BUSINESS AND MANAGEMENT - PAPER 1 PRACTICE EXAMINATION LEVEL

PAPER 1 – SL exam

CASE STUDY: THE IMPERIAL

For use in May and November 2014

1 hour 15 minutes

INSTRUCTIONS

Do not open this examination paper until you have been instructed to do so

You will need a clean copy of the 'The Imperial' case study

A clean copy of the Business and Management formulae sheet is required

You are permitted to use a calculator for this examination paper

Answer any two questions from Section A

Answer the compulsory question from Section B

The total marks for this examination paper is 50.
SECTION A

Answer two questions from this section.

1. (a) Define the following terms:
   (i) Workforce planning (line 148).
   (ii) Position map (line 60).

(b) The Imperial is a privately owned company (lines 18-19). Distinguish between privately and publicly owned companies.

(c) Examine the usefulness of market segmentation and consumer profiles for The Imperial.

2. (a) Define the following terms:
   (i) Fixed costs (line 146).
   (ii) Strategic alliance (line 150).

(b) Prepare a SWOT analysis showing only the strengths and weaknesses of The Imperial.

(c) Examine the advantages and disadvantages for The Imperial in forming a strategic alliance (line 150) with KenSafar.

3. (a) Identify two characteristics of an autocratic leader (line 98).

(b) (i) Define the term performance-related pay (line 45).
   (ii) Explain two reasons why a salary based on performance-related pay could help to motivate Martin Kimathi.

(c) Examine the strategies that The Imperial could use to deal with liquidity problems (line 66).
There is additional information in this mock exam paper for Section B.

Additional information (Items 1-3)

### Item 1 - Getting Small Kenyan Businesses Online

Small local businesses account for the largest source of revenue in Kenya. Recently, Google launched the “Getting Kenyan Businesses Online” (GKBO) initiative, allowing firms to set up websites for free. The free website builder allows businesses to reach more customers and improve their marketing. Google also launched YouTube.co.ke (the Kenyan version of YouTube), allowing local video clips to load and stream faster. According to Google, it has never been easier for businesses to establish an online presence to market themselves on the internet. Nevertheless, traditional mass media, like television and newspapers, continue to be the main way through which Kenyans gain information. Most businesses still prefer to use these traditional methods to advertise their goods and services as they have a more tangible return on investment. Still, with the increased use of mobile devices in Kenya, the trend is likely to change.

Source: Adapted from Crazy Nairobi Magazine (http://crazynairobi.com), accessed 8th January 2014

### Item 2 - Kenyan shilling (KES) 5-year trend: KES per USD

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 2014:</td>
<td>85.37KES</td>
</tr>
<tr>
<td>Jan 2013:</td>
<td>85.49KES</td>
</tr>
<tr>
<td>Jan 2012:</td>
<td>85.07KES</td>
</tr>
<tr>
<td>Jan 2011:</td>
<td>78.28KES</td>
</tr>
<tr>
<td>Jan 2010:</td>
<td>73.67KES</td>
</tr>
</tbody>
</table>

Source: Oanda.com
SECTION B

Answer the compulsory question from this section.

4. (a) Define the following terms:
   
   (i) **External environment** (line 125). [2 marks]
   
   (ii) **Final accounts** (line 69). [2 marks]

   (b) Explain why closing the hotel for a whole year (Option 1) would cause working capital issues for The Imperial. [4 marks]

   (c) Explain the importance of exchange rates (see Item 2) for businesses such as The Imperial that rely on foreign tourists. [4 marks]

   (d) Using Items 1 - 3 and the information in the case study, evaluate the opportunities and threats faced by The Imperial. [8 marks]