

## STANDARD GRADE BUSINESS MANAGEMENT PRACTICAL ABILITIES—2012

### IMPORTANT INFORMATION

#### Guidelines for all levels of Practical Abilities Reports

- 1 **All candidates** must experience decision 11 ie “Running their business”. The decisions made prior to this are planning decisions which build up to running the business.
- 2 All candidates should have access to their written report **as they work through** the *business@work* **TO DO** list.
- 3 Please ensure that each pupil is being presented at the most appropriate level.
- 4 Candidates are asked to reflect on decisions taken during *business@work*. Candidates’ answers should relate to their original decisions. These may differ from one candidate to another.
- 5 In addition to information contained within *business@work* candidates can refer to other course notes.
- 6 Credit level candidates should not write their answers on the question paper. Answers should be written in ink or word processed on separate sheets of paper. Foundation and General level candidates should use the workbook provided by SQA to complete their reports.

#### Guidelines for assessing

- 1 Marks should be allocated according to the exemplar answers/marking guidelines provided. **No half marks must be awarded.**
- 2 Teachers are encouraged to analyse carefully all pupil answers, particularly at Credit level, to ensure marks awarded are warranted at this level.
- 3 Teachers should use their professional judgement to award marks based on the exemplar answers and guidelines for marking provided.
- 4 If candidates provide answers and justifications which are not included in the exemplar answers provided, but are nonetheless valid, teachers should award marks appropriately.
- 5 Exemplar answers/marking guidelines with all amendments clearly shown should be included with the candidate sample for verification.

**SPECIFIC INFORMATION (FOUNDATION/GENERAL/CREDIT LEVEL REPORTS)**

<b>Report</b>	<b>Printouts required</b>	<b>Specific information</b>
<b>F</b>	Section 2—Question 7(a) requires a printout from the <b>Business Works.com</b> Internet site showing the page Site/Choosing a Location.	It is recommended that candidates have access to the Foundation Report issued by the SQA as they work through the <b>TO DO</b> list.
	Section 2—Question 9(a) requires a printout from the <b>Player’s Workbook</b> showing the Trading, Profit and Loss Account.	
<b>G</b>	Section 2—Question 6(a) requires a printout from the <b>Player’s Workbook</b> showing the amount of depreciation.	It is recommended that candidates have access to the General Report by the SQA as they work through the <b>TO DO</b> list.
	Section 2—Question 8(a) requires a printout from the <b>Start-up File</b> showing the 2 sources of finance used to purchase your stationery business.	
<b>C</b>	Section 2—Question 3(a) requires a printout from the <b>Player’s Workbook</b> showing the Trading, Profit and Loss Account and the Balance Sheet.	It is recommended that candidates have access to the Credit Report issued by the SQA as they work through the <b>TO DO</b> list.
	Section 2—Question 4 requires a printout from <b>business@work</b> showing expenses.	

[END OF IMPORTANT INFORMATION]

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NATIONAL  
QUALIFICATIONS  
2012

BUSINESS  
MANAGEMENT  
STANDARD GRADE  
General Level  
Practical Abilities Report



# ***business@work*** ***Report***

***Pupil name*** \_\_\_\_\_

***Business name*** \_\_\_\_\_



## ***business@work*—Report**

It is now time to prepare a report to summarise your thoughts on your business.

Your report is split into the following 3 sections.

- Section 1—USING ***business@work***
- Section 2—THE BUSINESS PLAN
- Section 3—THE FUTURE

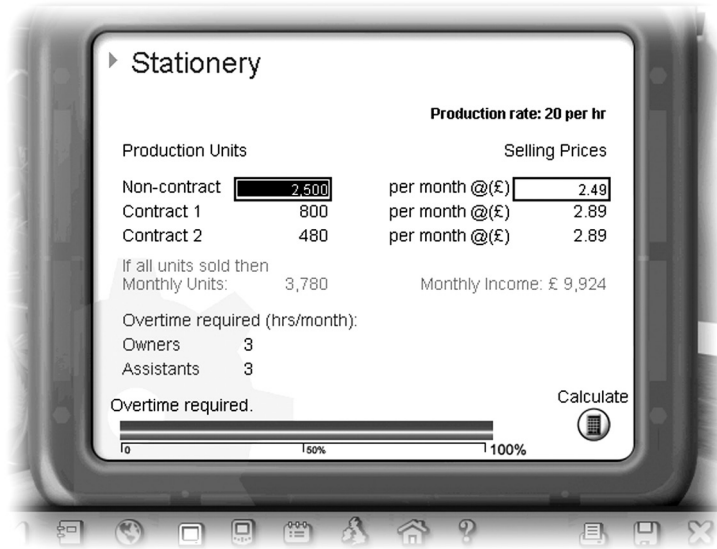
Complete your report using the information from the scenario and other course materials.

**[Turn over**

**SECTION 1—USING business@work**

Marks PA

The following tasks relate to the use of the Production Planner.



