

# Cumbernauld Academy

Faculty of Business IT and Computing Science



**Business Management**

**National 5 Past Papers**  
(incl Old Intermediate 2 Questions)



National  
Qualifications  
2015

**X710/75/11**

**Business Management**

MONDAY, 11 MAY  
1:00 PM – 2:30 PM

**Total marks — 70**

**SECTION 1 — 30 marks**

Attempt BOTH questions.

**SECTION 2 — 40 marks**

Attempt ALL questions.

Write your answers clearly in the answer booklet provided. In the answer booklet you must clearly identify the question number you are attempting.

Use **blue** or **black** ink.

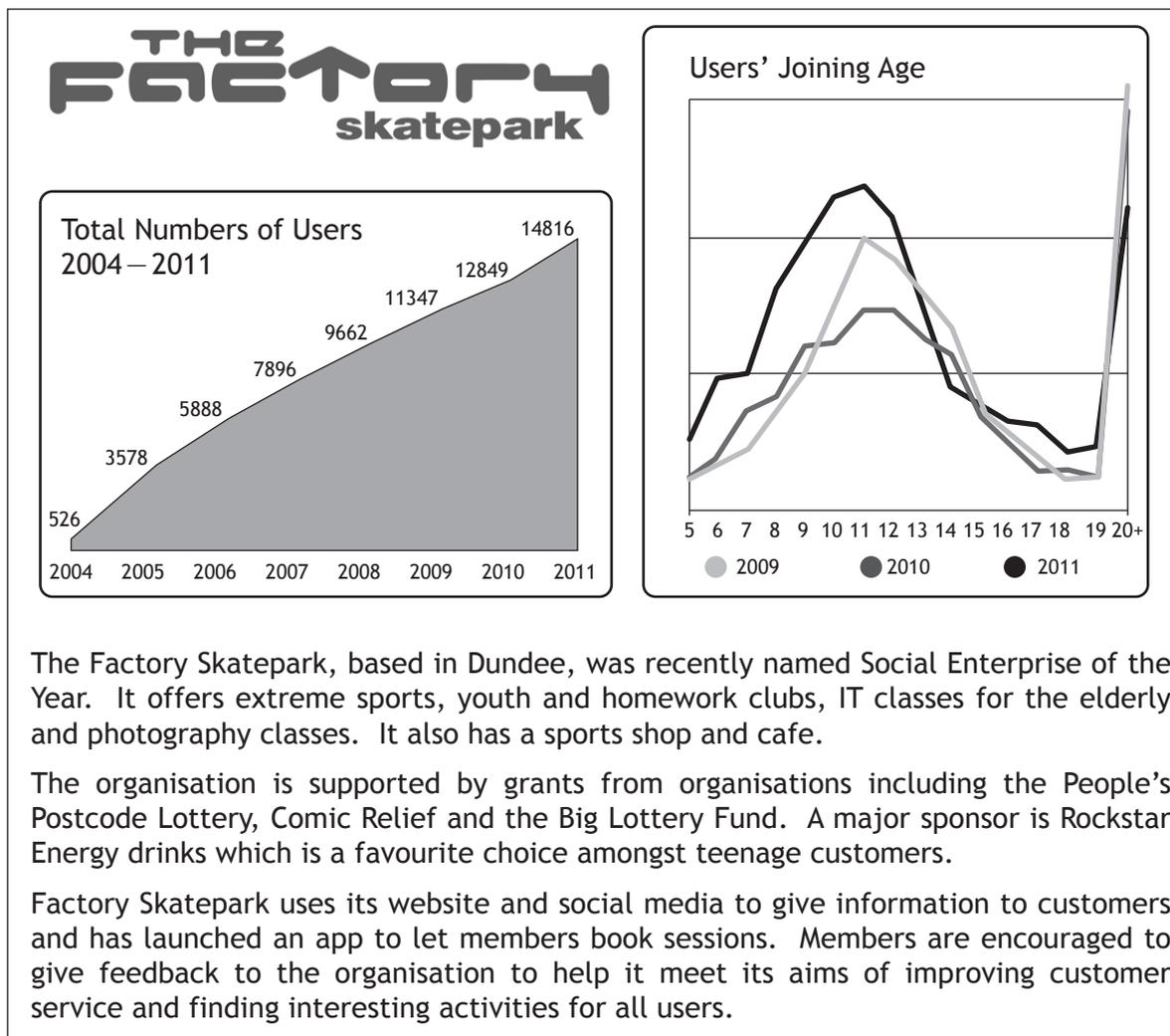
**You may use a calculator.**

Before leaving the examination room you must give your answer booklet to the Invigilator; if you do not, you may lose all the marks for this paper.



\* X 7 1 0 7 5 1 1 \*

SECTION 1 — 30 marks  
Attempt BOTH questions



You should note that although the following questions are based on the case study above, you will need to make use of knowledge and understanding you have gained whilst studying the Course.

1. (a) From the case study, identify 2 market segments that the organisation is targeting. 2
- (b) (i) From the case study, identify a charitable organisation that supports Factory Skatepark. 1
- (ii) Identify the sector of the economy that a charity would operate in. 1
- (iii) Describe one other sector of the economy. 1
- (c) Describe the features of a social enterprise. 2
- (d) (i) Outline the ways in which the skatepark can gain customer feedback. 2
- (ii) Explain the benefits of good customer service to the skatepark. 2

1. (continued)

- |     |  |   |
|-----|--|---|
| (e) | (i) From the case study, identify the ways in which technology is used in promoting the skatepark. | 2 |
|     | (ii) Describe the benefits of using technology to promote the skatepark.                           | 2 |

[Turn over



Glasgow-based clothing manufacturer Trespass was proud to be the official casual uniform supplier to the 2014 Commonwealth Games. The business is run by brothers Afzal and Akmal Khushi who established the Trespass brand in 1984. The business is run as a private limited company.

The owners were pleased to mark the 30th anniversary of the brand with such an honour. They have a wide range of products for men, women and children and specialise in sportswear for active pursuits. Customers can buy products online as well as in Trespass stores and outdoor clothing suppliers such as Go Outdoors.

Trespass mass-produces its clothing and uses hi-tech production. This ensures that quality is a key focus. The company has stores worldwide and employs hundreds of staff. Trespass prides itself in having a happy workforce and provides an excellent training programme for staff.



