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

Examined assessment

Paper number:	**Past Paper**	Time allowed:	**1 hour 30 minutes**
Assessment date:	**Thursday 6 June 2024**	Time:	**1.30pm – 3.00pm**

Learner instructions

- Use black 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:

Section A

This section has a possible **19** marks.

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

1 Which **one** of the following is an internal stakeholder in a business?

[1 mark]

A Customer

B Government

C Local community

D Owner

Answer ________

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

[1 mark]

A Increasing its profit margin

B Increasing its brand awareness

C Increasing its revenue

D Increasing its value

Answer ________

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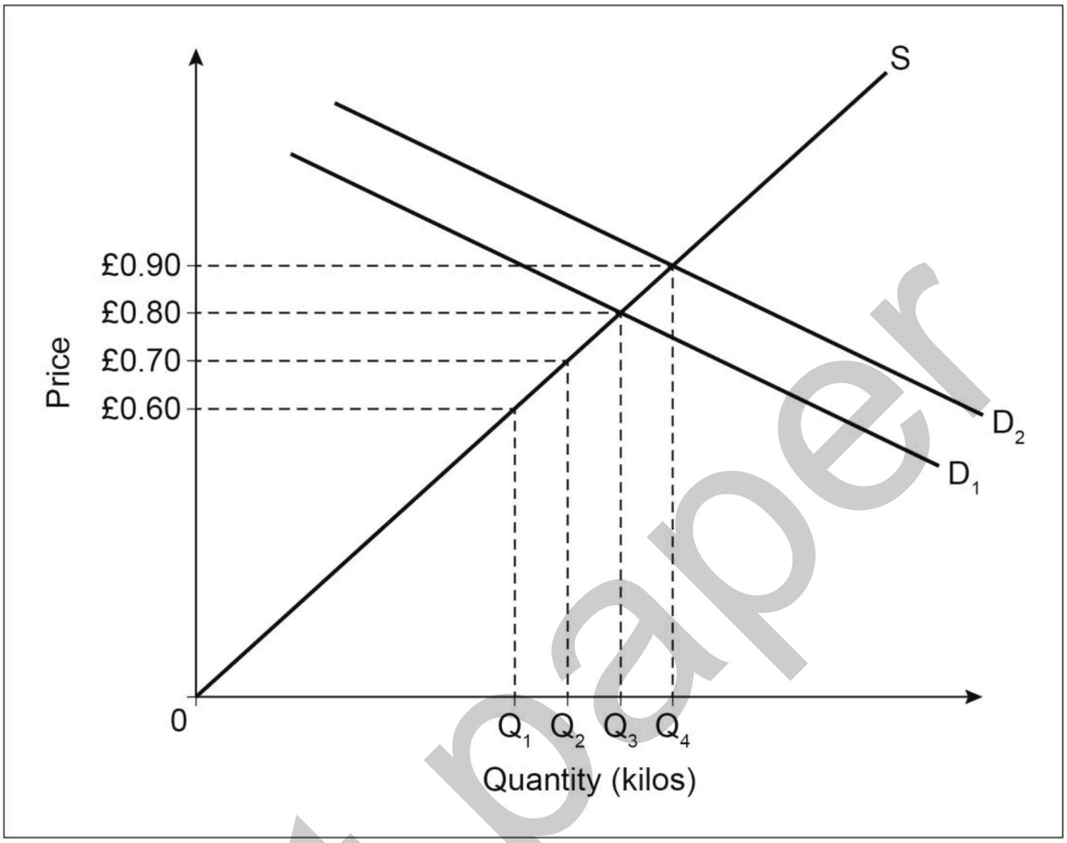
3 **Figure 1** shows the market for potatoes after an increase in demand. The increase in demand is shown by a shift in the demand curve from D1 to D2.

Figure 1: Supply and demand for potatoes



Which one was the original equilibrium price before the increase in demand?

[1 mark]

A £0.60

B £0.70

C £0.80

D £0.90

Answer ___________

4 PKN Ltd (PKN) is a family-owned business that manufactures potato crisps. PKN operates as a private limited company.

Explain **one** advantage to PKN of operating as a private limited company.

[2 marks]

5 PKN's cheese and onion crisps are its best-selling flavour.

Sales are high and have remained consistently high for the last 15 years.

At which stage of the product life cycle are PKN's cheese and onion crisps?

Explain your answer.

[2 marks]

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6 PKN only uses primary market research.

Explain **one** advantage and **one** disadvantage to PKN from using only primary market research.

