



National
Qualifications
2022

X810/75/11

Business Management

WEDNESDAY, 18 MAY

9:00 AM – 11:00 AM

Total marks — 90

SECTION 1 — 40 marks

Attempt BOTH questions.

SECTION 2 — 50 marks

Attempt ALL questions.

You may use a calculator.

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.

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.



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SECTION 1 — 40 marks
Attempt BOTH questions

Mackie's says shoppers 'seek pick-me-up treats' in lockdown

Despite the UK entering a recession in 2020, sales of premium ice cream have risen as consumers seek a treat during lockdown, according to food brand Mackie's of Scotland. It credited the rise in sales to a "panic-buying rush" as the public filled baskets and freezers with necessities and treats. It said ice cream sales rose, as consumers sought "a little luxury" while being stuck at home.

Recent market research found that the UK ice cream market grew by 17.5% in 2020, while sales of low-calorie alternatives dropped significantly. Mackie's itself experienced a 37% growth in ice cream sales, leading to an estimated 6% UK market share. Mackie's latest annual results, covering the year to the end of May 2020, reported a rise in profits from chocolate as well as take-home ice cream sales.

Meanwhile Mackie's, which is based at Westertown Farm in Aberdeenshire, said it was aiming to become 100% self-sufficient in renewable energy in the near future. It is currently constructing a new £4.5 million low-carbon refrigeration system, which is projected to reduce its energy use by up to 80%. Mackie's already operates four wind turbines and a 10-acre solar panel farm.

Exhibit 1 — Extract from market research

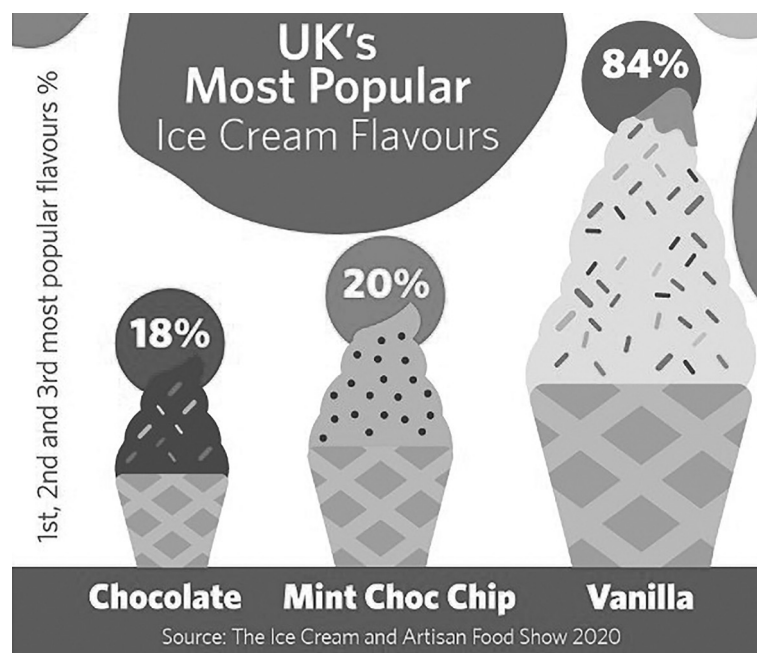


Exhibit 2 — Extracts from supermarket websites

 <p>Mackie's Indulgent Ice Cream Salted Caramel 1L £3.50</p>	 <p>Strachan's Scottish Dairy Ice Cream Salted Caramel 1L £1.99</p>
Sainsburys.co.uk	Aldi.co.uk

The following questions are based on the case study. You will need to make use of knowledge and understanding you have gained while studying the course.

- | | | |
|--------|---|---|
| 1. (a) | (i) From the case study, identify the ways Mackie's is ethical in its production. | 2 |
| | (ii) Justify the use of ethical operations. | 3 |
| (b) | (i) Discuss methods of market research that Mackie's could use. | 5 |
| | (ii) Using Exhibit 1 , outline how Mackie's could use this information to its benefit. | 2 |
| (c) | Explain the factors which Mackie's could consider when choosing future business locations. | 3 |
| (d) | Using Exhibit 2 , distinguish between premium pricing and low pricing. | 2 |
| (e) | 'Low calorie alternatives' is an example of a 'competitive' factor which affected Mackie's. | |
| | Identify the external factor for each of the following: | |
| | • recession | |
| | • lockdown | |
| | • panic buying rush. | 3 |

[Turn over



Vegware Ltd was founded in 2006 in Edinburgh. The business now sells its single-use catering disposables in over 70 countries, with products including cutlery, cups and take-away food containers. These are made from plants using renewable, lower carbon, recycled or reclaimed materials. The products are designed to be compostable with food waste.

During the global pandemic there was a growth in the take-away market. This has seen Vegware's eco-friendly containers becoming increasingly popular, and its brand awareness increasing. However, Vegware say that this did not translate to an increase in profit during 2020, as it has taken a big hit on sales due to the closure of universities and offices who used to buy-in a lot of its products before Covid.