1. (a) Marie provided you with information on how to use the Production Planner. Describe how you accessed this information.

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2

- (b) The Production rate shown above in your Production Planner is 20 per hour. Identify the month that your Production rate increases and suggest a reason for this increase.

Month \_\_\_\_\_

Reason \_\_\_\_\_

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2

2. (a) Once you have inserted your selling price and your monthly units into your Production Planner you have to click on calculate. Identify 2 pieces of information which then change.

Piece of information 1 \_\_\_\_\_

\_\_\_\_\_

Piece of information 2 \_\_\_\_\_

\_\_\_\_\_

2

- (b) The Production Planner has a limited amount of information. Suggest 2 pieces of production information that could be added to make it more useful.

Suggestion 1 \_\_\_\_\_

\_\_\_\_\_

Suggestion 2 \_\_\_\_\_

\_\_\_\_\_

2

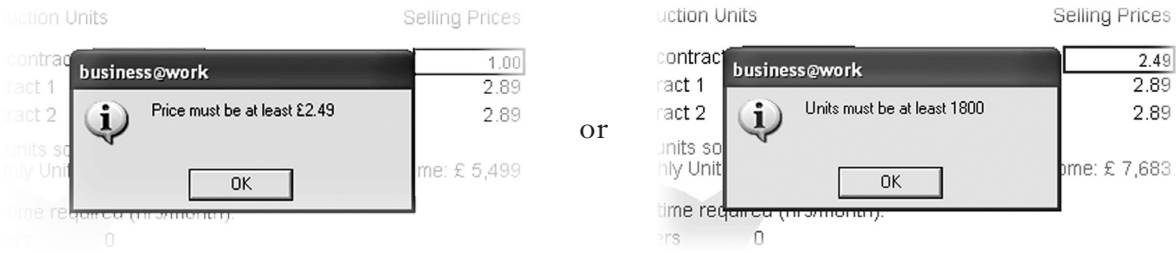
3. Using the Production Planner, complete the table below.

	<b>Non-Contract Selling Price</b>	<b>Non-Contract Production Units</b>	<b>Monthly Units</b>	<b>Monthly Income</b>	<b>Overtime required</b>	<b>Affect on Capacity Indicator</b>
A	£2.69	1,800				Under Capacity
B		2,400		£10,635	0 hrs	
C	£2.79		3,880	£10,953		

3

[Turn over

4. The Production Planner displays error messages when the selling price entered is below £2.49 or the Non-contract units entered are below 1,800.



(a) Suggest **one** reason why a price of below £2.49 is not accepted.

Reason \_\_\_\_\_  
\_\_\_\_\_

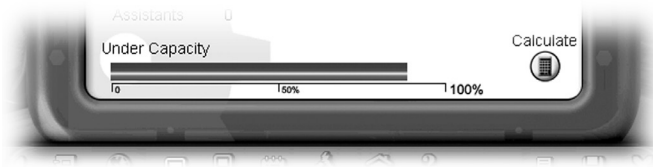
(b) Suggest **one** reason why units of below 1,800 are not accepted.

Reason \_\_\_\_\_  
\_\_\_\_\_

2



5. If you alter the number of Non-contract units being produced, the capacity indicator, shown below will change.
- (a) Describe what is meant by each of the terms listed below.
- (b) Explain the consequence of each for your stationery business.



Description of use \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

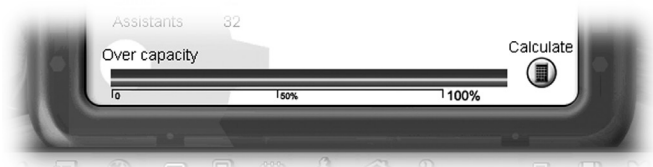
\_\_\_\_\_

Consequence \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



Description of use \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Consequence \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SECTION 2—THE BUSINESS PLAN**

Marks

PA

6. (a) Print the page from your **Business Plan** which shows the amount of depreciation for your stationery business.

Tick (✓) the appropriate box.

	Attached
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1

- (b) Identify a final account which shows your depreciation figure.

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1

7. Complete the table below using the information you included in your Business Plan and give a reason for each choice.

	<b>Your Business Plan Information</b>	<b>Reason</b>
Credit terms given to your customers		
Site Chosen		
Bank Loan Repayment Period		
Selling Price for non-contract sales		

8

8. (a) Print the page from your **Business Plan** which shows the **2** sources of finance you used to purchase your stationery business.  
Tick (✓) the appropriate box.

	Attached
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1

- (b) Describe **one** advantage and **one** disadvantage of each source of finance.

**Source 1**

Advantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Disadvantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Source 2**

Advantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Disadvantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4

[Turn over

9. Your Business Plan contains information on your employees.

(a) From *business@work* suggest **one** method of **external recruitment** you may use in your stationery business and give **one** advantage and **one** disadvantage of the chosen method.

