



National
Qualifications
2025

2025 Business Management

National 5

Question Paper Finalised Marking Instructions

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General marking principles for National 5 Business Management

This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this paper. These principles must be read in conjunction with the detailed marking instructions, which identify the key features required in candidate responses.

- (a) Marks for each candidate response must **always** be assigned in line with these general marking principles and the detailed marking instructions for this assessment.
- (b) Marking should always be positive. This means that, for each candidate response, marks are accumulated for the demonstration of relevant skills, knowledge and understanding: they are not deducted from a maximum on the basis of errors or omissions.
- (c) If a specific candidate response does not seem to be covered by either the principles or detailed marking instructions, and you are uncertain how to assess it, you must seek guidance from your team leader.

- (d) i. Questions that ask candidates to Describe...
Candidates must make a number of relevant, factual points up to the total mark allocation for the question. These should be key points. The points do not need to be in any particular order. Candidates may provide a number of straightforward points or a smaller number of developed points, or a combination of these.

Up to the total mark allocation for this question:

- 1 mark should be given for each accurate relevant point of knowledge.
- a second mark could be given for any point that is developed from the point of knowledge.

- ii. Questions that ask candidates to Explain...
Candidates must make a number of points that relate cause and effect and/or make the relationships between things clear, for example by showing connections between a process/situation. These should be key reasons and may include theoretical concepts. There is no need to prioritise the reasons.

Candidates may provide a number of straightforward reasons or a smaller number of developed reasons, or a combination of these.

Up to the total mark allocation for this question:

- 1 mark should be given for each accurate relevant point of reason.
- a second mark could be given for any other point that is developed from the same reason

- iii. Questions that ask candidates to Compare...
Candidates must demonstrate a true comparison in order to gain any mark. Both sides of the point must be clear but need not be linked. Candidates can write several points regarding the first comparison item followed by several points on the second and the marker match the points using codes (eg a, b, c)

Up to the total mark allocation for this question:

- 1 mark should be given for each compared point

Where a mark is available for the development of a response this is exemplified in the marking instructions, a hollow bullet point is used to show the developed response.

Marking instructions for each question

Section 1

Question			Expected response(s)	Max mark	Additional guidance
1.	(a)	(i)	<ul style="list-style-type: none"> • third sector 	1	Award 1 mark for a valid identification.
		(ii)	<p>Private sector</p> <ul style="list-style-type: none"> • organisations owned by private individuals • financed by owner's personal savings/bank loan/share issue • controlled by the owner/partners/board of directors • aims to make a profit • these include - sole traders, partnerships and private limited companies (Ltd) <p>Public sector</p> <ul style="list-style-type: none"> • organisations owned by the government • financed by taxes • controlled by the elected members of government/MPs/Councillors/MSPs • aims to provide a service • these include - NHS, schools, local councils, armed forces 	4	<p>Candidates must describe 2 sectors to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Accept consequentiality from 1(a)(i) on sectors of the economy.</p> <p>Maximum 1 mark for examples per sector. Minimum 2 examples for a mark.</p> <p>Maximum 1 mark for aims per sector.</p> <p>Accept any other suitable response.</p>

