

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	
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Centre number						Candidate number				
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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 **one** business which operates as a **sole trader** and **one** product or service it sells.

Name

Product/Service

[2]

- (b) A sole trader has unlimited liability. Explain the meaning of the term 'unlimited liability'.

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.....
..... [2]

- (c) State and explain **one** benefit to Tracy of running the business as a sole trader rather than as a partnership.

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 **two other** 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.

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..... **[2]**

- (c) Using your research of businesses in your area, analyse why it is important for a small business such as UGF to have objectives. **[6]**

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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
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Cash flow is the of cash and of a business. **[3]**

(b) Explain **one** way in which forming a partnership with Chandra might help Tracy to raise finance for UGF.

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..... **[2]**

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

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5 (a) Tracy and Chandra will use batch production to make the chutneys, sauces and jams.

Explain **one** feature of batch production.

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..... [2]

(b) Tracy and Chandra will have to purchase new machinery to produce the chutneys, sauces and jams.

State **three** 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 **one** 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

7 The government passes laws which affect businesses.

Identify **one** law which might affect UGF. Explain how this law might affect UGF.

Law

Explanation

[3]

8 Tracy and Chandra know that businesses can be affected by external factors. These factors include:

- economic
- environmental.

Using your research of businesses in your area, evaluate which of these **two** external factors will have the greatest impact on a small business such as UGF. **[10]**

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END OF QUESTION PAPER

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