

**C010/SQP281**

---

Business Management  
Intermediate 1

NATIONAL  
QUALIFICATIONS

<i>Contents</i>	<i>Page</i>
Course Assessment Specification	2
Specimen Question Paper	5
Specimen Marking Instructions	17

## COURSE ASSESSMENT SPECIFICATION

### BUSINESS MANAGEMENT INTERMEDIATE 1

The purpose of this document is to provide:

- ◆ Details of the structure of the Question Paper in this Course
- ◆ Guidance to centres on how to use information gathered from the Question Paper in this Course to estimate candidate performance

#### Part 1

**This part of the Course Assessment Specification details the structure of the Question Paper in this Course.**

#### Course Assessment

The Course assessment is a Question Paper.

Paper	Time allocation	Mark allocation
1	1 hours 15 minutes	50

- ◆ This paper examines knowledge and understanding covering the Course content and also assesses the ability of candidates to identify, describe and give reasons for business decisions and business problems.
- ◆ The paper will consist of two sections.
- ◆ Each section will contain questions on the interpretation of a case study of a business.
- ◆ Each section is worth 25 marks.
- ◆ The case studies in each section will cover contrasting areas of business activity.
- ◆ Questions in both sections may focus on particular areas of Course content but there will also be questions which provide an opportunity to integrate topics across all areas of the Course content. These integrative questions may cover topics from any area of the three Units which comprise the Course.

#### Sections One and Two – total marks available 50

Both sections of the paper will assess knowledge and understanding and the ability to identify, describe and give reasons for business decisions and business problems.

Each will consist of a case study of a business organisation with a number of short answer interpretation questions totalling 25 marks. Candidates will be expected to attempt all questions.

Each case study will be about 300 words long and will describe a situation facing an organisation or organisations. It will probably be based on a magazine or newspaper article, although it could be hypothetical.

Candidates may be asked to:

- ◆ define terms used in the case study
- ◆ describe aspects of the situations in the case study
- ◆ identify problem areas
- ◆ identify constraints
- ◆ describe possible courses of action in response to problem areas.

## **Relationship between Unit and Course assessment**

The Unit assessments sample the knowledge and understanding gained during the learning and teaching process. Each Unit assessment is self-contained and covers only the content relevant to that Unit. A significant purpose of the Unit assessment is to enable candidates to demonstrate that they have grasped the essential aspects of business management introduced during a Unit. The contexts of the Unit assessments will all be ones which are familiar to candidates. As such, the Unit assessments provide an on-going benchmark against which candidates can measure their progress.

The Course assessment samples all aspects of the Course content and thus covers material from all three Units. It tests knowledge and understanding but also tests the ability of candidates to retain material and to identify, describe and give reasons for business decisions and business problems. Candidates are expected to adopt a more integrated approach than for the Units.

The different emphasis of the Unit and Course assessments will ensure that there is no unnecessary duplication of assessment. On occasions, it is possible that the same topic may feature in both assessments but candidates will be expected to carry forward the knowledge and understanding of a specific topic from the Unit assessment and apply it in unfamiliar contexts and/or in an integrative way.

## **The “added value” of the Course**

The Unit and the Course assessments complement each other. Candidates may undertake Units on a stand-alone basis. The holistic approach to Unit assessment means that those who take this route will be able to demonstrate specific achievement in a particular area of Business Management within a familiar context. Candidates who undertake the Course will have additional demands imposed upon them which will enable them to gain significant benefits over and above those gained from completing the Units.

The additional demands will require candidates to:

- ◆ demonstrate the retention of knowledge from all areas of the Course content
- ◆ integrate knowledge and understanding from all areas of the Course content
- ◆ respond to questions relating to unfamiliar and more complex contexts
- ◆ identify, describe and give reasons for problems and decisions which businesses may have to face and which relate to less familiar and more detailed contexts.

The additional 40 hours for the Course is to allow these additional demands to be met. It also gives those delivering the Course the opportunity to make use of a wide range of teaching and learning strategies to assist candidates in meeting these additional demands.

## Part 2

**This part of the Course Assessment Specification provides guidance on how to use assessment information gathered from the Question Paper to estimate candidate performance.**

The Course award is based on the total mark gained in the Question Paper.

In National Qualifications cut-off scores should be set at approximately 70% for Grade A and 50% for Grade C with Grade B falling midway.

