

FOR OFFICIAL USE

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
|--|--|--|--|--|--|

Total

| |
|--|
| |
|--|

X234/101

NATIONAL
QUALIFICATIONS
2011

WEDNESDAY, 25 MAY
9.00 AM – 10.15 AM

BUSINESS
MANAGEMENT
INTERMEDIATE 1

Fill in these boxes and read what is printed below.

Full name of centre

| |
|--|
| |
|--|

Town

| |
|--|
| |
|--|

Forename

| |
|--|
| |
|--|

Surname

| |
|--|
| |
|--|

Date of birth

Day Month Year

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
|--|--|--|--|--|--|

Scottish candidate number

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

Number of seat

| |
|--|
| |
|--|

50 marks are allocated to this paper.

25 marks for Section **One** and 25 marks for Section **Two**.

Read each question carefully.

Attempt **all** the questions.

All answers are to be written in **this** answer book.

Do **not** write in the margins.

Before leaving the examination room you must give this book to the Invigilator. If you do not, you may lose all the marks for this paper.



SECTION ONE

This section should take you approximately 35 minutes.

Read the following passage and then answer the questions on *Pages three to eight* of the question paper.

Jimmy Choo to Launch New H&M Collection

H&M (Hennes and Mauritz AB) was founded in Sweden in 1947 and is now a well-known high street name. It currently has around 1800 stores in 34 countries.

The company's objective is to offer fashion and quality at the best price. H&M offers fashion clothing for women, men, teenagers and children in addition to its own brand cosmetics.

H&M has announced that the world famous luxury shoe brand Jimmy Choo is working with them to design a new shoe collection. Jimmy Choo will be the seventh designer range that H&M has launched since 2004. This includes ranges by Stella McCartney and Kylie Minogue. H&M's creative advisor said "we adore Jimmy Choo's shoes and bags". Jimmy Choo's President, Tamara Mellon, said "she felt honoured to be among the fashion greats who have been linked with H&M".

Jimmy Choo shoes were given mass appeal by Sarah Jessica Parker's character Carrie Bradshaw in *Sex and the City*. The shoes are also chosen by top celebrities for red carpet appearances.

The new range of shoes will include around 15 styles and H&M customers can expect to pay from £40 a pair up to about £180. This is considerably cheaper than the real Jimmy Choo shoes which cost between £450 and £2000. The shoes are likely to create great excitement among shoppers.



But it is not just shoe-a-holic women who will benefit from Jimmy Choo's design expertise. Long-suffering husbands and boyfriends can now find out what all the fuss is about as Jimmy Choo also plans to create a collection of men's bags, shoes and clothing for H&M.

Other high street names, including Evans and Topshop, have also signed up celebrities to put their name to fashion lines.

CANDIDATE'S NOTES

Adapted from: www.guardian.co.uk
www.dailymail.co.uk
and www.hm.com

Marks

QUESTIONS

Answer ALL the questions.

1. H&M offers fashion clothing for women, men, teenagers and children.
Describe 2 benefits of market segmentation.

| | |
|-----------|--|
| Benefit 1 | |
| Benefit 2 | |

2

2. Jimmy Choo shoes are sold at a premium price.

(a) Describe premium pricing.

Description _____

1

Marks

2. (continued)

(b) Describe **3** factors that a business would consider before pricing their product.

| | |
|----------|--|
| Factor 1 | |
| Factor 2 | |
| Factor 3 | |

3

Marks

3. H&M has stores in 34 countries.

(a) Name and describe **2** types of ICT that would help the stores communicate with each other.

| <i>Type of ICT</i> | <i>Description</i> |
|--------------------|--------------------|
| | |
| | |

4

(b) Suggest **2** costs of using ICT.

Cost 1 _____

Cost 2 _____

2

Marks

4. A stakeholder has an interest in the success of a business.

In the table below, identify the stakeholder being described and give one influence for each. The first one has been completed for you.

| <i>Interest</i> | <i>Stakeholder</i> | <i>Influence</i> |
|--|--------------------|----------------------|
| These stakeholders are interested in job security. | Employees | Go on strike. |
| These stakeholders want the organisation to provide them with dividends. | | |
| These stakeholders would like the organisation to provide them with repeat orders. | | |

4

Marks

5. Businesses provide goods and services to satisfy our needs and wants.
Define the terms “needs” and “wants” and give a different example of each.

| | <i>Definition</i> | <i>Example</i> |
|-------|-------------------|----------------|
| Needs | | |
| Wants | | |

4

[Turn over

Marks

6. H&M is in the private sector.

(a) Identify **one** other sector of the economy.

1

(b) Suggest **2** possible objectives for the sector you identified in 6(a).

Objective 1 _____

Objective 2 _____

2

(c) H&M is a limited company.

Describe **2 disadvantages** of being a limited company.

| | |
|----------------|--|
| Disadvantage 1 | |
| Disadvantage 2 | |

2

(25)

[END OF SECTION ONE]

SECTION TWO

This section should take you approximately 35 minutes.

Read the following passage and then answer the questions on *Pages ten to fifteen* of the question paper.

Curry King Returns to Glasgow

Entrepreneur Charan Gill is poised for a spectacular return to the Glasgow curry scene with a new restaurant called Slumdog – named after the recent award winning film.



