H

National Qualifications

2026

Business Management

Friday, 24 April

Instructions to Candidates

Candidates should enter their surname, forename(s), date of birth, Scottish candidate number and the name and level of the subject at the top of their first answer sheet.

Total marks — 90

SECTION 1 — 30 marks

Attempt ALL questions.

SECTION 2 — 60 marks

Attempt ALL questions.

You may use a calculator.

You must clearly identify the question number you are attempting on your answer sheet.

Marks are shown in square brackets at the end of each question or part question.

An ow in the margin indicates a new question.

An asterisk indicates information that differs in some respect to the information in the printed paper.

[Braille page 2] SECTION 1 * – 30 marks

Read ALL the following information and attempt ALL the questions that follow.

Vue International Group plc

Vue International Group plc (Vue) is a multinational cinema company with its headquarters in London, United Kingdom (UK). It is the third largest European cinema chain behind rivals Odeon and Cineworld.

Aim

Vue aims to be the first choice for cinema entertainment. It believes that a big part of achieving this is to provide its customers with cinemas that deliver a high-quality experience in on-screen presentation, sound and comfort.

Organisational grouping

Vue operates a geographical grouping to manage its 227 cinema sites located across several countries. The company is grouped into five key regions: UK and Ireland, Denmark and Germany, Italy, Poland and Lithuania, and the Netherlands.

[Braille page 3] Regional branding

In the UK and Ireland it operates 91 cinemas under the trade name Vue. Its four international divisions operate in the following countries listed below with their trading names;

Denmark & Germany: CinemaxX;

Italy: The Space Cinema;

Poland & Lithuania: Multikino;

Netherlands: Vue Nederland.

[Braille page 4] UK cinema market

The UK cinema market is dominated by Odeon, Cineworld and Vue. Combined they account for almost 70% of the UK's cinema market share.

Threats to the industry

As the cost-of-living crisis continues to squeeze household incomes in the UK, it comes as no surprise that people, particularly young people, have less to spend on leisure activities, such as cinema trips. In addition, cinemas are also feeling the pressure from the rise in low-cost online streaming services, such as Amazon Prime, Disney+ and Netflix.

Finance

Vue generates revenue mainly through the sale of tickets for audiences to view film screenings, from the sale of food and drinks in cinemas, as well as from screen advertising. Additional revenue is generated from hiring out its cinemas for corporate events.

Vue's main costs include the following:

- film licence payments for the right to screen films
- purchasing of goods for resale
- rent to landlords for cinema premises
- site maintenance and cleaning
- utility costs, such as energy

[Braille page 5] • wages of staff working at the cinemas.

Exhibit 1 - Two Extracts of Vue's reported financial data

1. Consolidated income statement.

[In the table below, Year is followed by: Sales revenue; Gross profit; Loss for the year.]

2023: £759,073; £487,380; (£71,099).

2022: £602,196; £279,645; (£186,741).

2021: £396,088; £279,645; (£364,084).

2020: £352,882; £229,223; (£364,084).

2. Consolidated statement of financial position.

[In the table below, Year is followed by: Current Assets; Current liabilities.]

2023: £210,032; £439,530.

2022: £304,490; £2,175,379.

Vue's takeover bid for Cineworld

Cineworld, the world's second largest cinema chain, which employs more than 28,000 **[Braille page 6]** people across 740 sites globally, filed for bankruptcy in 2022 after reporting a £592 million loss for the previous year. During the global pandemic its debt rose to over £4 billion and, as a result, Cineworld has been selling its assets in an attempt to recover this debt.

With Cineworld owning 128 cinemas in the UK, reports of a proposed bid from Vue to purchase Cineworld UK were published shortly after Cineworld filed for bankruptcy.

Additional statistical data

[In the table below, Cinema company is followed by: Number of cinema sites; Number of screens.]

Vue: 227; 1,997.

Cineworld: 740; 9,189.

Changing technology

Vue continuously invests in its digital infrastructure as it believes up-to-date technology is key to remaining competitive. Some examples of its recent developments are below.