For a total mark range of 0 – 50, the following gives an indication of the cut-off scores:

Grade	Band	Mark Range
A	1	43 – 50
A	2	35 – 42
B	3	33 – 34
B	4	30 – 32
C	5	28 – 29
C	6	25 – 27
D	7	23 – 24
NA	8	20 – 22
NA	9	0 – 19

These cut-off scores may be lowered if the Question Paper is more demanding or raised if the Question Paper is less demanding than the standard set by SQA.

### Worked example

A candidate scores 32/50 in a centre's own prelim. In estimating performance for this candidate, the centre might apply the following considerations.

- ◆ The centre's view is that the prelim is slightly less demanding than the question paper in the SQA examination.
- ◆ Using the table, a realistic estimate of the candidate's performance in the SQA examination may be **band 5** rather than band 4.

FOR OFFICIAL USE

--	--	--	--	--	--

Total

--

**[C010/SQP281]**

**BUSINESS  
MANAGEMENT**

Time: 1 hour 15 minutes

**NATIONAL  
QUALIFICATIONS**

Intermediate 1  
Specimen Question Paper

**Fill in these boxes and read what is printed below.**

Full name of centre

--

Town

--

Forename(s)

--

Surname

--

Date of birth

Day Month Year

--	--	--	--	--	--	--	--

Scottish candidate number

--	--	--	--	--	--	--	--	--	--

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, four, five and six* of the question paper.

*BARR' S IRN-BRU*



CANDIDATE'S  
NOTES

### ***JOBS COULD GO AS IRN-BRU GROUP RELOCATES TO CUMBERNAULD***

A.G. Barr, the Glasgow based firm that produces Irn-bru, Tizer and Orangina, plans to move its Glasgow factory to a state-of-the art complex in Cumbernauld. A.G. Barr started out in 1830 in Falkirk. In 1887, it moved into soft drinks. In 1954, it expanded into England and more recently into Canada, Australia and Russia. Quality is very important to A.G. Barr and the company is committed to ensuring that all of its products are of a very high standard. They use the flow method of production.

A.G. Barr employs over 1000 people across the United Kingdom at sites in Bristol, Kirkcaldy, Edinburgh, Glasgow and Falkirk. Over the next few years these sites will close and all aspects of the business will be conducted from Cumbernauld. Roger White, the Chief Executive, admitted there would probably be a reduction in jobs as a result of the move.

Roger White said yesterday, "We have now got to the stage where we feel it is extremely important to invest in the future and expand and modernise the business. We are preparing to spend up to £17 million to create a world class distribution and sales division and we believe the site at Cumbernauld will enable us to do this. All Glasgow staff will be offered a job at the new location."

The company will undergo a 90-day consultation period with its staff where all aspects of the move to Cumbernauld will be discussed.

Despite bad weather conditions last summer, Irn-bru sales were very good and better than many of their main rivals. The company believe that increased marketing, including a new advertising campaign with the slogan "Phenomenal", contributed to their success.

(Adapted from "The Herald" - 31 March 2005)

**QUESTIONS**

**Answer ALL the questions**

1. We all have needs and wants. State whether the drink Irn-bru is a **need** or a **want**.

1

\_\_\_\_\_

2. Give an example of a business which operates in the following sectors of industry.

3

Primary \_\_\_\_\_

Secondary \_\_\_\_\_

Tertiary \_\_\_\_\_

3. **Name** and **describe** each element of the marketing mix.

5

<i>Element of Marketing Mix</i>	<i>Description</i>

Marks

4. A. G. Barr spent a lot of money on an advertising campaign. Name **2** forms of advertising it may have used.

2

1 \_\_\_\_\_

2 \_\_\_\_\_

5. Describe **2** objectives of A. G. Barr.

2

1 \_\_\_\_\_

\_\_\_\_\_

2 \_\_\_\_\_

\_\_\_\_\_

6. Listed below are **4** factors that have an effect on organisations. The first effect has been described for you. Describe the other **3**.

3

<i>Factor</i>	<i>Effect on organisation</i>
Increase in interest rates	If interest rate is high, the cost of borrowing will also be high.
New Health and Safety Law	
Increased use of the Internet	
Similar firm setting up in business nearby	

Marks

7. A. G. Barr used the flow method of production. Give a definition of **flow production**.

1

---



---

8. Give 2 reasons why quality is important to A. G. Barr.

2

1 

---

---

2 

---

---

9. A. G. Barr employs over 1000 people across the United Kingdom. Describe the following terms.

4

<i>Terms</i>	<i>Description</i>
Application Form	
Job Description	
Person Specification	
Interview	

*Marks*

**10.** A. G. Barr proposes to have a 90-day consultation period with staff regarding the move to Cumbernauld.

**1**

(a) Define the term **works council**.