Method \_\_\_\_\_

Advantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Disadvantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3

(b) Complete the steps you used when recruiting your Production Assistant.

Step 1 \_\_\_\_\_

Step 2 Produce Job Specification

Step 3 \_\_\_\_\_

Step 4 Advertise the job

Step 5 \_\_\_\_\_

3

SECTION 3—THE FUTURE

Marks PA

# eva lucia

Eva Lucia is a new shoe retail outlet which sells a wide range of designer brand shoes to keen fashion followers in the Perth area. The retail outlet is owned by sole trader Lori Smith, who identified a gap in the market for brand name shoes. Lori also sought business advice before starting up in business on her own. Lori stocks carefully selected brands which she purchases straight from the manufacturer. She attempts to select products which suit all occasions and the budgets of her customers.

Eva Lucia used modern advertising techniques such as a Facebook page and a website which shows the products sold in her shop, her location and a facility to send email messages. Lori recently ventured on a new type of advertising by using live models in her shop window. This attracted the local newspaper, who produced an article on the retail outlet. The advertising also attracted the attention of customers passing by and sales soared. Eva Lucia is affected by external factors such as changes in customer tastes and fashion trends.

10. (a) Lori is the owner of Eva Lucia and is therefore a stakeholder in her business.

Apart from the owner describe the interest of 3 additional stakeholders in your stationery business.

Stakeholder 1 \_\_\_\_\_

Stakeholder 2 \_\_\_\_\_

Stakeholder 3 \_\_\_\_\_

3

(b) Identify and describe the sector of industry which your stationery business operates in.

Identify \_\_\_\_\_

Describe \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2

**10. (continued)**

Lori Smith is a sole trader who operates in the tertiary sector of industry. You are also the sole trader of your stationery business.

(c) Describe **2** advantages and **2** disadvantages of being a Sole Trader.

Advantage 1 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Advantage 2 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Disadvantage 1 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Disadvantage 2 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4

11. Lori sought business advice before starting up her business to reduce her risk of failure.

Marks

PA

(a) Identify **2** sources of business advice.

Source 1 \_\_\_\_\_

\_\_\_\_\_

Source 2 \_\_\_\_\_

\_\_\_\_\_

2

(b) Suggest and justify **one** way you could reduce the risk of failure of your stationery business.

Suggest \_\_\_\_\_

Justify \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2

12. Lori used field research to identify a gap in the market. Describe **2** advantages and **2** disadvantages of field research for your stationery business.

Advantage 1 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Advantage 2 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Disadvantage 1 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Disadvantage 2 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4

[Turn over for Questions 13 and 14 on Page fourteen

Marks

PA

13. Lori's channel of distribution is Manufacturer—Retailer—Customer.  
Identify the channel of distribution you use in your stationery business.

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1

14. Lori is affected by external factors such as changes in customer trends and fashion.

(a) Suggest 2 other external factors which may affect your stationery business.

(b) Describe the possible affect each factor may have on your stationery business.

External Factor 1 \_\_\_\_\_

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Affect 1 \_\_\_\_\_

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External Factor 2 \_\_\_\_\_

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Affect 2 \_\_\_\_\_

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4

(60 marks)

[END OF REPORT]



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NATIONAL  
QUALIFICATIONS  
2012

BUSINESS  
MANAGEMENT  
STANDARD GRADE  
General Level  
Practical Abilities Report  
Exemplar answers/Marking guidelines



# ***business@work*** ***Report***

***Pupil name*** \_\_\_\_\_

***Business name*** \_\_\_\_\_



## Notes for Teachers

### Important Information

- Important Information has been provided as a separate document and issued to centres by SQA.
- This contains specific information which will assist teachers to support candidates through the project eg highlighting when printouts are required.
- Teachers should read this **before** candidates start *business@work* and their Practical Abilities reports.

When candidates are asked to reflect on decisions taken during *business@work* their answers should relate to their original decisions. These may differ from one candidate to another.

Teachers should use their professional judgement to award marks based on the exemplar answers and guidelines for marking provided.

If candidates provide answers and justifications which are not included in the exemplar answers/marketing guidelines provided, but are nonetheless valid, teachers should award marks appropriately.

Marks should be allocated according to the exemplar answers/marketing guidelines provided—**half marks must not be awarded.**

Marking guidelines with all amendments clearly shown should be included with the candidate sample for verification.

Candidates should respond to the questions in their report using the General level booklet provided.

[Turn over

## ***business@work*—Report**

It is now time to prepare a report to summarise your thoughts on your business.

Your report is split into the following 3 sections.

