



NCFE Level 1/2 Technical Award in Business and Enterprise (603/7004/X)

Examined Assessment

Paper number: **Sample Assessment**

Date: **Sample 2022 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 paper is XX.
- 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		14	
2		15	
3		16	
4		17	
5		18	
6		19	
7		20	
8		21	
9		22	
10		23	
11		24	
12		25	
13		26	
			TOTAL MARK

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

Section 1

This section has a possible 19 marks.

You should spend about 20 minutes on this section.

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

- 1** Select which **one** of the following is a reason why a sole trader would choose to become a private limited company.

[1 mark]

- A** It will involve less paperwork
- B** Its shares can be sold on the stock exchange
- C** The owner will have unlimited liability
- D** The owner will have ultimate liability

Answer _____

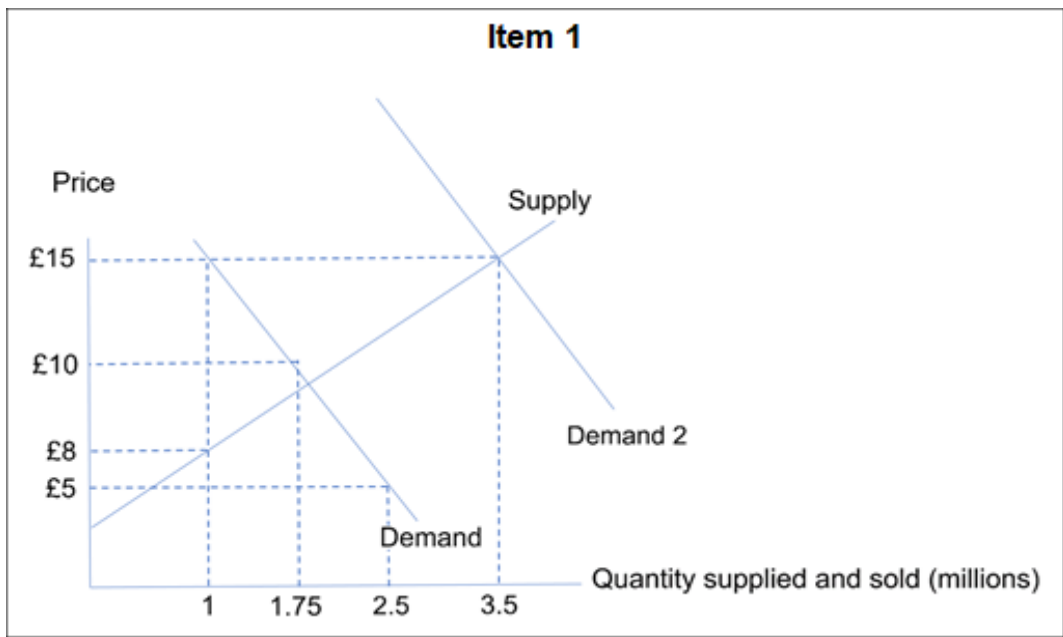
- 2** Select which one of the following is not a characteristic or a skill needed by an entrepreneur.

[1 mark]

- A** Confident
- B** Hard working
- C** Popular
- D** Results focused

Answer _____

- 3 The diagram below shows the market for umbrellas after a very wet spring. Demand has increased and this is shown by the new demand curve (Demand 2).



Select which **one** of the following is the **new** equilibrium price.

[1 mark]

- A £5
- B £8
- C £10
- D £15

Answer _____

4 VegSup Ltd manufactures powders that provide additional vitamins and supplements for vegetarians.

It only used secondary market research before launching its products in 2015.

State **two** methods of secondary market research that VegSup Ltd may have used.

[2 marks]

5 Explain **one** disadvantage to VegSup Ltd from using only secondary market research.

[2 marks]

6 Identify **two** items of information that VegSup Ltd would want to obtain from secondary market research.

[2 marks]

7 VegSup Ltd products are stocked by 80 health food shops across the UK.

VegSup Ltd are considering the use of e-commerce as an additional method of distribution.

Explain **two** advantages to VegSup Ltd if it sells its products using e-commerce as well as to health food shops.

