

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

Unit 01 Introduction to Business and Enterprise

Paper number: **Past paper**

Time allowed: **1 hour 30 minutes**

Assessment date: **Wednesday 29 June 2022** Time:

9.00am – 10.30am

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.
- If you use a supplementary answer booklet, you must add your learner name, learner number and centre number to the front cover of the booklet. Insert your supplementary answer booklet inside this question paper at the end of your test.
- 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.

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

Please complete / check your details below

Learner Name:

Centre Name:

Learner Number:

Centre Number:



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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 is a reason for providing good customer service? **[1 mark]**

- A** Improving business reputation
- B** Improving efficiency
- C** Increasing the need to advertise
- D** Reducing recruitment costs

Answer _____

2 Which **one** of the following is a change a business could make to its marketing mix? **[1 mark]**

- A** Collecting both qualitative and quantitative data
- B** Conducting telephone interviews with customers
- C** Researching government reports
- D** Selling its products online

Answer _____

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3 Which **one** of the following is **not** an external influence on a business?

[1 mark]

- A Changes in fashion and trends
- B Employee engagement
- C Interest rates
- D The level of employment

Answer _____

4 Which **one** of the following describes a psychological pricing strategy?

[1 mark]

- A A high price when the product is launched
- B A low price when the product is launched
- C A price set just below a whole number, eg £19.99
- D A price similar to or slightly lower than a competitor's price

Answer _____

5 Which **one** of the following is a feature of a market-oriented business?

[1 mark]

- A High levels of market research
- B Low levels of customer engagement
- C Low levels of market research
- D Only focuses on improving quality

Answer _____



6 Which **two** of the following are internal challenges of growth?

[2 marks]

- A Changes in local taxes
- B Diseconomies of scale
- C Local cultural sensitivities
- D Local legislation
- E Maintaining customer service levels

Answer _____ and _____

7 Which **one** of the following will be the result of a business choosing to delayer?

[1 mark]

- A The business's profits will decrease
- B The business will have a shorter chain of command
- C The number of layers in the business's hierarchy will increase
- D The span of control will decrease

Answer _____



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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 State **one** financial aim or objective that a business may have. [1 mark]

- 9 Identify **one** feature of a sole trader. [1 mark]

- 10 A business recently launched a new chocolate bar. The chocolate bar is in the introduction stage of the product lifecycle.
- Identify **one** feature of the introduction stage of the product lifecycle. [1 mark]

Please turn over for the next question.



11 A business is deciding on a location.

Identify **two** factors the business should consider.

[2 marks]

Factor 1: _____

Factor 2: _____

12 A business manufactures light bulbs.

The business uses a system of quality control to maintain the quality of its light bulbs.

Explain **one** disadvantage for the business of using a system of quality control to maintain the quality of its light bulbs.

[2 marks]

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13

Figure 1 shows the market supply and demand for potatoes, measured in kilograms (kg), following a very cold and wet spring.

The original market supply and demand curves are labelled S1 and D. The change in supply is labelled by the supply curve S2.