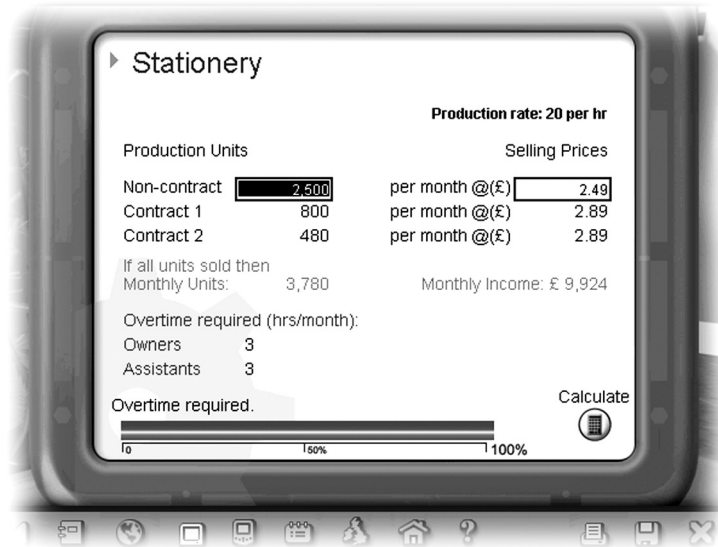
- Section 1—USING ***business@work***
- Section 2—THE BUSINESS PLAN
- Section 3—THE FUTURE

Complete your report using the information from the scenario and other course materials.

SECTION 1—USING **business@work**

Marks PA

The following tasks relate to the use of the Production Planner.



1. (a) Marie provided you with information on how to use the Production Planner. Describe how you accessed this information.

*Click on the Start-up File in the office/on toolbar*

*Click on the Sales page*

2

- (b) The Production rate shown above in your Production Planner is 20 per hour. Identify the month that your Production rate increases and suggest a reason for this increase.

*Month 4*

- *Employees are now fully trained and make fewer mistakes*
- *Employees are more familiar with equipment*
- *Employees are more familiar with working practices*

*1 mark per identification*

*1 mark per reason*

2

[Turn over

2. (a) Once you have inserted your selling price and your monthly units into your Production Planner you have to click on calculate. Identify **2** pieces of information which then change.

- *Monthly Units*
- *Monthly Income*
- *Overtime*
- *Capacity indicator*

*1 mark per piece of information*

2

(b) The Production Planner has a limited amount of information. Suggest **2** pieces of production information that could be added to make it more useful.

- *Cost of production per stationery set/unit cost*
- *Employees wages/salaries*
- *Profit made from production*
- *Cost of overtime*
- *Capacity in units*

*1 mark per piece of information*

2

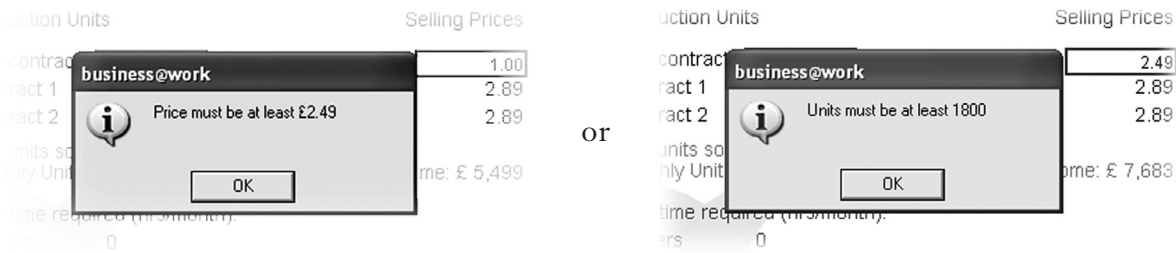
3. Using the Production Planner, complete the table below.

	<b>Non-Contract Selling Price</b>	<b>Non-Contract Production Units</b>	<b>Monthly Units</b>	<b>Monthly Income</b>	<b>Overtime required</b>	<b>Affect on Capacity Indicator</b>
A	£2.69	1,800	<b>3,080</b>	<b>£8,541</b>	<b>0 hrs</b>	Under Capacity
B	<b>£2.89</b>	2,400	<b>3,680</b>	£10,635	0 hrs	<b>Capacity—normal working hours</b>
C	£2.79	<b>2,600</b>	3,880	£10,953	<b>10 hrs</b>	<b>Overtime required</b>

*1 mark per completed row*

3

4. The Production Planner displays error messages when the selling price entered is below £2.49 or the Non-contract units entered are below 1,800.



- (a) Suggest **one** reason why a price of below £2.49 is not accepted.

- *A profit will not be made at this price*
- *Break even will not be achieved at this price*
- *A loss will be made if products are sold at this price*
- *Marie suggested £2.89 per product*

- (b) Suggest **one** reason why units of below 1,800 are not accepted.

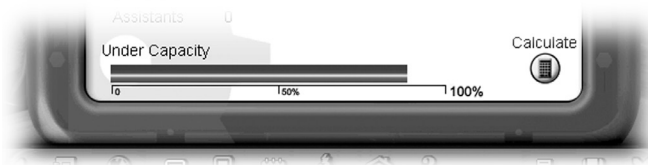
- *Employees may not have enough work*
- *Not enough will be made to meet contract customers*
- *Employees may need to be made redundant*
- *Marie did not suggest this amount*
- *Paying wages unnecessarily*

*1 mark per reason*

2

[Turn over

5. If you alter the number of Non-contract units being produced, the capacity indicator, shown below will change.
- (a) Describe what is meant by each of the terms listed below.
- (b) Explain the consequence of each for your stationery business.



