

Cambridge National
Business and Enterprise

Unit **R061/01**: Introduction to Business

Cambridge National Level 1/2 Award/Certificate

Mark Scheme for June 2017

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All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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Annotations used in the detailed Mark Scheme.

Annotation	Meaning
	Unclear
	Benefit of doubt
	Context
	Cross
	Level 1
	Level 2
	Level 3
	Level 4
	Not answered question
	No use of text
	Repetition
	Point has been noted, but no credit has been given (big)
	Tick
	Too vague

Question 1			Answer	Mark	Guidance
1	a	(i)	TRUE	1	One mark for the correct identification NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.
		(ii)	FALSE	1	One mark for the correct identification NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.
1	b		<p>Disadvantages might include:</p> <ul style="list-style-type: none"> • Difficult to set up • Limited share ownership • Limited finance/share/profit • Shareholders / disputes/ long decisions/ shared control • Shared accounts with competitors/public • Can lose money invested in businesses • Can't sell shares on stock exchange <p>Exemplar : A private limited company is difficult to set up(1) as it requires more paperwork(1)</p>	2	<p>One mark for a correct reason, one mark for a correct explanation.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>

1	c	<p>Disadvantages might include:</p> <ul style="list-style-type: none"> • Cost of transportation/shipping costs • Competition • Exchange rates • Tariffs/quotas • Language/communication • Paperwork/ admin • No discounts due to small business • Time to get from abroad • Run out of parts • Transporting parts <p>Exemplar: As a small company(1) they may not have enough money to pay the increased costs(1) involved with transporting parts from abroad(1)</p>	3	<p>One mark for a correct disadvantage, one mark for explanation. Third mark is for context.</p> <p>Do not award for “cost” on its own. They need to be associated with small business or one other relevant issue</p> <p>Do not award “parts” on its own.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
2	a	<p>Market share is the number of customers who use the business (1) in the whole market in an industry.(1)</p> <p>No mark for ‘this is the share of the market’</p>	2	<p>Any explanation showing an idea of a ‘part’ or share of the sales in a whole industry. A mark can be given for any example showing understanding.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>

2	b	<p>Reasons might include:</p> <ul style="list-style-type: none">• To pay dividends• To invest in the business/plough back• To expand• To increase share price• To avoid business failure/debt/ bankruptcy/survival• To become more established <p>Exemplar:</p> <p>HVS needs to pay dividends (1) to the shareholders which will come from the profit made by the company (1). Without profit shareholders will not invest in the business (1)</p>	3	<p>One mark for a correct reason, and up to two marks for correct explanation of that reason.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
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<p>2</p>	<p>c</p>	<p>Highlight change referred to in answer (only one change required) Change might include:</p> <ul style="list-style-type: none"> • Increased outlets/relocation • New products and services • Reduction in staff • Introduction to technology • New markets • Recession • Increased competition • Increase/decrease in customers <p>Accept Brexit if developed re exchange rate, legislation, uncertainty, migration changes, trade deals</p> <p>Objectives might include:</p> <ul style="list-style-type: none"> • Growth • Break even • Profit • Market share • Survival • Customer service • CRS <p>Exemplar : A local shop in my area, Lulworth Stores(R) lost the post office facilities in the shop which used to bring in a lot of customers especially older people and young families who collected the family allowance and pensions (L2). With the coming of technology (L1) much of this is now paid directly into bank accounts. The shop has had to adapt to the change by adjusting its short term objectives for profit by reducing the number of months it opens and in the months it does open really targeting tourists , walkers etc. (L2). With other products such as beach ware and weather products . There is also an instore bakery to provide fresh bread. This means that in the past two years the business has managed to stay open and to survive due to high sales during the season March to October (L3).</p>	<p>6</p>	<p>Level 3 – Analysis (5-6 marks) An analysis, with reference to some research, of ways in which change has affected the objectives of business and the implications of the change. Maximum of 5 marks if no context/research (R)</p> <p>Level 2 – Application (3-4 marks) An understanding of how change might affect objectives. Maximum of 3 marks if no research (R) no context.</p> <p>Level 1 (1-2 marks) Generic knowledge of business change and /or objectives.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
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3	a	<p><i>Revenue</i> minus <i>costs</i> equals profit.</p>	2	<p>One mark for each correct identification up to a maximum of two identifications.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
3	b	<p>Ways might include:</p> <ul style="list-style-type: none"> • Loan • Shares • Profit • Crowdfunding • Sale of old equipment • Family and friends • Venture capitalist • Government grant <p>Reasons might include;</p> <ul style="list-style-type: none"> • Rate of interest • What it is needed for • Length of time- short or long term • How much is needed <p>Exemplar: A loan (1) could be repaid in instalments over a period of time.(1)</p> <p>Do not award mortgage or overdraft or trade credit.</p>	4	<p>One mark for the correct identification of each way plus one mark for each developmental statement showing understanding</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>