Background

Charan originally started working in his friend Gurmail Dhillon's Indian restaurant by peeling onions and cleaning up. Soon he was working full-time and was offered the chance to buy a sixth share in the business. He raised £6000 from friends and family along with a bank loan.

A year later he and Gurmail bought the others out. Charan was frightened as the restaurant was bringing in very few customers. It was also making very little money but with some clever marketing they soon brought the customers rushing in. In just 4 years they managed to make Indian curry as central to the Glaswegian diet as Irn Bru; and their sales turnover rocketed from £1500 a week to £15 000 a week.

By 2005, Charan's Harlequin restaurant chain had 17 branches. Despite the success, he sold the business to long-time business associate and friend Sanjay Majhu for £8 m.

Present

Charan never intended to return to the restaurant scene. He got the idea for Slumdog when he was asked to take part in a television programme. The programme was to report on what people were eating in the back streets of India. Although the television programme was never completed it put the Slumdog idea in his mind.

Sanjay Majhu was said to be very surprised by the news of this new restaurant opening in Glasgow. He noted that the Slumdog restaurant is situated across the road from one of the Harlequin restaurants. When asked to comment on his friend's reaction, Charan said, "the more the merrier. Personally, I have always believed competition is what drives quality".

The Future

The precise details of this new venture are being kept closely under wraps but Charan indicated that there would be a big focus on the decoration and the design of the premises.

**Adapted from: www.heraldscotland.com
www.moneyweek.com**

**CANDIDATE'S
NOTES**

Marks

QUESTIONS

Answer ALL the questions.

1. Describe **3** methods Charan Gill can use to ensure customer satisfaction in his new restaurant.

Method 1 _____

Method 2 _____

Method 3 _____

3

Marks

2. (a) Suggest **one** source of internal information and **one** source of external information that Charan would find useful when running Slumdog.

| | |
|----------|--|
| Internal | |
| External | |

2

- (b) (i) Describe **2** reasons why a business may use graphical information.

Reason 1 _____

Reason 2 _____

2

- (ii) Name **one** other type of information.

1

[Turn over

Marks

3. (a) Slumdog will have to recruit employees. Describe **2** methods of selecting employees.

1 _____

2 _____

2

- (b) Identify the type of training given to new employees and describe its purpose.

| <i>Type of Training</i> | <i>Purpose</i> |
|-------------------------|----------------|
| | |

2

Marks

4. Charan raised capital through friends and family along with a bank loan.
- (a) Give **one** advantage and **one** disadvantage of using a bank loan.

| | |
|--------------|--|
| Advantage | |
| Disadvantage | |

2

- (b) (i) A bank loan will be shown in a Balance Sheet. Describe the purpose of this financial statement.

1

- (ii) Identify and describe **one** other financial statement that a business may produce.

| <i>Financial Statement</i> | <i>Description</i> |
|----------------------------|--------------------|
| | |

2

Marks

5. It is important that a restaurant has all the ingredients they need. Describe **2** problems that can occur if a business **understocks**.

1 _____

2 _____

2

6. Describe how the following people may use business information.
(Give a different use for each person.)

| | <i>Use of Information</i> |
|-----------|---------------------------|
| Manager | |
| Employee | |
| Customers | |

3

Marks

7. Describe how the following factors could affect the new Slumdog restaurant.

| <i>Factor</i> | <i>Effect on business</i> |
|----------------------------------|---------------------------|
| An increase in the minimum wage. | |
| A decrease in interest rates. | |
| A supplier closing down. | |

3

(25)

[END OF SECTION TWO]

[END OF QUESTION PAPER]

FOR OFFICIAL USE ONLY

| Section One | | |
|--------------------|--|----------|
| 1 | | 2 |
| 2 | | 4 |
| 3 | | 6 |
| 4 | | 4 |
| 5 | | 4 |
| 6 | | 5 |
| Section Two | | |
| 1 | | 3 |
| 2 | | 5 |
| 3 | | 4 |
| 4 | | 5 |
| 5 | | 2 |
| 6 | | 3 |
| 7 | | 3 |

ACKNOWLEDGEMENTS

Section One—Passage is adapted from “Celebrity favourite shoe brand Jimmy Choo announces new designer collaboration with H&M” by Deborah Arthurs and David Lewis, taken from *Daily Mail online*, 18 June 2009. © Daily Mail, Solo Syndication Ltd.

Section One—Passage is adapted from “Jimmy Choo dips a toe into high street with H&M range” by Simon Chilvers, taken from *The Guardian*, 18 June 2009. © Guardian News & Media Ltd 2009.

Section One—Passage is adapted from www.hm.com. Reproduced by kind permission of Hennes and Mauritz AB.

Section Two—Passage is adapted from two sources including “Curry king Gill returns to city with Slumdog eatery theme,” taken from *Herald Scotland*, 26th August 2009. Reproduced by kind permission of the Herald & Times Group.

Section Two—Passage is adapted from two sources including “My first million: making big deals out of Indian meals” by Jody Clark, taken from *MoneyWeek*, 13th November 2007. Reproduced by kind permission of MoneyWeek Limited.