

To be completed by the examiner	Mark
Section 1	
Section 2	
Section 3	
TOTAL MARK	

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

Unit 01 Introduction to business and enterprise

Paper number: **SAMPLE**

Sample 2018 9.30am - 11.00am

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 external assessment is 80.

Please complete the details below clearly and in BLOCK CAPITALS

_earner name		
Centre name		
	1	
_earner number	Centre number	

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

Section 1			
This section	n has	a possible 8 marks.	
We recomn	nend 1	that you spend 10 minutes on this section.	
Answer all	quest	ions in the spaces provided.	
1	Whic	ch one of the following is an entrepreneurial motivation?	[1 mark]
	Α	Confident	
	В	Determined	
	С	Financial	
	D	Initiative	
	Ansv	wer	
2	Whic	ch of the following is not a business legal structure?	[1 mark]
	Α	Franchise	
	В	Government	
	С	Partnership	
	D	Sole Trader	
	Ansv	wer	
3	Whic	ch one of the following is an internal stakeholder?	[1 mark]
	Α	Employees	
	В	Local Community	
	С	Shareholders	
	D	Suppliers	
	Ansv	wer	

4	VVIII	ch one of the following is not a pricing strategy?	[1 mark]
	Α	Cost-plus	
	В	Demand	
	С	Penetration	
	D	Price skimming	
	Ans	swer	
5	Whi	ch one of the following is a stage of the product lifecycle?	[1 mark]
	Α	Advertising	
	В	Decline	
	С	Manufacturing	
	D	Research	
	Ans	swer	
6	dran	FE Fashions sell high quality clothes. The sales of their clothes have natically. Which two of the following are product lifecycle extension the business could use to increase its sales?	
			[2 marks]
	A	Introduce 'limited edition' products	
	В	Reduce utility costs	
	С	New advertising campaign	
	D	Reduce liabilities	
	E	Staff redundancies	
	Ans	swer and	

7 Which **one** of the following is an example of primary research?

[1 mark]

- A Government reports
- **B** Internet blogs
- **C** News articles
- **D** Questionnaires

Answer

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This section has a possible 51 marks.

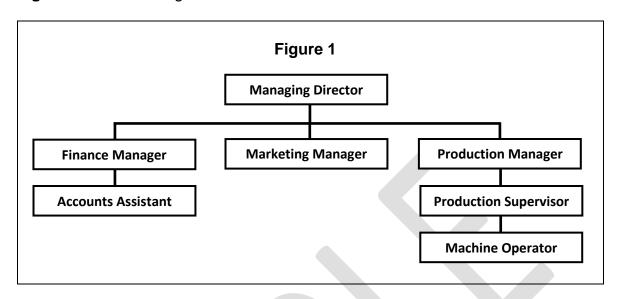
We recommend that you spend 50 minutes on this section.

Answer all questions in the spaces provided.

1	
2	
Identify one characteristic of 'delayering'.	[1 ma

Please turn over for the next question.

Figure 1 shows the organisation chart of a small business.



9 (b)	Using Figure 1 , explain the terms chain of command and span of control . [4 marks]
	Chain of command
	Span of control

10	Analyse one benefit to a business of successfully engaging their stakeholders. [2 mark	s]
		<u> </u>
	Figure 2 shows a supply and demand diagram.	
	Figure 2	
	Price B	
	A	
	Quantity	
11 (a)	Using Figure 2 , identify the parts of the supply and demand diagram labelled A and B . [2 mark]	
	A	-
11 (b)	Analyse why a business might use a 'loss leader' pricing strategy.	_
	[4 marks	i]
		_

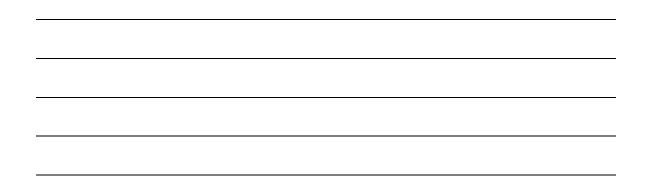
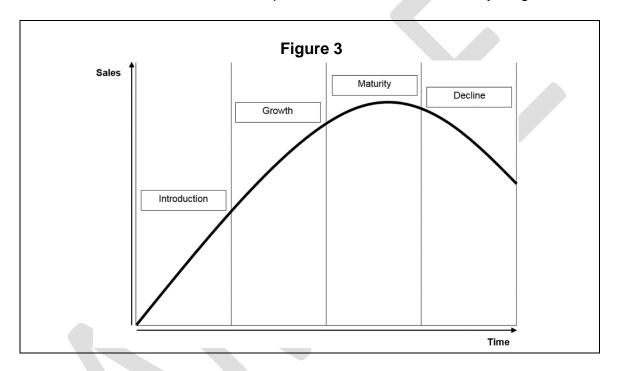


Figure 3 shows the product life cycle. NCFE Fashions are a new clothes manufacturer and retailer and their products are at the introductory stage.



12 (a) Identify **one** characteristic of a product that is in the introductory stage of the product life cycle.

[1 mark]

(b)	Explain one reason why innovation is important to NCFE Fashions. [2 marks]
(a)	NCFE Fashions make their own range of high quality clothing and sell these in their own specialist shop in six large cities across Great Britain. They want to open two new shops in the coming year. They have identified three possible locations. These are shown below:
	 Location one is in a busy city shopping centre with a number of competito shops that are already popular.
	 Location two is near a motorway and a train station but only has a small car park.
	 Location three is in a small rural town with a wealthy population.
	Analyse whether these three locations would be good places to set up the new NCFE Fashions shops.
	[6 marks

13 (b)	When NCFE Fashions decide where to locate they will conduct market research. The information that will be gathered can be categorised as qualitative and quantitative .
	Compare these two types of data and how useful each type would be for NCFE Fashions when deciding where to locate their two new shops.
	[4 marks]
14 (a)	To compete with NCFE Fashions Muhammed is setting up a new fashion and clothes alteration business. He needs to know what competitor businesses there are locally, what services they provide and how much they charge. He also needs to know the opinions of the local community on his potential new business.
	Explain to Muhammed what market research activities he should carry out to discover this information.
	[4 marks]

14 (b)	It is likely that Muhammed will be operating his business in the mass market. Explain why Muhammed would benefit from operating in a mass market. [3 marks]
	[e mane]
15	In response to the new competitor NCFE Fashions have started to make a range of clothes aimed at children aged 1 to 2 years. This market is very competitive but profitable.
	Analyse two benefits to NCFE Fashions from adopting a 'Total Quality Management' (TQM) for their clothes production.
	[4 marks]

11

Please turn over for the next question.

	of customer service.
	[4 marks]
7	Outline the theory of motivation as described by Mayo in his Human Relations theory.
	[2 marks
8	Explain how two external influences affect the operations of NCFE Fashions. [4 marks
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Section 3	3
This section	n has a possible 21 marks.
We recomr	mend that you spend 30 minutes on this section.
Answer all	questions in the spaces provided.
19	An insurance business has clients in the UK, Germany and France. Currently it has a tall structure with Regional Managers and Supervisors in all three countries.
	Discuss whether this business should change from a tall to a flat management structure.
	[6 marks]
	Please turn over for the next question.

20	Isabel runs a small business producing personalised mobile phone cases. Customers can choose their own designs by uploading images onto her website. She also produces a range of ten standard cases, each with a different design that she has produced herself. Discuss whether Isabel should use job or batch production in her business. [6 marks]

Using your knowledge of promotional methods, evaluate why a small business would prefer to use social media to promote their business rather than using loc radio and local newspaper advertising.
[9 mark

This is the end of the external assessment.

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