

X234/201

NATIONAL
QUALIFICATIONS 2008

FRIDAY, 16 MAY
9.00 AM – 10.45 AM

BUSINESS
MANAGEMENT
INTERMEDIATE 2

Candidates should attempt **all** questions in Section One and **two** questions from Section Two.

Read all the questions carefully.

75 marks are allocated to this paper.

25 marks for Section **One** and 50 marks for Section **Two**.

Answers are to be written in the answer book provided.

Section **One** is on fold-out pages two, three and four.

Section **Two** is on fold-out pages five, six and seven.



SECTION ONE

This section should take you approximately 45 minutes.

Read the following information, then answer the questions which follow on Page four.

Laundry Drama

<p><i>Background</i></p> <p>Michael Barnes opened his laundrette business in 2001. It has a good location in the town centre with parking facilities. It has self-operating machines where coins are inserted in the washers and dryers. The business also carries out a full service which consists of washing, drying and ironing. Two local hotels use Michael's business for laundering all their bed linen and towels. Michael employs 2 full-time and 4 part-time members of staff who work shifts. The business opens from 7 am to 7 pm Monday to Friday and 7 am to 1 pm on Saturdays. All the staff have been there since the business opened. The business was very profitable. Alice, one of the full-time workers, expressed a desire to go into partnership with Michael. He was also approached by someone else keen to buy the business.</p> <p>Over the past 6 months Michael spent a lot of time in Spain. He appointed a manager who was issued with a Contract of Employment. The manager's duties were to ensure that:</p> <ul style="list-style-type: none">• washing machines and dryers were serviced and maintained on a regular basis• cash was deposited in the bank each day• staff were paid for the number of hours worked• the premises were kept to a high standard of cleanliness and complied with the Health and Safety at Work Act.	<p>CANDIDATE'S NOTES</p>
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<p><i>The Present Situation</i></p> <p>Michael had to fly home suddenly when his mother was rushed to hospital. On visiting the laundrette Michael was surprised to find it closed although it was 11 am on a Monday morning — usually a very busy time.</p>	<p>CANDIDATE'S NOTES</p>
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On opening up he found that 4 washing machines and 2 dryers had “Out of Order” notices pinned on them. There were a number of bags containing washing waiting to be dealt with and the floor was dirty. Michael also found a mountain of ironing waiting to be done. There were unopened letters complaining about the laundrette’s service. A letter from one of the hotels stated that it had decided to take its custom elsewhere. Michael was devastated.



**CANDIDATE’S
NOTES**

Michael contacted the manager and discovered that 4 members of staff had left due to disagreements. Only 2 part-time members of staff were left. Michael was unhappy with the manager’s work and, after a discussion, the manager agreed to leave.

Michael called a meeting of all his former employees. After much discussion and assurances from Michael they agreed to return to work. Michael now had to make some important decisions.

Options for the Future . . .

- 1 Sell the business.
- 2 Employ a new manager to run the business.
- 3 Go into partnership with Alice.

After giving the matter careful consideration Michael decided to choose option 3.

**CANDIDATE’S
NOTES**

[Section One is continued on *Page four*

SECTION ONE

QUESTIONS

Answer ALL the questions.

- | | | |
|----|--|-------------|
| 1. | Michael decided to choose option 3. Explain 2 advantages and 2 disadvantages of this option. | 4 |
| 2. | Michael and Alice chose to form a partnership.
(a) Describe 2 other types of business organisation.
(b) Name 2 different objectives for each type of organisation you have described in (a) above. | 4
4 |
| 3. | The laundrette has lost a number of customers. Outline 2 effects this will have on the business. | 2 |
| 4. | Describe what Michael and Alice could do to persuade people to use the laundrette in the future. | 3 |
| 5. | Michael issued his manager with a Contract of Employment. Identify 3 items that should be included in a Contract of Employment other than a person's name, age and address. | 3 |
| 6. | All businesses must comply with the Health and Safety at Work Act. Identify and describe 2 other Acts that businesses must comply with. | 4 |
| 7. | Describe the purpose of induction training. | 1 |
| | | (25) |

[END OF SECTION ONE]

[Turn over for SECTION TWO on Pages five, six and seven

SECTION TWO

This section should take you approximately 1 hour.

Answer TWO questions.

- | | | |
|----|---|-------------|
| 1. | (a) Draw and label a diagram showing the stages of a product's life cycle. | 5 |
| | (b) Suggest 3 ways a producer might extend the life cycle of a product. | 3 |
| | (c) (i) Identify 3 stakeholders of a sports centre and describe their interests. | 6 |
| | (ii) Explain how each stakeholder could influence decision making in a sports centre. | 3 |
| | (d) Name 3 types of ICT (hardware/software) and explain how each could be used by an organisation. | 6 |
| | (e) Describe 2 advantages to an organisation of delayering. | 2 |
| | | (25) |
| 2. | (a) Managers make strategic, tactical and operational decisions. Describe these decisions and give an example of each. | 6 |
| | (b) A channel of distribution used by most businesses is
manufacturer → wholesaler → retailer → consumer
Describe the role of the retailer. | 4 |
| | (c) (i) Give 3 advantages of presenting information in a written form. | 3 |
| | (ii) Identify 2 uses of information in business. | 2 |
| | (d) Describe 2 problems related to overstocking and 2 problems related to understocking. | 4 |
| | (e) Identify and describe 3 methods of growth. | 6 |
| | | (25) |

[OPEN OUT]

3. “Cadbury recalls one million bars in food poisoning alert.” (Daily Mail 24.6.06)
- (a) Identify and describe **3** methods Cadbury could use to ensure their products are of the highest quality. **6**
- (b) Many of Cadbury’s products are produced using batch production. Identify and describe **2** other methods of production. **6**
- (c) Describe **3** advantages of organising a business into functional departments. **3**
- (d) Describe **2** advantages and **2** disadvantages of face to face interviews by market researchers. **4**
- (e) (i) Explain the purposes of each of the following ratios:
- Working capital ratio
 - Net profit ratio
 - Return on capital employed. **3**
- (ii) Suggest **3** ways of improving the net profit ratio. **3**
- (25)**
4. (a) Explain the role of the entrepreneur. **2**
- (b) Describe the following human resource terms:
- CV (Curriculum Vitae)
 - Job Description
 - Person Specification
 - Short List
 - Referee. **5**
- (c) Businesses advertise job vacancies internally and externally. Explain the advantages and disadvantages of advertising vacancies internally. **4**
- (d) Many businesses fail due to cash flow problems. Identify **4** ways an organisation could improve cash flow. **4**
- (e) Four sources of information are primary, secondary, internal and external. Define each of these sources and give a different example of each. **8**
- (f) Distinguish between piece rate and time rate as methods of calculating wages. **2**
- (25)**

	<i>Marks</i>
5. (a) Identify and describe 2 pricing strategies.	4
(b) Explain how 4 different external factors can affect the operation of a business.	4
(c) Enterprise is one factor of production. Identify and describe the 3 other factors of production.	6
(d) Explain the benefits of flexitime.	4
(e) Describe the role of trade unions in the workplace.	3
(f) Describe the following items shown on a Balance Sheet:	
• Fixed Assets	
• Current Assets	
• Long Term Liabilities	
• Working Capital.	4
	(25)

[END OF SECTION TWO]
[END OF QUESTION PAPER]

ACKNOWLEDGEMENTS

Section 2 Question 3—Quote taken from *The Daily Mail*, 24 June 2006. *Cadbury recalls one million bars in food poisoning alert*. Published by The Daily Mail. Reproduced by permission of The Daily Mail.

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