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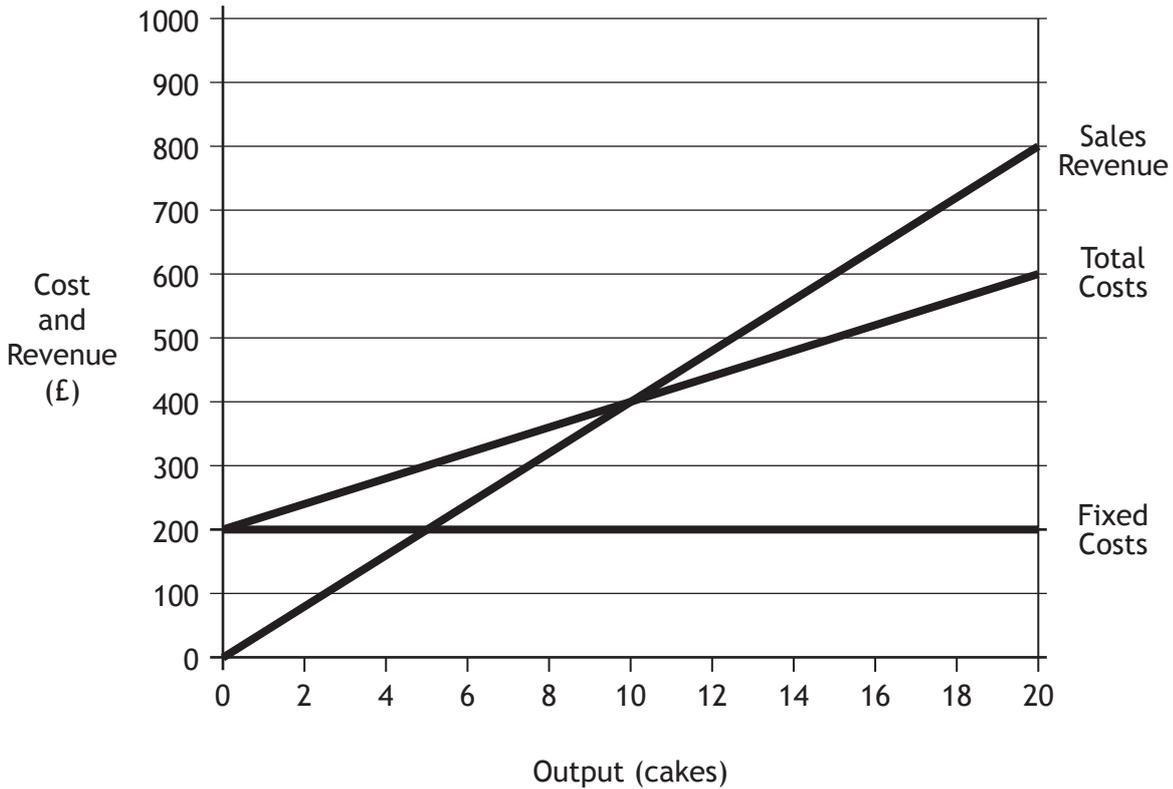
- |         |  |   |
|---------|--|---|
| 2. (a)  | From the case study, identify a sector of industry in which Trespass operates. | 1 |
| (b)     | Describe the features of a private limited company.                            | 2 |
| (c)     | Explain the benefits to a business of having a strong brand.                   | 2 |
| (d) (i) | From the case study, describe the method of production used.                   | 1 |
| (ii)    | Discuss the costs and benefits of using this method of production.             | 3 |
| (e)     | Describe the methods that can be used to train employees in the business.      | 3 |
| (f)     | Describe the interests of stakeholders identified in the case study.           | 3 |

[Turn over for SECTION 2 on *Page six*

**DO NOT WRITE ON THIS PAGE**

**SECTION 2 – 40 marks**  
**Attempt ALL questions**

3. Maddy Taylor is the owner and only employee of a cake-making business called Charm Cakes. She has produced the following break-even chart based on sales of her standard cakes.



- (a) From the break even chart, identify:
  - the number of cakes sold at the Break-Even Point;
  - Total Costs at Break-Even Point. 2
  
- (b) From the chart, calculate the Variable Cost per Unit. 2
  
- (c) Define the following terms.
  - Break-Even
  - Fixed Costs
  - Variable Costs 3
  
- (d) Justify the use of the following sources of finance:
  - a bank loan;
  - a grant;
  - an overdraft. 3

	<b>MARKS</b>
4. (a) Describe stages of the recruitment process.	<b>4</b>
(b) Outline the role of technology when recruiting and selecting staff.	<b>3</b>
(c) Describe the responsibilities of the employer under Health and Safety legislation.	<b>3</b>
5. (a) Describe the advantages of computerised stock control.	<b>3</b>
(b) Describe how an operations department can be environmentally friendly.	<b>2</b>
(c) (i) Identify 2 quality inputs in the production process.	<b>2</b>
(ii) Justify the importance of using good quality inputs in the production process.	<b>3</b>
6. (a) Promotion is an element of the marketing mix.	
(i) Describe the other elements of the marketing mix.	<b>3</b>
(ii) Outline the methods of sales promotion which an organisation could use.	<b>3</b>
(b) Discuss the costs and benefits of using desk research.	<b>4</b>

**[END OF QUESTION PAPER]**

## **ACKNOWLEDGEMENTS**

Section 1 Question 1 -The Factory Skateboard logo is reproduced by kind permission of The Factory Skatepark.

Section 1 Question 2 -Glasgow 2014 logo is reproduced by permission of The Commonwealth Games Federation.

Section 1 Question 2 -Trespass logo is reproduced by kind permission of Trespass.



National  
Qualifications  
2014

**X710/75/01**

**Business Management**

MONDAY, 19 MAY

1:00 PM – 2:30 PM

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**Total marks — 70**

**SECTION 1 — 30 marks**

Attempt BOTH questions

**SECTION 2 — 40 marks**

Attempt ALL questions

Write your answers clearly in the answer booklet provided. In the answer booklet you must clearly identify the question number you are attempting.

Use **blue** or **black** ink.

**You may use a calculator.**

Before leaving the examination room you must give your answer booklet to the Invigilator; if you do not, you may lose all the marks for this paper.



**SECTION 1 — 30 marks**  
**Attempt BOTH questions**

**It's All Wash and Go for Caroline**



Caroline Gray opened Dogs Body Design in Kelso in 2013 with the help of the Prince's Scottish Youth Business Trust (PSYBT). Dogs Body Design provides dog grooming services and sells homemade treats, handmade dog coats and bandanas which are all made locally.

Caroline trained for a year before taking up a post in a dog grooming salon. She then managed a salon before deciding to set up her own business. The PSYBT provided a business advisor who helped her prepare a business plan and cash budget. They also gave a £5000 loan and a grant of £250.