---

---

---

---

(b) State **one** benefit of a works council to management.

**1**

---

---

---

---

**(25)**

*[END OF SECTION ONE]*

## SECTION TWO

This section should take you approximately 35 minutes.

Read the following passage and then answer the questions on *Pages eight, nine, ten and eleven* of the question paper.

<i>SAFE CARS</i>	CANDIDATE'S NOTES
<p>Stuart Lawson lost his highly paid job. At the time he had 2 young children and his wife was expecting their third child. Stuart received a small redundancy payment from his employer plus his company car.</p>  <p>In order to bring in some money Stuart decided to use his car as a taxi. With Christmas and New Year just round the corner he was kept so busy that he had to get his brother to help out. Stuart realised there was an opportunity for a business and with his redundancy money, and a Business Start-up Grant, "Safe Cars" was established.</p> <p>At first Stuart worked from his own home but as his business expanded he managed to rent some premises near Glasgow Airport.</p> <p>"Safe Cars" now has 14 vehicles including three 8-seaters. Stuart has 32 staff working for him. Six are employed in the company's office dealing with administration, finance and marketing. There are 2 full-time mechanics and the rest of the staff are employed as drivers, some of whom work part-time and are paid an hourly rate.</p> <p>After carrying out market research Stuart realised that security is important to people when they hire a taxi. As a result of this Stuart has installed a computerised tracking system which can tell:</p> <ul style="list-style-type: none"><li>• where any of his vehicles are</li><li>• who the driver is</li><li>• when the vehicle will get to a customer</li><li>• when it is likely to arrive at a destination.</li></ul> <p>Passengers travelling on their own feel comfortable knowing they are protected by the tracking system.</p> <p>Stuart has the opportunity to expand his business further as a car park next to his premises is up for sale. Stuart is keen to buy this as he could use it to cater for airport passengers who could leave their cars there while on holiday. Stuart could use his 8-seaters to take passengers to and from the airport and charge them for looking after their cars while away on holiday. Stuart now has to find the money to finance the purchase of the car park.</p>	

**SECTION TWO**  
**QUESTIONS**  
**Answer ALL the questions**

1. Stuart Lawson is an “**entrepreneur**”. Describe this term.

1

---



---



---

2. When Stuart started his business he was a Sole Trader. In the table below name and describe **3** other types of business organisation he may adopt as his business grows.

6

<i>Type of Business</i>	<i>Description</i>
1	
2	
3	

Marks

3. Stuart employs a number of part-time drivers who are paid an hourly rate. Name and describe **2** other types of payment systems which businesses use to pay staff.

4

<i>Payment System</i>	<i>Description</i>
1	
2	

4. "Safe Cars" makes use of a computerised tracking system to track its vehicles. Name **2** other software packages which firms use and state what each would be used for.

4

<i>Software Package</i>	<i>Use</i>
1	
2	

Marks

5. Stuart now has the chance to acquire more land. Using the table below for your answers

(a) Name **2** methods of raising finance he could use to pay for this

2

(b) Describe a **disadvantage** of each method you have named.

2

<i>Source of Finance</i>	<i>Disadvantage</i>
1	
2	

6. Describe how “Safe Cars” might use the following financial statements.

2

Profit and Loss Account \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Balance Sheet \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Marks

7. Listed below are 4 stakeholders of “Safe Cars”. State what interest each would have in the business.

4

<i>Stakeholders</i>	<i>Interest in the business</i>
Bank	
Customers	
Employees	
Government	

(25)

[END OF SECTION TWO]

[END OF SPECIMEN QUESTION PAPER]

**FOR OFFICIAL USE ONLY**

<b>Section One</b>		
<b>1</b>		<b>1</b>
<b>2</b>		<b>3</b>
<b>3</b>		<b>5</b>
<b>4</b>		<b>2</b>
<b>5</b>		<b>2</b>
<b>6</b>		<b>3</b>
<b>7</b>		<b>1</b>
<b>8</b>		<b>2</b>
<b>9</b>		<b>4</b>
<b>10</b>		<b>2</b>
<b>Section Two</b>		
<b>1</b>		<b>1</b>
<b>2</b>		<b>6</b>
<b>3</b>		<b>4</b>
<b>4</b>		<b>4</b>
<b>5</b>		<b>4</b>
<b>6</b>		<b>2</b>
<b>7</b>		<b>4</b>

**[C010/SQP281]**

---

BUSINESS  
MANAGEMENT

Intermediate 1

Specimen Marking Instructions

NATIONAL  
QUALIFICATIONS

The marking instructions give guidance on what should be considered relevant points. They are not intended to be exhaustive. Credit may be given for points which are not included in the guidelines if they are relevant to the question.