[4 marks]

Advantage ____________________

Disadvantage ____________________

7 PKN has a focus group consisting of 20 adults. The group meets four times a year with PKN's marketing director to review PKN's crisps.

All 20 adults regularly buy PKN's crisps.

Suggest **two** questions that PKN's marketing director might ask the group members.

[2 marks]

8 PKN is launching a new 'fun' crisp product, called TinY's. PKN are aiming the product at children aged 5 to 11.

PKN's marketing department has created a cartoon dinosaur called TinY to use in its advertisements.

Analyse **two** appropriate methods of advertising that PKN can use to create awareness of this new product amongst children aged 5 to 11.

[6 marks]

Method 1

Method 2

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Section B

This section has a possible **21** marks.

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

9 A business is expanding and needs to recruit additional employees.

Which **one** of the following is an internal recruitment method.

[1 mark]

A Headhunting

B Intranet

C Newspapers

D Trade journals

Answer ________

10 Which **one** of the following is a method of lean production?

[1 mark]

A Batch production

B Cell production

C Flow production

D Job production

Answer ________

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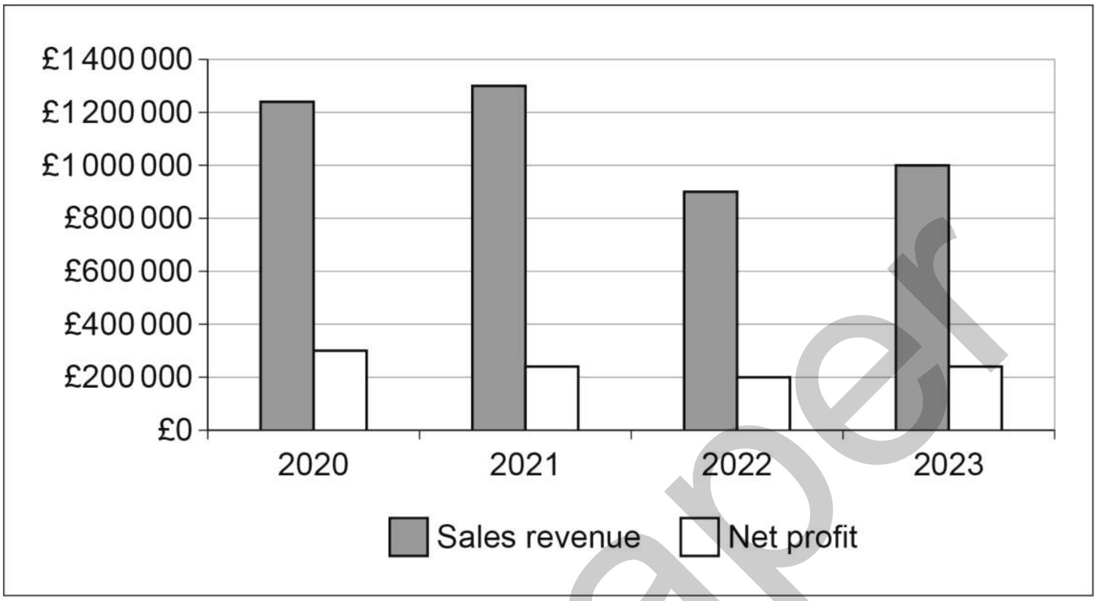
11 A business pays its employees a salary plus commission.

Figure 2 shows the business' sales revenue and net profits.

Figure 2: Sales revenue and net profits



Which year would the business have paid out most in commission to its employees? **[1 mark]**

A 2020

B 2021

C 2022

D 2023

Answer ____________

12 Tenko Ltd (TKL) makes a range of 12 different sandwiches in its factory. The range includes sandwiches that use meat products as well as sandwiches for vegetarians.

Explain **one** reason why TKL uses batch production rather than flow production in its factory.

[2 marks]

13 TKL uses internal training for its new production line employees.

Employees are trained how to make sandwiches in TKL's factory.

TKL's own experienced production line employees provide this training.

Explain **one** disadvantage to TKL from using internal training for its new production line employees.

[2 marks]

14 TKL's customer service department aims to deal quickly with any complaints from customers about the quality of its sandwiches.

Explain **two** benefits to TKL from providing good customer service.

[4 marks]

Benefit 1 ____________________

____

____

____

Benefit 2 ____________________

____

____

____

15 TKL uses a system of quality control on its sandwich production line.

Explain **two** disadvantages to TKL from using a system of quality control.