4	a	<p>Methods might include:</p> <ul style="list-style-type: none">• Skimming• Penetration• Cost plus• Competitive• Mark up• Price discrimination• Premium• Psychological• Promotional <p>Allow explanation rather than methods e.g. look at competitors prices</p>	2	<p>One mark for each correct identification up to two marks.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
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4	b	<p>Methods might include:</p> <ul style="list-style-type: none"> • Primary- questionnaires, interviews, observation • Secondary – statistics, past data, competitor information • Social media • Trade fairs/ stalls • Observation <p>Exemplar HVS Ltd must thoroughly research the market for electric cars before investing time and money into a venture that might fail. Research is very important to reduce the risk of failure (L2). HVS Ltd could do both primary and secondary research (L1) into the market for cars and into those products and services which are essential for cars. People’s attitudes to environmentally friendly cars are also important. A large factory in our area, Cloverfield, wanted to expand its premises but came up against some opposition for the community(R). The business had to carry out a lot of research into the impact on the community and balance that against the wellbeing of its shareholders (L3). In the same way HVS Ltd must look at the effect on the garage of making this investment. In conclusion, primary research would allow HVS to gain first-hand information from customers and the community as to whether they would buy and run these cars, however this depends on the time and money available to carry this out. (L4)</p> <p>Must be in context of HVS Ltd rather than another business.</p> <p>Can reward two types of any method e.g. two methods of primary e.g. observation and interview.</p>	10	<p>Level 4- Evaluation (8-10 marks) Evaluate appropriate methods of research in context, making a reasoned judgement about the best method to use. Max 9 marks for one method evaluated with research(R). Max 8 marks for evaluation but no research(R)</p> <p>Level 3 – Analysis (5-7marks) Analysis of the implications /using own research(R). Max 6 marks for one method analysed with research(R). Max 5 marks for analysis but no research (R).</p> <p>Level 2 – Application (3-4 marks) Knowledge of how market research will be useful to HVS using examples and/or the local research. Max 3 marks for no research (R)</p> <p>Level 1 – Knowledge (1 -2 mark) Knowledge/simple identification of market research methods. NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
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5		<p>Exemplar: Logistics is the acquisition of materials (1) in order to achieve the objectives of the business (1).</p> <p>Give one mark for anything to do with acquiring, moving, importing parts, labour etc.</p>	2	<p>Up to two marks for a correct definition. An example is rewardable for development</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>														
6	a	<table border="1" data-bbox="255 544 938 799"> <thead> <tr> <th></th> <th>Tick 3 boxes</th> </tr> </thead> <tbody> <tr> <td>Duties</td> <td>✓</td> </tr> <tr> <td>Experience</td> <td></td> </tr> <tr> <td>Job title</td> <td>✓</td> </tr> <tr> <td>Location</td> <td>✓</td> </tr> <tr> <td>Qualifications</td> <td>✓</td> </tr> <tr> <td>Start date</td> <td>✓</td> </tr> </tbody> </table> <p>All answers are correct apart from experience</p>		Tick 3 boxes	Duties	✓	Experience		Job title	✓	Location	✓	Qualifications	✓	Start date	✓	3	<p>One mark for the correct identification of an example up to 3 correct examples.</p> <p>Mark first three ticks.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
	Tick 3 boxes																	
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Experience																		
Job title	✓																	
Location	✓																	
Qualifications	✓																	
Start date	✓																	