### SECTION ONE — SOLUTION

1. *We all have needs and wants. State whether the drink Irn-bru is a **need** or a **want**.* **1**

Want

2. *Give an example of a business which operates in the following sectors of industry.* **3**

*Primary*—Mining, Farming, Forestry

*Secondary*—Shipbuilding, Construction, Factories

*Tertiary*—Banks, Shops, Hairdressers, Hotels

3. *Name and **describe** each element of the marketing mix.* **5**

<i>Element of Marketing Mix</i>	<i>Description</i>
Product	The good/service that customers purchase. The product also includes the packaging, guarantee and after-sales service pertaining to the product/service.
Price	The actual price that the customer pays for the product/service.
Place	The place where the customer buys the product/service.
Promotion	The way in which the customer is made aware of the product/service and is persuaded to buy it. Promotion includes advertising, sales promotions and personal face-to-face selling.

**1 mark for naming all the elements of the marketing mix.**

**1 mark for a description of each element.**

4. *A. G. Barr spent a lot of money on an advertising campaign. Name 2 forms of advertising it may have used.* **2**

- Newspaper/magazine advertising.
- Television advertising.
- Radio advertising.
- Fliers.
- Slogans (like “Phenomenal”).

5. Describe 2 objectives of A. G. Barr. 2
- Survival
  - Growth
  - Customer satisfaction

6. Listed below are 4 factors that have an effect on organisations. The first effect has been described for you. Describe the other 3. 3

<i>Factor</i>	<i>Effect on organisation</i>
<i>Increase in interest rates</i>	<i>If interest rate is high, the cost of borrowing will also be high.</i>
<i>New Health and Safety Law</i>	Organisation may have to bring premises up to a certain standard in order to comply with the law.
<i>Increased use of the Internet</i>	Shopping over internet has increased so businesses must keep up with technological changes or they may lose customers.
<i>Similar firm setting up in business nearby</i>	Rival firm may offer reduced prices so organisation may lose customers if they do not match this.

7. A. G. Barr used the flow method of production. Give a definition of **flow production**. 1

Flow production is where items continuously move from one operation to the next, and eventually to the finished product.

8. Give 2 reasons why quality is important to A. G. Barr 2
- Increases sales
  - Improves reputation

9. *A. G. Barr employs over 1000 people across the United Kingdom. Describe the following terms.*

4

<i>Terms</i>	<i>Description</i>
<i>Application Form</i>	A form which candidates fill in when they wish to apply for a position within an organisation.
<i>Job Description</i>	A document which gives a description of the job vacancy. It states the title of the job and where job is located.
<i>Person Specification</i>	A document which describes the qualifications, experience, personal qualities and interests that an ideal candidate would possess.
<i>Interview</i>	A meeting which takes place between the candidate and interviewer(s) where information is gathered from candidates, and where both sides are able to ask questions.

10. *A. G. Barr proposes to have a 90-day consultation period with staff regarding the move to Cumbernauld.*

(a) *Define the term **works council**.*

1

A works council is a group of representatives from the workforce who meet regularly with management and are involved in joint decision making and most matters relating to employees.

(b) *State **one** benefit of a works council to management.*

1

They will be made aware of the concerns which employees have regarding the relocation and can take steps to alleviate these concerns. They can make sure that they make the change as painless as possible for employees and assure them of their support. Find out what is really happening in the workplace.

(25)

[END OF SECTION ONE]

**SECTION TWO — SOLUTION**

1. *Stuart Lawson is an “entrepreneur”. Describe this term.* 1
- An entrepreneur is a person who sees and develops a business opportunity. An entrepreneur is usually a risk taker.
2. *When Stuart started his business he was a Sole Trader. In the table below name and describe 3 other types of business organisation he may adopt as his business grows.* 6

<i>Type of Business</i>	<i>Description</i>
1 Partnership	This is a business with 2-20 partners who own and control it. The partners have to produce a Partnership Agreement (which states each partner’s rights and the procedures to be followed when any partner leaves or joins the business). Partners have unlimited liability. All profits have to be shared between partners.
2 Private Limited Company	Limited liability. This is a company whose shares are owned privately (they are not available to the public on the Stock Market). This type of company has a minimum of one shareholder. It is owned by the shareholder(s) and run by a Director or Board of Directors. There must be a minimum of one Director and one company secretary. A Private Limited Company has to produce a Memorandum of Association and Articles of Association (stating the company’s details, the responsibilities of directors and the rights of shareholders).
3 Public Limited Company	Limited liability. A company whose shares are available for purchase on the Stock Market. The Shareholders own the business and a Board of Directors control it. There must be a minimum of two shareholders and £50,000 share capital. A PLC must also produce a Memorandum of Association and Articles of Association (stating the company’s details, the responsibilities of directors and the rights of shareholders).