[4 marks]

Disadvantage 1 ____________________

____

____

____

Disadvantage 2 ____________________

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____

____

16 TKL has some production line vacancies. TKL pays production line employees a slightly higher wage than the wage their competitors pay, but TKL employees do not receive any fringe benefits.

TKL interviewed the employees who were leaving.

Results showed that the employees:

- found the work repetitive
- felt their contribution to the business success was never recognised
- lacked job security as they were on fixed term, 2-year contracts.

Analyse **two** actions the directors could take to reduce the number of employees leaving.

Which of the **two** actions is likely to have the **least** impact on the number of employees leaving TKL?

Justify your choice.

[6 marks]

Action 1 ____

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____

Action 2 ____

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Decision / justification

Please turn over for the next section.

Section C

This section has a possible **22** marks.

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

17 An increase in which **one** of the following influences will cause an increase in demand in the UK economy?

[1 mark]

A Employment levels

B Income tax

C Interest rates

D VAT

Answer ________

18 Which **one** of the following is an example of a business' variable costs?

[1 mark]

A Interest paid on loans

B Rent paid on the factory

C Salary paid to the factory manager

D Wages paid to factory employees

Answer ________

19 Which **one** of the following will increase a business' net profit margin?

[1 mark]

A An increase in corporation tax

B An increase in its fixed costs

C An increase in the business' market share

D An increase in the price of the product it sells

Answer ________

20 Explain **one** reason why a business produces a business plan.

[2 marks]

____

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____

Please turn over for the next question.

21 **Table 1** contains selected financial information from a business' financial accounts.

Table 1

	£s
Cost of sales	65 000
Current assets	25 000
Expenses	35 000
Sales revenue	150 000
(Share) capital	70 000

Construct an income statement for the business using the appropriate data from **Table 1**.

[3 marks]

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22 CR is a UK based business that manufactures shoes. CR imports the materials to make the shoes from China.

The same materials bought from UK suppliers are 10% more expensive.

CR's two main competitors are both UK based. Both buy materials from suppliers based in the UK.

Analyse a potential impact on CR if the UK government introduces a 25% tariff on raw materials imported from China.

[4 marks]

Please turn over for the next question.

23 CR has launched a takeover bid for one of its main competitors. If successful, this takeover would increase the maximum number of shoes CR can produce by 20%.

Explain **two** benefits to CR, other than increased output, if this takeover is successful.

[4 marks]

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24 CR sells shoes in 80 shops that the company rents in UK city centres. The running costs of these shops have risen significantly.

In 2023:

- 50% of CR's shops made a loss.
- CR made a total loss of £20 million.

CR's directors are considering two changes:

- Closing the 30 worst performing shops, with 100 employees being made redundant.
- Using e-commerce as an additional method of distribution.

Analyse the potential impacts on CR from each of these **two** changes.

Recommend to CR's directors if they should go ahead with both of these changes.

Justify your recommendations.

[6 marks]

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Section D

This section has a possible **18** marks.

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

25 Taid PLC (TDP) owns 65 hotels in the UK. There are 50 hotels in city centre locations and 15 in seaside resorts. TDP's image is that of a cheap but basic hotel chain.

TDP hotels offer basic, 'no frills' facilities and charge low prices. There is increasing competition in this market. TDP's room bookings have fallen. All of TDP's seaside hotels are making a loss.

TDP's directors want to change the business' brand image. They plan to:

- sell all 15 seaside hotels
- modernise the 50 city centre hotels – all rooms will have new bathrooms, and high-quality furniture
- increase room prices.

Analyse the impact this plan will have on **three** elements, other than place, of TDP's marketing mix.

Assess the impact of this plan on TDP's brand image.

[9 marks]

26 Taid PLC (TDP) has agreed to sell its 15 seaside hotels to a competitor for £75 million.

TDP's profits fell dramatically between 2020 and 2022. Profits began to recover in 2023 but are still low compared with pre-2020.

TDP's share price has fallen from £4.15 in 2022 to £2.05 today.

Interest rates have risen since 2022 and are at the highest level for 20 years.

TDP estimates it will cost £200 million to modernise its remaining 50 hotels. TDP wants work to start on this in 8 weeks' time.

TDP is considering two options to raise finance for this plan:

Option 1: a 10-year bank loan.

Option 2: a new share issue.

Analyse the **two** options available to TDP.

Recommend which option the directors should choose.

Justify your recommendation.

[9 marks]

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2		15	
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12		25	
13		26	
		TOTAL MARK	