



22055013

**BUSINESS AND MANAGEMENT
STANDARD LEVEL
PAPER 1**

Monday 16 May 2005 (afternoon)

1 hour 30 minutes

INSTRUCTIONS TO CANDIDATES

- Do not turn over this examination paper until instructed to do so.
- Read the case study carefully and then answer all the questions.

1. (a) Explain **three** advantages and **three** disadvantages of operating *Gadgets2u.com* as a private limited company. [8 marks]
- (b) Analyse the advantages **and** disadvantages of organizing the firm as a matrix structure. [6 marks]
2. (a) (i) Describe Tom’s leadership approach. [4 marks]
- (ii) Suggest changes that could improve his effectiveness as a manager. [5 marks]
- (b) Applying appropriate theory, discuss the effectiveness of the motivational strategy implemented by *Gadgets2u.com*. [10 marks]
3. (a) Prepare a cash flow statement for January and February 2005, following the format used in *Appendix 5*. Assume the following changes for each of January and February (all other figures remain at the same value as December 2004)
- sales are reduced to 10 % of the December 2004 value
 - distribution costs are reduced to 10 % of the December 2004 value
 - purchases are increased by 20 % from the December 2004 value. [5 marks]
- (b) Evaluate alternative sources of finance available to *Gadgets2u.com* to fund the warehouse. [8 marks]
4. (a) Prepare a SWOT analysis for *Gadgets2u.com*. [8 marks]
- (b) Using your SWOT analysis assess Sam’s expansion proposal. [6 marks]
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