[4 marks]

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Section B

This section has a possible 21 marks.

We recommend that you spend 25 minutes on this section.

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

9 A business has a vacancy for a full-time employee.

Select which **one** of the following recruitment documents will contain the details of the salary and type of contract they will offer this new employee.

[1 mark]

- A Application form
- B CV
- C Job description
- D Person specification

Answer _____

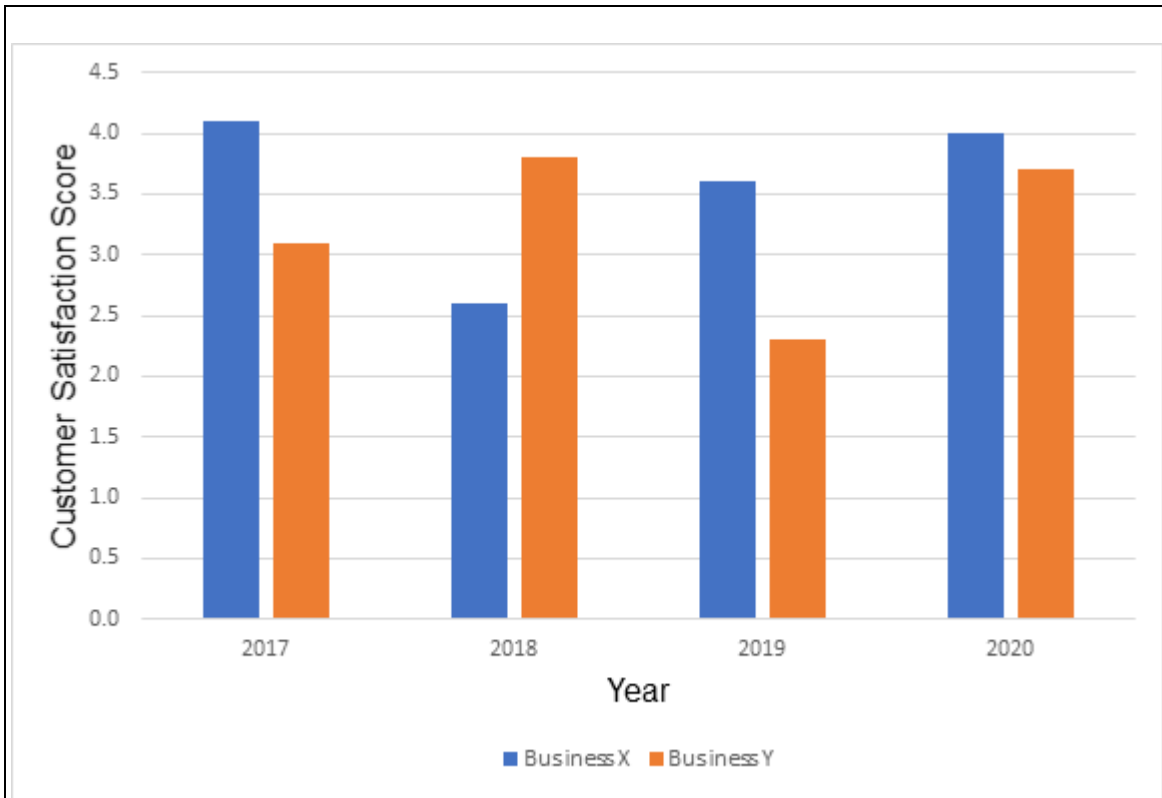
10 Select which **one** of the following statements best describes job enrichment.

[1 mark]

- A Addition of extra, similar tasks to a job role
- B Increasing the range of complexity of tasks for an employee
- C Movement of employees through a range of jobs of similar skill level
- D Providing the employee with additional fringe benefits

Answer _____

11



Two businesses, X and Y, use customer satisfaction scores to measure their customer service levels.

Both businesses ask their own customers to rate the business customer service using a scale of 1 to 5.

A score of 1 = excellent

A score of 5 = poor

The graph above shows X and Y's average customer satisfaction scores for the years 2017 to 2020

Select which **one** of the following years did Business Y have its best average customer satisfaction score.

