



NCFE Level 1/2 Technical Award in Business and Enterprise (603/2955/5)

Unit 01 Introduction to business and enterprise

Past Paper

Friday 18 March 2022

9.00 am – 10.30 am

Time allowed: 1 hour 30 minutes

Learner instructions

- Use black or blue ink.
- Answer **all** questions.
- Read each question carefully.
- You **must** write your responses in the spaces provided.
- You may do rough work in this answer book. Cross through any work you do not wish to be marked.
- All of the work you submit **must** be your own.

Learner information

- The marks available for each question are shown in brackets.
- The maximum mark for this paper is 80.
- You may use a calculator.

Please complete the details below clearly and in BLOCK CAPITALS.

Learner name _____

Centre name _____

Learner number

Centre number

To be completed by the examiner			
Question	Mark	Question	Mark
1		15	
2		16	
3		17(a)	
4		17(b)	
5		18	
6		19	
7		20	
8		21	
9		22	
10		23	
11		24	
12		25(a)	
13		25(b)	
14		26	
			TOTAL MARK

Do not turn over until the invigilator tells you to do so.

Section 1

This section has a possible 8 marks.

You should spend about 10 minutes on this section.

Answer **all** questions in the spaces provided.

1 Which **one** of the following would make more workers available to a business? **[1 mark]**

- A** A large fall in the level of unemployment
- B** A rapid and sustained increase in GDP
- C** An increase in the number of competitors
- D** The business's main competitor closes down

Answer _____

2 Which **one** of the following is an internal stakeholder in a business? **[1 mark]**

- A** Customers
- B** Finance providers
- C** Managers
- D** Suppliers

Answer _____

3 Which **two** of the following are characteristics of the decline stage of the product lifecycle?

[2 marks]

- A Advertising expenditure is increasing
- B Customers switch to substitute products
- C Profit is maximised
- D Sales are at the maximum
- E Sales are decreasing

Answer _____ and _____

4 Which **one** of the following is **not** a reason why product development and innovation are important to a business?

[1 mark]

- A To enable the business to enter new markets
- B To identify the business's strengths and weaknesses
- C To increase the business's market share
- D To make the business more competitive

Answer _____

5 Which **one** of the following would a business use to judge the level of its customer service?

[1 mark]

- A Changing profit margins
- B Changing sales figures
- C Mystery shoppers
- D Website traffic

Answer _____

6 A small village shop sells household necessities.
Which **one** of the following could make the shop more competitive?

[1 mark]

- A** A new competitor opening in the local area
- B** A new set of shelves in the shop's stockroom
- C** Increasing the shop's opening hours
- D** Increasing the charge to customers for the shop's delivery service

Answer _____

7 Which **one** of the following is a non-financial objective of a business?

[1 mark]

- A** Increasing employee engagement
- B** Increasing revenue
- C** Profitability
- D** Profit maximisation

Answer _____

Section 2

This section has a possible 51 marks.

You should spend about 50 minutes on this section.

Answer **all** questions in the spaces provided.

- 8** A business wants to maintain and improve the quality of the products or services it provides.

Identify **one** method the business might use to do this.

[1 mark]

- 9** Identify **one** method of primary market research.

[1 mark]

- 10** Identify **two** categories in the Boston Matrix.

[2 marks]

1

2

- 11** Describe **one** motivation for being an entrepreneur.

[2 marks]

12 Last year, heavy rain severely damaged strawberries being grown in Scotland.

Explain how this may have affected the price of strawberries sold to consumers last year in Scotland.

[2 marks]

13 Flow production is one production method used in manufacturing products.

Identify **two** features of flow production.

[2 marks]

1

2

14 Explain, using Maslow's hierarchy of needs, **two** ways that a business can improve the motivation of its workers.

[4 marks]

15

Cerwen Farmers' Cooperative (CFC) is one of 420 farmer cooperatives that operate in the UK. CFC has 45 members who are all farm owners.

CFC owns a warehouse and buys a wide range of supplies needed by farmers. Only members of the cooperative can buy supplies from this warehouse.

Explain **two** advantages of being a member of the cooperative.

[4 marks]

16

Last week, CFC opened Cerwen Farm Shop. The shop sells CFC members' produce, such as meat and vegetables, to the public.