The young entrepreneur's idea proved so successful in just her first couple of weeks that she employed a member of staff. Her popularity means she is fully booked up to a week in advance.

**You should note that although the following questions are based on the case study above, you will need to make use of knowledge and understanding you have gained whilst studying the Course.**

- |            |   |          |
|------------|---|----------|
| 1. (a) (i) | From the case study, identify <b>2</b> enterprising skills or qualities that Caroline has demonstrated.     | <b>2</b> |
| (ii)       | Outline how these skills or qualities help Caroline develop her business.                                   | <b>2</b> |
| (b)        | From the case study, compare the <b>2</b> types of finance provided by the PSYBT.                           | <b>2</b> |
| (c)        | Caroline provides a service to her customers.<br>Justify the importance of providing good customer service. | <b>2</b> |
| (d) (i)    | Caroline employed a member of staff.<br>Outline <b>3</b> stages in the recruitment process.                 | <b>3</b> |
| (ii)       | Describe the features of the Equality Act 2010.   | <b>2</b> |
| (e) (i)    | From the case study, identify the stage of the product life cycle for Caroline's business.                  | <b>1</b> |
| (ii)       | Describe the stage identified in (e)(i).  | <b>1</b> |

**Total Marks      15**



The Big Issue magazine was launched in 1991 by Gordon Roddick and John Bird in response to the problem of homelessness on the streets of London. The Big Issue aims to “help them to help themselves”. The partners offer homeless people the opportunity to earn a legitimate income by becoming a vendor and selling magazines on the street. The vendor buys the magazine for £1.25 and sells it for £2.50.

Over twenty years later the organisation has helped thousands of vulnerable people to take control of their lives and currently works with around 2000 homeless people across the UK. The magazine has 63 distribution points nationwide.

The Big Issue is an example of a successful social enterprise. The magazine has clear social benefits and a reputation for getting exciting guest editors and exclusive celebrity contributions which has vastly increased sales.

You should note that although the following questions are based on the case study above, you will need to make use of knowledge and understanding you have gained whilst studying the Course.

- |        |  |           |
|--------|--|-----------|
| 2. (a) | Compare the objectives of The Big Issue, identified from the case study, with those of a public sector organisation. | 2         |
| (b)    | (i) From the case study, identify the method of promotion that is used by The Big Issue.                             | 1         |
|        | (ii) Describe other methods of promotion that could be used by The Big Issue.  | 2         |
| (c)    | Explain how external factors could affect the success of The Big Issue.  | 3         |
| (d)    | The Big Issue could use rail to deliver its magazines to its distribution points nationwide.                         |           |
|        | (i) Identify another method of distribution.   | 1         |
|        | (ii) State the advantages and disadvantages of this method.  | 3         |
| (e)    | Describe the factors to be considered when setting the price for The Big Issue.                                      | 3         |
|        | <b>Total Marks</b>   | <b>15</b> |

[Turn over

## SECTION 2 – 40 marks

Attempt ALL questions

- |    |     |   |           |
|----|-----|---|-----------|
| 3. | (a) | Discuss the advantages and disadvantages of recycling to an organisation.         | 4         |
|    | (b) | Explain the problems of having too much stock.                                    | 2         |
|    | (c) | The quality of products is important to all businesses.                           |           |
|    |     | (i) Identify 2 methods of ensuring quality.                                       | 2         |
|    |     | (ii) Describe the methods identified in (c)(i).                                   | 2         |
|    |     | <b>Total marks</b>  | <b>10</b> |
| 4. | (a) | Define the following financial terms.   |           |
|    |     | • Fixed Costs   |           |
|    |     | • Variable Costs  |           |
|    |     | • Sales Revenue   | 3         |
|    | (b) | Describe the actions that can be taken by an organisation to reduce costs.        | 3         |
|    | (c) | (i) Justify the use of a spreadsheet in the finance department.                   | 2         |
|    |     | (ii) Describe the ways that other software can be used in the finance department. | 2         |
|    |     | <b>Total marks</b>  | <b>10</b> |
| 5. | (a) | Describe the selection process used to choose the right person for the job.       | 4         |
|    | (b) | (i) Outline 2 methods of industrial action.                                       | 2         |
|    |     | (ii) Explain the impact of industrial action on an organisation.                  | 2         |
|    | (c) | Compare piece-rate with time-rate as methods of calculating wages.                | 2         |
|    |     | <b>Total marks</b>  | <b>10</b> |

	<b>MARKS</b>
6. (a) Outline 2 internal factors that can affect the success of an organisation.	2
(b) Describe factors of production.	3
(c) (i) Identify 2 stakeholders of a supermarket.	2
(ii) Explain how these stakeholders could influence the success of the organisation.	3
<b>Total marks</b>	<b>10</b>

**[END OF QUESTION PAPER]**

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## ACKNOWLEDGEMENTS

Section 1 Question 1—Photograph and article are adapted from “It’s all wash and go for Caroline,” taken from *The Southern Reporter*, 22 February 2013. Reproduced by kind permission of The Southern Reporter.

Section 1 Question 2—Front cover is taken from *The Big Issue*, Feb 20-26, 2012, No 988 and article is adapted from [www.bigissue.com/about-us](http://www.bigissue.com/about-us). Both are reproduced by kind permission of The Big Issue.

# X234/11/11

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NATIONAL  
QUALIFICATIONS  
2015

MONDAY, 11 MAY  
1.00 PM – 2.45 PM

BUSINESS  
MANAGEMENT  
INTERMEDIATE 2

Candidates should attempt **all** questions in Section One and **two** questions from Section Two.

Read all the questions carefully.

75 marks are allocated to this paper.

25 marks for Section **One** and 50 marks for Section **Two**.

Answers are to be written in the answer book provided.

Section **One** is on pages two, three and four.

Section **Two** is on pages five, six and seven.



## SECTION ONE

This section should take you approximately 45 minutes.

Read through the following information, then answer the questions which follow on *Page four*.

### *Stagecoach*

#### *Background*

Stagecoach was set up in Perth, Scotland in 1980. From its small start with just 2 buses, Stagecoach now has a fleet of 10,000 buses and coaches. Stagecoach expanded into many major towns and cities across the UK and the world. This growth was aided by Stagecoach becoming a PLC in 1993.



As well as buses and coaches, Stagecoach has also been a leading player in other public transport services. These have included a 3-year period as owner of Glasgow Prestwick Airport. Other services, which it is still currently involved in, are trains and trams. This includes a 49% share in Virgin Rail Group whereby they work in partnership to operate train lines across the UK.

Over the last 10 years Stagecoach has put a lot of their time, effort and money into expanding its budget travel scheme—megabus.com.