***Under Capacity—Description***

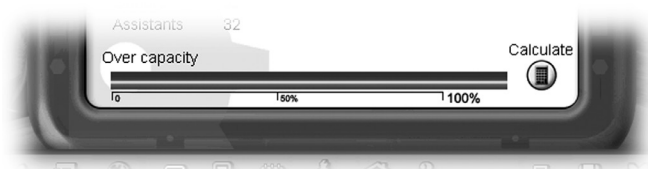
- *Working below normal capacity*
- *Not producing as many products as possible*
- *Not producing the required number of gift sets per hour*

*1 mark per description*

***Under Capacity—Consequence***

- *Staff will be idle for periods of time within the working day*
- *Production will not meet demand*
- *Reduced income due to low production levels and low sales*
- *Staff will be unmotivated*
- *Staff wages will be paid for employees doing nothing*

*1 mark per consequence*



***Over Capacity—Description***

- *Working above normal capacity*
- *Producing more units than is possible in the working day*
- *Producing more than the required number of gift sets per hour*

*1 mark per description*

***Over Capacity—Consequence***

- *Equipment may break down more often as it is working for longer than designed*
- *Employees will receive a higher rate of pay when they work overtime*
- *Employees may deliberately work slower to receive overtime*
- *Employees may be unwilling to work overtime*
- *May be left with stock which is not demanded by customers*

*1 mark per consequence*



**SECTION 2—THE BUSINESS PLAN**

Marks PA

6. (a) Print the page from your **Business Plan** which shows the amount of depreciation for your stationery business.

Tick (✓) the appropriate box.

	Attached
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<b>CAPITAL EXPENDITURE - FOR INFORMATION</b>			
	Cost	Depreciation	Value
Premises	6,700	1,340	5,360
Depreciation	860	172	688
Value	5,790	1,158	4,632

1

(b) Identify a final account which shows your depreciation figure.

- *Profit & Loss Account*
- *Trading, Profit & Loss Account*
- *Balance Sheet*

**NOT TRADING ACCOUNT ON ITS OWN**

1

[Turn over

7. Complete the table below using the information you included in your Business Plan and give a reason for each choice.

	<b>Your Business Plan Information</b>	<b>Reason</b>
Credit terms given to your customers	<p><i>0 days</i></p> <p><i>30 days</i></p> <p><i>60 days</i></p>	<ul style="list-style-type: none"> <li>• <i>Customers will pay when they receive stationery</i></li> <li>• <i>More customers are attracted by credit terms</i></li> </ul>
Site Chosen	<p><i>Site 1</i></p> <p><i>Site 2</i></p> <p><i>Site 3</i></p> <p><i>Site 4</i></p>	<ul style="list-style-type: none"> <li>• <i>Close to a large amount of housing</i></li> <li>• <i>Close to the Castle</i></li> <li>• <i>Close to the hospital</i></li> <li>• <i>Located in town centre—shopping centre</i></li> <li>• <i>Close to range of well established businesses</i></li> <li>• <i>Large amount of available parking</i></li> <li>• <i>Excellent decoration</i></li> <li>• <i>Lowest rent out of 4 sites available</i></li> </ul> <ul style="list-style-type: none"> <li>• <i>Lower loan required than suggested by Marie</i></li> <li>• <i>Located within Tron Shopping Centre</i></li> <li>• <i>Located near a large proposed development site</i></li> <li>• <i>Close to a large amount of housing</i></li> <li>• <i>Large customer car park</i></li> <li>• <i>A new property in excellent condition</i></li> </ul> <ul style="list-style-type: none"> <li>• <i>Location on town's High Street</i></li> <li>• <i>Close to College</i></li> <li>• <i>Close to Glendale's and Cashill's</i></li> <li>• <i>Large amount of available parking</i></li> </ul> <ul style="list-style-type: none"> <li>• <i>Lowest alteration costs</i></li> <li>• <i>Close to a large amount of businesses who may become customers</i></li> <li>• <i>Prime site in Market Square</i></li> <li>• <i>Property has been completely renovated</i></li> <li>• <i>First property available in 5 years</i></li> <li>• <i>Property faces onto Market Square</i></li> </ul>

## 7. (continued)

	<b>Your Business Plan Information</b>	<b>Reason</b>
Bank Loan Repayment Period	<i>12 months</i>  <i>24 months</i>	<ul style="list-style-type: none"> <li>• <i>Pay back loan as quickly as possible</i></li> <li>• <i>The monthly repayments are less</i></li> <li>• <i>The rate of interest is the same no matter how quickly the bank loan is paid back</i></li> </ul>
Selling Price for non-contract sales	<i>Less than £2.89</i>  <i>£2.89</i>  <i>More than £2.89</i>	<ul style="list-style-type: none"> <li>• <i>Sell products at a cheaper rate than competitors</i></li> <li>• <i>More customers might buy stationery if the price is low</i></li> <li>• <i>Marie said to sell goods for this amount</i></li> <li>• <i>To create an upmarket image for the stationery business</i></li> </ul>

8

[Turn over

8. (a) Print the page from your **Business Plan** which shows the **2** sources of finance you used to purchase your stationery business.