"Hygiene concerns meant a big change in the kinds of products people require," says Vegware's managing director, Joe Frankel. "We had to ramp up production of wrapped cutlery kits, as caterers chose to limit handling of loose forks." In addition to this, due to the EU Single Use Plastics Directive, Vegware has been updating its European cup designs to ensure it complies with the new laws.

Exhibit 1 — Business awards for service and innovation



2019
Service Scotland
Award



2020
Footprint
Waste2Zero
Awards



2021
Waste Prevention
and Waste
Management Award

Exhibit 2 — Extract from social media



The following questions are based on the case study. You will need to make use of knowledge and understanding you have gained while studying the course.

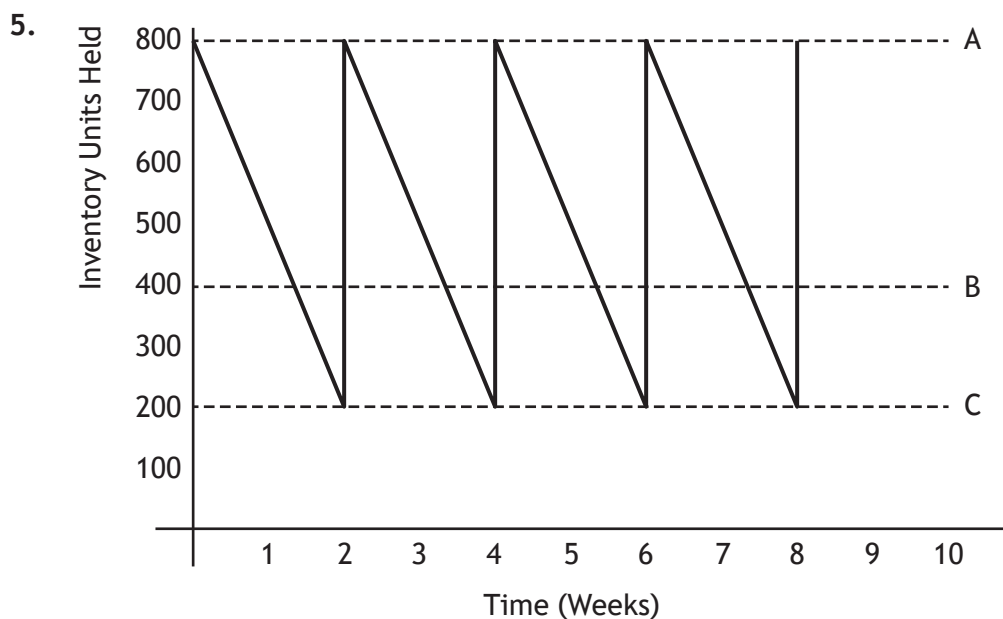
- | | | |
|--------|---|---|
| 2. (a) | (i) From the case study, name the type of business organisation that Vegware is. | 1 |
| | (ii) Explain the advantages and disadvantages of the type of organisation identified in (a)(i). | 4 |
| (b) | Using Exhibit 1 , describe the benefits of achieving awards. | 3 |
| (c) | Describe methods that Vegware could use to ensure the quality of its products. | 3 |
| (d) | Discuss the advantages and disadvantages of packaging to an organisation. | 3 |
| (e) | Exhibit 2 shows a social media post.
Outline the benefits of using social media to recruit employees. | 2 |
| (f) | Describe methods of selection that Vegware could use. | 4 |

[Turn over

SECTION 2 — 50 marks

Attempt ALL questions

3. (a) Describe 2 sectors of the economy. 4
- (b) Compare the objectives of a sole trader with those of a charity. 2
- (c) (i) Identify 2 stakeholders of a charity. 2
- (ii) Explain how each of the stakeholders in (c)(i) could influence the charity. 2
4. (a) (i) Identify methods of internal recruitment. 2
- (ii) Outline stages in the recruitment process. 4
- (b) (i) Distinguish between on-the-job training and off-the-job training. 2
- (ii) Explain the benefits of training staff. 2



- (a) From the inventory control diagram above, name the levels marked A, B and C. 3
- (b) Justify the use of an inventory control diagram. 1
- (c) Discuss advantages and disadvantages of flow production. 4
- (d) Explain factors that could be considered when choosing a supplier of raw materials. 2

	MARKS
6. (a) Outline the purpose of a cash budget.	4
(b) (i) Identify the financial statement which shows if an organisation has made a profit or loss.	1
(ii) Delicious Doughnuts Ltd has made sales revenue of £12,000 and its overall gross profit is £5,000. Calculate its cost of sales (production costs).	1
(c) (i) Identify a source of finance available to a sole trader.	1
(ii) Discuss the advantages and disadvantages of the source of finance identified in (c)(i).	3
7. (a) Outline 3 stages of product development.	3
(b) Explain the advantages of branding.	3
(c) (i) Identify 2 methods of advertising.	2
(ii) Justify the methods identified in (c)(i). (A different justification should be used for each method.)	2

[END OF QUESTION PAPER]

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