Question	Expected response(s)	Max mark	Additional guidance
(b)	<p>TV advertising</p> <ul style="list-style-type: none"> • producing audio-visual images showing during commercial breaks • can reach wide geographical audience • demonstrations can be shown • viewers may not watch when adverts come on • can be very expensive <ul style="list-style-type: none"> ○ this will reduce profits <p>Radio advertising</p> <ul style="list-style-type: none"> • producing an audio advert played on local/national radio stations • catchy tunes can be used • cheaper to advertise than on TV • listeners can ‘tune out’ during the adverts <p>Newspaper/magazine advertising</p> <ul style="list-style-type: none"> • images and information can be printed amongst articles • can be kept for reference • limited audience <p>Cinema</p> <ul style="list-style-type: none"> • producing audio-visual images to be shown before a movie starting • adverts can be matched to audiences that represent market segments • captive audience 	5	<p>Candidates must discuss at least 2 methods to gain full marks.</p> <p>Award 1 mark for each valid discussion point.</p> <p>Award 1 mark for each valid development.</p> <p>Maximum 3 marks for descriptions.</p> <p>Do not award sales promotions.</p> <p>Watch for repetition.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance	
		<p>Outdoor media/billboards/transport</p> <ul style="list-style-type: none"> • images can be displayed on large signs/in busy areas • can be damaged by weather/vandalised/malfunction • can reach a local audience <p>SMS/text advertising</p> <ul style="list-style-type: none"> • text messages containing information are sent to customers' mobile numbers • large volumes of SMS can be sent at one time • can only include a very limited amount of information <p>In-app advertising</p> <ul style="list-style-type: none"> • images and text that can pop up on screen when using the app • can be more engaging for users due to interactivity • can be frustrating for users <p>Social media</p> <ul style="list-style-type: none"> • creating a post on a network site • can be shared with other users • users ignore/skip adverts 			
	(c)	(i)	• increasing/rising	1	Award 1 mark for a valid identification.
		(ii)	<p>Donations increasing means:</p> <ul style="list-style-type: none"> • more finance available • can spend more on advertising • can support more people • can train more volunteers • can care for more animals 	1	<p>Award 1 mark for a valid outline.</p> <p>Accept consequentiality on (c)(i).</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance	
	(d)	<p>Costs</p> <ul style="list-style-type: none"> • time is lost when the employees are being trained - reducing productivity • paying for the training course - means there is less to spend elsewhere <ul style="list-style-type: none"> ○ cost of temporary workers to pay for employees' cover • quality of service may fall whilst training is taking place - damaging reputation <p>Benefits</p> <ul style="list-style-type: none"> • employee's skill level will be improved - reducing errors <ul style="list-style-type: none"> ○ which reduces wastage ○ more employees suitable for promotion • qualifications can be gained by employees - which improves motivation <ul style="list-style-type: none"> ○ increasing output ○ improving staff retention/reducing staff turnover • improved reputation - which attracts future candidates to apply for jobs 	4	<p>Candidates must explain at least one cost and one benefit to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for each valid development.</p> <p>Accept any other suitable response.</p>	
	(e)	(i)	<ul style="list-style-type: none"> • employees • volunteers • customers/adopting families • donors 	2	<p>Candidates must identify 2 stakeholders to gain full marks.</p> <p>Award 1 mark for each valid identification.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(e) (ii)	<p>Employees</p> <ul style="list-style-type: none"> • provide good/bad service • take industrial action <p>Volunteers</p> <ul style="list-style-type: none"> • can volunteer more/fewer hours <p>Customers/adopting families</p> <ul style="list-style-type: none"> • adopting/returning animals • write positive/negative reviews <p>Donors</p> <ul style="list-style-type: none"> • increase/decrease their donations 	2	<p>Candidates must describe the influence of 2 stakeholders identified in (e)(i) to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Accept consequentiality on (e)(i).</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance
2.	(a)	(i)	<ul style="list-style-type: none"> • people in Muirhead/Glasgow area • women • fashion conscious • ethical consumers • lower income households 	2	<p>Candidates must identify 2 markets to gain full marks.</p> <p>Award 1 mark for each valid identification.</p> <p>Watch for repetition.</p>
		(ii)	<ul style="list-style-type: none"> • promotion/advertising can be tailored to specific segments/more focused <ul style="list-style-type: none"> ○ reduces costs • products are developed that suit a particular market segment <ul style="list-style-type: none"> ○ improves customer satisfaction • allows price differentiation for different market segments • place where products are sold will be appropriate for the particular segment 	3	<p>Award 1 mark for each valid justification.</p> <p>Award 1 mark for each valid development.</p> <p>Accept any other suitable response.</p>
	(b)		<ul style="list-style-type: none"> • to make a profit/profit maximisation • to increase sales/sales maximisation • to stock the latest trends • to sell high quality products • to sell at affordable prices • to discourage throw away fashion • to promote quality British/European designs/manufacturing • to provide a quality service • to achieve customer satisfaction • to survive/survival • to increase market share 	2	<p>Candidates must outline 2 objectives to gain full marks.</p> <p>Award 1 mark for each valid outline.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance	
	(c)	<ul style="list-style-type: none"> • to prevent overstocking • easier to notice if something was stolen • reduced storage/security/insurance costs <ul style="list-style-type: none"> ○ which could mean increased profits • goods may have been becoming obsolete <ul style="list-style-type: none"> ○ which means you have to sell them at a lower price • to reduce money tied up in inventory <ul style="list-style-type: none"> ○ which means that resources could be used elsewhere • goods for the café may have been deteriorating/going out of date <ul style="list-style-type: none"> ○ which may have led to high wastage cost • to reduce storage space required <ul style="list-style-type: none"> ○ which leaves more space available for the café 	4	<p>Candidates must discuss at least 2 reasons to gain full marks.</p> <p>Award 1 mark for each valid discussion point.</p> <p>Award 1 mark for each valid development.</p> <p>Accept any other suitable response.</p>	
	(d)	(i)		1	<p>Award 1 mark for a valid distinction.</p> <p>Accept any other suitable response.</p>