#### *The Objective*

Stagecoach is now a leading international company that operates some of the most recognised brands. It has the main objective of growth based on quality service and innovation.

In order to manage the organisation effectively, Stagecoach is split into 3 core divisions—UK Bus, UK Rail and North America. To achieve its main objective of growth, Stagecoach uses a decentralised management structure with short chains of command.

A recent newspaper article indicated that there is a revival of public bus transport in the USA. This is due to rising fuel costs and more UK-owned discount operators in highly populated areas of the country. This makes taking the bus more cost-effective than driving. Also people's perception of bus travel has changed with the introduction of modern, air-conditioned coaches. Many have free Wi-Fi and charging points for mobile phones and laptops.

#### *The Vision*

As well as the objective of growth, Stagecoach has a main vision “to deliver greener, smarter travel” for its customers. This has been the focus for many developments within Stagecoach since it introduced an advertising campaign to get drivers out of their cars and into public transport in the year 2000.

Stagecoach has often led the field by testing and introducing different fuel types all based on saving energy and cutting emissions into the environment. As well as this, Stagecoach prides itself in keeping its fleet of buses and coaches up to date in order to comply with European Standards regarding emissions. This has involved a continual

programme of investment into new, greener buses.

As well as greener buses and coaches, Stagecoach has also looked to find ways of making other parts of its operation sustainable and invested heavily in renewable sources of electricity for its UK bases. All of this time and effort was rewarded in 2010 by the company gaining the prestigious Carbon Trust Standard. It was the first Scottish-based transport company to achieve this award.

***Options for the Future . . .***

In order to continue to grow and fulfill its vision, Stagecoach could:

- 1 invest in new buses and expand megabus.com in the UK and USA;
- 2 bid for more rail franchises as they come up for renewal to expand its rail operations;
- 3 look for new ways to reduce emissions and be greener.

Adapted from: [www.stagecoach.com](http://www.stagecoach.com)  
[www.bbc.co.uk/news](http://www.bbc.co.uk/news)—28 October 2012

**[Turn over**

## SECTION ONE

## QUESTIONS

Answer ALL the questions.

1. Option 1 is for Stagecoach to invest in new buses.  
Identify and describe **2** sources of finance that a company could use to achieve this objective. 4
  
  2. Stagecoach prides itself on offering a quality service.  
Describe **3** quality measures an organisation could use. 3
  
  3. Stagecoach made the strategic decision to grow.  
Distinguish between tactical and operational decisions. 2
  
  4. Stagecoach has a decentralised decision making structure.  
Describe advantages and disadvantages of decentralised decision making. 4
  
  5. Stagecoach will carry out staff appraisal on a regular basis.  
Outline **3** reasons for carrying out staff appraisal. 3
  
  6. Stagecoach will carry out market research in order to find out what its customers want.  
    - (a) Explain the benefits to an organisation of market research. 3
  
    - (b) Identify **3** different types of ICT that could be used by a Marketing department. 3
  
    - (c) Describe ways that the Marketing department could use each type of ICT identified in 6(b) above. (A different use must be given for each type.) 3
- (25)**

[END OF SECTION ONE]

**SECTION TWO****This section should take you approximately 1 hour.****Answer TWO questions**

- |   |             |
|---|-------------|
| 1. (a) (i) Describe <b>4</b> ways an organisation can sell products directly to a consumer. | 4           |
| (ii) Identify <b>2</b> other channels of distribution an organisation may use.              | 2           |
| (b) Outline the stages of a decision making model.  | 5           |
| (c) (i) Distinguish between batch and flow production.                                      | 2           |
| (ii) Describe advantages and disadvantages of using job production.                         | 4           |
| (d) Explain the costs and benefits of training an employee.                                 | 4           |
| (e) Identify <b>4</b> ways an organisation could improve cash flow.                         | 4           |
|   | <b>(25)</b> |
| 2. (a) Identify and describe <b>3</b> types of information.                                 | 6           |
| (b) (i) Describe <b>3</b> accounting ratios.  | 3           |
| (ii) Outline <b>3</b> limitations of ratio analysis.  | 3           |
| (c) Describe the features of a charity.   | 3           |
| (d) Identify and describe <b>3</b> stock levels that an organisation may set.               | 6           |
| (e) Explain the effects of external factors on an organisation.                             | 4           |
|   | <b>(25)</b> |

**[Turn over**

	<i>Marks</i>
3. (a) (i) Identify <b>4</b> stages of the product life cycle.	4
(ii) Outline ways an organisation could extend the life of a product.	4
(b) Describe the costs of using ICT.	4
(c) (i) Distinguish between the following types of integration:	
• Backwards Vertical and Forwards Vertical	
• Horizontal and Conglomerate.	2
(ii) Describe the benefits of growth to an organisation.	3
(d) Describe different reasons for each of the following using an organisation's financial information:	
• Government	
• Creditors	
• Managers	
• Financial Journalists.	4
(e) Describe the problems of overstocking to an organisation.	4
	<b>(25)</b>
4. (a) Identify <b>3</b> aims of a public sector organisation such as the NHS.	3
(b) Explain the influence that stakeholders may have on an organisation.	4
(c) Describe the advantages of downsizing to an organisation.	2
(d) (i) Identify <b>4</b> types of industrial action.	4
(ii) Describe the impact of industrial action on an organisation.	3
(e) (i) Describe <b>3</b> pricing methods an organisation may use.	3
(ii) Outline the factors that an organisation may consider when setting prices.	3
(f) Define the following financial terms:	
• Trading Account	
• Fixed Assets	
• Cash Budget.	3
	<b>(25)</b>

		<i>Marks</i>	
5.	(a)	(i) Describe <b>3</b> methods of selecting the right person for a job other than an interview.	<b>3</b>
		(ii) Describe <b>one</b> benefit of each of the methods described in 5(a)(i). (A different benefit must be given for each method.)	<b>3</b>
	(b)	Define the following terms:	
		<ul style="list-style-type: none"> <li>• Informal Structure</li> <li>• Lateral Relationship</li> <li>• Span of Control.</li> </ul>	<b>3</b>
	(c)	Identify and describe <b>3</b> sectors of activity.	<b>6</b>
	(d)	Explain advantages and disadvantages of using primary information.	<b>4</b>
	(e)	Identify and describe <b>3</b> methods of promotion that an organisation could use to attract customers.	<b>6</b>
			<b>(25)</b>

*[END OF SECTION TWO]*

*[END OF QUESTION PAPER]*

## ACKNOWLEDGEMENTS

Section One – Article is adapted from BBC News, 28 October 2012. Reproduced by kind permission of BBC News.