• With more regional Head Offices moving to remote working online, improvements have been made to Vue's **[Braille page 7]** cyber security defences, including updating its antivirus software.

• Automated entry systems for customers are currently being piloted in selected cinema sites.

• The introduction of Auto Staff Rostering (ASR) software to schedule staffing rotas based on daily admission forecasts.

Workforce planning

With almost 4,500 employees, Vue believes in hiring and developing talented individuals and creating robust succession plans for the future.

Recently, attracting new employees to work for the cinema chain has been significantly more challenging than in previous years. This could be due to a perceived lack of job security in the industry because of the decreasing demand for cinema services in the UK.

(Exhibit 2 shows an extract of Vue's job advert for a Cinema Manager.)

Exhibit 2

Extract of Vue's job advert for a Cinema Manager

ACT 1 — THE ROLE

The role of a Cinema Manager is to manage the day-to-day running of the site.

[Braille page 8] ACT 2 — WHAT YOU'LL NEED

Previous management experience within the retail, hospitality or leisure sector, in addition to:

• excellent planning and organisational skills

• flexibility, confidence and resilience

• the ability to work on a rota across all 7 days of the week.

THE FINALE — WHY YOU'LL WANT IT

Successful applicants will receive the following employee benefits:

• competitive salary

• annual bonus scheme

• generous pension plan

• unlimited cinema ticket and discount for family and friends.

THE CREDITS — ADDITIONAL INFORMATION

As Vue serves alcohol in its cinemas, managers are required to hold a personal alcohol licence.

[Braille page 9] The following questions are based on ALL the information provided and on knowledge and understanding you have gained whilst studying the course.

ow 1. (a) Describe the following sectors in which Vue operates: [2 marks]

• sector of industry

• sector of economy.

ow (b) Describe one advantage and one disadvantage of Vue's organisational grouping. [2 marks]

ow (c) Describe changes Vue could make to its marketing mix to counter the threats below. [2 marks]

(A different element of the marketing mix must be described for each threat below.)

• Cost-of-living crisis

• Online streaming services.

ow (d) Using evidence from the case study, explain the costs and benefits to Vue if it did takeover Cineworld's UK operations. [4 marks]

[Braille page 10] ow (e) (i) Describe the ratios which could be calculated from the financial data in Exhibit 1. [3 marks]

(ii) Explain the possible reasons for the trends in Vue's financial data in Exhibit 1, for the following:

- Sales revenue
- Loss for the year. [2 marks]

ow (iii) Describe the ways Vue's stakeholders could use its financial information. [4 marks]

ow (f) Describe how Vue's human resource (HR) function may be affected by its changing technology. [3 marks]

ow (g) (i) Discuss the costs and benefits to Vue of recruiting externally for the vacancy in Exhibit 2. [4 marks]

ow (ii) Describe the advantages to Vue of offering the employee benefits listed in Exhibit 2. [4 marks]

[Braille page 11] SECTION 2 — 60 marks

Attempt ALL questions

ow 2. (a) Discuss methods of direct selling. [6 marks]

ow (b) Describe the 3 types of consumer buying behaviour. [3 marks]

ow (c) Describe features of an entrepreneurial structure. [3 marks]

ow (d) Describe the ways in which a manager can measure the success of a decision. [3 marks]

ow 3. (a) Discuss the use of outsourcing. [6 marks]

ow (b) Explain the impact of external factors on an organisation. [6 marks]

ow (c) Describe the limitations of using accounting ratios. [3 marks]

ow 4. (a) Describe the methods of ensuring quality in the production process. [6 marks]

ow (b) Describe an inventory management control system diagram. Key labels must be included in the description. [4 marks]

ow (c) Describe the roles of a manager. [5 marks]

[Braille page 12] ow 5. (a) Explain ways an organisation could be ethical in its operations function. [6 marks]

ow (b) Justify the use of work-based qualifications. [5 marks]

ow (c) Describe into-the-pipeline promotions used by organisations. [4 marks]

[END OF QUESTION PAPER