[1 mark]

- A 2017
- B 2018
- C 2019
- D 2020

Answer _____

12 ZPA is a UK based manufacturer of golf clubs. In 2020, ZPA produced 75,000 golf clubs. Clubs are made in different sizes for adults and children. They are also made in left-handed and right-handed versions.

Demand for ZPA's golf clubs has increased significantly over the past 5 years and the business is growing in size.

Explain the most appropriate production method that ZPA should use in its factory.

[2 marks]

13 ZPA has decided to create a new quality control department. A manager will be needed for this department.

The business wants to use an external method of recruitment for this new vacancy.

Explain **one** appropriate method ZPA can use to advertise this vacancy.

[2 marks]

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14 ZPA's new quality control department was created following complaints from customers about faulty golf clubs they had purchased.

Explain **one** advantage and **one** disadvantage of using a system of quality control.

[4 marks]

15 ZPA buys components from China to manufacture its golf clubs.

ZPA plans to introduce a just-in-time (JIT) system of stock control.

Explain **one** advantage and **one** disadvantage to ZPA from introducing JIT stock control.

[4 marks]

Section C

This section has a possible 22 marks.

We recommend that you spend 25 minutes on this section.

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

17 Select which **one** of the following would **not** be found in a cash flow forecast. **[1 mark]**

- A** Closing balance
- B** Opening balance
- C** Net cash flow
- D** Net profit

Answer _____

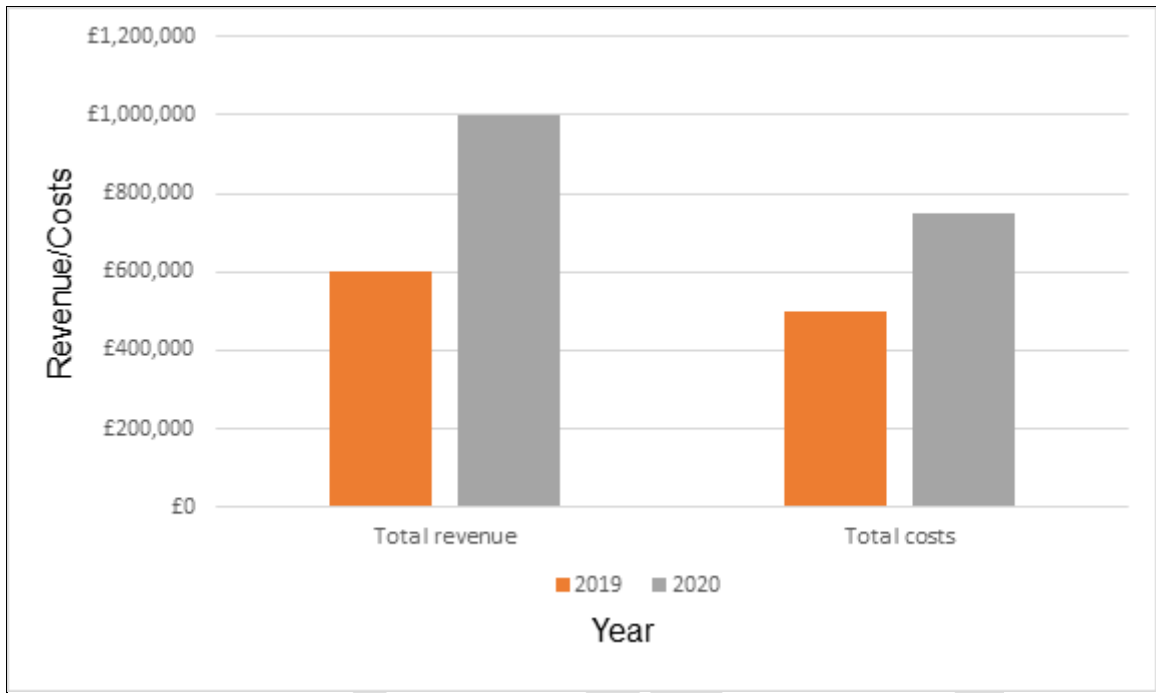
18 Select which **one** of the following is an example of an external change that may impact a business. **[1 mark]**

- A** An increase in absenteeism amongst in business' workforce
- B** An increase in VAT
- C** The business changes to a flatter organisational structure
- D** The business creates a new logo

Answer _____

19

The graph below shows the total revenue and total costs for a business for 2019 and 2020.



