



National  
Qualifications  
2017

**X710/75/11**

**Business Management**

TUESDAY, 16 MAY

9:00 AM – 10:30 AM

**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.



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

Charles MacLeod's famous Stornoway Black Pudding can be found on menus in restaurants all over the UK. It has also featured in many restaurant reviews in newspapers. Charles MacLeod Ltd is a family run butcher that prides itself on its customer satisfaction.

The business makes the famous black pudding by hand in its premises on the Isle of Lewis under strict UK health and safety food production regulations. "Stornoway Black Pudding" is a term that is protected by European Union legislation which states it must be made in Stornoway. Rivals therefore cannot use the name "Stornoway" in their brand.

The distinctive MacLeod tartan design makes its shop premises stand out in Stornoway. Due to the high demand for the puddings, the business rarely needs to advertise; however they use a well-designed website and social media to communicate with customers.



**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 the methods used to promote the business.                          | 2 |
|    |     | (ii) | Explain the benefits of branding to the business.  | 3 |
|    | (b) | (i)  | State a suitable method that could be used to distribute the products to butchers across the UK. | 1 |
|    |     | (ii) | Discuss the costs and benefits of using the method of distribution stated in (b)(i).             | 3 |
|    | (c) |      | From the case study, describe the effect of external factors on the business.                    | 3 |
|    | (d) |      | Compare the features of a private limited company to a sole trader.                              | 3 |



The owners of iQ Superfood Chocolate, based in Stirling, have taken advantage of the recent growth in the market for organic foods by introducing a range of healthy chocolate products.

iQ has come up with a delicious chocolate range, which contains super food nutrients and antioxidants. Bars have less than 199 calories with a taste to delight chocolate-lovers and the health-conscious alike. The

business has also produced new “BeautiQ” and “YogiQ” bars which it claims are specifically beneficial to the skin and health. iQ is particular to ensure that it, along with its suppliers, plays its part in ethical sourcing and distribution.

The bars can be bought in independent retailers and health centres but the business aims to have these products stocked in all the major retailers in the UK.



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) | (i) From the case study, identify the markets targeted by iQ.   | 2 |
|        | (ii) Outline the benefits of target marketing for a business.   | 3 |
| (b)    | (i) Describe a suitable method of production for making iQ products.                                    | 1 |
|        | (ii) Discuss the costs and benefits of using the method of production described in (b)(i).              | 3 |
| (c)    | Describe the costs and benefits of having an ethical approach to sourcing and distribution of products. | 3 |
| (d)    | Explain how stakeholders identified in the case study can influence the business.                       | 3 |

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## SECTION 2 — 40 marks

Attempt ALL questions

- |    |     |  |   |
|----|-----|--|---|
| 3. | (a) | (i) Identify 2 sectors of the economy.   | 2 |
|    |     | (ii) Compare the objectives of the sectors identified in (a)(i).                                     | 2 |
|    | (b) | Describe 3 methods of ensuring good customer service.  | 3 |
|    | (c) | Explain how internal factors could influence the success of the organisation.                        | 3 |
| 4. | (a) | Describe the documents that could be used in the recruitment process.                                | 3 |
|    | (b) | Compare the use of internal and external methods of recruitment.                                     | 2 |
|    | (c) | Explain the benefits of training employees.  | 3 |
|    | (d) | Outline the features of the Equality Act.  | 2 |
| 5. | (a) | Describe the types of technology which could be used within the operations function.                 | 4 |
|    | (b) | (i) Describe the methods that an organisation could use to ensure the quality of its finished goods. | 4 |
|    |     | (ii) Define the following terms:   |   |
|    |     | • Maximum inventory (stock) level  |   |
|    |     | • Lead time.   | 2 |

6. John McLean is a sole trader who operates a small business. He has produced the following Income Statement for Year 2.

| Income Statement for John McLean<br>For the year ended 31 December Year 2 |       |          |
|---|-------|----------|
|   | £     | £        |
| <b>A</b>  |       | 70,000   |
| <u>Less Cost of Sales</u>   |       | 40,000   |
| Gross Profit  |       | <b>B</b> |
| <u>Less Expenses</u>  |       |          |
| Electricity   | 1,000 |          |
| Rent  | 4,000 |          |
| Wages   | 5,000 |          |
|   |       | 10,000   |
| PROFIT FOR THE YEAR   |       | <b>C</b> |

- (a) From the Income Statement, complete the missing information for entries A, B and C. 3
- (b) (i) Describe the sources of finance available to a private limited company for expansion. 2
- (ii) Justify the use of sources of finance outlined in (b)(i). (A different justification should be given for each source.) 3
- (c) Outline the benefits of budgeting to an organisation. 2

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## ACKNOWLEDGEMENTS

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