

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

Thursday 19 November 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) Describe **one** way in which a problem with quality control (line 115) could affect *LadyA*. [2]  
(b) With reference to *LadyA*, describe **one** reason for identifying target markets. [2]  
(c) Explain **one** benefit to the local school **and one** benefit to Mrs Carroccio, of providing training for Mrs Carroccio (line 13). [4]  
(d) Analyse the impact of technological change on Alejandra and her business. [7]
2. (a) Describe **one** method of primary market research **and one** method of secondary market research that could be useful to *LadyA*. [4]  
(b) With reference to Mr Carroccio, explain **two** reasons for setting up a business. [4]  
(c) Analyse the importance of branding for Alejandra. [7]
3. (a) Describe **two** benefits, to Mr Carroccio, of owning his shoe repair business as a sole trader. [4]  
(b) Using the **additional information below**, calculate:
  - (i) the average rate of return (ARR), for setting up Mr Carroccio's shoe repair business (*show all your working*); [2]
  - (ii) the payback period, for setting up Mr Carroccio's shoe repair business (*show all your working*). [2]
- (c) Using your answers to part (b) and information contained in the case study, analyse the issues that Mr Carroccio faced when he set up his shoe repair business. [7]

### Additional information

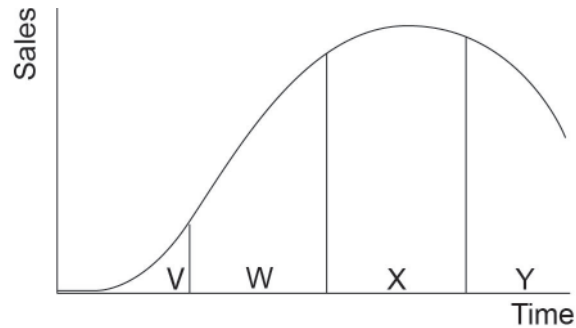
Selected data for setting up Mr Carroccio's shoe repair business:

- Set-up cost: \$9000
- Net returns per year for 5 years: \$3000

**Section B**

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

4. (a) Identify the **four** stages V, W, X and Y labelled on the product life cycle model below. [4]



- (b) Explain why *K&J's Option 3* is a form of corporate social responsibility for *LadyA*. [4]
- (c) Apply the Ansoff matrix growth strategies to **Options 1** and **2**. [4]
- (d) Evaluate the effectiveness of Alejandra's different leadership styles. [8]

**Additional information**

There is no additional information in this paper for Section B.

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