Trade credit	whereas	Bank overdraft
buy goods and pay for them later		more funds can be withdrawn than are in the bank account
given by a supplier		given by the bank
do not need ready cash to purchase inventory		aids short-term cash flow problems
discounts may be lost if prompt payment is not made		daily/high interest charged

Question	Expected response(s)	Max mark	Additional guidance
(ii)	<p>bank loan</p> <ul style="list-style-type: none"> • finance borrowed(repaid) with interest <ul style="list-style-type: none"> ○ in instalments/over time <p>mortgage</p> <ul style="list-style-type: none"> • when a large sum of money is borrowed to purchase property/land <ul style="list-style-type: none"> ○ paid back in instalments/over a long period of time ○ lower interest payable than a loan ○ large sum of money <p>government grant</p> <ul style="list-style-type: none"> • finance from the government given to a business that meets certain criteria/conditions <ul style="list-style-type: none"> ○ does not need to be repaid <p>personal savings</p> <ul style="list-style-type: none"> • money saved by the owner/using the owner’s own money <ul style="list-style-type: none"> ○ no interest is charged <p>share issue</p> <ul style="list-style-type: none"> • inviting people to buy a share in the business <ul style="list-style-type: none"> ○ shareholders will have a say in decision making ○ shareholders paid a dividend <p>hire purchase</p> <ul style="list-style-type: none"> • purchase an asset and repay in instalments <ul style="list-style-type: none"> ○ the business owns the asset after all payments are made ○ helps with cash flow <p>retained profits</p> <ul style="list-style-type: none"> • profits from a previous year which are reinvested into the business 	3	<p>Candidates must describe at least 2 sources of finance to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p> <p>Watch for repetition.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(e)	<p>good</p> <ul style="list-style-type: none"> • clothing/boots/shoes/handbags/accessories • homeware/gifts • snacks/drinks/lunch items <p>service</p> <ul style="list-style-type: none"> • selling clothes/accessories • serving coffee/food • providing personal shopping experience 	2	<p>Candidates must identify one of each to gain full marks.</p> <p>Award 1 mark for each valid identification.</p>
	(f)	<ul style="list-style-type: none"> • good reputation created - may attract new customers <ul style="list-style-type: none"> ○ increasing sales • higher prices could be charged - can lead to higher sales revenue <ul style="list-style-type: none"> ○ increased profits • repeat custom/brand loyalty created - help maintain market share <ul style="list-style-type: none"> ○ makes it easier to introduce new products/service to the market 	3	<p>Candidates must explain at least 2 benefits to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for a valid development.</p> <p>Accept any other suitable response.</p>