3. *Stuart employs a number of part-time drivers who are paid an hourly rate. Name and describe 2 other types of payment systems which businesses use to pay staff.*

4

Payment System	Description
Flat Rate	This is where employees are paid a set salary. The salary is divided into 12 equal monthly payments.
Piece Rate	Workers are paid for each item they produce. This method of payment tends to be used in factories. The more a worker produces the higher his wages will be.
Commission	Commission may be the sole method of payment or it is often added on to an employee's basic wage or salary. Commission is usually calculated as a percentage of the product's sales value. It is used as an incentive for employees to sell as much as possible.
Bonus Rate	This is a payment which is added to an employee's salary when they meet certain targets. Some companies give employees an annual bonus if the company is doing particularly well
Overtime	This is a payment made to employees when they work extra hours. Their normal hourly rate usually rises for any overtime that they work eg "double time" or "time and a half".

4. "Safe Cars" makes use of a computerised tracking system to track its vehicles. Name 2 other software packages which firms use and state what each would be used for.

4

<i>Software Package</i>	<i>Use</i>
Database	Used for keeping records of customers, suppliers, staff, etc it also allows <ul style="list-style-type: none"> <li>• searches to be made for specific information</li> <li>• sorting of records into alphabetical, chronological and numerical order</li> <li>• calculations within records</li> <li>• reports to be made.</li> </ul>
Spreadsheet	This is an electronic worksheet that is used to make calculations. It also <ul style="list-style-type: none"> <li>• performs "what if" scenarios. By changing numbers in the spreadsheet, the user can see the effect of these changes</li> <li>• produces graphs and charts of calculations.</li> </ul>
Word Processing	This makes the creation and editing of text easy and efficient. Key features of this package include <ul style="list-style-type: none"> <li>• deleting text, moving and copying text, bolding and underlining text, spell-check and search and replace</li> <li>• mail-merge – which allows information from a database to be merged into a WP document.</li> </ul>
Desktop Publishing	This package is used to produce high quality, professional looking documents. It also allows the user to import material produced on other software packages and display text and graphics in a professional style.
Presentation Packages	Text, graphs, tables, graphics, etc can be shown using the mouse button. The computer can be linked to a LCD projector to display a presentation straight on to a large screen.

5. Stuart now has the chance to acquire more land. Using the table below for your answers

(a) Name 2 methods of raising finance he could use to pay for this. 2

(b) Describe a **disadvantage** of each method you have named. 2

<i>Source of Finance</i>	<i>Disadvantage</i>
Bank Loan	Interest charges can be high. Bank may not grant sufficient money if a lot is required.
Government Grant	May take time to obtain. There may be certain conditions attached eg employ so many people.
Owner's savings	Once invested into the business, owner's capital can be difficult to withdraw. It is at risk if the business fails (if owner has unlimited liability).
Share issue	Shareholders will expect a yearly dividend.
Friends and family	Has to be paid back. Often family disputes occur if money is not repaid in time specified.

6. Describe how "Safe Cars" might use the following financial statements. 2

*Profit and Loss Account* This could be used to show the profit and loss over a period of time. It will show Safe Cars how much money has come into the business and how much has been spent.

*Balance Sheet* This will show Safe Cars the value of their business at a particular time. It will show what the business owns and items that it owes. It will also show how the business had been financed.

7. Listed below are 4 stakeholders of "Safe Cars". State what interest each would have in the business.

4

<i>Stakeholders</i>	<i>Interest in the business</i>
Bank	Bank may have lent money to business so will be interested in how it is doing so that any loans are repaid.
Customers	Customers/Clients will be interested in the service given by the firm and want the firm to survive.
Employees	Employees have an interest because they want good working conditions and good rates of pay.
Government	Government may introduce new policies on taxation, minimum wage legislation or health and safety issues which Safe Cars must comply with. Want the firm to do well and pay taxes.

(25)

[END OF SECTION TWO]

[END OF SPECIMEN MARKING INSTRUCTIONS]