Tick (✓) the appropriate box.

	Attached
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**FINANCE**

Source of funds: Bank Loan  
 loan Amount: £5,000.00  
 Interest will be charged on your loan at 8% per year

**TYPE OF BUSINESS**

Your business will operate as a sole trader.  
 Capital Investment (£): 10,000  
 Miscellaneous Income - GRANT (£): 5,000  
 The owners wages are also known as drawings.  
 Annual drawings (£): 18,200.00

1

- (b) Describe **one** advantage and **one** disadvantage of each source of finance.

***Bank Loan Advantage***

- *Can borrow large sums of money*
- *Can pay back over a period of time in instalments*
- *Pay a fixed amount every month for a period of time*

***Bank Loan Disadvantage***

- *Have to pay amount back with interest*
- *Interest rates might be too high*
- *Banks are less likely to lend money to small or new firms*

***Grant Advantage***

- *Money does not have to be paid back*

***Grant Disadvantage***

- *Conditions have to be met to receive the grant*
- *Grant has to be paid back if conditions have been broken*

***1 mark per advantage and 1 mark per disadvantage***

***An advantage and disadvantage must be given for each source of finance to gain full marks***

4

9. Your Business Plan contains information on your employees.

- (a) From *business@work* suggest **one** method of **external recruitment** you may use in your stationery business and give **one** advantage and **one** disadvantage of the chosen method.

**NEWSPAPER ADVERTS**

*Advantages*

- *Can reach target audience*
- *Section in paper for recruitment*
- *If it is a free paper it could reach a wider audience*

*Disadvantages*

- *Can be expensive*
- *Fewer people are buying newspapers*

**JOB CENTRE**

*Advantages*

- *Free service offered by Department of Work and Pensions*
- *Can reach target audience*

*Disadvantage*

- *Standard advert, cannot change the appearance*

**SHOP WINDOW**

*Advantage*

- *Costs are very low*

*Disadvantage*

- *Dependant on passers-by*

*1 mark per suggestion*

*An advantage and disadvantage must be given to gain full marks* 3

- (b) Complete the steps you used when recruiting your Production Assistant.

Step 1 *Vacancy arises*

Step 2 Produce Job Specification

Step 3 *Prepare a Person Specification*

Step 4 Advertise the job

Step 5 *Receive letters of application/application forms*

*Only Step 1, 3 and 5 should be awarded marks* 3

## SECTION 3—THE FUTURE

# eva lucia

Eva Lucia is a new shoe retail outlet which sells a wide range of designer brand shoes to keen fashion followers in the Perth area. The retail outlet is owned by sole trader Lori Smith, who identified a gap in the market for brand name shoes. Lori also sought business advice before starting up in business on her own. Lori stocks carefully selected brands which she purchases straight from the manufacturer. She attempts to select products which suit all occasions and the budgets of her customers.

Eva Lucia used modern advertising techniques such as a Facebook page and a website which shows the products sold in her shop, her location and a facility to send email messages. Lori recently ventured on a new type of advertising by using live models in her shop window. This attracted the local newspaper, who produced an article on the retail outlet. The advertising also attracted the attention of customers passing by and sales soared. Eva Lucia is affected by external factors such as changes in customer tastes and fashion trends.

10. (a) Lori is the owner of Eva Lucia and is therefore a stakeholder in her business.

Apart from the owner describe the interest of **3** additional stakeholders in your stationery business.

### ***Bank***

- ***Loan repayments made***
- ***Loan repayments made on time***

### ***Customers***

- ***Good value for money***
- ***Good quality products/services***
- ***A high after sales service offered eg a good returns policy***

### ***Employees***

- ***Job security***
- ***The opportunity for a promotion***
- ***An increase in wages/salaries***
- ***The standard of working conditions***

### ***Supplier***

- ***Continued orders***
- ***Invoices paid within 30 days***

10. (a) (continued)

*Government*

- *The correct amount of tax is paid*
- *The law is abided by*
- *The minimum wage paid to employees*
- *Contribution to employment levels in the local area*

*Local Community*

- *Contribution to pollution in the local area*
- *Contribution to employment levels in the local area*
- *Sponsorship of local events/teams*

*Inland Revenue*

- *The correct amount of tax is paid*

*1 mark per description of interest for each stakeholder*

*A description must be given to be awarded full marks*

*No ID marks*

3

- (b) Identify and describe the sector of industry which your stationery business operates in.

