

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

Unit 01 Introduction to business and enterprise

Paper number: P001393

Friday 26 November 2021 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 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	

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

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

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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 can	only apply to an entrepreneu	ır?
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[1 mark]

- A Interviews potential employees
- **B** Makes day-to-day decisions within a business
- **C** Manages teams of workers
- **D** Takes a risk by starting a business

Answer \_\_\_\_

Which **one** of the following describes a loss leader pricing strategy?

[1 mark]

- A Setting a high price before competitors come into the market
- **B** Setting a lower price when entering a new market
- **C** Setting a price below the cost-price to attract new customers
- D Setting a price by adding a fixed percentage to the cost of making the product

Answer \_\_\_\_

Which **one** of the following is a method used to maintain and improve quality within a business?

[1 mark]

- A Batch production
- **B** Benchmarking
- **C** Just-in-time production
- **D** Mass customisation

Answer \_\_\_\_

4	Whi	ch <b>one</b> of the following is a change in legislation?  [1 mark]
	Α	A new Health and Safety at Work Act of Parliament
	В	An increase in interest rates
	С	An increase in the level of employment
	D	A reduction in gross domestic product (GDP)
	Ans	wer
5	Whi	ch <b>one</b> of the following is <b>not</b> a channel of distribution?  [1 mark]
	Α	An agent
	В	A manufacturer
	С	A retailer
	D	A wholesaler
	Ans	wer
6	An ii	ncrease in interest rates is likely to cause which <b>two</b> of the following?  [2 marks]
	Α	A decrease in prices
	В	A decrease in unemployment
	C	An increase in business costs
	D	An increase in business sales
	E	An increase in household savings
	Ans	wer and

**7** Which **one** of the following is an example of a source of qualitative data?

[1 mark]

- A A customer satisfaction card that uses a 1–5 scale
- **B** A questionnaire that uses closed questions
- **C** A table showing sales figures from previous years
- **D** Interviews with customers using open-ended questions

Answer

## Section 2

This section has a possible 51 marks.

You should spend about 50 minutes on this section.

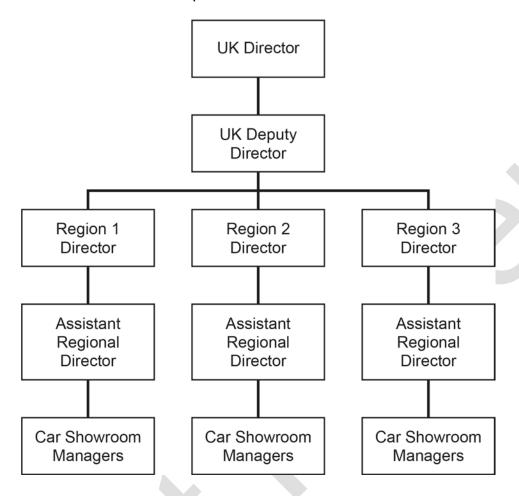
Answer all questions in the spaces provided.

8	Identify one feature of a partnership as a form of business organisation	n. [1 mark]
		[Timark]
9	Businesses that wish to grow can face challenges.	
	State <b>one</b> challenge that growth can create for a business.	[1 mark]
10	Identify <b>two</b> stages in the product lifecycle.	[2 marks]
	1	[2 marks]
	2	
11	A business improves the ways it engages with its stakeholders.	
	Identify two advantages this gives the business.	[2 marks]
	1	
	2	

12

12	A business changes from a flat organisational structure to a tall organisational structure.		
	Explain why communication might become more difficult for that business.  [2 marks	s]	

Below is a section of a business organisational chart. This business owns car showrooms across Europe.



Explain the term 'delayering'.

Use information from the business's organisational chart.

Please turn over for the next question.

[2 marks]

	Noah owns and runs a printing and sign-writing business. He operates his business as a sole trader.
14	Noah thinks he might change the legal structure of his business from a sole trade to a private limited company.
	Identify <b>and</b> explain <b>two</b> possible advantages this would bring to Noah's business.
	[4 marks]
15	When Noah set up his business five years ago, he did not do any market research. He was sure his signs would sell, as they were a high-quality product.
	Explain <b>one</b> advantage of Noah using primary market research before starting his business.
	[2 marks]

16 (a)	Noah provides printing and sign-writing services to other businesses and to the general public.
	Explain <b>one</b> possible impact on Noah's business of a rise in unemployment in the UK.
	[2 marks]
16 (b)	Noah decides to remain a sole trader.
	Explain why a reduction in income tax rates could benefit Noah's business.  [2 marks]

FQTF PLC owns a chain of supermarkets.