Section One – Logo and information are taken from **[www.stagecoach.com](http://www.stagecoach.com)**. Reproduced by kind permission of Stagecoach Scotland Ltd.

# X234/11/01

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NATIONAL MONDAY, 19 MAY  
QUALIFICATIONS 1.00 PM – 2.45 PM  
2014

BUSINESS  
MANAGEMENT  
INTERMEDIATE 2

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## SECTION ONE

This section should take you approximately 45 minutes.

Read the following information, then answer the questions which follow on *Page four*.

### *DC Thomson Goes Digital*

DC Thomson, publisher of *The Beano* and *The Dandy*, has launched its much loved comics on Apple's Newsstand, making these national favourites available to anyone with an iPad, iPhone or iPod touch.

#### ***Background***

DC Thomson & Co Ltd was founded by the Thomson brothers William, David and Frederick and has been publishing newspapers since 1905. David (DC) ran the company and gave the company its name. Today the company is run by the descendants of the original founders.

DC Thomson publishes a range of newspapers and magazines including *The Courier*, *the Sunday Post*, *The Press and Journal*, *The Beano* and *The Dandy*. It also owns a range of companies including Aberdeen Journals (the publisher of the *Press & Journal*) and Parragon Books. The company has a head office in Dundee and offices in Aberdeen, Glasgow and London.



Some of their characters are known the world over including Dennis the Menace and Gnasher, Oor Wullie and *The Broons*.

#### ***Online Business***

DC Thomson, like most publishers, views the development of the digital side of its business to be key to its future success. Many of its publications have their own websites including *The Beano* and *The Dandy* with online subscriptions to its magazines.

In 2009 DC Thomson agreed to buy the social networking site Friends Reunited for £25.6 million from ITV. Friends Reunited aims to reunite people who have lost touch with old school friends, work colleagues and such like. Two years later, however, DC Thomson reassessed this value and showed the asset to be only worth £5.2 million—one fifth of the price paid. Despite this, by the end of 2011, DC Thomson's online business increased its share of turnover from 4% to 10%.

#### ***Closures***

The move into the digital era has not come without cost. Improvements in its online figures were helped by DC Thomson's decision to close a print plant in Dundee in late 2010, with plans to close another in Glasgow in 2012–13. A spokesman said the closures "are painful for the whole business, but are necessary so that our businesses have the best opportunity to prosper". Like all businesses, it is affected by economic conditions and the influence of the internet and its related media.

### ***New Platforms***

DC Thomson felt that its move into digital publishing underlined its commitment to children's literacy. This is backed by research into how comics can help children progress from picture books to text. By launching The Beano and The Dandy as apps, this ensures children of all ages can read its comics in all types of format. Mike Stirling, editor-in-chief of The Beano, said: "The great thing about the new app on Newsstand is that it guarantees our fans can enjoy The Beano 24/7".



### ***Options for the Future . . .***

In order to continue to expand its digital business and operate on a multimedia platform, DC Thomson could:

- 1 sell off Friends Reunited;
- 2 launch more titles on Apple's Newsstand app;
- 3 invest in other media ventures for The Beano and The Dandy, eg a new TV series.

Sources: The Courier 19 November 2011; [www.bbc.co.uk/news](http://www.bbc.co.uk/news) 15 December 2011;  
[www.dcthomson.co.uk](http://www.dcthomson.co.uk)

**[Turn over**

**SECTION ONE**

*Marks*

**QUESTIONS**

**Answer ALL the questions.**

1. (a) Identify the type of business organisation that DC Thomson is. **1**  
(b) Describe the advantages and disadvantages of this type of business. **4**
  2. DC Thomson's decision to sell off its factory in Dundee was a tactical decision.  
Distinguish between strategic and tactical decisions. **3**
  3. DC Thomson has offices all over the country with its head office in Dundee.  
Describe the advantages and disadvantages to DC Thomson of operating a centralised decision making structure. **4**
  4. DC Thomson could use sampling in order to find out what customers want.  
Identify and describe **2** methods of sampling that an organisation could use. **4**
  5. In Option 2, DC Thomson could launch more titles on Apple's Newsstand app.  
Explain the effects on employees of introducing ICT to an organisation. **3**
  6. DC Thomson has a Finance department.  
Outline the role of the Finance department in an organisation. **3**
  7. DC Thomson has to motivate its staff.  
Identify **3** ways an organisation can motivate its staff. **3**
- (25)**

*[END OF SECTION ONE]*

## SECTION TWO

Marks

**This section should take you approximately 1 hour.**

**Answer TWO questions.**

1. (a) Describe the role of an entrepreneur. **3**
- (b) (i) Identify **3** methods of advertising that can be used by an organisation. **3**
- (ii) Describe an advantage of each of the methods of advertising identified in (i) above. (A different advantage must be described for each method.) **3**
- (c) Define the following terms:
- Data
  - Information **2**
- (d) (i) Distinguish between the features of a sole trader and a local council in terms of ownership and finance. **2**
- (ii) Outline **2** objectives of a private sector organisation. **2**
- (e) Explain why the following factors should be considered when choosing a supplier:
- Price
  - Quality
  - Reliability
  - Payment Terms **4**
- (f) (i) Identify **3** accounting ratios that an organisation may use. **3**
- (ii) Describe the ratios identified in (i) above. **3**
- (25)**
2. (a) Name and describe **3** factors of production, other than enterprise. **6**
- (b) Compare primary and secondary sources of information. **2**
- (c) Outline **4** factors that need to be considered when choosing a channel of distribution. **4**
- (d) (i) Describe the advantages and disadvantages of batch production. **4**
- (ii) Explain the problems of overstocking to an organisation. **3**
- (e) (i) Identify **3** users of financial information. **3**
- (ii) Describe a different way that each of the users identified in (i) would use financial information. **3**
- (25)**

	<i>Marks</i>
3. (a) (i) Prior to advertising the job, identify and describe <b>3</b> stages of the recruitment process.	<b>6</b>
(ii) Describe the advantages of recruiting:	
• Internally	
• Externally.	<b>4</b>
(b) (i) Identify <b>3</b> types of ICT that could be used in an Operations department.	<b>3</b>
(ii) Describe a different way that each type of ICT identified in (i) could be used by the Operations department.	<b>3</b>
(c) (i) Distinguish between a tall and a flat organisational structure.	<b>2</b>
(ii) Describe the advantages and disadvantages of changing to a flat structure.	<b>4</b>
(d) Define each of the <b>3</b> stages of an operating system:	
• Input	
• Process	
• Output	<b>3</b>
	<b>(25)</b>
4. (a) Identify and describe <b>2</b> pieces of legislation created to protect information.	<b>4</b>
(b) Outline the roles of the following:	
• Trade Unions	
• Works Councils	<b>4</b>
(c) Define the following terms and give an example of each:	
• Line relationship	
• Lateral relationship	<b>4</b>
(d) Describe the advantages and disadvantages of being a multinational organisation.	<b>4</b>
(e) Other than time rate, identify and describe <b>3</b> methods of paying employees.	<b>6</b>
(f) Distinguish between the following terms:	
• Gross Profit and Net Profit	
• Fixed Assets and Current Assets	
• Debtors and Creditors	<b>3</b>
	<b>(25)</b>