6	b	<p>Methods of assessing performance:</p> <ul style="list-style-type: none"> • Regular appraisals • Punctuality • Response of customers • Response to customers • Customer feedback • Observation • Tracking progress <p>Exemplar response: It is important that the work of the garage staff is regularly assessed as the aim of HVS is to provide a good service (L1) in order to maintain sales and hopefully increase profit (L2). It is very important that customers feel that a good job has been done and the car is safe. Therefore HVS needs to assess his staff at regular intervals in order to maintain standards (L2) Our local garage, Sanjay and son(R) have just introduced performance appraisal in order to be more efficient and to avoid complaints about customer service. They could do this by observation and watching how the staff react to the customers. They can also assess the work that is done on the cars. The owner also uses questionnaires and feedback forms from customers to get an idea about how staff is performing. In this way the likelihood of accidents and upset customers is reduced. (L3). However the success of any assessment depends on the situation and jobs and therefore it is best to use a variety of methods(L4)</p>	6	<p>Level 4 – Evaluation (5-6 marks) A discussion of the different ways in which performance in the service industry can be assessed. Use of context is essential. Evaluation will come from the selection of the best method. Max 5 marks for evaluation but no research (R).</p> <p>Level 3 – Analysis (3-4marks) Analysis of the implications of different method(s) of performance assessment in context. Max 3 marks for analysis but no research.(R)</p> <p>Level 2 – Application (2 marks) Understanding of different performance assessment method(s) using examples.</p> <p>Level 1 – Knowledge (1 mark) Knowledge of performance management</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
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7	<p>Economic factors might include</p> <ul style="list-style-type: none"> • Interest rates • Wages • Taxation • Inflation • Exchange rates • Income / wealth/disposable income • Fall in manufacturing in UK • Recession <p>Accept Brexit if developed re exchange rate, legislation, uncertainty, migration changes , trade deals</p> <p>Exemplar: Increase in the interest rate(1) might affect HVS' ability to borrow money for the new service of selling and servicing electric cars(1) as it would cost more over the period of the loan(1).</p>	3	<p>One mark for factor plus one further mark for development plus one further mark for context.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
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8	<p>Factors might include</p> <ul style="list-style-type: none"> • environmental – effects of extending the premises, effects of noise, increased traffic, diesel cars, congestion charge, etc • legal- health and safety, minimum wage, consumer protection, taxation insurance, MOT and maintenance regulations etc. <p>Research should reference car business</p> <p>Exemplar: Environmental – environmental factors such as the increased awareness of low emissions and the cost of fuel may increase the likelihood of being able to sell electric cars (L2). However our local garage Sanjay and Son (R) have increased their business which has resulted in difficulties with servicing all the cars that come in. This has affected the local environment through the increase in traffic which will only get worse as the business expands.</p> <p>Legal – There are many laws that a garage such as HVS and Sanjay and Son (R) would have to adhere to. In particular health and safety (L1) is very important both for the employees and the customers in a garage. For example when tyres are being changed customers have to be provided with a waiting area and are not allowed in a workshop (L2). This costs a business money (L3) and can affect levels of profit in the short term(L3)</p> <p>In conclusion, legal factors affect garage businesses the most because they have to be addressed and are changing all the time and affect all aspects of the business unlike environmental factors which can be sorted out as they arise (L4).</p>	10	<p>Level 4 – Evaluation (8-10 marks) An evaluation of the impact based on an analysis of both external factors and a reasoned judgement made. Max 9 marks for one factor evaluated with research Max 8 marks for evaluation but no research.</p> <p>Level 3 – Analysis (5-7 marks) Analysis of both factors with research 7 marks. Max 6 marks for analysis of at least one of the external factors with research. Max 5 marks for analysis of one or two factors but no research. Has to link to the garage and car business – if it doesn't then max 5 marks.</p> <p>Level 2 – Application (3-4 marks) Application of knowledge of one or more of the external factors. Max 3 marks for no context.</p> <p>Level 1 – Knowledge (1-2 marks) Knowledge of external factors. Emphasis should be on the effects on the business itself of external factors</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
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