Each of FQTF PLC's supermarkets has at least 30 employees. Pay rates are similar to those offered by other supermarket chains.

Supermarket managers have offices on the floor above each supermarket. They have no day-to-day contact with the employees.

17 Identify and explain **two** changes that FQTF PLC could introduce to improve the motivation of its employees.

Use Mayo's theory of motivation.	[4 marks]

18	FQTF PLC operates in a highly competitive market. It is the sixth largest
	supermarket chain as measured by market share. It does not run a loyalty card
	scheme, unlike two of its close competitors.

Unemployment in the UK rose significantly in 2020.

Analyse **two** methods of promotion that FQTF PLC could use to increase its market share.

Which of these two methods is more likely to increase FQTF PLC's market share?

Justify your answer.	[6 marks]
	[o manue]

19	On weekdays, FQTF PLC supermarkets open at 8 am and close at 6 pm. They plan to extend their hours by staying open until 10 pm.
	Explain <b>one</b> potential advantage <b>and one</b> potential disadvantage to FQTF PLC from this proposed change in opening hours.
	[4 marks]
20	FQTF PLC operates in a competitive market.
	Explain why it is important that FQTF PLC has skilled and experienced staff.  [4 marks]

21 (a)	In the spring of 2020, FQTF PLC decided to provide its customers with a smartphone shopping app called FQTF Shopping.
	Is the FQTF Shopping app a tangible product or an intangible product?  [1 mark]
21 (b)	FQTF PLC chose to outsource development of this new app to a specialist
21 (5)	software company rather than develop it themselves. The app was launched on time.
	Explain <b>two</b> reasons why FQTF PLC chose outsourcing for the new app, rather than developing it themselves.  [4 marks]

22

Identify <b>one</b> method of lean production that the FQTF Pl could use.	LC supermarket chain
Explain how the method of lean production you identified business.	
	[4 marks]

- **23** FQTF PLC's marketing department has told the company directors the following:
  - supermarket customer loyalty has decreased
  - the market has become even more competitive
  - competitor supermarket chains have increased their spending on customer service
  - FQTF PLC's supermarket customer service levels were placed fifth in a recent newspaper survey. Last year they were placed second. News of this survey has spread rapidly on social media.

Analyse **two** reasons why FQTF PLC may need to improve its customer service levels.

Use the information provided by the marketing department.	[4 marks]

#### 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.

Yulo PLC is a car manufacturer. It uses flow production in its UK factory.

Demand for new cars varies throughout the year and at times Yulo PLC has large stocks of unsold cars that it stores on a disused airfield. This airfield is leased for £450 000 per year.

Yulo PLC operates in a very competitive market and sales of its cars are falling. The directors are considering introducing mass customisation in its factory. None of Yulo PLC's main competitors use mass customisation.

This mass customisation will require expensive, hi-tech equipment. Yulo PLC does not have any retained profits. It will therefore need a bank loan of £75m to buy the equipment.

Explain **one** advantage **and one** disadvantage of Yulo PLC changing to mass customisation.

Recommend to Yulo PLC whether it should change to mass customisation.

Justify your recommendation.	[6 marks]

Yulo PLC also sells spare parts to Yulo car owners from its Yulo Spares shops. There are Yulo Spares shops in 20 major cities across the UK. They are open Monday to Friday from 9 am to 5 pm.

Staff in Yulo Spares shops are highly trained and can provide specialist advice to customers.

Yulo PLC is considering introducing e-commerce by upgrading its website to allow customers to purchase Yulo car spare parts online.

Explain **two** possible effects on Yulo PLC's customers if it introduces e-commerce.

Recommend to Yulo PLC whether it should introduce e-commerce.

Justify your recommendation.	
radilly your recommendation.	[6 marks]



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Ayesha is setting up a window cleaning business. She will provide the service in a large town and has several competitors.

Ayesha will clean customers' windows once a month. She will offer this service to:

- small shops
- supermarkets
- · private houses of all sizes.

Ayesha is considering which pricing strategy to use for her window cleaning service.

As Ayesha's business only offers one service, she cannot consider loss leaders.

Discuss **two** pricing strategies that Ayesha could use to set prices for her window cleaning service.

In your answer explain **one** advantage **and one** disadvantage of **each** of your pricing strategies.

Which strategy should Ayesha choose?

Justify your answer.	[9 marks]

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