

X234/11/01

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

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*.

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 15 December 2011;
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 3 stages of the recruitment process.	6
(ii) Describe the advantages of recruiting:	
• Internally	
• Externally.	4
(b) (i) Identify 3 types of ICT that could be used in an Operations department.	3
(ii) Describe a different way that each type of ICT identified in (i) could be used by the Operations department.	3
(c) (i) Distinguish between a tall and a flat organisational structure.	2
(ii) Describe the advantages and disadvantages of changing to a flat structure.	4
(d) Define each of the 3 stages of an operating system:	
• Input	
• Process	
• Output	3
	(25)
4. (a) Identify and describe 2 pieces of legislation created to protect information.	4
(b) Outline the roles of the following:	
• Trade Unions	
• Works Councils	4
(c) Define the following terms and give an example of each:	
• Line relationship	
• Lateral relationship	4
(d) Describe the advantages and disadvantages of being a multinational organisation.	4
(e) Other than time rate, identify and describe 3 methods of paying employees.	6
(f) Distinguish between the following terms:	
• Gross Profit and Net Profit	
• Fixed Assets and Current Assets	
• Debtors and Creditors	3
	(25)

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

[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.