



2010 Business Management

Standard Grade – Foundation

Finalised Marking Instructions

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**2010 Business Management
Standard Grade – Foundation**

QUESTION 1		KU	DM						
(a)	<p>A business owned by 2 people is known as:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Tick (✓) the correct answer</th> </tr> </thead> <tbody> <tr> <td>Sole Trader</td> <td></td> </tr> <tr> <td>Partnership</td> <td style="text-align: center;">✓</td> </tr> </tbody> </table>		Tick (✓) the correct answer	Sole Trader		Partnership	✓	1	
	Tick (✓) the correct answer								
Sole Trader									
Partnership	✓								
(b)	<p>Brian Souter and Ann Gloag are examples of Scottish entrepreneurs.</p> <p>Describe the role of an entrepreneur.</p> <ul style="list-style-type: none"> • Risk Taker. • Person who puts in their own money/capital into the business. • Ideas person. • They bring the other factors of production together. • Develops an idea. • Starts up a Business. 	1							
(c)	<p>Other than wi-fi and leather seats, suggest 2 ways Goldline could attract passengers onto their buses.</p> <ul style="list-style-type: none"> • Lower fares. • Special rates for pensioners/students etc. • Increased frequency of services. • More destinations. • Better security/seatbelts. • Refreshments. • Provide videos/music. • Booking online. • Air-conditioning. • Clean/tidy buses. • Toilets. • Advertising. • New buses/Upgraded buses. • Cheap prices for rental. <p>Only accept one form of advertising</p>		2						

		KU	DM										
(d)	<p>Stagecoach plan to invest £4.5m on new buses.</p> <p>Suggest one source of finance for a large company like Stagecoach</p> <ul style="list-style-type: none"> • Bank. • Government. • Shareholders. • Profits. • Accept type of finance eg loan, mortgage. • Selling shares/Investors. • Overdraft. <p>Accept any 1</p>		1										
(e)	<p>Identify the Factors of Production used by Stagecoach.</p> <p>Use the following word bank.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px; margin: 5px;">Land</div> <div style="border: 1px solid black; padding: 5px; margin: 5px;">Labour</div> <div style="border: 1px solid black; padding: 5px; margin: 5px;">Capital</div> <div style="border: 1px solid black; padding: 5px; margin: 5px;">Enterprise</div> </div> <p>The first one has been done for you.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Stagecoach</th> <th style="width: 50%;">Factor of Production</th> </tr> </thead> <tbody> <tr> <td>Ann Gloag</td> <td>Enterprise</td> </tr> <tr> <td>Bus Driver</td> <td>Labour</td> </tr> <tr> <td>Buses</td> <td>Capital</td> </tr> <tr> <td>Site of new Bus Station</td> <td>Land</td> </tr> </tbody> </table>	Stagecoach	Factor of Production	Ann Gloag	Enterprise	Bus Driver	Labour	Buses	Capital	Site of new Bus Station	Land	3	
Stagecoach	Factor of Production												
Ann Gloag	Enterprise												
Bus Driver	Labour												
Buses	Capital												
Site of new Bus Station	Land												

QUESTION 2		KU	DM										
(a)	<p>Suggest 2 different aims of a charity like Mary's Meals.</p> <ul style="list-style-type: none"> • Raise money. • Help people/feed children/prevent poverty. • Teach/educate children. • Raise awareness. • Educate public. • Provide a good service. • Expand the charity. • Increase reputation. • Break-even. <p>Do not accept Survive</p> <p>Accept any 2</p>		2										
(b)	<p>Suggest 2 fund-raising events to raise money for Mary's meals.</p> <ul style="list-style-type: none"> • Sponsored walk/silence/parachute/bungee jump etc. • Jumble sale. • Bring and buy. • Coffee morning. • Sponsor a Child. • Donations/collection can. • Fun day. 		2										
(c)	<p>Mary's Meals is an example of a charity.</p> <p>Identify which of the following 2 organisations are also charities.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Tick (✓) the 2 correct answers</th> </tr> </thead> <tbody> <tr> <td>Children in Need</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Tesco</td> <td></td> </tr> <tr> <td>National Health Service</td> <td></td> </tr> <tr> <td>Oxfam</td> <td style="text-align: center;">✓</td> </tr> </tbody> </table>		Tick (✓) the 2 correct answers	Children in Need	✓	Tesco		National Health Service		Oxfam	✓	2	
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Children in Need	✓												
Tesco													
National Health Service													
Oxfam	✓												