*Secondary Sector of Industry*

- *When goods are manufactured*
- *When primary sector products are used to produce secondary sector products*

*Tertiary Sector*

- *When a service is provided*

*Either sector of industry is acceptable as long as an identification and a description is given*

2

[Turn over

**10. (continued)**

Lori Smith is a sole trader who operates in the tertiary sector of industry. You are also the sole trader of your stationery business.

(c) Describe **2** advantages and **2** disadvantages of being a Sole Trader.

***Advantage***

- *Profits do not have to be shared*
- *Sole Trader makes all decisions*
- *Easy to set up*

***Disadvantage***

- *Sole Trader has unlimited liability*
- *Workload cannot be shared*
- *Responsibility falls solely on the owner*
- *Difficult for the Sole Trader to obtain finance*
- *Sole Trader experiences difficulty when ill or on holiday*

***2 advantages and 2 disadvantages must be given to be able to achieve full marks***

4



11. Lori sought business advice before starting up her business to reduce her risk of failure.

(a) Identify 2 sources of business advice.

- *Bank Manager*
- *Successful entrepreneur*
- *Lawyers*
- *Accountants*
- *Prince's Youth Trust*
- *Local Business Associations*
- *Inland Revenue*
- *Business Gateway*
- *Careers Scotland*
- *Financial Advisor*
- *Chamber of Commerce*
- *Local Government*

*1 mark per identification*

1

[Turn over

**11. (continued)**

- (b) Suggest and justify **one** way you could reduce the risk of failure of your stationery business.

***Produce a business plan***

- *To ensure all aspects of the business have been thought of*
- *To ensure the bank will lend the required amount*

***Produce a cash budget***

- *To ensure the cash expected to be coming in covers the amount of cash expected to be going out*

***Conduct market research***

- *To ensure the needs and wants of customers are met*
- *To ensure the price set is what customers are willing to pay*
- *To ensure the method of promotion suits the customers*
- *To ensure the business location is in an area where customers are likely to shop*

***Advertise your business***

- *To ensure your customers are aware the business exists*
- *To ensure the customers are aware of deals and special offers*

***Budgeting for expenses***

- *To ensure the business can pay all bills*

***Cash reserves for unexpected emergencies***

- *To ensure a spare amount of money is available to pay for unexpected expenses*

***Calculate the point where no profit or loss is made***

- *To identify how many units have to be sold to make a profit/break even*

***1 mark per suggestion and 1 mark per justification***

***A mark must be given for both identification and justification for full marks to be awarded***

2

Marks

PA

12. Lori used field research to identify a gap in the market. Describe 2 advantages and 2 disadvantages of field research for your stationery business.

*Advantages*

- *Up-to-date/first hand information*
- *Greater chance of correct information*
- *Information can be kept private*
- *Easy to refer to source*

*Disadvantages*

- *Time consuming to gather information*
- *Expensive to gather information*
- *Research may contain bias*
- *Quality depends on the skills of the researcher*

*2 advantages and 2 disadvantages must be given for a pupil to be awarded full marks*

4

13. Lori's channel of distribution is Manufacturer—Retailer—Customer. Identify the channel of distribution you use in your stationery business.

*Manufacturer—Customer*

*Both a manufacturer and a customer must be identified for full marks to be awarded*

1

[Turn over for Question 14 on Page twenty

14. Lori is affected by external factors such as changes in customer trends and fashion.

Marks

PA

- (a) Suggest 2 other external factors which may affect your stationery business.
- (b) Describe the possible affect each factor may have on your stationery business.

**Political**

- *A change in legislation eg minimum wage—increase in the amount spent on employee wages*
- *Change in government spending—the government may decide to reduce the amount they spend on grants for businesses. A grant may not be awarded*
- *Increase in levels of taxation—reduction in profit levels*

**Economic**

- *A recession has been experienced in the economy—a drop in sales/profits*
- *A change in the rate of inflation—reduction in wealth of the economy—less sales. Future bank loans may become less/more expensive*
- *Increase in unemployment—customers have less money to spend on luxuries, therefore sales may reduce*

**Technological**

- *A new type of technology which changes communication methods—online training for employees*

**Environmental**

- *Encourage to communicate electronically rather than using paper—investment in new technology—online training for employees*
- *Natural disaster—refurbish premises*
- *Natural disaster—close business for the short-term*

**Competition**

- *A new competitor opens a retail outlet in the same area—Prices may have to be lowered to compete*
- *A new competitor opens a retail outlet in the same area—Increase in amount or type of sales promotions*
- *A new retail outlet opens up with cheaper prices—Prices may have to be lowered to compete*
- *A new competitor offers better quality products—Increase the quality of products*
- *A new competitor offers better quality products—Find a supplier of higher quality raw materials*

*An acceptable suggestion could be the name of an external factor or the identification of a factor expected to come under one of the headings. For example—Economic or recession.*

