



GCE AS/A LEVEL

2510U20-1



S24-2510U20-1

FRIDAY, 24 MAY 2024 – AFTERNOON

BUSINESS – AS unit 2

Business Functions

2 hours

2510U201
01

ADDITIONAL MATERIALS

In addition to this examination paper, you will need:

- a WJEC pink 16-page answer booklet.
- a calculator.

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen. Do not use gel pen or correction fluid.

Answer **all** questions.

Write your answers in the separate answer booklet provided following the instructions on the front of the answer booklet.

Use both sides of the paper. Write only within the white areas of the booklet.

Write the question number in the two boxes in the left-hand margin at the start of each answer, for example

1	1
---	---

.

Leave at least two line spaces between each answer.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question.

You are reminded of the need for good English and orderly, clear presentation in your answers.

Answer **all** the questions.

Management

Management is an important aspect for any business. Many businesses have adopted management by objectives (MBO) and consider it to be key to their success.

- | | | | |
|---|---|---|-----|
| 1 | 1 | Identify and explain two functions of management. | [4] |
| 1 | 2 | Outline what is meant by management by objectives (MBO). | [2] |
| 1 | 3 | Explain one advantage and one disadvantage to a business of using management by objectives (MBO). | [4] |

BLANK PAGE

Ridiculously Rich by Alana

In 2010, Alana Spencer set up a business selling premium chocolates and cakes, using Belgian chocolate and luxury ingredients. The quality of the products attracted the attention of many independent retailers who started selling her products in their outlets across the UK. In 2016, Alana won the BBC's The Apprentice and the prize money of £250 000 allowed her to launch the brand Ridiculously Rich by Alana. Since winning The Apprentice, Alana has had to focus more on operations management as the business has continued to expand. In 2019, Ridiculously Rich by Alana moved into a fully equipped, purpose-built bakery. She now employs more workers and purchases larger quantities of raw materials in order to produce and sell a wider range of luxury cakes.

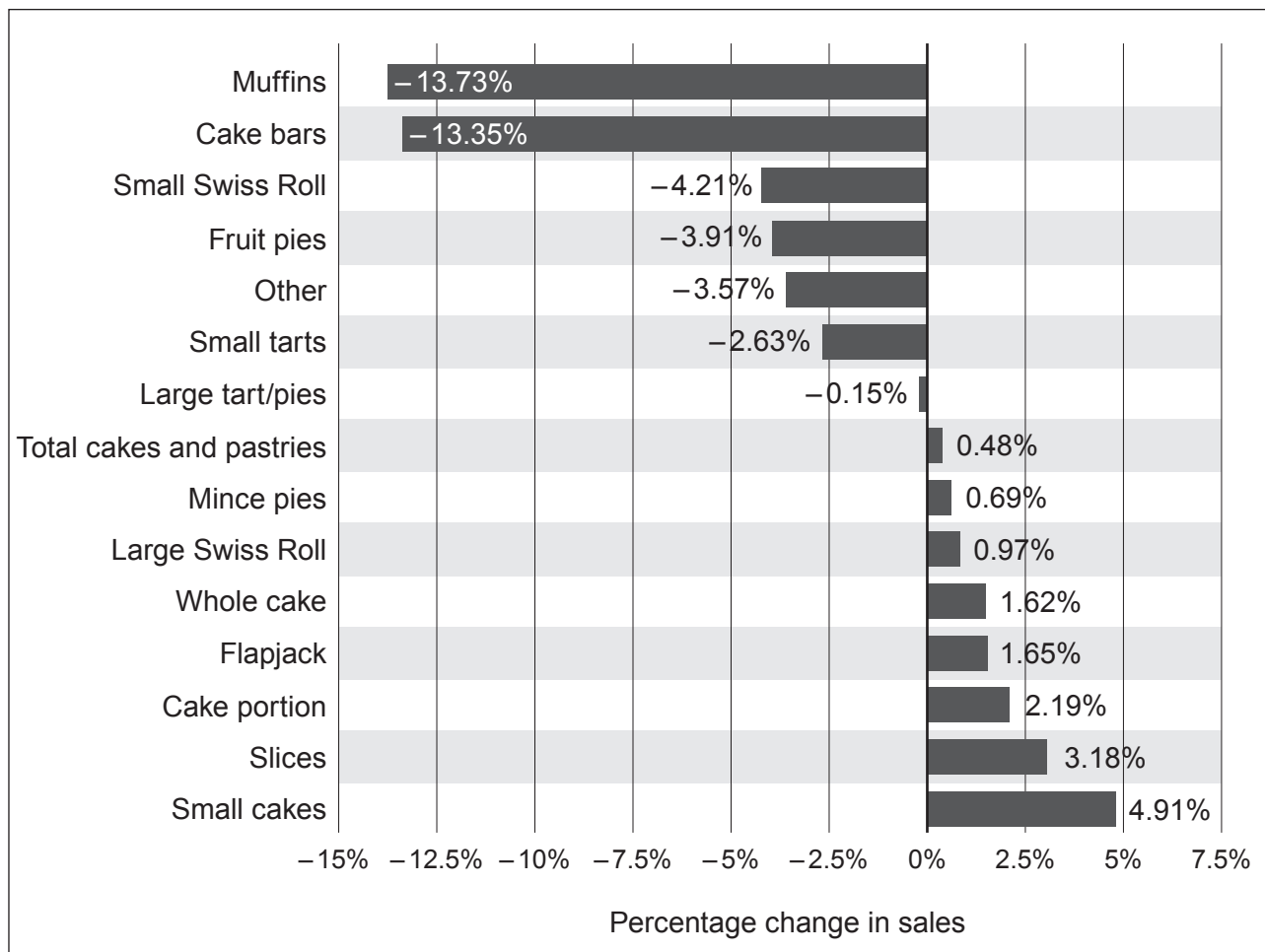
Ridiculously Rich by Alana uses two methods of production:

- one method to produce her standard six luxury cakes which she sells to independent retailers
- one method to produce cakes for individual customers as one-off orders for special occasions such as weddings and birthdays

Alana has spent many years developing and perfecting her cakes and her flavour-obsessed approach allows value to be added to the cakes. This allows Alana to set high but competitive prices.

Figure 1 below shows information on sales growth in the cake and pastry market in the UK between 2014 and 2015.

Figure 1



- | | | | |
|---|---|--|-----|
| 2 | 1 | Consider the usefulness of the information in Figure 1 to Ridiculously Rich by Alana. | [4] |
|---|---|--|-----|
-
- | | | | |
|---|---|---|-----|
| 2 | 2 | Outline what is meant by operations management. | [3] |
|---|---|---|-----|
-
- | | | | |
|---|---|---|-----|
| 2 | 3 | Evaluate the two methods of production used by Ridiculously Rich by Alana. | [6] |
|---|---|---|-----|
-
- | | | | |
|---|---|--|-----|
| 2 | 4 | Explain the importance of added value to Ridiculously Rich by Alana. | [4] |
|---|---|--|-----|
-
- | | | | |
|---|---|---|-----|
| 2 | 5 | Consider the impact of Alana's decision to set high but competitive prices on the business and its customers. | [8] |
|---|---|---|-----|

Working at Google

Google's organisational design is a matrix structure. Google is well known for its cross-functional, or team-based, organisational structure where emphasis is placed on getting people with particular skills together into project teams. This supports Google's growth and competitiveness as the organisational structure allows employee involvement in projects and experiments, which are implemented to test new ideas and develop new products and services. Due to Google employing a highly skilled and motivated workforce, it is able to adopt a laissez-faire leadership style.

An alternative organisational design is a hierarchical structure. This has different levels of authority and responsibility with employees at the bottom and management at the top. This involves vertical communication with the delegation of tasks. Employees are each given a role and procedures are laid down which are designed to control their performance at work.

Both matrix and hierarchical structures allow for different levels of empowerment to take place.

- | | | | |
|---|---|---|------|
| 3 | 1 | Define the term organisational design. | [2] |
| 3 | 2 | State what is meant by authority, delegation and empowerment. | [3] |
| 3 | 3 | Analyse Google's use of laissez-faire leadership. | [6] |
| 3 | 4 | "A matrix structure will always be more beneficial to Google than a hierarchical structure". Discuss. | [10] |

Bay View Motor Services

David Saunders owns Bay View Motor Services. The business has four garages located in a wide area in West Wales. Each garage generates revenue in several ways. The garages carry out servicing, motor repairs and MOT testing. They sell fuel, groceries and confectionery items, car accessories and second-hand cars.

Due to the success of the business, David is about to open another garage in Mid Wales. Even though David lacks expertise in accounts, he currently undertakes all responsibilities of the finance department. He has created an income budget for a six-month period for the new garage. He has forecasted the total costs to be 80% of the total income each month.

Income budget for Bay View Motor Services' new garage (£):

	January	February	March	April	May	June
Fuel sales	44 000	45 000	44 000	46 000	48 000	55 000
Grocery sales	4 650	?	4 700	4 700	4 750	4 900
Car accessories	1 250	1 100	950	850	750	650
Car sales	30 000	35 000	40 000	40 000	50 000	65 000
Servicing and repairs	23 000	28 000	24 000	24 500	25 150	25 600
MOTs	2 400	2 500	5 450	3 550	3 600	3 800
Total income	105 300	116 275	119 100	119 600	?	154 950

The continuing growth of the business has allowed David to benefit from economies of scale but he is also concerned that he may suffer diseconomies of scale if his business becomes too big.

4 **1** State **three** roles of a finance department. [3]

4 **2** Calculate the following from the income budget:

i) Grocery sales for February [1]

ii) Total income for May [1]

4 **3** With reference to the qualitative and quantitative data, evaluate the usefulness of budgeting to Bay View Motor Services. [9]

4 **4** Evaluate the impact of economies and diseconomies of scale on Bay View Motor Services **and** two of its stakeholders. [10]

END OF PAPER

BLANK PAGE