	<i>Marks</i>
5. (a) (i) Define the term contract of employment.	<b>1</b>
(ii) Identify <b>2</b> items that could appear in a contract of employment.	<b>2</b>
(iii) Outline features of the following:	
• Equality Act 2010	
• Health and Safety at Work Act 1974	<b>4</b>
(b) Describe the role of a manager in an organisation.	<b>3</b>
(c) (i) Identify <b>2</b> internal factors that an organisation should consider when making decisions.	<b>2</b>
(ii) Explain an effect of each of the internal factors identified in (i) above.	<b>2</b>
(d) Describe the purpose of a cash budget.	<b>3</b>
(e) Describe the advantages and disadvantages to an organisation of using automation in production.	<b>4</b>
(f) For the following elements of the marketing mix, describe actions an organisation could take in order to increase sales:	
• Product	
• Place	<b>4</b>
	<b>(25)</b>

*[END OF SECTION TWO]*

*[END OF QUESTION PAPER]*

## ACKNOWLEDGEMENTS

Section One—Image of Dennis the Menace and Gnasher; The Dandy logo; and information in the article adapted from **www.dcthomson.co.uk** and *The Courier*, 19 November 2011. All are reproduced by kind permission of D C Thomson. © D.C. Thomson & Co Ltd.

Section One—Article is adapted from BBC News, 15 December 2011. Reproduced by kind permission of BBC News.

# X234/11/01

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NATIONAL THURSDAY, 23 MAY  
QUALIFICATIONS 1.00 PM – 2.45 PM  
2013

BUSINESS  
MANAGEMENT  
INTERMEDIATE 2

Candidates should attempt **all** questions in Section One and **two** questions from Section Two.

Read all the questions carefully.

75 marks are allocated to this paper.

25 marks for Section **One** and 50 marks for Section **Two**.

Answers are to be written in the answer book provided.

Section **One** is on pages two, three and four.

Section **Two** is on pages five, six and seven.



## SECTION ONE

This section should take you approximately 45 minutes.

Read the following information, then answer the questions which follow on *Page four*.

### *A G Barr plc Bucking the Trend of Recession*

IRN-BRU producers, A G Barr, anticipated good trading figures for the half year to July 2011. Sales revenue was expected to increase by approximately 3.5% to £123m for the 6-month period. This was despite the recession putting pressure on householder's income, strong promotions from competitors, rising input costs and poor weather that year.



#### ***Background***

A G Barr was established in 1875 by Robin Barr in Falkirk, where he started producing soft drinks. In 1901, Iron Brew was born and A G Barr found themselves a place in the history books as the No 1 soft drinks manufacturer in Scotland. It was not until after the Second World War that it was relaunched as IRN-BRU – the name we all know and love today.

By 1965 the business had become a PLC and in later years all Scottish production was moved to a new Cumbernauld factory.

#### ***Production***

Over the years Barrs has seen many changes. It now has an extensive range of soft drinks including IRN-BRU, Rubicon Exotic Juices, KA, Tizer, Barr's Original and Strathmore Spring Water. The company employs approximately 900 people over 11 sites in the UK.

Recently, the company has restructured some of its operations with the closure and subsequent sale of its Mansfield factory. This has been tied into a £10m upgrade of their Cumbernauld plant which should increase production at Cumbernauld by approximately one-third. Delays in the supply of equipment meant that the project took much longer than anticipated. This caused short-term capacity problems and additional costs for the company.

### ***Branding***

Barrs operate in a fiercely competitive market and over the years have successfully used promotion and innovative advertising to ensure the growth of their brand. One of the most famous slogans “Your other national drink – made in Scotland from Girders”, has helped Barrs maintain their status as a national brand. IRN-BRU can now be found throughout Europe as well as places like Russia and even Australia!

Facing fierce competitors’ promotions, Barrs undertook a wide variety of promotional activities. Diet IRN-BRU was renamed IRN-BRU Sugar Free in order to highlight the sugar free benefits of the drink. Barrs launched a new look Strathmore Water with new packaging and a new brand message – “Strathmore – A source of clarity”. A new 60-second TV commercial was launched for IRN-BRU to celebrate summertime. This was coupled with an online competition to be a “Star in the Ad”. With unpredictable weather and a poor British summer, perhaps it was not as successful as it could have been.



Finally Barrs launched their “Phenomenal BRU-Jet” competition. Hidden on special packs of IRN-BRU were 25 winning tickets for a week’s holiday in Tenerife. Despite the recession, Scots still love their holidays in the sun.

### ***Options for the Future . . .***

Despite seemingly bucking the trend, Barrs have had to work hard and make sound decisions to maintain their position in the market. In order to cut costs and maintain growth, Barr’s options for the future include:

- 1 open new markets or extend growth in other countries;
- 2 cut costs by building a wind turbine at their Cumbernauld factory to produce approximately 60% of their energy requirements;
- 3 restructure by concentrating production at Cumbernauld and closing down the other sites.

Sources: Herald Scotland, 5 September 2011; [www.bbc.co.uk/news](http://www.bbc.co.uk/news) 28 July 2011;  
[www.agbarr.co.uk](http://www.agbarr.co.uk)

**[Turn over**

**SECTION ONE**

*Marks*

**QUESTIONS**

**Answer ALL the questions.**

1. A G Barr plc managed to survive and grow despite facing difficult economic times.  
Name and describe **3** other external factors that could affect an organisation. **6**
  
2. In Option 3, A G Barr plc could close down other sites in order to restructure.
  - (a) Identify this type of restructuring. **1**
  - (b) Describe benefits of this type of restructuring to an organisation. **3**
  - (c) Other than restructuring, identify **2** tactical decisions made by A G Barr plc. **2**
  
3. A G Barr plc uses flow production to make their IRN-BRU.  
Describe advantages and disadvantages of this type of production. **4**
  
4. A G Barr plc spent a lot of time and money maintaining a good brand.  
Explain the benefits of having a brand to an organisation. **4**
  
