

## 4200/403

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NATIONAL  
QUALIFICATIONS  
2010

FRIDAY, 14 MAY  
1.00 PM – 2.30 PM

BUSINESS  
MANAGEMENT  
STANDARD GRADE  
Credit Level

- 1 Read each question carefully.
- 2 Attempt **all** the questions.
- 3 All answers are to be written in the answer book provided.



1.



The “golden arches” of McDonald’s are one of the most widely recognised global brands. Driven by changing social trends towards healthier food, McDonald’s launched its biggest change in the company’s 30 year history—a new menu. McDonald’s now provides nutritional information on its full menu to customers in store and via its website.

Restaurants are being redesigned with leather seating and modern styling. McDonald’s offers free wi-fi access in over 1,000 restaurants in the UK. McDonald’s is constantly looking at ways to improve its customer service. Employee training has always been important—in 2008 McDonald’s was given the right to award its own qualifications to employees in the UK.

- (a) Describe **3** benefits to McDonald’s of having a strong brand. 3
- (b) Other than social trends, identify and describe **2** external factors that may affect McDonald’s. 4
- (c) Suggest additional information that McDonald’s may display on their website, other than nutritional values of food. 4
- (d) Describe one method of on-the-job training and one method of off-the-job training. 2
- (e) From the case study, identify ways in which McDonald’s have improved customer service. 4

2.

## MOON MICROSYSTEMS LTD—CUSTOM BUILT PCs



Dan Mooney set up Moon Microsystems in a small shop in Perth. As his business grew he opened a further 9 shops throughout Scotland, he now employs 45 staff. Dan prides himself on being a good manager. He has a flat management structure with all store managers reporting directly to him and all technicians and sales staff are on the same level. He is thinking of offering flexible working to employees.

As each computer is custom-built to order, just-in-time manufacturing is employed. Moon Microsystems has monthly meetings between branches.

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|---|----------|
| (a) (i) Describe <b>2</b> advantages and <b>2</b> disadvantages of operating a flat management structure. | <b>4</b> |
| (ii) Explain the term “span of control”.  | <b>1</b> |
| (b) Describe <b>3</b> skills or qualities of an effective manager.  | <b>3</b> |
| (c) Suggest <b>4</b> examples of flexible working methods that could be offered in Moon Microsystems Ltd. | <b>4</b> |
| (d) Give <b>2</b> benefits to Moon Microsystems of using just-in-time manufacturing.                      | <b>2</b> |
| (e) Suggest and justify <b>2</b> ways in which Moon Microsystems could use ICT for communication.         | <b>4</b> |

[Turn over

3. Danika Jansa, a fashion designer, has prepared her first set of accounts and is concerned about her profits.



### DANIKA'S DESIGNS

Trading and Profit and Loss A/C for year ending 31/12/09

	£	£
Sales		80,000
Less: Cost of Sales		
Opening Stock	15,000	
Add: Purchases	15,000	
	<u>30,000</u>	
Less: Closing Stock	10,000	<u>20,000</u>
<b>GROSS PROFIT</b>		<b>60,000</b>
Less: Expenses		
Wages	28,000	
Administration	10,000	
Gas & Electricity	8,000	
Telephone	2,000	<u>48,000</u>
<b>NET PROFIT</b>		<b>12,000</b>

Balance sheet as at 31/12/09

	£	£
Fixed Assets		25,000
Current Assets		
Stock	15,000	
Debtors	10,000	
Bank	8,000	
	<u>33,000</u>	
Current Liabilities		
Creditors	8,000	<u>25,000</u>
Capital Employed		50,000
Financed by:		
Capital at Start		15,000
Add: Net Profit		12,000
Bank Loan		<u>23,000</u>
Capital at End		50,000

- (a) Describe the difference between Gross Profit and Net Profit. 2
- (b) Identify and give the formula for one financial ratio that can be prepared from the Trading, Profit and Loss Account. 2
- (c) Describe 2 decisions that Danika could make to improve the Net Profit. 2
- (d) (i) Explain the term Fixed Assets. 2
- (ii) Give one example of a Fixed Asset that Danika might have in the business. 1
- (e) Other than Danika, suggest another stakeholder that might be interested in the final accounts. Give one influence this stakeholder may have on the business. 2

4.



The Co-operative Group has increased its market share in Scotland after snapping up rival food chain Somerfield, making it the market leader in local convenience stores.

The Chief Executive of the Co-op stated that convenience stores were already winning customers from their larger superstore rivals as a result of higher fuel costs persuading more people to shop locally. However, there is fierce competition in this market with rivals such as Spar and Lonsis holding prime locations in Scottish towns and cities.

- |   |   |
|---|---|
| (a) Explain the term Market Leader.   | 1 |
| (b) (i) From the Case Study identify the method of integration that has taken place. Give <b>one</b> possible disadvantage of this integration. | 2 |
| (b) (ii) Identify and describe another method of integration.   | 2 |
| (c) Give reasons why customers may prefer to use a local shop rather than a superstore.   | 3 |
| (d) Identify <b>3</b> factors influencing the location of a business.   | 3 |
| (e) Suggest and justify <b>2</b> ways in which the Co-op can compete with its rivals.   | 4 |

[Turn over for Question 5 on Page six

5.

	<p>Nintendo has continued to dominate the games market. Nintendo are a market led business.</p> <p>The success of the innovative Wii product has provided an unexpected boost to Nintendo. The Wii Sports and Wii Fit encouraged gamers to be more active.</p> <p>The DS enabled Nintendo to target both older consumers and females too, traditionally excluded from the gaming market.</p> <p>Demand for the Nintendo Wii has been incredible—in December 2007 the company failed to produce enough consoles to keep up with consumer demand—stores ran out weeks before Christmas.</p>
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- |     |      |   |   |
|-----|------|---|---|
| (a) | (i)  | Explain the difference between market led and product led business.   | 2 |
|     | (ii) | Give <b>one</b> advantage and <b>one</b> disadvantage to a business of adopting a market led approach.                        | 2 |
| (b) |      | Suggest, describe and justify an appropriate pricing strategy for Nintendo's games consoles.                                  | 3 |
| (c) |      | In December 2007 production did not meet consumption levels. Describe ways in which Nintendo could have avoided this problem. | 2 |

[END OF QUESTION PAPER]

## ACKNOWLEDGEMENTS

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Question 4—Somerfield logo is reproduced by kind permission of Somerfield/Co-operative Group Ltd.

Question 4—Co-operative logo and photograph are reproduced by kind permission of The Co-operative Group.

Question 5—Photograph of Nintendo Wii and controller, and photograph of a Nintendo DS are reproduced by kind permission of Nintendo UK.

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