Section 2

Question			Expected response(s)	Max mark	Additional guidance
3.	(a)	(i)	<ul style="list-style-type: none"> • sole trader • partnership 	1	Award 1 mark for a valid identification.
		(ii)	<p>Sole trader</p> <ul style="list-style-type: none"> • easy to set up • can keep all the profits • decision making faster as no one to consult • difficult to take holidays • no one to share the responsibility with <ul style="list-style-type: none"> ○ may increase stress <p>Partnership</p> <ul style="list-style-type: none"> • more equity available • workload/responsibility is shared • greater continuity/able to take holidays • profits must be shared • arguments may occur • decision-making may take longer 	3	<p>Candidates must describe at least one advantage and one disadvantage of each type identified in (a)(i) to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p> <p>Accept consequentiality from (a)(i).</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(b) (i)	<ul style="list-style-type: none"> • recession • boom • interest rates • inflation • exchange rates • unemployment 	2	<p>Candidates must identify 2 examples to gain full marks.</p> <p>Award 1 mark for each valid identification.</p> <p>Accept any other suitable response.</p>
	(ii)	<p>recession</p> <ul style="list-style-type: none"> • customers will spend less - sales will fall <p>boom</p> <ul style="list-style-type: none"> • increased spending - increased profits <p>increase in interest rates</p> <ul style="list-style-type: none"> • increases the cost of borrowing - limits growth <p>increase in inflation rate</p> <ul style="list-style-type: none"> • the cost of production will rise - selling price may have to rise <p>increase in exchange rate</p> <ul style="list-style-type: none"> • increased the cost of trading overseas - reducing profits 	2	<p>Candidates must explain one influence of each factor identified in (b)(i) to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Accept any other suitable response.</p>
	(c)	<ul style="list-style-type: none"> • finance is the amount of money available to the organisation • human resources are the employees/managers who work for the organisation • current technology is the ICT/machinery used within the business 	2	<p>Candidates must describe 2 internal factors to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance
4.	(a)		<ul style="list-style-type: none"> the product is first launched on to the market sales are low customer awareness is low marketing costs are high <ul style="list-style-type: none"> profits are low 	2	<p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p>
	(b)	(i)	<ul style="list-style-type: none"> low price competitive/market price premium/high price 	2	<p>Candidates must identify 2 strategies to gain full marks.</p> <p>Award 1 mark for each valid identification.</p> <p>Accept any other suitable response.</p>
		(ii)	<ul style="list-style-type: none"> cost of raw materials/inputs target market for product price of rival products channel of distribution chosen location of premises profit margin desired/required desired image quality of product how much customers are willing to pay availability of supply level of demand 	2	<p>Candidates must describe 2 factors to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(c)	<ul style="list-style-type: none"> • coupons - vouchers/codes which give money off • loyalty cards - collect points/rewards based on the amount spent in the organisation • competitions - an opportunity to win a prize • special offers - customers receive an additional amount eg 20% extra free • BOGOF - buy one get one free • free delivery - goods sent at no additional charge • flash sale/promotional pricing - prices reduced for limited period of time • discounts - a percentage is deducted from full price/reduction in price 	4	<p>Candidates must describe 4 sales promotions to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Do not accept advertising.</p> <p>Accept any other suitable response.</p>
5.	(a)	<ul style="list-style-type: none"> • highly skilled labour - increases wage cost <ul style="list-style-type: none"> ○ reduces profit • time consuming to make - lowers output • higher production costs - reduces gross profit • specialist equipment may be required - increases investment required • can charge a higher price - increases profits • can customise products - improves customer satisfaction • improved quality of products - less complaints • highly motivated employees - less absenteeism <ul style="list-style-type: none"> ○ lower staff turnover 	3	<p>Candidates must explain at least one cost and one benefit to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for a valid development.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(b)	<ul style="list-style-type: none"> • recycling reduces waste • protects the wildlife/environment • less air pollution • reduces carbon footprint • helps the business meet current legislation <ul style="list-style-type: none"> ○ less likely to be fined • organisation can win awards <ul style="list-style-type: none"> ○ creates a good image ○ attract ethical consumers • may attract skilled staff who believe in the same aims as the business • using less packaging reduces costs <ul style="list-style-type: none"> ○ increased profits 	3	<p>Candidates must describe at least 2 benefits to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p> <p>Accept any other suitable response.</p>
	(c)	<ul style="list-style-type: none"> • location of the supplier <ul style="list-style-type: none"> ○ far away might extend delivery time • price it is charging • quality of the products it sells • can it meet the quantity required • any discounts that it offers • credit terms available • reputation of the supplier • reliability of supplier <ul style="list-style-type: none"> ○ does it deliver on time • does it deliver the correct order • length of lead time • can it meet rush orders • does it operate in an environmentally friendly/ethical way 	4	<p>Candidates must outline at least 2 factors to gain full marks.</p> <p>Award 1 mark for each valid outline.</p> <p>Award 1 mark for each valid development.</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance
6.	(a)	(i)	A - £30 B - £300 C - £60	3	Award 1 mark for each correct calculation. Do not accept any other response.
		(ii)	BEP - 25 units	1	Award 1 mark for a valid identification. Do not accept any other response.
	(b)	(i)	<ul style="list-style-type: none"> Income statement 	1	Award 1 mark for a valid name. Do not accept any other response.
		(ii)	<p>decrease in sales revenue</p> <ul style="list-style-type: none"> customers buying less selling price reduced/increased change in taste in fashion rivals lowering prices <p>increase in cost of sales</p> <ul style="list-style-type: none"> increased supplier prices/cost of raw materials <p>decrease in profit for the year</p> <ul style="list-style-type: none"> increased expenses decreased gross profit increased cost of sales decrease in sales revenue 	3	Candidates must outline a reason for each to gain full marks. Award 1 mark for each valid outline. Accept any other suitable response.