5. A G Barr plc uses a mixture of skilled and unskilled workers at its factory.  
Compare skilled and unskilled workers. **2**
  
6. A G Barr plc expected its sales revenue to increase by 3.5%.  
Describe how the following stakeholders would use Barr's financial information:
  - Shareholders/Owners
  - Creditors
  - Citizens.**3**

**(25)**

*[END OF SECTION ONE]*

## SECTION TWO

Marks

**This section should take you approximately 1 hour.**

**Answer TWO questions.**

1. (a) Outline the stages of a decision making model. 5
- (b) (i) Describe the benefits of carrying out market research. 4
- (ii) Suggest **3** field research techniques. 3
- (c) Compare the objectives of a private sector organisation with those of a public sector organisation. 3
- (d) Identify and describe **2** types of training that could be given to existing staff. 6
- (e) Describe the benefits of presenting information in:
- (i) written format;
- (ii) oral format. 4
- (25)**
2. (a) Define the following terms:
- Span of control
  - Chain of command
  - Formal structure
  - Informal structure. 4
- (b) Identify and describe **4** stages in the product life cycle. 8
- (c) Explain the costs and benefits of training to an organisation. 4
- (d) Distinguish between capital-intensive and labour-intensive methods of production. 3
- (e) (i) Identify different types of ICT that could be used in the finance department of an organisation. 3
- (ii) Describe a possible use, in the finance department, for each type of ICT identified in (e)(i) above. 3
- (25)**

**[Turn over**

3. (a) Organisations use the following stock levels:
- Maximum
  - Minimum
  - Re-order.
- (i) Describe the above stock levels. 3
- (ii) Draw and label a stock control diagram to show these levels. 5
- (b) Describe **one** advantage and **one** disadvantage of the following sources of finance to an organisation:
- Bank Loan
  - Grant
  - Issuing Shares. 6
- (c) Identify and describe **4** methods of sales promotion that an organisation may use. 8
- (d) Describe the following ratios:
- Gross Profit Percentage
  - Working Capital Ratio
  - Return on Capital Employed. 3
- (25)
4. (a) Describe the selection process an organisation may use to select the right person for a job after sending out application forms. 5
- (b) (i) Explain **one** advantage and **one** disadvantage of secondary information. 2
- (ii) Give **two** examples of secondary information. 2
- (c) (i) Define the term mission statement. 1
- (ii) Distinguish between strategic and operational decisions and give an example of each. 4
- (d) Identify and describe **4** methods of ensuring quality in the production process. 8
- (e) Outline possible solutions to cash flow problems that may have been identified in an organisation. 3
- (25)

5. (a) Describe and give an example of the following 3 sectors of activity:
- primary sector
  - secondary sector
  - tertiary sector.
- (b) Describe the purpose of **2** of the following accounting statements:
- Profit and Loss Account
  - Cash Budget
  - Balance Sheet
- (c) Explain the advantages and disadvantages to an organisation of using e-commerce.
- (d) Describe advantages and disadvantages to an organisation of grouping by function.
- (e) Describe factors that could be considered when setting the price of a good or service.
- (f) (i) Identify **3** pieces of legislation used to protect employees.
- (ii) Describe the legislation identified in (f)(i).
- (25)**

[END OF SECTION TWO]

[END OF QUESTION PAPER]

## ACKNOWLEDGEMENTS

Section One—Article is adapted from a number of sources including *Herald Scotland*, 5 September 2011. Reproduced by kind permission of Newsquest (Herald and Times) Ltd.

Section One—Article, Barr’s Irn Bru logo and advertisement are adapted from **[www.agbarr.co.uk](http://www.agbarr.co.uk)**. Reproduced by kind permission of A G Barr plc.

Section One—Article is adapted from a number of sources including “Irn Bru maker A G Barr facing capacity glitch” taken from BBC News, 28 July 2011. Reproduced by kind permission of BBC News.

# X234/11/01

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NATIONAL WEDNESDAY, 30 MAY  
QUALIFICATIONS 1.00 PM – 2.45 PM  
2012

BUSINESS  
MANAGEMENT  
INTERMEDIATE 2

Candidates should attempt **all** questions in Section One and **two** questions from Section Two.

Read all the questions carefully.

75 marks are allocated to this paper.

25 marks for Section **One** and 50 marks for Section **Two**.

Answers are to be written in the answer book provided.

Section **One** is on pages two, three and four.

Section **Two** is on pages five, six and seven.



## SECTION ONE

This section should take you approximately 45 minutes.

Read the following information, then answer the questions which follow on *Page four*.

### *The end has come for Realtime Worlds*

In August 2010 Realtime Worlds game company faced up to its financial problems and called in the administrators. This dealt a savage blow to Scotland's video game industry which it may never recover from.



#### ***Background***

Dundee-based Realtime Worlds was founded in 2002 by Dave Jones, the creator of Lemmings and Grand Theft Auto—globally recognised games which Dave successfully franchised to many different game producers. Realtime Worlds had its headquarters in Colorado, USA, but its main development operations were in an old mill in Dundee. They specialised in creating new software for the entertainment industry.

Realtime Worlds' first game, "Crackdown", released in 2007, was a massive success, selling over 1.5 million copies and earning the company a video game award. The company grew into a highly respected and leading player in the industry and employed over 200 staff.

In 2008 the company secured a major cash boost of \$50 million from 3 American investors.

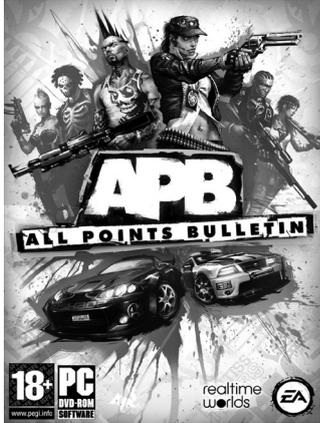
#### ***Government Assistance***

Dundee had become known as a centre of innovation and excellence in the video game industry in Scotland. In 2009 there were 15 video game companies in the city alone. Abertay University in Dundee became the first university in the world to offer a course in software engineering for video games.

Also in 2009 the UK video game industry petitioned the government to offer a 20% tax reduction to game producers. This would have kept the UK in line with the rest of Europe. Despite British companies doing well they were losing orders to other countries where government subsidies reduced production costs. By 2010 there was a change in the UK government and the chance of a tax reduction to the industry was cancelled.

### ***Lead up to Administration***

Despite the company's previous success with Crackdown, Realtime Worlds did not invest in a sequel to this game. However, this was developed by their competitors, Ruffian Games, a company founded by ex-Realtime Worlds' staff.



