



# 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

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

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

## 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 entrepreneur?

[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 \_\_\_\_\_

2 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 \_\_\_\_\_

3 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 Which **one** of the following is a change in legislation?

[1 mark]

- A A new Health and Safety at Work Act of Parliament
- B An increase in interest rates
- C An increase in the level of employment
- D A reduction in gross domestic product (GDP)

Answer \_\_\_\_\_

5 Which **one** of the following is **not** a channel of distribution?

[1 mark]

- A An agent
- B A manufacturer
- C A retailer
- D A wholesaler

Answer \_\_\_\_\_

6 An increase in interest rates is likely to cause which **two** of the following?

[2 marks]

- A A decrease in prices
- B A decrease in unemployment
- C An increase in business costs
- D An increase in business sales
- E An increase in household savings

Answer \_\_\_\_\_ 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 \_\_\_\_\_

Past Paper

## 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. [1 mark]

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- 9 Businesses that wish to grow can face challenges.  
State **one** challenge that growth can create for a business. [1 mark]

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- 10 Identify **two** stages in the product lifecycle. [2 marks]

1 \_\_\_\_\_

2 \_\_\_\_\_

- 11 A business improves the ways it engages with its stakeholders.  
Identify **two** advantages this gives the business. [2 marks]

1 \_\_\_\_\_

\_\_\_\_\_

2 \_\_\_\_\_

\_\_\_\_\_

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]**

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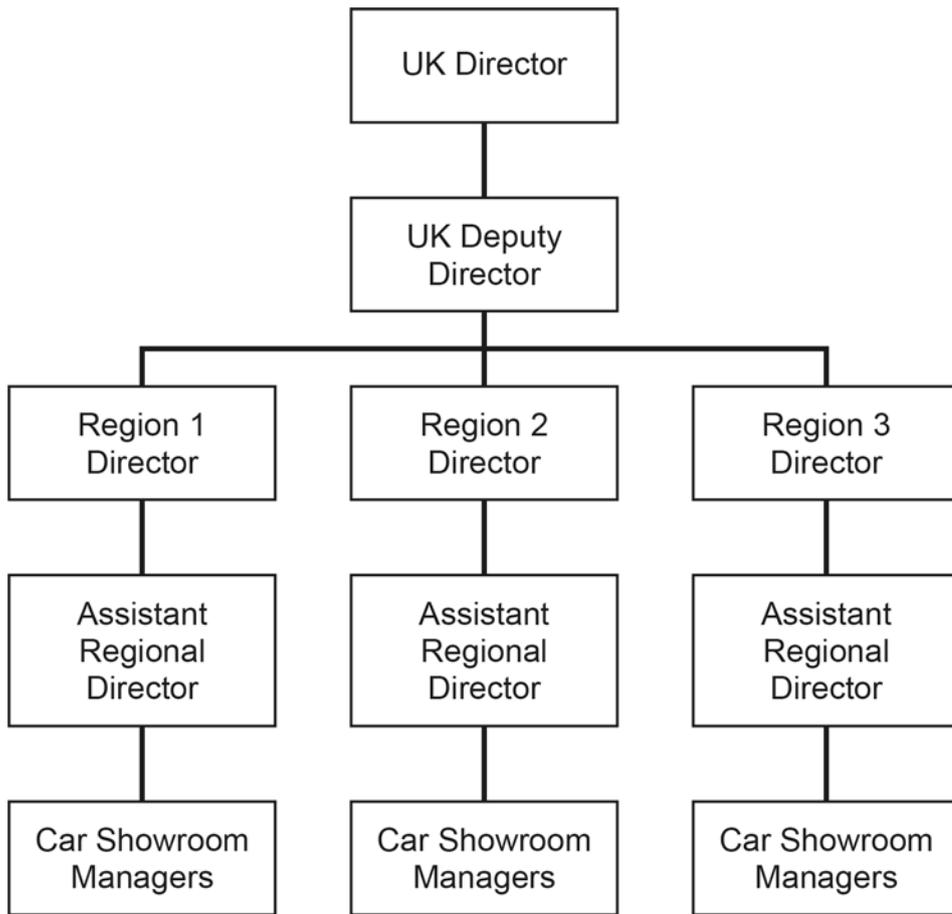
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Past Paper

13

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



Explain the term 'delaying'.

Use information from the business's organisational chart.

[2 marks]

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Please turn over for the next question.

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 trader to a private limited company.

Identify **and** explain **two** possible advantages this would bring to Noah's business.

**[4 marks]**

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**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 **one** advantage of Noah using primary market research before starting his business.

**[2 marks]**

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**16 (a)** Noah provides printing and sign-writing services to other businesses and to the general public.

Explain **one** possible impact on Noah's business of a rise in unemployment in the UK.

**[2 marks]**

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**16 (b)** Noah decides to remain a sole trader.

Explain why a reduction in income tax rates could benefit Noah's business.

**[2 marks]**

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**Please turn over for the next question.**

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]**

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**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 **one** potential advantage **and one** potential disadvantage to FQTF PLC from this proposed change in opening hours.

**[4 marks]**

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**20** FQTF PLC operates in a competitive market.

Explain why it is important that FQTF PLC has skilled and experienced staff.

**[4 marks]**

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**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]**

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**21 (b)** FQTF PLC chose to outsource development of this new app to a specialist software company rather than develop it themselves. The app was launched on time.

Explain **two** reasons why FQTF PLC chose outsourcing for the new app, rather than developing it themselves.

**[4 marks]**

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**Please turn over for the next question.**

**22**

Identify **one** method of lean production that the FQTF PLC supermarket chain could use.

Explain how the method of lean production you identified could benefit the business.

**[4 marks]**

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Past Paper

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]**

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