

4200/403

NATIONAL
QUALIFICATIONS
2011

WEDNESDAY, 25 MAY
1.00 PM – 2.30 PM

BUSINESS
MANAGEMENT
STANDARD GRADE
Credit Level

- 1 Read each question carefully.
- 2 Attempt **all** the questions.
- 3 All answers are to be written in the answer book provided.



1.

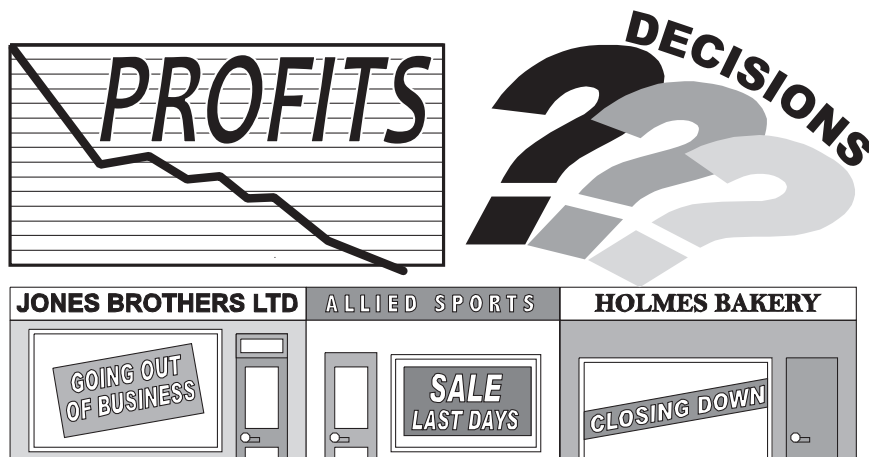


Rubbish littered the streets of Edinburgh as refuse collection workers took industrial action. Members of the Unite union continue to work-to-rule and have maintained a ban on overtime. There has been a long running dispute over equal pay in the council.

Edinburgh City Council made an apology to residents on the YouTube website over the state of the city's streets.

- | | | |
|-----|---|---|
| (a) | Describe the role of a trade union. | 3 |
| (b) | (i) From the case study, describe the 2 forms of industrial action that have been taken by council workers. | 2 |
| | (ii) Identify and describe one other form of industrial action that employees could take. | 2 |
| (c) | (i) Describe the purpose of the Equal Pay Act. | 1 |
| | (ii) Give one other piece of employment legislation that could affect the council. | 1 |
| (d) | (i) Suggest 2 reasons why Edinburgh City Council chose to use the YouTube website to apologise to residents. | 2 |
| | (ii) Suggest 2 other ways in which the council could have chosen to communicate with residents. | 2 |

2.



Businesses face many problems during an economic downturn. Making decisions about the future are difficult with uncertainty in the business environment.

Gathering information and using a structured approach to decision making can help steer a business through the ups and downs of the Business Cycle. The consequences of poor decision making can cause business failure. This can have a devastating effect on the local economy.

- | | |
|--|----------|
| (a) Identify 4 steps in a structured decision making model. | 4 |
| (b) Describe 3 features of good information. | 3 |
| (c) Identify and describe 2 stages of the Business Cycle. | 4 |
| (d) Describe 3 possible effects of business failure on the local economy. | 3 |
| (e) Suggest 3 decisions that can be made to avoid business failure. | 3 |

[Turn over

3.

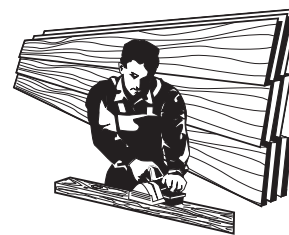
Greggs is the UK's largest bakery chain with nearly 1400 outlets. As the business has grown it has benefited from economies of scale. However, inflation has affected supplies and this causes pressures on profit levels.

Market research is conducted regularly to help management plan new products. Pressure from rivals means that Greggs is constantly looking at how to achieve the best marketing mix for their products. Busy peak periods often mean large queues in Greggs—such are the demands of customers for favourites such as sausage rolls.



- | | | |
|-----|---|---|
| (a) | (i) Identify a rival business which could be competing for customers with Greggs. | 1 |
| | (ii) Suggest how Greggs could adapt the 4 elements of the marketing mix to win customers from its rivals. | 4 |
| (b) | Suggest and justify an appropriate method of primary research and secondary research that Greggs could use to gather market research. | 4 |
| (c) | (i) Describe 2 Economies of Scale. | 2 |
| | (ii) Explain the term inflation. | 1 |
| (d) | Describe how market research can help managers plan decisions in the business. | 2 |
| (e) | Suggest ways in which Greggs could solve the problem of large queues in shops. | 2 |

4. FRENCH FURNITURE BALANCE SHEET AS AT 30 DECEMBER 2010




	£	£
FIXED ASSETS		
Premises		100,000
CURRENT ASSETS		
Stock	25,000	
Debtors	5,000	
Cash	<u>10,000</u>	
	40,000	
Less: CURRENT LIABILITIES		
Creditors	<u>20,000</u>	
		<u>20,000</u>
Net Value		120,000
Financed by:		
Capital	80,000	
Loan	20,000	
Net Profit	<u>20,000</u>	
		120,000

Henri Dupont owns a shop called "French Furniture". He has prepared his final accounts. He is looking at the Balance Sheet to help him to plan decisions for the business.

- (a) Henri is a sole trader. Give **one** advantage and **one** disadvantage of this type of business organisation. 2
- (b) (i) Calculate the Current Ratio for the business. 2
- (ii) Should Henri be pleased with this ratio or be concerned? Give a reason for your answer. 1
- (iii) Suggest **one** other ratio that can be calculated from the information given on the Balance Sheet. 1
- (c) Other than the Balance Sheet, identify and describe a financial statement that Henri would prepare for his business. 2
- (d) Give **2** advantages Henri would gain from using a spreadsheet to prepare financial information. 2

[Turn over for Question 5 on Page six

5.



S&K MacDonald homes are a premier house builder located in the Highlands of Scotland. They are committed to caring for the environment and use natural resources such as locally sourced wood, and natural stone cladding in all their homes. They produce quality homes with a focus on customer satisfaction.

- | | |
|---|----------|
| (a) Give 3 benefits to S&K MacDonald homes of having an Internet website. | 3 |
| (b) (i) Describe the chain of production for S&K MacDonald homes. | 3 |
| (ii) Explain the term “Wealth Creation”. | 1 |
| (c) (i) Suggest 3 ways in which S&K MacDonald homes can ensure they provide the highest quality homes. | 3 |
| (ii) Give 2 benefits to the business of achieving quality standards of work. | 2 |
| (d) Suggest 2 ways in which S&K MacDonald homes can measure customer satisfaction. | 2 |

[END OF QUESTION PAPER]

ACKNOWLEDGEMENTS

Question 3—Photograph of a Greggs outlet is reproduced by kind permission of Greggs plc.

Question 5—Screenshot of **www.macdonaldhomes.co.uk** is reproduced by kind permission of MacDonald Homes.

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