Dave Jones felt the future of video games lay in multi-player, online games. Realtime Worlds made the decision to develop 2 new games, APB (All Points Bulletin) and Project: My World. In December 2009 Realtime Worlds received the Hottest Prospect Award at the Tech Media Invest awards.

July 2010 saw the long awaited launch of APB—having taken 5 years to develop. Despite high hopes for this game rivalling the top online games in the industry, it received only a lukewarm reception and poor sales in the USA. Gamers were said to be unhappy with having to pay a subscription to keep playing rather than buying the game outright.

Within days of APB's launch, Realtime Worlds made an announcement that redundancies were being made in both Dundee and Colorado. By early August 60 staff were made redundant—including the whole team working on Project: My World. By mid-August the company were in administration with 185 staff laid off. The company owed approximately £3 million in the UK alone.

### ***Options for the Future . . .***

The possible demise of Realtime Worlds has renewed calls to reinstate the tax reduction proposal in order to sustain thousands of jobs in Scotland.

Options open to Realtime Worlds include:

- 1 keep the company open and try to sell it as a going concern;
- 2 sell the rights to APB to interested buyers;
- 3 close the business now.

Adapted from: The Courier, 14 and 18 August 2010; BBC News, December 2009

**[Turn over**

**SECTION ONE**

*Marks*

**QUESTIONS**

**Answer ALL the questions.**

1. Option 3 is to close the business now.  
Identify **3** different stakeholders and describe the effect Option 3 would have on each of them. **6**
  
  2. The administrators will have analysed the accounts of Realtime Worlds.  
Describe **3** ratios that the administrators could use to analyse an organisation's accounts. **3**
  
  3. Dave Jones franchised his games to many different game producers.  
Explain the advantages and disadvantages of franchising. **5**
  
  4. Realtime Worlds stores information electronically.
    - (a) Identify **2** pieces of legislation that cover information stored electronically. **2**
    - (b) Describe features of each piece of legislation identified in 4(a). **4**
  
  5. When setting a price for a new game, Realtime Worlds could use a variety of methods.  
Compare **2** pricing methods an organisation could use. **2**
  
  6. Describe the roles of Trade Unions in a workplace. **3**
- (25)**

[END OF SECTION ONE]

## SECTION TWO

Marks

**This section should take you approximately 1 hour.**

**Answer TWO questions.**

- |    |     |      |  |             |
|----|-----|------|--|-------------|
| 1. | (a) | (i)  | Describe the term flexi-time.  | 2           |
|    |     | (ii) | Explain the advantages and disadvantages of flexi-time.  | 4           |
|    | (b) |      | Describe methods that can be used to sell goods directly to customers.                                     | 4           |
|    | (c) |      | Identify <b>3</b> causes of cash flow problems.  | 3           |
|    | (d) | (i)  | Distinguish between a takeover and a merger.   | 2           |
|    |     | (ii) | Identify and describe <b>3</b> other methods of integration.   | 6           |
|    | (e) | (i)  | Describe <b>one</b> line relationship and <b>one</b> lateral relationship that may exist in the workplace. | 2           |
|    |     | (ii) | Outline the advantages of outsourcing for an organisation.   | 2           |
|    |     |      |  | <b>(25)</b> |
| 2. | (a) |      | Describe the costs and benefits to an organisation of using ICT.   | 4           |
|    | (b) | (i)  | Identify <b>3</b> different types of industrial action that an employee could take.                        | 3           |
|    |     | (ii) | Explain the impact of industrial action on an organisation and its employees.                              | 3           |
|    | (c) | (i)  | Define the term just-in-time production.   | 1           |
|    |     | (ii) | Describe the advantages and disadvantages to an organisation of using just-in-time.                        | 4           |
|    | (d) |      | Identify and describe <b>2</b> methods of field research.  | 4           |
|    | (e) |      | Describe ways each of the following departments may assist the Operations department.                      |             |
|    |     |      | <ul style="list-style-type: none"><li>• Marketing</li><li>• Human Resources</li><li>• Finance</li></ul>    | 6           |
|    |     |      |  | <b>(25)</b> |

**[Turn over**

	<i>Marks</i>
3. (a) Identify and describe <b>3</b> different stock levels that could be set.	<b>6</b>
(b) (i) Define the term market share.	<b>1</b>
(ii) Suggest <b>3</b> ways an organisation could segment its market.	<b>3</b>
(c) Compare the features of a sole trader with a public sector organisation.	<b>3</b>
(d) (i) Explain the advantages and disadvantages, for an organisation, of recruiting internally.	<b>3</b>
(ii) Describe <b>2</b> benefits of formal appraisal.	<b>2</b>
(e) (i) Define the following accounting terms:	
• Net Profit	
• Liquidity	
• Dividend	<b>3</b>
(ii) Describe the limitations of using ratios to analyse accounts.	<b>4</b>
	<b>(25)</b>
4. (a) Many employees are paid by time rate.	
Identify and describe <b>3</b> other employee payment systems.	<b>6</b>
(b) (i) Distinguish between operational and tactical decisions.	<b>2</b>
(ii) Give an example of each.	<b>2</b>
(c) (i) A common channel of distribution is by using a retailer.	
Outline the role of the retailer.	<b>3</b>
(ii) Describe <b>4</b> ways of extending the life of a product.	<b>4</b>
(d) (i) Define quantitative and qualitative information.	<b>2</b>
(ii) Give an example of each.	<b>2</b>
(e) Explain the benefits of growth to an organisation.	<b>4</b>
	<b>(25)</b>

	<i>Marks</i>
5. (a) (i) Identify <b>4</b> different types of ICT that could be used by a Human Resources department.	<b>4</b>
(ii) Describe ways that the Human Resources department could use each type of ICT identified in 5(a)(i). (A different use must be given for each type.)	<b>4</b>
(b) Parts of the role of management are to delegate and to motivate their workers.	
(i) Define the terms delegation and motivation.	<b>2</b>
(ii) Describe <b>2</b> decision making techniques.	<b>2</b>
(c) (i) Describe internal factors that affect an organisation.	<b>3</b>
(ii) Explain the advantages to an organisation of delayering.	<b>4</b>
(d) Identify and describe <b>3</b> documents that could be used by the Human Resources department in the recruitment and selection of an employee.	<b>6</b>
	<b>(25)</b>

*[END OF SECTION TWO]*

*[END OF QUESTION PAPER]*

## ACKNOWLEDGEMENT

Section One—Article adapted from *The Courier*, 14 and 18 August 2010. Reproduced by kind permission of The Courier, Dundee