QUESTION 3	KU	DM										
<p>(a) Identify the correct calculation of profit.</p> <table border="1" data-bbox="279 331 866 589"> <thead> <tr> <th></th> <th>Tick (✓) the correct answer</th> </tr> </thead> <tbody> <tr> <td>Sales – Costs = Profit</td> <td>✓</td> </tr> <tr> <td>Sales + Costs = Profit</td> <td></td> </tr> <tr> <td>Costs – Sales = Profit</td> <td></td> </tr> </tbody> </table>		Tick (✓) the correct answer	Sales – Costs = Profit	✓	Sales + Costs = Profit		Costs – Sales = Profit		1			
	Tick (✓) the correct answer											
Sales – Costs = Profit	✓											
Sales + Costs = Profit												
Costs – Sales = Profit												
<p>(b) Other than profit, give 2 ways of measuring success.</p> <ul style="list-style-type: none"> • Growth. • Sales/Income. • Survival. • Popularity/Recognition. • Happy/content workforce. • Repeat custom. • Use Ratios. • Market share. • No of customers. • Size/Number of Employees/Number of stores. • Balance Sheet. • Share price. <p>Accept any 2</p>	2											
<p>(c) Shell sells oil to provide energy.</p> <p>Identify 2 stakeholders of Shell.</p> <table border="1" data-bbox="279 1624 938 1912"> <thead> <tr> <th></th> <th>Tick (✓) the 2 correct answers</th> </tr> </thead> <tbody> <tr> <td>Customers of Shell</td> <td>✓</td> </tr> <tr> <td>Other oil manufacturers</td> <td></td> </tr> <tr> <td>Shell employees</td> <td>✓</td> </tr> <tr> <td>Wind farm owners</td> <td></td> </tr> </tbody> </table>		Tick (✓) the 2 correct answers	Customers of Shell	✓	Other oil manufacturers		Shell employees	✓	Wind farm owners		2	
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Customers of Shell	✓											
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Shell employees	✓											
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QUESTION 4		KU	DM						
(a)	<p>A computer game is an example of a:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center;">Tick (✓) the correct answer</td> </tr> <tr> <td>Good</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Service</td> <td></td> </tr> </table>		Tick (✓) the correct answer	Good	✓	Service		1	
	Tick (✓) the correct answer								
Good	✓								
Service									
(b)	<p>Suggest 2 reasons why game developers need to keep up-to-date.</p> <ul style="list-style-type: none"> • Increase sales. • Increase profit. • Maintain market share. • Grow. • Beat competition. • Maintain interest/reputation. • Changes in technology. <p>Accept any 2</p>		2						
(c)	<p>Sony sells lots of different computer games.</p> <p>Suggest 2 reasons why Sony sells more than one type of game.</p> <ul style="list-style-type: none"> • Spreads risk. • Increases profit. • Increases sales. • Publicity. • Please customer/provide choice/target different age groups. <p>Accept any 2</p>		2						

QUESTION 5		KU	DM								
(a)	<p>Other than an online poll, suggest 2 methods of carrying out market research.</p> <ul style="list-style-type: none"> • Face-to-face questionnaire. • Telephone questionnaire. • Hall test. • Observation. • Through magazines or newspapers. • Interview. <p><u>Do not</u> accept ‘desk’ <u>Do not</u> accept ‘field’ <u>Do not</u> accept questionnaire or survey on its own</p> <p>Accept any 2</p>		2								
(b)	<p>Suggest 2 reasons why the chocolate digestive biscuit is such a success.</p> <ul style="list-style-type: none"> • Flavour. • Reputation. • Familiarity/Brand loyalty. • Lots of people like chocolate. • Price. • Availability. • Advertising. • Quality. <p>Accept any 2</p>		2								
(c)	<p>Study pictures A, B and C.</p> <p>From the pictures complete the table to identify the 3 stages of production.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Stages of Production</th> <th>Picture A, B or C</th> </tr> </thead> <tbody> <tr> <td>Input</td> <td>A</td> </tr> <tr> <td>Process</td> <td>C</td> </tr> <tr> <td>Output</td> <td>B</td> </tr> </tbody> </table>	Stages of Production	Picture A, B or C	Input	A	Process	C	Output	B		3
Stages of Production	Picture A, B or C										
Input	A										
Process	C										
Output	B										

