

2(a)

Explain two functions of management for CC's new manager.

Award one mark for each named function (max 2).

Award a maximum of 3 additional marks for **each** explanation of the function of management – **one of which must be applied to this context.**

Functions might include:

- **Planning** – setting aims and targets for the business – will give a sense of direction with common targets to work towards
- **Organising** – arranges the tasks for the employees – as a manager cannot do all tasks and will need to delegate
- **Coordinating** – bringing together the different departments in the organisation – so tasks are carried out efficiently
- **Commanding** – instructs the employees on how to carry out their tasks – gives guidance as required
- **Controlling** - checking the employees work so that the expected output is produced each week – and that all aims are achieved

For example: Planning (1) setting aims and targets for the business (1) such as sales targets for the cookies (app) will give CC a sense of direction with common targets to work towards (1).

Application could include: cookies; batch production; high-quality products; fresh ingredients; baking equipment; messages put on cookies; orders for birthdays or weddings; 10 production employees; 5 shop employees; Operations manager; oversee production; sole trader; small business; established for 5 years; sells at own shop in city centre.

2(b)

Consider how a decrease in interest rates and an increase in taxes in country P could affect CC. Which is likely to have the biggest effect on CC's profit? Justify your answer.

Level	Description	Marks
3	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of both changes. Well-justified conclusion. Candidates discussing both changes in detail, in context and with a well-justified conclusion, including why the alternative change, is rejected should be rewarded with the top marks in the band.	9–12
2	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of at least one change. Judgement with some justification / some evaluation of choices made. Candidates discussing both changes in detail and applying them to the case should be rewarded with the top marks in the band.	5–8
1	Limited application of knowledge and understanding of relevant business concepts. Limited ability to discuss the changes with little / no explanation. Simple judgement with limited justification / limited evaluation of choices made. Candidates outlining both changes in context should be rewarded with the top marks in the band.	1–4
0	No creditable response.	0

2(b)

Relevant points might include:

Decrease in interest rates	- Decrease in interest costs of a new bank loan – Sam may be more likely to invest in batch production facilities using a bank loan – may buy new ovens – lower interest rates reduce expenses - Reduces the cost of overdrafts – reduces interest payment for expenses – lower costs - May lead to higher economic growth – lower unemployment – higher incomes for consumers – increased demand for cookies - Increases the available income consumers can spend - If customers had a mortgage to repay – lower repayments – may increase demand for high-quality cookies
Increase in taxes	- May reduce CC's sales – as a result of less spending by consumers on high-quality products - Less retained profit and less investment in bakery equipment - May lead to an increase in the price of cookies – may lead to lower sales and revenue - May allow an increase in government payments to people on a lower income – may increase the sale of CC cookies if these people choose to celebrate an occasion such as a birthday or wedding with a cookie
Conclusion	Justification could include: - A decrease in interest rates will have the biggest effect on CC's profit as higher taxes may not affect demand for products that are not a high proportion of consumers incomes. Whereas a decrease in interest rates may encourage Sam to expand CC's production facilities by purchasing bakery equipment and increase future profit from higher sales of cookies / reduced average costs. - An increase in taxes will have the biggest effect on CC's profit as consumers will have less income after tax to spend and therefore revenue from the sale of cookies in their shop will fall reducing profit.