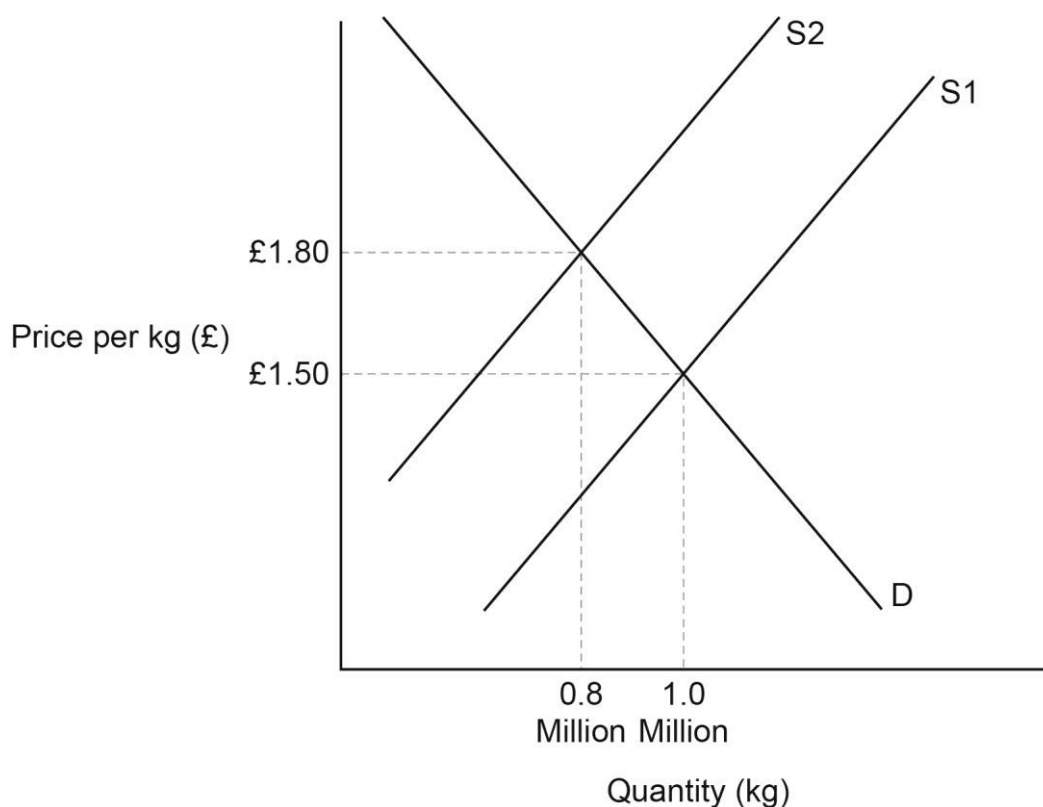


Figure 1

- 13 (a)** Identify how the change in market supply has affected the equilibrium price. Refer to **Figure 1**.

[1 mark]

- 13 (b)** Calculate the change in the market quantity supplied at the new equilibrium price. Refer to **Figure 1**.

[1 mark]



14 Perry is a successful entrepreneur who owns a florist shop. He sells flowers for weddings, funerals and other special occasions.

Explain **two** characteristics **or** skills that Perry may have needed to become a successful entrepreneur.

[4 marks]

1 _____

2 _____

15 (a) Perry uses job production to complete customer orders. Every order is different.

Explain why Perry has chosen to use job production.

[2 marks]



15 (b) Customers can only order flowers from Perry in person or over the phone. Perry is considering updating his website so that customers can also order flowers online.

Explain **one** benefit for customers of being able to order the flowers online.

[2 marks]

16 Perry wants to expand his business quickly. He is worried that expansion will increase risk and have a negative impact on the business's finances. Perry decides to expand his business by selling franchises rather than opening more flower shops himself.

Explain **two** benefits for Perry from selling franchises rather than opening more flower shops.

[4 marks]

1 _____

2 _____



17

TLBV Ltd makes two brands of cat food:

TLBV Original: This brand has 80% market share in a slow-growing market.

TLBV Pro: This brand has 5% market share in a fast-growing market.

Figure 2 below is a Boston Matrix diagram.

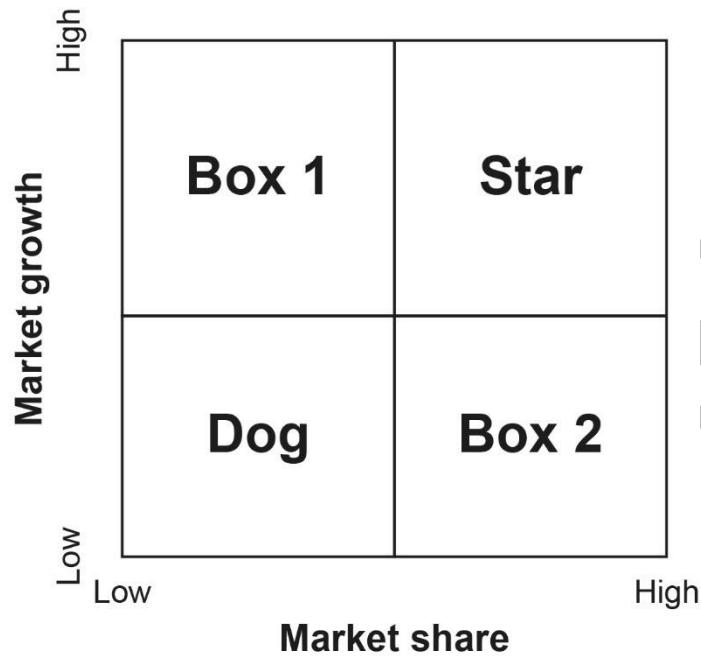


Figure 2

17 (a) Name the missing categories shown as **Box 1** and **Box 2** in **Figure 2**.

