

- 1 (a) Identify and explain **one** advantage and **one** disadvantage of BB being a private limited company.

Advantage:

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Explanation:

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Disadvantage:

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Explanation:

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[8]

(b) Consider the advantages and disadvantages of the following **three** ways of researching the size of the market for an ‘after school care’ service. Recommend the best way for BB to use. Justify your answer.

Government population statistics:

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Internet research of competitors’ websites:

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Interviews with parents at local schools:

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Recommendation:

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2 (a) Identify and explain **two** leadership styles Stella could use.

Leadership style 1:

Explanation:

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Leadership style 2:

Explanation:

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[8]

(b) Consider the advantages and disadvantages of the **two** options for BB to expand. Recommend the best option to choose. Justify your answer.

Option 1:

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Option 2:

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Recommendation:

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- 3 (a) Refer to the organisation chart in Appendix 2. Identify and explain the chain of command for BB and the span of control for Stella.

Chain of command for BB:

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Span of control for Stella:

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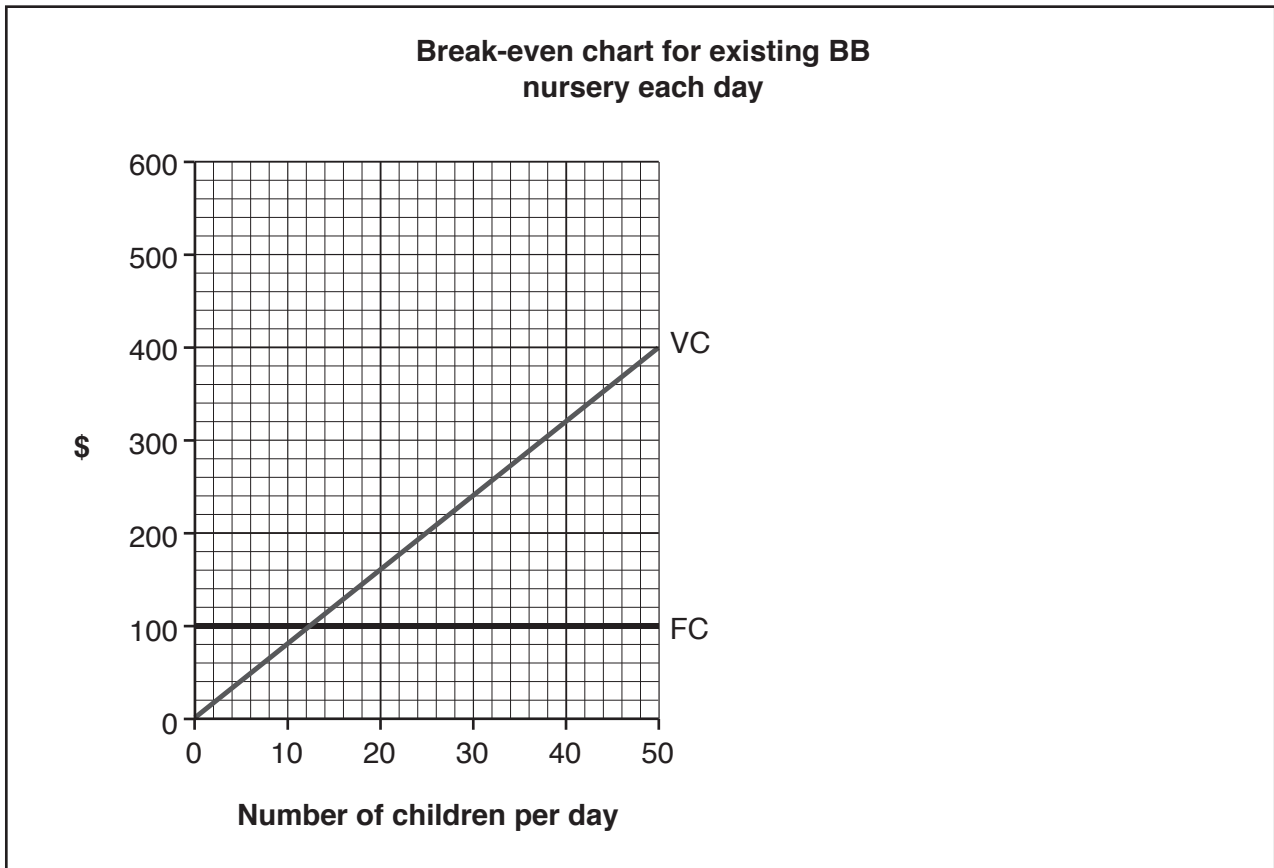
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[8]

**Please turn over.
Question 3 continues on page 8.**

- (b) (i) Draw on the break-even chart below: Total Cost line, Total Revenue line and the Break-even point.



Price = \$12 per child per day

FC = Fixed cost

VC = Variable cost

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- (ii) Consider **two** ways BB could use to reduce this break-even output. Recommend the best way to choose. Justify your answer.

Way 1:

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Way 2:

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Recommendation:

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4 (a) Identify and explain **two** reasons why profit is important to BB.

Reason 1:

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Explanation:

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Reason 2:

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Explanation:

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[8]

(b) Consider how the following **three** changes might affect BB. Which change is likely to have the biggest effect on BB's profit? Justify your answer.

The economy enters recession:

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The Government lowers income tax:

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The Government opens nurseries offering free child places to low income families:

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Conclusion:

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