Select which **one** of the following is the profit made by the business in 2020.

[1 mark]

- A £100,000
- B £150,000
- C £250,000
- D £500,000

Answer _____

20

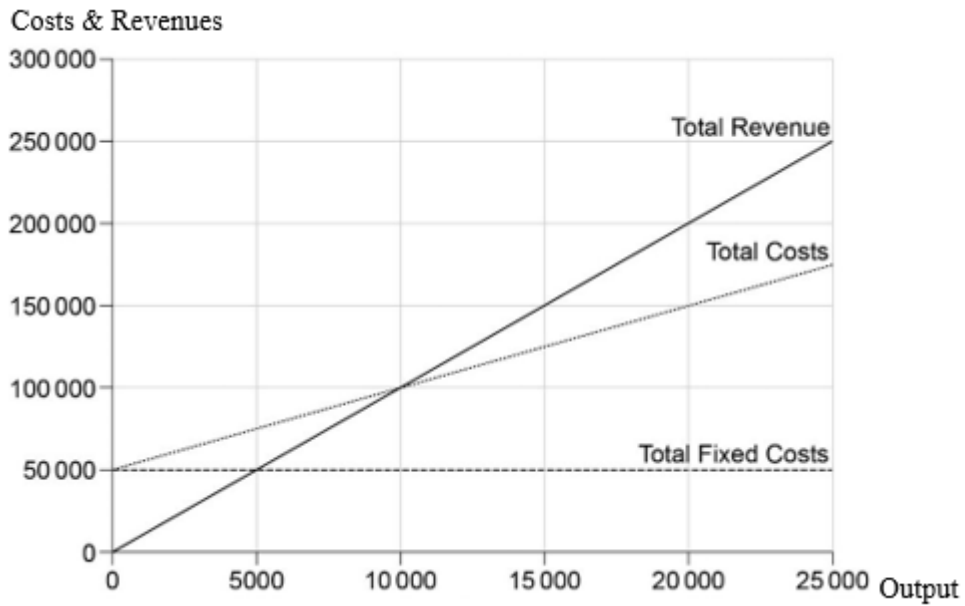
Explain **one** benefit to a business from producing a business plan.

[2 marks]

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21

A business manufactures aluminium water bottles for hikers. The business rents its factory. It has produced a break-even chart for next year.



The business has forecast sales for next year of 25,000 bottles. Shortly after producing this break-even chart the business discovered:

- the annual rent for its factory would increase by £5,000 next year
- the aluminium supplier is raising its prices. This would increase the costs of making a bottle by 20%.

Explain how the increase in the rent of the factory **and** the increase in aluminium prices will affect the break-even chart the business has produced.

[3 marks]

22 Explain **one** advantage and **one** disadvantage of external growth. **[4 marks]**

23 In the UK, Cinema View PLC has four regional directors. In France, there is one regional director. Managers of each cinema report to their regional manager. Cinema View PLC advertises on television and on social media.

Explain **two** economies of scale that Cinema View PLC could benefit from if it increases in scale from 100 to 140 cinemas. **[4 marks]**

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Clodagh Ltd will report this year's profit figures in 8 weeks' time.

Clodagh Ltd's Board of Directors plan to upgrade the business' printing equipment.

New printing equipment is available which would speed up production, improve print quality and reduce ink costs. The equipment cost £80,000 to purchase.

Clodagh Ltd has:

- a gearing ratio of 45%
- reduced the prices it charges for signs due to increased competition
- been profitable for the last 5 years
- retained net profits of £50,000
- predicted net profits for this year of £45,000
- plans to upgrade the rest of its computer network in another year's time at a cost of £75,000.

Clodagh Ltd is considering two options to pay for the new printing equipment:

- a bank loan for £80,000 to be repaid over 3 years
- use its retained profits.

Evaluate these two options.

Recommend to Clodagh Ltd.'s Board of Directors which option should be taken.

Justify your recommendation.

[9 marks]

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