



National 5 Business Management

Sample External Assessment

Section One

Pack 14/252

Notes to teachers/lecturers

This sample paper has been produced to showcase future National 5 Business Management Practice External Examination packs from The Resource Store. This pack contains Section One material covering the first unit of National 5 Business Management (Understanding Business) only. It could be used as a mid-session assessment. **It is not intended to be used as a preliminary examination or to replicate the full N5 course coverage.**

For more information about future packs, or to offer feedback on this pack, please email enquiries@resourcestore.com

Prior to using this paper we would recommend that you visit www.sqa.org.uk and seek guidance from:

- Specimen Question Paper and Marking Instructions
- Course Assessment Specification
- Course and Unit Support Notes

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Section 1 — 30 marks

Attempt BOTH questions.

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.

SECTION 1 — 30 marks
Attempt BOTH questions

Scotland's first wave firm in trouble

Wavegen Limited is a wave energy company based in Inverness, Scotland. Allan Thomson founded it back in 1990. Allan previously founded and managed a number of successful technology development companies in the offshore oil and construction sectors.

Wavegen was bought by German firm Voith in 2005 in a move that saved it from going under – it didn't have the finance it needed to continue and was at risk of making all 15 staff redundant. Voith has now announced that it plans to shut the Inverness operation as part of reorganisation.

Voith said it had decided to no longer pursue the scheme due to a lack of funding and uncertainty surrounding a subsea electricity cable linking the Western Isles with the mainland. Scottish Hydro Electric have postponed a decision to fund the project, which Voith were relying on.

Adapted from <http://www.wavegen.co.uk/>



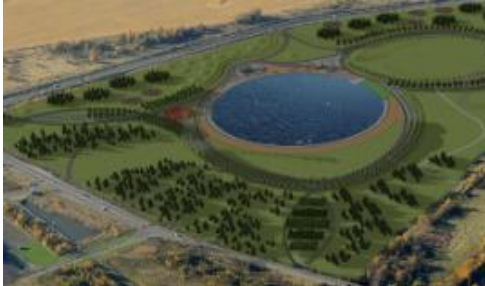
You should note that although the following questions are based on the case study above, you will need to make use of knowledge and understanding you have gained whilst studying the Course.

MARKS

- | | |
|---|-----------|
| 1. (a) (i) From the case study, identify why Wavegen was close to closing in 2005. | 1 |
| (ii) Outline 2 other internal factors affecting business. | 2 |
| (b) Wind Power became popular due to consumers awareness of environmental issues, which is an external factor affecting business.
Outline 3 other external factors that can affect a business. | 3 |
| (c) Using at least 2 stakeholders of Wavegen, describe how they could be affected if the company were to close. | 4 |
| (d) Allan Thomson founded a number of businesses and established himself as a respected entrepreneur. Identify 2 skills you would expect from an entrepreneur. | 2 |
| (e) Wavegen operated as a Private Limited Company. Outline the advantages and disadvantages of operating as this type of business. | 3 |
| | 15 |

The Helix: a place for everyone

The Helix is a community based project that will transform under-used land between Falkirk and Grangemouth into a thriving urban greenspace covering some 350 hectares.



Its cultural heritage, iconic structures and sustainable environmental features will provide local communities with improved surroundings and a better quality of life. Once completed, the Helix will be an outdoor recreational area open to all, offering easy access to woodland, a central park with a lagoon, linked walking paths and cycleways.

The Forth and Clyde Canal was reopened in 2001, but the final part of the route to the original outlet at Grangemouth Docks had been obliterated by the construction of a motorway, a road, housing and factories. The opportunity to remedy the situation and to make the eastern end of the canal more accessible to the general public was provided by the Big Lottery Fund Living Landmarks programme. £140 million of funding was on offer, and in 2005 the Helix project was awarded one of the top four prizes, which kick-started the £43 million project.

The project is expected to be completed by the summer of 2013.

Adapted from <http://www.thehelix.co.uk/>

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.

			MARKS
2.	(a) (i)	Identify the sector of the economy The Helix will operate in.	1
	(ii)	Outline the other 2 sectors of the economy.	2
	(b)	The Helix is a not-for-profit community based project. Describe the Factors of Production that will make this venture a success.	4
	(c)	The environment is at the heart of The Helix project. Outline 3 environmental factors affecting business today.	3
	(d)	Identify 2 objectives of The Helix project from the case study.	2
	(e)	The Helix hopes to provide local communities with many improved services. Outline the importance of customer satisfaction to a business like The Helix.	3
			15



Marking Instructions

1. (a) (i) From the case study, identify why Wavegen was close to closing in 2005. 1
- Lack of internal finance*
- Award one mark for correctly identifying the reason**
- (ii) Outline 2 other internal factors affecting business. 2
- Responses could include the following:*
- *Employees – the quality of their work-rate; OR their decision to strike/work-to-rule/overtime ban; OR their decision to leave the business*
 - *Technology – deciding to not purchase the latest technology; OR use of technology whereby staff feel threatened*
 - *Management – poor decision making; OR lack of leadership*
- Candidates are required to consider two methods to gain full marks.**
Award 1 mark for any valid internal factor affecting business.
Accept any other suitable response.

- (b) Wind Power became popular due to consumers awareness of environmental issues, which is an external factor affecting business.

Outline 3 other external factors that can affect a business.

