

## **Business Planning**

### **Specimen Paper**

---

The specimen examination questions contained in this publication are representative of the type of questions used to assess candidates taking the written examination paper for this qualification.

A marking scheme for each of these questions is towards the end of this document.

The examination paper consists of 10 short-answer questions. Candidates are given 1 hour 30 minutes to complete the paper. Candidates can score a maximum of 4 marks per question. The examination paper is marked out of a total of 40 marks and candidates will need to obtain 20 marks to pass.

## Business Planning

---

### Answer *all* ten questions that follow this scenario

The Cat and Fiddle restaurant with rooms is located in a pretty village on the edge of The Cumbrian Fells and near to RSPB reserves.

The Cat and Fiddle was a failing local pub, whose main customer base was an ageing mix of farm and agricultural workers. This group of customers gradually became depleted as technology replaced people and the pub shut in 2002.

The freehold was acquired in 2003 by local couple Jim and Joyce Robinson, both of whom were trained in quality restaurant businesses and who possess strong business skills. They invested savings and borrowed funds to convert the pub into a stylish building comprising a restaurant seating 60, a separate conservatory area seating 30, a bar and 4 double/twin bedrooms in an adjoining barn. There is a small car park in front of the building for 8 cars, but there is plenty of parking in the village. The bedrooms are classified 3 Star "Guest Accommodation" but occupancy has always been no more than 25%.

Jim and Joyce followed their business plan faithfully and the restaurant became very popular, winning several regional awards, appealing to business people from neighbouring communities and more affluent local residents from local villages.

The Cat and Fiddle is now at a critical stage, with restaurant sales tailing off in the last two years. The departure of the Head Chef to a Michelin star restaurant and new competition in the shape of The Dog and Pheasant, opening almost literally on the doorstep combine to make life more difficult.

The Dog and Pheasant has been re-opened by a local builder, turned into a bar with flexible seating for diners and the pub is proving very popular. Not only that, but there has also been more investment in a long established residential hotel with restaurant and bars in a neighbouring village.

This combination has altered the competitive battleground, diluting business at the Cat and Fiddle and causing Jim and Joyce concern. Cash is starting to dry up, adding to their difficulties and they may need to seek new finance.

Jim and Joyce have decided to review their current business.

## Business Planning

---

1. Describe **two** of the three basic stages to be covered by the Robinsons' business plan giving reasons why it is an essential document for The Cat and Fiddle.

[4 marks]

2. Explain, giving **two** examples, how the business planning process will contribute to setting objectives for The Cat and Fiddle.

[4 marks]

## Business Planning

---

3. SWOT is a management tool used in analysis. Explain what is involved in the 'O' and the 'T' analysis to be carried out by Jim and Joyce, giving one example of each.

**[4 marks]**

4. Explain two methods, other than SWOT analysis, that can be used to determine a business's current market position.

**[4 marks]**

## Business Planning

---

5. Explain the difference between business strategies and tactics.

**[4 marks]**

6. Given the above business background information, propose a new strategy for the Robinsons to pursue, explaining likely financial benefits.

**[4 marks]**

## Business Planning

---

7. Explain the role of budgets for a business and explain their importance in helping to achieve business strategies.

**[4 marks]**

8. As cash funds are starting to dry up, Jim and Joyce are considering seeking external finance to assist in developing their business plan. Explain how Jim and Joyce can prepare a business case for seeking external funding.

**[4 marks]**

## Business Planning

---

9. Describe two sources of internal information which Jim and Joyce can use to carry out effective business monitoring.

**[4 marks]**

10. Identify how Jim and Joyce can develop a remedial action plan for underperforming areas of the business.

**[4 marks]**

## Business Planning

---

### Marking Scheme

The answers to Questions 1-10 should be covered by the appropriate Assessment Criteria as indicated below. Examiners are instructed to give credit to valid answers.

#### Question 1

**This question assesses Assessment Criteria 1.1 which states:**  
Identify the elements of a business plan.

#### Question 2

**This question assesses Assessment Criteria 1.2 which states:**  
Explain the relationship between the business plan and business objectives.

#### Question 3

**This question assesses Assessment Criteria 2.2 which states:**  
Determine a business' ability to meet current and new market opportunities through an analysis of data (i.e. SWOT, TOWS, PEST, the Marketing Mix).

#### Question 4

**This question assesses Assessment Criteria 2.1 which states:**  
Explain methods to determine a business' current market position.

#### Question 5

**This question assesses Assessment Criteria 3.1 which states:**  
Explain the difference between business strategies and tactics.

#### Question 6

**This question assesses Assessment Criteria 3.4 which states:**  
Ensure that business objectives align with business growth strategies and tactics.

#### Question 7

**This question assesses Assessment Criteria 4.2 which states:**  
Explain the role of budgets for a business.



## Business Planning

---

### Question 8

**This question assesses Assessment Criteria 4.7 which states:**

Explain the principles of the development of a business case for external funding applications.

### Question 9

**This question assesses Assessment Criteria 5.2 which states:**

Describe sources of information that can be used to carry out performance monitoring.

### Question 10

**This question assesses Assessment Criteria 5.4 which states:**

Develop a remedial action plan that addresses areas identified as low performing.