

## Thursday 8 January 2015 – Afternoon

# LEVEL 1/2 CAMBRIDGE NATIONALS IN BUSINESS AND ENTERPRISE

R061/01 Introduction to Business

Candidates answer on the Question Paper.

#### OCR supplied materials:

• Clean copy of the pre-release Research Brief (inserted)

Other materials required:

None

**Duration:** 1 hour



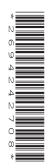
Candidate forename				Candidate surname			
Centre numb	er			Candidate nu	ımber		

#### **INSTRUCTIONS TO CANDIDATES**

- The Insert can be found inside this document.
- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Answer all the questions.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Write your answer to each question in the space provided. Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Do not write in the bar codes.

#### **INFORMATION FOR CANDIDATES**

- The number of marks is given in brackets [ ] at the end of each question or part question.
- The total number of marks for this paper is **60**.
- This document consists of 12 pages. Any blank pages are indicated.



## Some of the questions in this examination are based on the scenario in the Research Brief and your background research.

Answer all the questions.

### **SECTION A**

Four years ago, Tracy set up her market gardening business, Ugli-Froot (UGF), as a sole trader. Tracy is now thinking of forming a partnership with her friend, Chandra. Chandra would be in charge of production, making the chutneys, sauces and jams from the fruit and vegetables grown in the market garden.

1	(a)	Using your research into businesses in your area, identify <b>one</b> business which operates a <b>sole trader</b> and <b>one</b> product or service it sells.	ıs a
		Name	
		Product/Service	 [2]
	(b)	A sole trader has unlimited liability. Explain the meaning of the term 'unlimited liability'.	
			••••
			••••
			[2]
	(c)	State and explain <b>one</b> benefit to Tracy of running the business as a sole trader rather than a partnership.	ı as
		Benefit:	
		Explanation:	
			[3]

## **SECTION B**

At the moment Tracy operates her business as a sole trader.

2	(a)	Tracy's main objective is to increase sales revenue by expanding the business.
		State <b>two other</b> objectives Tracy might have for her business.
		1
		2
		[2]
	(b)	Explain why Tracy's business objectives might change if she goes into partnership with Chandra.
		[2]
	(c)	Using your research of businesses in your area, analyse why it is important for a smal business such as UGF to have objectives. <b>[6</b> ]

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## **SECTION C**

Tracy needs to have enough money to buy the materials and resources she needs for the day to day running of UGF.

3 (a) Complete the sentence below by selecting the **three** correct words from the following list.

		costs	dividends	into	movement	out	profit	
	С	ash flow is th	e	of cash	and		of a business.	[3]
(b)		xplain <b>one</b> w nance for UG	•	forming a pa	rtnership with	n Chandra m	ight help Trad	cy to raise
								[2]

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- 4 If Tracy goes into partnership with Chandra, the new range of chutneys, sauces and jams could be distributed through either:
  - wholesalers for distribution to a wider market

or

local supermarkets.

Using your research of businesses in your area, recommend to Tracy and Chandra which **one** of these methods of distribution would be most suitable for the new product range. Give reasons for your recommendation.

You may use the following to	help with your answer.	[10]
	Breaking bulk	
	Cost	
	Risk	
	Storage space	
	Transport	

•••••

		8
5	(a)	Tracy and Chandra will use batch production to make the chutneys, sauces and jams.
		Explain <b>one</b> feature of batch production.
		[2]
	(b)	Tracy and Chandra will have to purchase new machinery to produce the chutneys, sauces and jams.
		State <b>three</b> factors a business should consider before purchasing new machinery.
		1
		2
		3
		[3]
6	(a)	Tracy pays her temporary employees an hourly rate.
		Name this payment system.
		[1]
	(b)	State <b>one</b> other payment system Tracy could use.
		[1]
	(c)	Using your research of businesses in your area, discuss ways in which Tracy could improve the motivation of UGF's employees. [8]

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## **SECTION D**

The government passes laws which affect businesses.
Identify one law which might affect UGF. Explain how this law might affect UGF.
Law
Explanation
[3]
Tracy and Chandra know that businesses can be affected by external factors. These factors include:
<ul><li>economic</li><li>environmental.</li></ul>
Using your research of businesses in your area, evaluate which of these <b>two</b> external factors will have the greatest impact on a small business such as UGF. [10]


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