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Total

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X234/101

NATIONAL QUALIFICATIONS 2010

FRIDAY, 14 MAY
9.00 AM – 10.15 AM

BUSINESS
MANAGEMENT
INTERMEDIATE 1

Fill in these boxes and read what is printed below.

Full name of centre

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Town

--

Forename

--

Surname

--

Date of birth

Day Month Year

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Scottish candidate number

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Number of seat

--

50 marks are allocated to this paper.

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

Read each question carefully.

Attempt **all** the questions.

All answers are to be written in **this** answer book.

Do **not** write in the margins.

Before leaving the examination room you must give this book to the Invigilator. If you do not, you may lose all the marks for this paper.



SECTION ONE

This section should take you approximately 35 minutes.

Read the following passage and then answer the questions on *Pages three to seven* of the question paper.

A Change is Brewing

Former Starbucks manager, Drew Buchanan, didn't have a problem with coffee. He had a real issue with tea. In fact, as a member of staff working in one of Edinburgh's most famous coffee chains, he was proud of the quality of the freshly ground coffee beans. However, he felt that the tea was overpriced at £1.85. After all it is only hot water and a tea bag. During his time at Starbucks he saw a rise in tea drinking, especially with students and younger people. Yet there was nowhere that specialised in tea.



Drew and his friend, Jamie Russell, formed a plan. The result is Tea Tree Tea.

Tea Tree Tea opened in Edinburgh in March 2008, offering over 40 freshly made tea options. These include exotic blends from China, Japan and Russia along with traditional favourites such as Earl Grey, Darjeeling and Scottish breakfast tea.

With its combination of sofas, soft lighting and music, it's like Central Perk from the US TV show Friends. But is there a place for a tea house in a market that seems all sewn up with the coffee bean?

"Definitely," says Drew. "Think about it. Before all these coffee houses existed people were happy drinking instant coffee at home. All of a sudden everyone is drinking freshly made coffee and it's now seen as a luxury product. So why can't tea be the same? It wasn't that long ago that we were a nation of tea lovers. There's no reason we can't go back to that."

Jamie is also confident about their business idea. "Tea is becoming extremely popular with the younger generation and is now seen as a healthier alternative to the coffee bean. We're getting a massive amount of students coming in choosing healthy options like white tea and green tea."

"What we want to do is let people know that tea is good for you and it's good quality," stresses Drew. "It can be just as fulfilling as coffee too."

**Adapted from: Evening News, Saturday 31 May 2008
Business7 Friday 23 May 2008
and www.teatreetea.com**

CANDIDATE'S
NOTES

Marks

QUESTIONS

Answer ALL the questions.

1. Identify **2** strengths of Jamie and Drew's business.

2

1 _____

2 _____

2. During his time at Starbucks, Drew saw a rise in tea drinking.

(a) Describe **2** effects on a business of changes in demand for a product.

2

1 _____

2 _____

(b) State **one** internal factor that may affect the running of Tea Tree Tea.

1

3. Drew felt that the tea was overpriced at £1.85.

(a) Identify and describe **one** method of pricing that a business may use.

2

<i>Method</i>	<i>Description</i>

Marks

3. (continued)

(b) Give **2** reasons why choosing a suitable price is important.

2

1 _____

2 _____

4. Describe **4** benefits to a company of having a website.

4

Benefit 1 _____

Benefit 2 _____

Benefit 3 _____

Benefit 4 _____

Marks

5. Survival will be an important objective for Tea Tree Tea in its first year of trading.

(a) Suggest why this would be important.

1

(b) State 2 objectives of a Charity.

2

Objective 1	
Objective 2	

6. Tea Tree Tea may carry out staff appraisals.

(a) Define the term staff appraisal.

1

[Turn over

Marks

6. (continued)

(b) Give **2** advantages of using staff appraisal.

2

Advantage 1	
Advantage 2	

7. (a) Outline **3** reasons why Tea Tree Tea might prepare a cash flow statement (cash budget).

3

1	
2	
3	

Marks

7. (continued)

(b) Identify the finance terms being described in the table below.

3

Customers who have received goods but not yet paid for them.	
Money that an owner takes out of a business for their own personal use.	
The amount of profit that a business makes before subtracting expenses.	

(25)

[END OF SECTION ONE]

[Turn over

SECTION TWO

This section should take you approximately 35 minutes.

Read the following passage and then answer the questions on *Pages nine to thirteen* of the question paper.

Chocolate Firm Beats the Crunch

Thorntons plc was established in 1911 with the aim of being the finest sweet shop. Almost 100 years later it has over 300 shops and 210 franchises. Thorntons sells a variety of confectionery including chocolates, ice cream and a range suitable for diabetics. In recent years they have added a wedding gift service.



Nowadays, Thorntons range of products are also on offer in a variety of places. These include supermarkets, off licenses, by mail order and over the Internet as well as their own chain of retail stores throughout the UK, Eire and the Channel Islands. In 1997, they launched Thorntons Direct which allows you to order personalised gifts and have them delivered.

In 2008, they revealed that their annual profits had risen 20% to £8.5 million, against the general trend of falling retail sales. The company put this down to modernising its stores and introducing new product ranges.

What's new?

Thorntons opened more updated stores in Edinburgh and Nottingham in time for the Christmas 2008 trading period.

Thorntons Chief Executive Mike Davies told the BBC it was clear that the retail trade faced tough times ahead but he added, "what we need to do about it, is to make sure that we have got something new and continue to innovate".

The company has recently increased the choice of chocolates with new recipes, relaunched its Continental range and introduced chocolates from around the world. They also set up the world's first edible billboard outside their Covent Garden, London store. Passersby ate it in 3 hours. It included 10 chocolate bunnies, 72 giant chocolate eggs and 128 chocolate panels. The publicity stunt was to help sales and is another example of their innovation.

"There's room for pleasure and a little bit of indulgence in everyone's life," said Mr Davies.

Adapted from: BBC news, October 2008
www.thorntons.co.uk

CANDIDATE'S
NOTES

Marks

QUESTIONS

Answer ALL the questions.

1. Thorntons plc is a public limited company (plc). State 2 features of a plc.

2

1	
2	

2. Thorntons uses machines in the production of chocolates.

- (a) Outline 2 benefits of automation.

2

1 _____

2 _____

[Turn over

Marks

2. (continued)

(b) Thorntons aims to produce the finest quality confectionery.

Describe **2** ways that they can ensure their chocolates are high quality.

2

1	
2	

3. Identify 2 external stakeholders of Thorntons and describe their influence.

4

<i>Stakeholder</i>	<i>Influence</i>

Marks

4. Thorntons will use information from a variety of sources.

(a) Define each of the following sources of information and give an example.

4

<i>Source</i>	<i>Definition</i>	<i>Example</i>
Primary		
Internal		

(b) Describe 2 uses of information in a business.

2

Use 1 _____

Use 2 _____

[Turn over

Marks

5. Identify and describe 2 different methods of promotion that Thorntons could use.

4

<i>Method</i>	<i>Description</i>

6. Thorntons had to recruit employees for its new stores.

Outline 3 stages in the recruitment process.

3

1	
2	
3	

Marks

7. (a) Define the term publicly funded organisation.

1

(b) Give **one** example of a publicly funded organisation.

1

(25)

[END OF SECTION TWO]

[END OF QUESTION PAPER]

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3		4
4		4
5		3
6		3
7		6
Section Two		
1		2
2		4
3		4
4		6
5		4
6		3
7		2

ACKNOWLEDGEMENTS

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