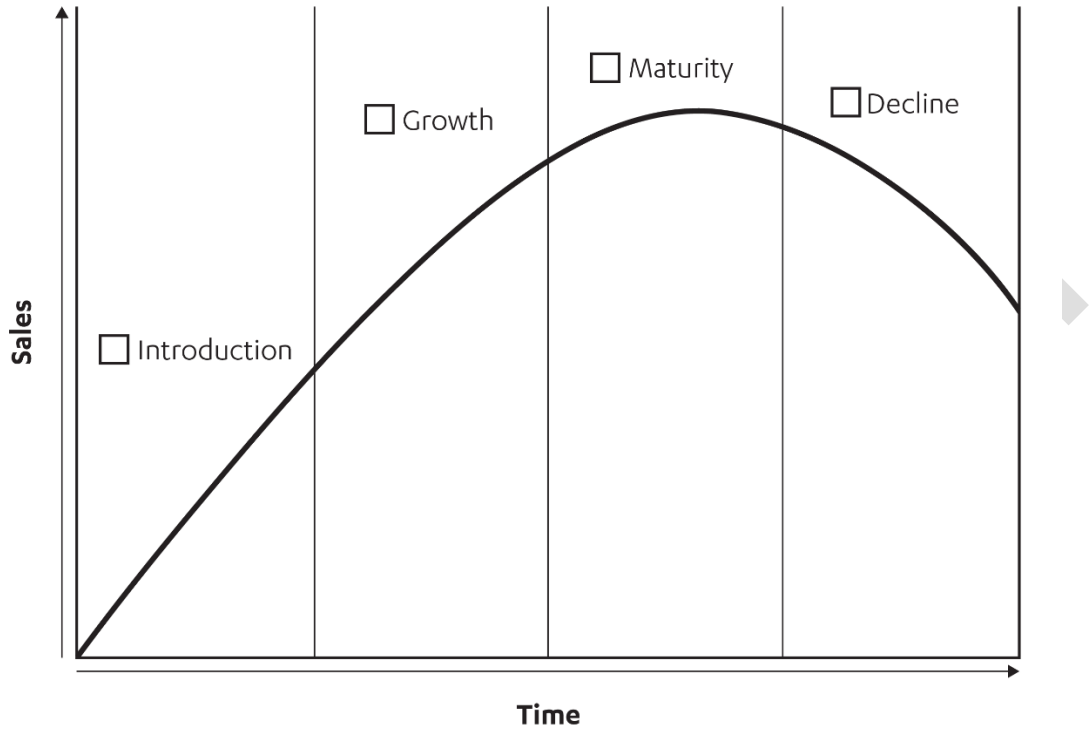
Explain **two** operational issues the shop manager may have to deal with in the new farm shop.

[4 marks]

DO NOT WRITE IN THIS SPACE

17 (a) Place Cerwen Farm Shop in the correct section of its product lifecycle.

Tick (✓) the box in the correct section on the diagram below.



[1 mark]

17 (b) Explain the impact that opening Cerwen Farm Shop may have had on CFC's spending on advertising.

[2 marks]

18 One of CFC's objectives is corporate responsibility. CFC tries to achieve this objective by following a number of practices, including:

- recycling all shop packaging
- using solar panels to generate electricity to run the shop.

Explain how these two practices can contribute to the success of Cerwen Farm Shop.

[4 marks]

Please turn over for the next question.

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19

Next year, CFC plans to open a cafe next door to its farm shop. CFC's directors think the 8000 households in Cerwen will be its customer base.

CFC’s directors are considering two options to raise awareness of the café among Cerwen’s households:

Option 1: Sponsor the shirts of the local amateur football team for one season. The team’s average home attendance is 750.

Option 2: A leaflet drop to all of the households in Cerwen in the week before the cafe opens.

Analyse whether CFC should use **Option 1** or **Option 2** to raise awareness of its new cafe.

Justify your answer.

[6 marks]

Blank lined area for writing the answer.

Kipzek Ltd is a product-oriented business. It began manufacturing home security lights in 2018. These lights are used to light up areas outside people's homes.

20

Explain **one** advantage **and one** disadvantage of Kipzek Ltd operating as a product-oriented business.

[4 marks]

Please turn over for the next question.

21

Kipzek Ltd has two competitors that dominate the home security lights market. The competitors have a combined market share of 75%.

Next year, Kipzek Ltd plans to launch a new security light with unique features.

Kipzek Ltd's directors are considering the following pricing strategies for the launch of their new security light:

- promotional pricing
- price skimming.

Explain how useful **both** promotional pricing **and** price skimming could be for Kipzek Ltd when they first sell their new security light.

[4 marks]

DO NOT WRITE IN THIS SPACE

22 Two years ago, sales of Kipzek Ltd's home security lights fell.

Explain **two** external influences, **other than** price cuts by competitors, which may have caused this fall in sales.

[4 marks]

23 Last year, Kipzek Ltd introduced a system of Total Quality Management (TQM) throughout its business.

Explain the importance of Kipzek Ltd successfully introducing a system of TQM.

[4 marks]

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Section 3

This section has a possible 21 marks.

You should spend about 30 minutes on this section.

Answer **all** questions in the spaces provided.

24 Kipzek Ltd has forecast net profits before tax of £100 million for this year.

Explain how the following changes may affect Kipzek Ltd:

- a reduction in corporation tax by 1%
- a small increase in the number of house burglaries in the UK.

Which **one** of these two changes could have the greatest effect on Kipzek Ltd?

Justify your answer.

[6 marks]

25 (a) Recently, Kipzek Ltd expanded its customer services department. New targets were set for answering phone calls and emails.

Explain **two** reasons why providing good customer service is important for Kipzek Ltd.

[4 marks]

25 (b) Analyse **one** impact on the financial position of Kipzek Ltd if these new customer service targets are not met.

[2 marks]

26

Jessica and Oscar opened a caravan site in 2005. The site has spectacular views over the Yorkshire countryside.

The site is basic, with:

- no Wi-Fi
- no site shop, games room or cafe
- an old shower block in which only two of the ten showers provide hot water.

Jessica and Oscar do not advertise and rely on word of mouth promotion as a way of attracting customers. They have never considered special offers.

Since 2015, the number of caravans visiting the site has fallen each year. Jessica and Oscar have set aside £5000 to spend on marketing their campsite this year.

Jessica and Oscar want to change elements of the marketing mix to increase the number of customers for their caravan site.

Discuss **one** change they could make to the product element **and one** change they could make to the promotion element.

Which **one** of these two changes could have the greater impact on customer numbers?

Justify your answer.

[9 marks]

This is the end of the external assessment.

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