This model paper is free to download and use for revision purposes. The paper has been specially commissioned by Hodder Gibson and has been written by experienced senior teachers and examiners. This is not SQA material but has been devised to provide further practice for SQA National Qualification examinations in 2016 and beyond.

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Hodder Gibson is grateful for the use of the following:
An extract from http://www.xtremesolutionsltd.com © Xtreme Business Solutions Ltd (Model Paper 2 page 2);
Business Management

Duration — 1 hour and 30 minutes

Total marks — 70

SECTION 1 — 30 marks
Attempt BOTH questions.

SECTION 2 — 40 marks
Attempt ALL questions.

Before attempting the questions you must check that your answer booklet is for the same subject and level as this question paper.

Read all questions carefully before attempting.

On the answer booklet, you must clearly identify the question number you are attempting.

Use blue or black ink.

You may use a calculator.

Before leaving the examination room you must give your answer booklet to the Invigilator. If you do not, you may lose all the marks for this paper.
Xtreme Business Solutions

Xtreme Business Solutions was established in 2003 to supply voice and data cabling services to the rapidly expanding IT marketplace in Scotland. Today XBS has established itself as one the leading suppliers of Structured Network Cabling and associated IT solutions in the UK.

Xtreme Business Solutions provides a comprehensive range of IT solutions to meet each client’s individual requirements. XBS also believes in building long-term working relationships with both its clients and suppliers.

Focussed on high quality working practices, it invests heavily in knowledgeable and qualified technical people. This ensures that projects are handled in a professional manner and that the finished product meets or exceeds current industry standards.

XBS prides itself on its astute market awareness ensuring that it is always at the leading edge.

Source – www.extremesolutionsltd.com

You should note that although the following questions are based on the case study above, you will need to make use of knowledge and understanding you have gained whilst studying the Course.

1. (a) (i) From the case study, outline ways XBS try to ensure customer satisfaction. 2
   (ii) Justify the importance of customer satisfaction to an organisation. 3

   (b) Outline how the use of modern technology could improve marketing within an organisation. 3

   (c) (i) From the case study, identify the type of production that XBS would use. 1
   (ii) Describe the benefits of this type of production. 3

   (d) Describe internal factors that XBS should take into account when taking on a new contract. 3

Total marks 15
Concerns have grown as part of the Aberdeenshire coast has been left without inshore rescue cover as a result of the closure of the local charity Maritime Rescue Institute (MRI). The MRI announced in February it was being forced to close its doors after failing to recover from storm damage. The institute said it was left without any boats in the water after its base at the harbour was deluged in the storm and floods of December 2012.

The charity said it had already been struggling with falling donations partly due to the recession, and a reduction in government support. Its board decided there was no other option but to close down. Its withdrawal left the Kincardineshire coast being covered only by voluntary lifeboats at Aberdeen and Montrose.

A business case was being put together by another charity to replace the inshore rescue service as a matter of urgency. Stonehaven is now hoping to get an inshore lifeboat in July and volunteers are being sought.

Source – www.bbc.co.uk/news

You should note that although the following questions are based on the case study above, you will need to make use of knowledge and understanding you have gained whilst studying the Course.

2.  
   (a) MRI found it was struggling with falling donations.
       Identify 3 other sources of finance for a charity.  
       3

   (b) The other charity is now looking for volunteers for the lifeboat service.
       Outline methods of selection an organisation could use to ensure they pick the right staff.  
       3

   (c) From the case study, identify external factors affecting MRI.  
       3

   (d) Compare charities with private limited companies in terms of:
       • ownership
       • control
       • finance.  
       3

   (e) Describe the influence of stakeholders, identified from the case study, on charities.  
       3

Total marks 15
SECTION 2 — 40 marks
Attempt ALL questions

3. (a) Describe elements in the marketing mix.
   (b) Outline the possible drawbacks of developing a brand name.
   (c) Discuss the use of road transport for the physical distribution of products to market.

