

Business Management Practice Paper 1

Candidate session number

1 hours 15 minutes

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Instructions to candidates

- Do not open this examination paper until asked to do so.
- A clean copy of the **business management case study** is required for this examination paper. Read the case study carefully
- A clean copy of the **business management formulae sheet** is required for this examination paper.
- Section A: **HL answer TWO** questions, **SL answer ONE** question
- Section B: answer question **4**.
- A calculator is required for this examination paper
- The maximum mark for this examination paper is **[40 marks]**

Section A

HL students: Answer **TWO** questions from this section.

SL students: Answer **ONE** question from this section

1. (a) Describe **two** features of a private limited company. [4]

 (b) Explain **two** STEEPLE factors that currently pose a threat to ELE's operations. [6]
2. (a) Describe **one** *benefit* and **one** *limitation* of stratified sampling (line 40). [4]

 (b) Using motivation theory, explain how the appraisal methods used for ELE's car rental division could impact on staff motivation (line 90). [6]
3. (a) Describe **one** advantage and **one** disadvantage of the personalised training being provided to ELE's car rental division employees (line 80). [4]

 (b) Explain how **two** stakeholders will be impacted by the 10-year plan being considered by ELE's Board (line 90). [6]

Section B

4. The following questions relate to two proposals currently being considered by ELE's Board of Directors.

Proposal 1: Expand the car rental division to India.

Proposal 2: Redevelop the gasoline stations as convenience stores.

The following data sources have been provided to ELE's Board for consideration.

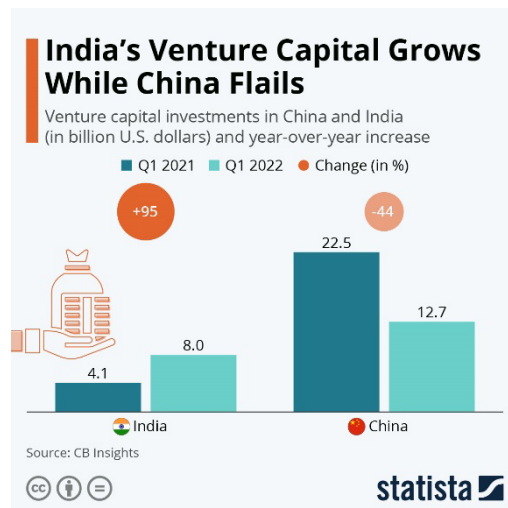


Source A:

The International Monetary Fund (IMF) predict India's economy to grow by 7.4% in 2022, compared with 2.6% in European markets. Earlier forecasts were downsized due to high inflation resulting from the war in Ukraine and Covid related disruptions affecting the global economy.

Source B:

Change in venture capital investment in India and China. Many MNC's are moving away from being solely dependent on China.



	Euro (millions)
Cost of Sales (COGS)	100
Current assets	110
Current liabilities	140
Sales revenue	240
Long term liabilities	300
Share capital	80
Accumulated retained profit	12
Fixed asset	500

Source C:

Financial data for ELE for year ending September 2022

Answer all of the following question (SL and HL)

(a) Define the term *diversification* (line 14). [2]

(b) As at September 2022, calculate ELE's:

(i) Gearing ratio [1]

(ii) Current ratio [1]

(iii) Accumulated depreciation on fixed assets [2]

(c) Outline two STEEPLE factors that are currently threatening ELE's gasoline stations division. [4]

(d) Using information from the case study, data provided and relevant tools, evaluate whether ELE should proceed with Proposal 1 or Proposal 2 **with consideration of appropriate sources of finance**. [10]
