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KU DM

Total

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4200/29/01

NATIONAL
QUALIFICATIONS
2013

THURSDAY, 23 MAY
10.20 AM – 11.35 AM

**BUSINESS
MANAGEMENT
STANDARD GRADE**
General Level

Fill in these boxes and read what is printed below.

Full name of centre

Town

Forename(s)

Surname

Date of birth

Day Month Year

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Scottish candidate number

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Number of seat

1. Read each question carefully.
2. Attempt **all** the questions.
3. All answers are to be written in this answer book.
4. Do **not** write in the margins.
5. 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.



Marks

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1.

Carol-Ann Brown started a business called F5Karting, which involves the latest craze, Blokarting.

She was working as an outdoor instructor when she decided to become an entrepreneur. She carried out field and desk research before completing a Business Plan.

She received funding from the Prince's Scottish Youth Business Trust (PSYBT) and advice from Business Gateway.



(a) Suggest **2** reasons why Carol-Ann Brown may have decided to become an entrepreneur.

1 _____

2 _____

(b) Suggest **2** skills or qualities required by an entrepreneur.

1 _____

2 _____

(c) (i) Give **one** example of desk research.

(ii) Describe **one** advantage and **one** disadvantage of carrying out desk research to gather information.

Advantage _____

Disadvantage _____

<i>Marks</i>	KU	DM
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1. (continued)

(d) (i) Other than Business Gateway, identify a source of advice for new entrepreneurs.

(ii) Other than PSYBT, suggest and justify a source of finance for Carol-Ann Brown.

Suggestion _____

Justification _____

(e) Give **2** reasons for producing a Business Plan.

1 _____


2 _____

[Turn over

Marks

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1		
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2.



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While readers still buy printed books, eBook readers are becoming more popular.

The market for eBook readers has strong competition between Apple's iPad and Amazon's Kindle.

(a) Explain the term "market".

1

(b) Suggest and describe a pricing strategy which could be used by Apple or Amazon.

Pricing Strategy _____

Description _____

2

(c) Other than price, suggest 2 ways Apple and Amazon can compete.

1 _____

2 _____

2

<i>Marks</i>	KU	DM
2		
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2. (continued)

(d) Other than selling on-line, suggest **2** places where a Kindle can be sold.

Suggestion 1 _____

Suggestion 2 _____

(e) Suggest **2** ways Apple and Amazon could use ICT to communicate with customers.

1 _____

2 _____

[Turn over

Marks

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2	

3. (continued)

(d) Santander use databases. Give **2** advantages of using an electronic database.

1 _____

2 _____

(e) Santander operate in the Tertiary Sector of Industry.

Name and describe **one** other Sector of Industry.

Sector _____

Description _____

[Turn over

Marks

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4.

Mackie's are well known for ice cream. As a method of growth, Mackie's diversified into the manufacture of potato crisps.



Mackie's ice cream is manufactured using milk from the company farm in Aberdeenshire. The factory is powered by 3 wind turbines. Mackie's have as their Mission Statement "to become the greenest company in Britain".

- (a) (i) Mackie's own a farm and an ice-cream factory. Name this type of integration.

_____ 1

- (ii) Name and describe one other type of integration.

Type of Integration _____

Description _____

_____ 2

- (b) Suggest **one** reason why Mackie's may have decided to use wind power in their factory.

_____ 1

- (c) Explain the purpose of a Mission Statement.

_____ 1

<i>Marks</i>		KU	DM
2			

4. (continued)

(d) Give **2** advantages to Mackie's of diversification.

1 _____

2 _____

[Turn over

Marks

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5.

David Riccardi owns a business called Ice Cream Cakes. He has produced a cash budget.



Cash Budget of Ice Cream Cakes for 3 months October–December 2013

	October (£)	November (£)	December (£)
Opening Balance	5,000	1,500	500
Cash in			
Sales	15,000	14,000	13,000
Grant	2,000	0	0
	<u>22,000</u>	<u>15,500</u>	<u>13,500</u>
Cash out			
Raw materials	8,000	9,000	10,000
Wages	2,000	2,000	2,000
Rent	1,500	1,500	1,500
Gas/Electricity/Telephone	1,000	1,500	1,700
Insurance	1,000	1,000	1,000
Purchase of ice cream machine	7,000	0	0
	<u>20,500</u>	<u>15,000</u>	<u>16,200</u>
Closing Balance	1,500	?	(2,700)

(a) (i) Give the closing balance in November.

1

(ii) State what has happened to the closing balance in December.

1

(iii) From the above Cash Budget, identify **one** expense which has increased over the 3 months.

1

5. (continued)

(b) From the Cash Budget, identify **one** fixed cost and **one** variable cost.

Fixed Cost _____

Variable Cost _____

(c) Other than a Cash Budget, name **one** financial statement which will have been produced by David Riccardi.

(d) Suggest **2** ways Ice Cream Cakes could increase sales.

1 _____

2 _____

(e) Identify **2** stakeholders in Ice Cream Cakes and suggest what their interest would be in the business.

Stakeholder _____

Interest _____

Stakeholder _____

Interest _____

Marks

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2

1

2

4

[Turn over

Marks

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2		

6.

AG Barr plc who produce the famous Irn Bru drink continue to increase sales and profits.

£50 million has been invested in its factory in Cumbernauld. The factory is now capable of producing 690 million cans per year.

AG Barr plc believe in being environmentally friendly.



(a) AG Barr plc is a public limited company.

Identify **2** features of a public limited company.

1 _____

2 _____

2

(b) Flow or line production is used to manufacture Irn Bru.

Suggest **one** advantage and **one** disadvantage of using this Method of Production.

Advantage _____

Disadvantage _____

2

(c) Suggest and describe **one** other Method of Production.

Method of Production _____

Description _____

2

6. (continued)

<i>Marks</i>	KU	DM
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2		

(d) Suggest **2** ways in which AG Barr plc could be environmentally friendly.

1 _____

 2 _____

(e) Suggest how the following could affect the business.

Competitors _____

 Suppliers _____

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ACKNOWLEDGEMENTS

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Question 2—Image of Amazon Kindle. Permission is being sought from Amazon.

Question 3—Santander logo is reproduced by kind permission of Banco Santander S.A.

Question 4—Photographs of Mackie's products are reproduced by kind permission of Mackie's of Scotland.

Question 6—Photograph of an Irn Bru can is reproduced by kind permission of A G Barr plc.