



National  
Qualifications  
2014

**X710/75/01**

**Business Management**

MONDAY, 19 MAY  
1:00 PM – 2:30 PM

**Total marks — 70**

**SECTION 1 — 30 marks**

Attempt BOTH questions

**SECTION 2 — 40 marks**

Attempt ALL questions

Write your answers clearly in the answer booklet provided. In the answer booklet you must clearly identify the question number you are attempting.

Use **blue** or **black** ink.

**You may use a calculator.**

Before leaving the examination room you must give your answer booklet to the Invigilator; if you do not, you may lose all the marks for this paper.



**SECTION 1 — 30 marks**  
**Attempt BOTH questions**

**It's All Wash and Go for Caroline**



Caroline Gray opened Dogs Body Design in Kelso in 2013 with the help of the Prince's Scottish Youth Business Trust (PSYBT). Dogs Body Design provides dog grooming services and sells homemade treats, handmade dog coats and bandanas which are all made locally.

Caroline trained for a year before taking up a post in a dog grooming salon. She then managed a salon before deciding to set up her own business. The PSYBT provided a business advisor who helped her prepare a business plan and cash budget. They also gave a £5000 loan and a grant of £250.

The young entrepreneur's idea proved so successful in just her first couple of weeks that she employed a member of staff. Her popularity means she is fully booked up to a week in advance.

**You should note that although the following questions are based on the case study above, you will need to make use of knowledge and understanding you have gained whilst studying the Course.**

- |    |     |      |                                                                                                             |          |
|----|-----|------|-------------------------------------------------------------------------------------------------------------|----------|
| 1. | (a) | (i)  | From the case study, identify <b>2</b> enterprising skills or qualities that Caroline has demonstrated.     | <b>2</b> |
|    |     | (ii) | Outline how these skills or qualities help Caroline develop her business.                                   | <b>2</b> |
|    | (b) |      | From the case study, compare the <b>2</b> types of finance provided by the PSYBT.                           | <b>2</b> |
|    | (c) |      | Caroline provides a service to her customers.<br>Justify the importance of providing good customer service. | <b>2</b> |
|    | (d) | (i)  | Caroline employed a member of staff.<br>Outline <b>3</b> stages in the recruitment process.                 | <b>3</b> |
|    |     | (ii) | Describe the features of the Equality Act 2010.                                                             | <b>2</b> |
|    | (e) | (i)  | From the case study, identify the stage of the product life cycle for Caroline's business.                  | <b>1</b> |
|    |     | (ii) | Describe the stage identified in (e)(i).                                                                    | <b>1</b> |

**Total Marks      15**



The Big Issue magazine was launched in 1991 by Gordon Roddick and John Bird in response to the problem of homelessness on the streets of London. The Big Issue aims to “help them to help themselves”. The partners offer homeless people the opportunity to earn a legitimate income by becoming a vendor and selling magazines on the street. The vendor buys the magazine for £1.25 and sells it for £2.50.

Over twenty years later the organisation has helped thousands of vulnerable people to take control of their lives and currently works with around 2000 homeless people across the UK. The magazine has 63 distribution points nationwide.

The Big Issue is an example of a successful social enterprise. The magazine has clear social benefits and a reputation for getting exciting guest editors and exclusive celebrity contributions which has vastly increased sales.

You should note that although the following questions are based on the case study above, you will need to make use of knowledge and understanding you have gained whilst studying the Course.

- |        |                                                                                                                      |           |
|--------|----------------------------------------------------------------------------------------------------------------------|-----------|
| 2. (a) | Compare the objectives of The Big Issue, identified from the case study, with those of a public sector organisation. | 2         |
| (b)    | (i) From the case study, identify the method of promotion that is used by The Big Issue.                             | 1         |
|        | (ii) Describe other methods of promotion that could be used by The Big Issue.                                        | 2         |
| (c)    | Explain how external factors could affect the success of The Big Issue.                                              | 3         |
| (d)    | The Big Issue could use rail to deliver its magazines to its distribution points nationwide.                         |           |
|        | (i) Identify another method of distribution.                                                                         | 1         |
|        | (ii) State the advantages and disadvantages of this method.                                                          | 3         |
| (e)    | Describe the factors to be considered when setting the price for The Big Issue.                                      | 3         |
|        | <b>Total Marks</b>                                                                                                   | <b>15</b> |

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## SECTION 2 – 40 marks

Attempt ALL questions

- |    |     |                                                                                   |           |
|----|-----|-----------------------------------------------------------------------------------|-----------|
| 3. | (a) | Discuss the advantages and disadvantages of recycling to an organisation.         | 4         |
|    | (b) | Explain the problems of having too much stock.                                    | 2         |
|    | (c) | The quality of products is important to all businesses.                           |           |
|    |     | (i) Identify 2 methods of ensuring quality.                                       | 2         |
|    |     | (ii) Describe the methods identified in (c)(i).                                   | 2         |
|    |     | <b>Total marks</b>                                                                | <b>10</b> |
| 4. | (a) | Define the following financial terms.                                             |           |
|    |     | • Fixed Costs                                                                     |           |
|    |     | • Variable Costs                                                                  |           |
|    |     | • Sales Revenue                                                                   | 3         |
|    | (b) | Describe the actions that can be taken by an organisation to reduce costs.        | 3         |
|    | (c) | (i) Justify the use of a spreadsheet in the finance department.                   | 2         |
|    |     | (ii) Describe the ways that other software can be used in the finance department. | 2         |
|    |     | <b>Total marks</b>                                                                | <b>10</b> |
| 5. | (a) | Describe the selection process used to choose the right person for the job.       | 4         |
|    | (b) | (i) Outline 2 methods of industrial action.                                       | 2         |
|    |     | (ii) Explain the impact of industrial action on an organisation.                  | 2         |
|    | (c) | Compare piece-rate with time-rate as methods of calculating wages.                | 2         |
|    |     | <b>Total marks</b>                                                                | <b>10</b> |

	<b>MARKS</b>
6. (a) Outline 2 internal factors that can affect the success of an organisation.	2
(b) Describe factors of production.	3
(c) (i) Identify 2 stakeholders of a supermarket.	2
(ii) Explain how these stakeholders could influence the success of the organisation.	3
<b>Total marks</b>	<b>10</b>

**[END OF QUESTION PAPER]**

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## ACKNOWLEDGEMENTS

Section 1 Question 1—Photograph and article are adapted from “It’s all wash and go for Caroline,” taken from *The Southern Reporter*, 22 February 2013. Reproduced by kind permission of The Southern Reporter.

Section 1 Question 2—Front cover is taken from *The Big Issue*, Feb 20-26, 2012, No 988 and article is adapted from [www.bigissue.com/about-us](http://www.bigissue.com/about-us). Both are reproduced by kind permission of The Big Issue.