket: \$300

Variable cost per ticket: \$50

Fixed costs: \$2 750 000

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