3

Responses could include the following:

- **Political** – Government legislation has implications for how a business operates; OR changes in VAT or Corporation tax affects a business' profit margin; OR grants may be available for businesses who establish themselves in areas of deprivation
- **Economical** – exchange rates can affect a businesses profit margin when importing/exporting goods; OR inflation drives up prices of raw materials; OR recessions make people think twice about buying luxury items such as wind power
- **Competition** – increase in competition will lower supply and decrease sales opportunities; OR business may have to increase marketing costs to stave off threat from competitors
- **Sociological** – changes in consumer tastes and demands may affect the popularity of a business' product/service; OR business may have to respond to changes in the workforce, for example increase in part-time or flexi-time
- **Technological** – advance of technology can improve efficiency in the production chain; OR advance in technology can improve communication in a business; OR advance in technology can improve the product range of a business

Candidates are required to outline the affect of at least two external factors.

External factors can be related to the case study or of a general nature.

Candidates will receive no award for merely identifying the external factor; a clear indication of which external factor they are referring to is necessary to gain any outline mark.

Award 1 mark for each valid affect given. Award up to 2 marks for outlining the potential impact of any one external factor. 3 marks are available in total.

- (c) Using at least 2 stakeholders of Wavegen, describe how they could be affected if the company were to close.

4

Responses could include the following:

- **Employees/Managers** – rely on wages to survive and if the business were to close due to financial difficulties redundancy may not be payable; may find difficulty in finding new employment in the same market in Inverness
- **Owners** – have invested their time and money into establishing the business which would be lost if the business were to close [Wavegen is a Private Limited Company – do not award if candidate mentions losing personal wealth]; may have difficulty finding investors in the future
- **Shareholders** – will lose share money and no longer receive annual dividends
- **Customers** – May have to pay higher prices by purchasing from competitors if the business was to close and supply was to decrease; may have paid in advance for a product they will never receive
- **Banks/lenders** – may have loaned finance to the business and not receive the full amount back
- **Suppliers** – may be dependent on selling to the business for their own survival; may have money tied up in raw materials that will never be supplied

Candidates are required to use at least two stakeholders to gain full marks. Award 1 mark for each valid description. An additional 2 marks may be awarded for developed points.

- (d) Allan Thomson founded a number of businesses and established himself as a respected entrepreneur. Identify 2 skills you would expect from an entrepreneur.

2

Responses could include the following:

- | | |
|-------------------|----------------------------|
| • Intelligent | • Good communicator |
| • Creative | • Determined |
| • Risk taker | • Assertive |
| • Guts | • Motivational |
| • Drive | • Passionate |
| • Forward planner | • Vision |
| • Confident | • Bounce back from failure |

Award 1 mark per correct skill identified. Accept any other suitable response.

- (e) Wavegen operated as a Private Limited Company. Outline the advantages and disadvantages of operating as this type of business. 3

Responses could include the following:

Advantages

- *Limited liability – if the business fails, they only lose the amount of money they have invested and no more*
- *Can keep private most of the information about their company including finances*

Disadvantages

- *All companies must register with the Registrar of Companies. This means they have to make financial information available which anyone can see*
- *Medium/large organisations can be very difficult to manage properly or well; It is more difficult to keep workers happy and well motivated in a big organisation*
- *They cost a lot more to set up than sole traders, partnerships*

Candidates are required to outline at least one advantage and one disadvantage.

Candidates will receive no award for merely identifying the advantage/disadvantage; a brief statement is necessary to gain any outline mark.

15

2. (a) (i) Identify the sector of the economy The Helix will operate in. 1

Voluntary (Third) Sector

Award 1 mark for correctly identifying the sector.

- (ii) Outline the other 2 sectors of the economy. 2

Private Sector – consists of organisations wanting to make a profit

Public Sector – organisations owned by the Government

Award 1 mark for correctly identifying each sector.

Award consequential mark for Voluntary Sector if this was not identified in (a) (i).

- (b) The Helix is a not-for-profit community based project. Describe the Factors of Production that will make this venture a success. 4

Responses could include the following:

- **Land** – the natural resources which the business uses; examples include plots of land, coal and water
- **Labour** – the workforce behind the business; examples include managers and employees
- **Capital** – the man made resources and assets of the business; examples include finance, tools, machinery and equipment
- **Enterprise** – the entrepreneur driving the business forward, the person who has a business idea, the risk take who invests time and money in the businesses success

Candidates are required to mention at least two factors to gain full marks.

Award 1 mark for each valid description. An additional 2 marks may be awarded for developed points.

- (c) The environment is at the heart of The Helix project. Outline 3 environmental factors affecting business today. 3

Responses could include the following:

- *changes in weather can affect a business' ability to get products to customers/receive product from suppliers*
- *changing consumer awareness of environmental issues can force a business to change how it operates*
- *Businesses are encouraged to become socially responsible to reduce waste*
- *Government targets to reduce emissions*

Candidates are required to consider 3 factors to gain full marks.

Award 1 mark for each environmental factor affecting business.

Accept any other suitable response.

- (d) Identify 2 objectives of The Helix project from the case study. 2

Responses could include the following:

- *to transform under-used land*
- *to provide the local community with improved surroundings and a better quality of life*
- *to make the canal more accessible to the general public*
- *to provide a service*
- *to improve the local image*
- *to be socially responsible*

Award 1 mark for correctly identifying each objective. Must be linked to the case study.

- (e) The Helix hopes to provide local communities with many improved services. Outline the importance of customer satisfaction to a business like The Helix. 3

Responses could include the following:

- *to retain existing customers (loyalty)*
- *to gain new customers as the organisation's good reputation grows*
- *to have fewer complaints to deal with*
- *to keep ahead of the competition*
- *to survive by providing excellent service*

Candidates are required to consider 3 benefits of customer service to gain full marks.

Award 1 mark for each benefit. Candidates will receive no award for merely identifying benefit; a brief statement is necessary to gain any outline mark.

Accept any other suitable response.