*Two clearly described effects must be given*

4

(60 marks)

[END OF EXEMPLAR ANSWERS/MARKING GUIDELINES]

FOR OFFICIAL USE

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## INTERNAL ASSESSMENT

*Flyleaf*

NATIONAL  
QUALIFICATIONS  
2012

BUSINESS MANAGEMENT  
STANDARD GRADE  
Practical Abilities

**Fill in these particulars.**

Full name of centre

Centre number

--	--	--	--	--	--	--	--

Forename(s)

Surname

Date of birth

Day      Month      Year

--	--	--	--	--	--

Scottish candidate number

--	--	--	--	--	--	--	--	--	--

Final Grade for  
Practical Abilities

(See B3 inside)

## A Determination of Mark

1 Enter the candidate's mark for each question in the Report.

**Foundation Level**                      **Total Mark Available**    **60**

Task	Candidate's Marks	Task	Candidate's Marks
1		8	
2		9	
3		10	
4		11	
5		12	
6		13	
7			

**Candidate's marks total**

Percentage of available marks

**General Level**                      **Total Mark Available**    **60**

Task	Candidate's Marks	Task	Candidate's Marks
1		8	
2		9	
3		10	
4		11	
5		12	
6		13	
7		14	

**Candidate's marks total**

Percentage of available marks

**Credit Level**                      **Total Mark Available**    **60**

Task	Candidate's Marks	Task	Candidate's Marks
1		6	
2		7	
3		8	
4		9	
5		10	

**Candidate's marks total**

Percentage of available marks

## B Determination of Provisional and Final Grades

1 Enter provisional **grade**

2 Enter the **Final Grade**  
(where different from provisional grade  
an explanation must appear in the  
Teacher's Comments section below)

Teacher's Comments (where appropriate)

(This section must **ONLY** be completed where the final grade has been affected by assistance given by the teacher.  
Information on the degree and instances must be provided.)

3 The **Final Grade** for Practical Abilities should be entered in the appropriate box on the front page.

Teacher responsible \_\_\_\_\_

Date \_\_\_\_\_

**[BLANK PAGE]**



## National Qualifications 2012

### Standard Grade Business Management—Practical Abilities

#### Notes to Teachers on Internal Assessment and Completion of Internal Assessment Flyleaf

##### 1 General

Reference should be made to Section 6.7 *Internal Assessment of Practical Abilities* in the Arrangements in Business Management issued in 1998.

##### 2 The Report

Every candidate should be issued with a set of tasks at the appropriate Level to enable them to complete a Report for Practical Abilities Assessment.

Candidates should be familiar with the *business@work* simulation (Stationery Scenario) issued on CD ROM 1.1 (or updated CD ROM 2.1) previously by the Scottish Qualifications Authority.

To complete the tasks candidates may access:

- the *business@work* simulation
- their own Player's Workbook (produced by *business@work* during the familiarisation process)
- other course materials.

Remind candidates that:

- all work submitted must be their own. (If it is established that the work of another candidate has been submitted as their own, SQA may cancel awards in all their subjects.)
- requests for teacher assistance, if excessive, may reduce the grade awarded for the work. (Teachers should distinguish between clarification and assistance—see paragraph 6.7.1 of the Arrangements.)

No work or material may be taken out of the centre.

### 3 Assessment

Assess each report and record the marks on **Internal Assessment Flyleaf** for each candidate concerned in accordance with paragraph 6 7 2 of the Arrangements.

The following table shows the relationship between marks and grades.

Percentage of available marks	Foundation Level		General Level		Credit Level	
	45–60	5	45–60	3	45–60	1
75–100	45–60	5	45–60	3	45–60	1
50–74	30–44	6	30–44	4	30–44	2
40–49	24–29	7	24–29	5	24–29	3
0–39	0–23	7	0–23	7*	0–23	7*

**\* Grades 6 and 4 are not available at General and Credit Levels respectively. Candidates who do not complete the TO DO list should be awarded a grade 7.**

Enter the final grade for each candidate in the appropriate box on the front page of **Internal Assessment Flyleaf**.

Teachers should note that:

- a the completed **Internal Assessment Flyleaf** for each candidate
- b the completed *business@work* Report for each candidate
- c a printout of a class list with passwords\*
- d a printout of each candidate's TO DO list\*
- e any other printouts required by the F, G and C Reports†
- f a copy of exemplar answers/marking guidelines with any additions made

will be required for central verification.

In early March 2012, Forms SGER 00 will be issued for the recording and submission of the final grades to SQA. Appropriate returns must be submitted by the due date.

If any candidate experiences technical difficulties as a result of using the CD ROM, this must be documented **at the time** in the event that SQA might request such information prior to Central Verification.

\* Teachers should refer to the *business@work* User Guide issued to centres with the CD for further information on how to carry out printouts.

† Teachers should refer to the document *Important Information* for further information relating to the F, G and C Reports.