Total marks 10

4. (a) Outline the problems for an organisation of under-stocking.
   (b) Describe 3 methods a manufacturer could use to ensure they produce a quality product.
   (c) Discuss the importance of avoiding wastage in production for an organisation.

Total marks 10

5. (a) Outline what is contained in a person specification.
   (b) Describe 2 types of payment systems used by organisations.
   (c) Explain the benefits to an organisation of providing good pay and conditions for its employees.
   (d) Induction training is given to new employees of an organisation.
       Describe other methods of training that existing employees might receive.

Total marks 10

6. (a) Describe measures an organisation can take when faced with a negative closing balance in their cash budget.
   (b) Distinguish between the following terms:
       (i) gross profit and net profit
       (ii) fixed costs and variable costs.
   (c) Give 2 examples of variable costs.
   (d) Describe how an organisation may use spreadsheets.

Total marks 10

[END OF MODEL PAPER]
Section 1

1. (a) (i) Ways of ensuring customer satisfaction must come from the case study given. Identifiable methods are:
   - Provides a comprehensive range of IT solutions to meet each client's individual requirements
   - Building long-term working relationships with both its clients and suppliers
   - Investing heavily in knowledgeable and qualified technical people
   - Helps maintain the organisation's reputation
   - Will bring repeat sales
   - Less time spent dealing with complaints

(b) Websites can provide e-commerce
   - Text messaging/moblie phones can get immediate feedback from customers
   - Broadband allows for immediate updating of information
   - Mobile tracking of orders can be offered to customers

(c) (i) Job production
   - Can be made to customer's exact specification
   - Can charge a higher price
   - Use skilled workers/specialists

(d) Finance
   - Employees
   - Current technology

Total marks 15

2. (a) • Bank loan
   • Government grant
   • Merchandise

(b) • References
   • Interviews
   • Testing
   • Head hunting/recruitment agencies

(c) External factors must come from the case study given. Identifiable factors are:
   • Environmental - weather
   • Economic - recession
   • Political - lack of government support

(d) • Charities are owned by their trustees/have no overall owner whereas limited companies are owned by their shareholders
   • Charities are controlled by trustees or appointed managers whereas limited companies are controlled by a board of directors
   • Charities are largely financed through donations whereas limited companies are financed by shareholders investment

(e) • Employees/volunteers can work harder or less hard
   • Government can provide grants or withhold them
   • Donators/local community can give more or less money

Total marks 15
Section 2

3. (a) • Price charged for the product
• Product that is sold to customers
• Place where the product is sold
• Promotion used to inform customers
(b) • Expensive to create a brand name
• Brand image can easily be tarnished
• Imitators are hard to stop
(c) • Can go door to door
• Less expensive than other methods
• Not suitable for transport to other continents

(c) • Raw materials
• Packaging
• Production wages
(d) • Data can be automatically updated from other sources
• Automatic calculations can be carried out using formulae
• Less chance of human error

Total marks 10

4. (a) • Loss of sales
• Loss of profits
• Loss of customers
• Damaged reputation
(b) • Quality control — check product at end
• Quality management — check at each stage
• Quality inputs — materials, machinery, staff
(c) • Waste will increase cost for the business
• The business will then have to deal with the waste ethically
• The reputation of the business may suffer

Total marks 10

5. (a) • Abilities/skills required for the job
• Experience needed to do the job
• Personal qualities required of applicants
• Essential and desirable qualities
(b) • Piece rate — payment linked to production
• Bonus — additional payment for reaching target
• Time rate — paid per hour at work
(c) • Staff will work harder meaning more productive
• Lower staff absences as they are happy at their work
• Lower staff turnover as they are less likely to leave
(d) • On the job training where workers are trained while doing the job
• Off the job training where they are trained away from the workplace

Total marks 10

6. (a) • They could apply for a bank loan/overdraft
• Seek new shareholders/investors
• Sell off unwanted assets
• Find cheaper supplier
• Economise
(b) (i) Gross profit is the profit made on buying and selling stock whereas net profit is the actual profit after all expenses are deducted
(ii) Fixed costs do not change with the level of production whereas variable costs increase the more that is produced