Question		Expected response(s)	Max mark	Additional guidance
	(c)	<p>spreadsheet</p> <ul style="list-style-type: none"> • to create a financial statement (income statement/cash budget) • to create a break-even chart • to record sales figures <p>online banking</p> <ul style="list-style-type: none"> • to make a payment to supplier • to check bank balance • to pay wages <p>email</p> <ul style="list-style-type: none"> • send invoices to customers <p>presentation</p> <ul style="list-style-type: none"> • to create presentation on financial performance <p>word processing</p> <ul style="list-style-type: none"> • to create invoices 	2	<p>Award 1 mark for each valid description.</p> <p>Candidates need to name the technology used.</p> <p>Maximum 1 mark for financial statement</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
7.	(a)	<ul style="list-style-type: none"> • identify the vacancy • carry out a job analysis <ul style="list-style-type: none"> ○ identifies if the job still exists • create a job description <ul style="list-style-type: none"> ○ states the tasks/responsibilities of the job <ul style="list-style-type: none"> ▪ eg pay, hours • create a person specification <ul style="list-style-type: none"> ○ document that describes the essential and desirable qualities ideal candidate would possess <ul style="list-style-type: none"> ▪ eg skills, qualifications • advertise the job <ul style="list-style-type: none"> ○ internally within the organisation <ul style="list-style-type: none"> ▪ eg intranet, noticeboard ○ externally out with the organisation <ul style="list-style-type: none"> ▪ in newspapers, job centres • send out application forms 	4	<p>Candidates must outline at least 2 stages to gain full marks.</p> <p>Award 1 mark for each valid outline.</p> <p>Award 1 mark for each valid development.</p> <p>Accept the stages in any order.</p> <p>Maximum 1 mark for examples. Minimum 2 examples for a mark.</p> <p>Maximum 1 mark for identification of the vacancy.</p> <p>Do not credit any stages of the selection process.</p>
	(b)	(i)	2	<p>Award 1 mark for each valid discussion point.</p> <p>Award 1 mark for a valid development.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(ii)	<p>time rate</p> <ul style="list-style-type: none"> • paid for each hour worked <p>bonus</p> <ul style="list-style-type: none"> • an additional payment on top of wage/salary <p>commission</p> <ul style="list-style-type: none"> • a percentage is paid on sales value <p>overtime</p> <ul style="list-style-type: none"> • an additional payment for working more than contracted hours <p>salary</p> <ul style="list-style-type: none"> • an annual amount divided into equal monthly instalments 	2	<p>Candidates must describe 2 systems to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Accept any other suitable response.</p>
	(c)	<ul style="list-style-type: none"> • represents the rights of employees • negotiates wage increases • negotiates fair working conditions • organises industrial action • provides advice/support to members on employment issues • provides training/education 	2	<p>Award 1 mark for each valid description.</p> <p>Accept any other suitable response.</p>

[END OF MARKING INSTRUCTIONS]