[2 marks]

Box 1: _____

Box 2: _____

17 (b) Name the correct Boston Matrix category for TLBV Original.

[1 mark]

17 (c) Name the correct Boston Matrix category for TLBV Pro.

[1 mark]

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18 TLBV Ltd's factory is in Northern Ireland. Its cat food products are sold directly to pet shops only in Northern Ireland.

TLBV Ltd now wants to sell its cat food products in England. It is considering two channels of distribution for selling to the English market:

Channel 1: sell to wholesalers

Channel 2: sell directly to pet shops.

Analyse **each** channel of distribution. Which **one** of these channels should TLBV Ltd choose?

Justify your answer.

[6 marks]

Channel 1:

Channel 2:

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Choice:

Justification:

19 TLBV Ltd will need to raise awareness of their cat food products in England.

Identify **two** methods of advertising that TLBV Ltd could use.

Explain how **each** of these two methods could raise awareness of TLBV Ltd's cat food products amongst cat owners.

[4 marks]

Method 1:

Method 2:



20 (a) The UK government has decided to increase the rate of corporation tax next year from 20% to 25%.

TLBV Ltd's forecast net profit before tax for next year is £50 million.

Analyse **one** possible impact of this change in the rate of corporation tax on TLBV Ltd.

[2 marks]

20 (b) Analyse **one** possible impact of this change in the rate of corporation tax on TLBV Ltd's shareholders.

[2 marks]

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21 TLBV Ltd's factory in Northern Ireland cannot produce the additional cat food needed for the English market.

TLBV Ltd is considering outsourcing to increase production. TLBV Ltd has identified a business in England that is able to produce these cat food products.

Explain **two** benefits for TLBV Ltd from choosing outsourcing as a way of increasing production for the English market.

[4 marks]

Benefit 1: _____

Benefit 2: _____

Please turn over for the next question.

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22 TLBV Ltd is facing challenges:

- ingredient costs are increasing
- competitors are introducing new products
- it has had to lower prices to remain competitive.

Analyse **two** possible impacts on TLBV Ltd from introducing Kaizen into its factory. **[4 marks]**

Impact 1: _____

Impact 2: _____

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23 TLBV Ltd's owners are considering changing the business from a private limited company to a public limited company (PLC).

Explain **one** advantage **and one** disadvantage for the owners, **or** for the business, of TLBV Ltd becoming a PLC.

[4 marks]

Advantage: _____

Disadvantage: _____

Please turn over for the next question.

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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 Elitent is a tent manufacturer. It has 60 employees who make the tents. The employees:

- are managed by three supervisors
- are well paid, and are paid more than employees doing similar jobs in other factories
- have very limited promotion prospects.

The directors of Elitent want to improve the motivation of all 60 employees who make the tents. The directors are considering two options:

Option 1: offering each of the 60 employees a wage rise

Option 2: promoting employees when supervisor vacancies arise.

Explain the effects of each of these two options on the motivation of Elitent's 60 employees. Use **either** Maslow's hierarchy of needs **or** Herzberg's two-factor theory.

Which option would you recommend?

Justify your answer.

[6 marks]

Option 1: _____

Option 2: _____



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Recommendation: _____

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26 Elitent also make a tent targeted at people who go to music festivals. This tent is called the Festival. The directors have decided to replace the Festival tent with a new, more modern tent.

The new tent will not go into production for another 18 months. The directors have therefore decided to extend the maturity stage of the Festival tent.

The budget for the extension strategy for the Festival tent is £10 000.

The Festival tent is:

- sold using competitive pricing
- targeted at people aged between 16 and 25 who go to music festivals
- sold through shops that sell camping equipment
- not sold on the Elitent website
- only sold in the UK.

Discuss **two** extension strategies that Elitent could use for the Festival tent.

Recommend which strategy the directors should choose.

Justify your recommendation.

[9 marks]

Extension Strategy 1: _____

Extension Strategy 2: _____



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Justified recommendation: _____

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This is the end of the external assessment.



To be completed by the examiner

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

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