		KU	DM
(d)	<p>The Scottish firm McVitie & Price merged with McFarlane & Lang to become United Biscuits.</p> <p>Suggest one reason for the firms merging.</p> <ul style="list-style-type: none"> • To grow. • Reduce competition. • Pool resources. • Increase profit. • Increase sales/customers. • To survive. <p>Accept any 1</p>		1
(e)	<p>Suggest 2 different ways of advertising chocolate digestive biscuits.</p> <ul style="list-style-type: none"> • On TV. • On the radio. • Billboards/Posters. • Cinema. • Sponsorship. • Internet Website. • Website popup. • Celebrity endorsement. • Newspapers/magazines. • Sms/text messaging. • Point of sale advertising/display materials. • On transport. • Sponsorship. <p>Accept any 2</p>		2

QUESTION 6		KU	DM												
(a)	<p>Other than Employee of the Month, suggest 2 other ways of rewarding staff for hard work.</p> <ul style="list-style-type: none"> • Pay. • Perks – award separate marks for each perk or fringe benefit. • Review/Appraisals. • Promotion. • Extra holidays. • Bonus. • Dress-as-you-please days eg Fridays. • Verbal praise. • Training. • Works night out. <p>Accept any 2</p>		2												
(b)	<p>Place the following recruitment and selection steps in the correct order.</p> <p>The first one has been done for you.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><i>Steps</i></th> <th style="text-align: center;"><i>Order</i></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Send out letters of acceptance/rejection</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">Candidates are interviewed</td> <td style="text-align: center;">4</td> </tr> <tr> <td style="text-align: center;">Job is advertised</td> <td style="text-align: center;">1</td> </tr> <tr> <td style="text-align: center;">Read Application Forms</td> <td style="text-align: center;">3</td> </tr> <tr> <td style="text-align: center;">Send out Application Forms</td> <td style="text-align: center;">2</td> </tr> </tbody> </table>	<i>Steps</i>	<i>Order</i>	Send out letters of acceptance/rejection	5	Candidates are interviewed	4	Job is advertised	1	Read Application Forms	3	Send out Application Forms	2	4	
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Send out letters of acceptance/rejection	5														
Candidates are interviewed	4														
Job is advertised	1														
Read Application Forms	3														
Send out Application Forms	2														
(c)	<p>Name the Functional Area responsible for recruitment and selection.</p> <p>Human Resources Management (HRM)/Personnel.</p>	1													

		KU	DM						
(d)	<p>An Application Form may be completed when applying for a job.</p> <p>Suggest 2 different pieces of information which might be included in an Application Form.</p> <ul style="list-style-type: none"> • Contact details eg name and/or address (one point)/age. • Referees/references. • Qualifications. • Skills. • Hobbies. • Experience. • Job title/job reference no. • Accept the pieces of information given as questions. <p>Accept any 2</p>	2							
(e)	<p>An Application Form is an example of:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Tick (✓) the correct answer</th> </tr> </thead> <tbody> <tr> <td>Verbal communication</td> <td></td> </tr> <tr> <td>Written communication</td> <td style="text-align: center;">✓</td> </tr> </tbody> </table>		Tick (✓) the correct answer	Verbal communication		Written communication	✓	1	
	Tick (✓) the correct answer								
Verbal communication									
Written communication	✓								
(f)	<p>Other than an Application Form, identify one document which is used in the recruitment and selection process.</p> <ul style="list-style-type: none"> • Person Specification. • Job Description. • Job Advert. • CV. • Interview Checklist. • References. • Letter of acceptance/rejection. • Contract of employment (accept Contract on its own). • Qualification Certificates. • Medical Certificates. • Police Records. • Driving Licence. • Skill Scan. <p>Accept any 1</p>		1						

QUESTION 7		KU	DM						
(a)	<p>The people who advertise their products on ebay are:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center;">Tick (✓) the correct answer</td> </tr> <tr> <td>Buyers</td> <td></td> </tr> <tr> <td>Sellers</td> <td style="text-align: center;">✓</td> </tr> </table>		Tick (✓) the correct answer	Buyers		Sellers	✓	1	
	Tick (✓) the correct answer								
Buyers									
Sellers	✓								
(b)	<p>Suggest one reason for the success of ebay</p> <ul style="list-style-type: none"> • World wide/global. • Convenient/Shop from Home/Delivered to Home • Get a bargain. • Get anything. • <u>Do not</u> accept easy or quick or cheap. • Profits that people make. <p>Accept any 1</p>		1						
(c)	<p>E-mail can be used to keep track of bids on ebay.</p> <p>Suggest one piece of hardware necessary to receive e-mail.</p> <ul style="list-style-type: none"> • PC. • Computer. • VDU. • Modem. • Mobile phone. • Accept any brand of Smartphone. • Hard drive. • Router. <p>Accept any 1</p>		1						

		KU	DM										
(d)	<p>Identify a suitable software application to complete the following business tasks.</p> <p>Give a different software application for each task.</p> <table border="1"> <thead> <tr> <th>Business Task</th> <th>Software Application</th> </tr> </thead> <tbody> <tr> <td>Produce a business letter</td> <td>Word Processing/Pages/Word/Works/E-mail/DTP</td> </tr> <tr> <td>Make calculations and produce a graph</td> <td>Spreadsheet/Excel/Number</td> </tr> <tr> <td>Store names and addresses</td> <td>Database/Access <u>Electronic</u> diary package/Email</td> </tr> <tr> <td>Produce a flyer</td> <td>Word Processor DTP/Photoshop</td> </tr> </tbody> </table> <p>Accept any named software package</p>	Business Task	Software Application	Produce a business letter	Word Processing/Pages/Word/Works/E-mail/DTP	Make calculations and produce a graph	Spreadsheet/Excel/Number	Store names and addresses	Database/Access <u>Electronic</u> diary package/Email	Produce a flyer	Word Processor DTP/Photoshop	4	
Business Task	Software Application												
Produce a business letter	Word Processing/Pages/Word/Works/E-mail/DTP												
Make calculations and produce a graph	Spreadsheet/Excel/Number												
Store names and addresses	Database/Access <u>Electronic</u> diary package/Email												
Produce a flyer	Word Processor DTP/Photoshop												
(e)	<p>Give one problem of using ICT in business.</p> <ul style="list-style-type: none"> • Viruses. • Support costs. • Cost of equipment. • Accept electricity costs. • Training needed. • Crashes/break. • Lack of human contact. <p>Accept any 1</p>	1											

QUESTION 8		KU	DM
(a)	<p>Other than milk and electricity, suggest 2 possible costs in making Orkney Cheese.</p> <ul style="list-style-type: none"> • Other raw materials eg salt, packaging. • Wages. • Advertising. • Transport. • Machines/equipment. • Premises. • Insurance. <p>Accept any 2</p>		2
(b)	<p>Suggest 2 ways Orkney Cheese could reduce costs.</p> <ul style="list-style-type: none"> • Answers likely to relate to (a) above eg ... sack workers. • Find cheaper suppliers. • Find cheaper ways of advertising/advertise less. • Relocate closer to customer/supplier on mainland. • Buy in bulk. • Using less electricity etc. <p>Accept any 2</p>		2
(c)	<p>Suggest what could happen if a business does not cover its costs.</p> <ul style="list-style-type: none"> • Business failure. • Bankruptcy/legal action/imprisonment. • Liquidation/repossession. • Cash flow problems. • Go into debt. • Makes a loss. • Close down. <p>Accept any 1</p>	1	

		KU	DM										
(d)	<p>The Orkney Cheese Company Ltd started in Kirkwall on 1 July 1946.</p> <p>Identify 2 possible reasons for choosing a location.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Tick (✓) the 2 correct answers</th> </tr> </thead> <tbody> <tr> <td>Close to raw materials</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Far from labour</td> <td></td> </tr> <tr> <td>No suitable premises</td> <td></td> </tr> <tr> <td>Government Grants</td> <td style="text-align: center;">✓</td> </tr> </tbody> </table>		Tick (✓) the 2 correct answers	Close to raw materials	✓	Far from labour		No suitable premises		Government Grants	✓	2	
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[END OF MARKING INSTRUCTIONS]