Modified Enlarged 18pt

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Wednesday 12 January 2022 – Morning

Level 1/2 Cambridge National in Enterprise and Marketing

R064/01 Enterprise and marketing concepts

Time allowed: 1 hour 30 minutes
plus your additional time allowance

YOU CAN USE:
a calculator

Please write clearly in black ink.

Centre number | | | | | |

Candidate number | | | | |

First name(s) _____

Last name _____

READ INSTRUCTIONS OVERLEAF

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INSTRUCTIONS

Use black ink.

Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question number.

Answer ALL the questions.

INFORMATION

The total mark for this paper is 80.

The marks for each question are shown in brackets [ ].

ADVICE

Read each question carefully before you start your answer.

SECTION A

Answer ALL questions.

Put a tick (✓) in the box next to the ONE correct answer for each question.

1 Charlie inspects all products to ensure that customers will be happy with the quality.

Which functional area does Charlie work in? [1]

(a) Finance ☐

(b) Human Resources ☐

(c) Marketing ☐

(d) Operations ☐

2 Interest must be paid regularly on which source of capital? [1]

(a) Bank loan ☐

(b) Business angels ☐

(c) Own savings ☐

(d) Small business grant ☐

3 Alex and Ali have set up a business as a partnership.

What is an ADVANTAGE of this form of business ownership? [1]

(a) Each partner has total ownership ☐

(b) No legal requirements ☐

(c) Risk can be shared ☐

(d) Unlimited liability ☐

4 Which of these is a way of adding value to a smoothie drink? [1]

(a) Advertising ☐

(b) Aiming the product at a new market ☐

(c) Improving the ingredients ☐

(d) Reducing the price ☐

5 Sam owns a bookshop. The fixed costs for the business are £30 000 per year and the variable cost for a book is £12.50. The average book sells for £20.00.

The formula to calculate the break-even point is

$$\frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{Variable cost per unit}}$$

How many books must Sam sell each year to break-even? [1]

(a) 1500 ☐

(b) 2400 ☐

(c) 3750 ☐

(d) 4000 ☐

6 The costs of production should be considered when making decisions about a product's

(a) After sales service ☐

(b) Customer service ☐

(c) Patent ☐

(d) Price ☐ [1]

7 **Which functional area will be responsible for designing a job advert? [1]**

(a) Finance ☐

(b) Human Resources ☐

(c) Marketing ☐

(d) Operations ☐

8 **Jamal is one of the owners of a small business. If the business goes into debt, Jamal will only lose the amount of money that he originally invested in the business.**

Which form of ownership does this describe? [1]

(a) Director ☐

(b) Limited liability partnership ☐

(c) Shareholder ☐

(d) Sole trader ☐

9 Buy one get one free (BOGOF) is an example of a

(a) Loyalty scheme ☐

(b) Method of advertising ☐

(c) Pricing strategy ☐

(d) Sales promotion technique ☐ [1]

10 A luxury hotel has recently opened a beauty and relaxation spa.

During an economic recession, the spa is MOST likely to experience

(a) A decrease in sales ☐

(b) An increase in profits ☐

(c) Higher raw material costs ☐

(d) More new customers ☐ [1]

11 Which of these is a benefit of demonstrating a healthy cash flow forecast when preparing a business plan? [1]

(a) It will be easier to obtain more capital ☐

(b) Limited liability ☐

(c) The business plan will be more accurate ☐

(d) The business will make more profit ☐

12 Which pricing strategy means offering a new product at a similar price to others in the market? [1]

(a) Competitive pricing ☐

(b) Discounts ☐

(c) Price penetration ☐

(d) Psychological pricing ☐

13 Anika is a franchisee of a business called Indigoes.

One BENEFIT for Anika of operating as an Indigoes' franchisee is that she will

(a) Have no start-up costs ☐

(b) Make all key decisions herself ☐

(c) Receive a share of the profits from all of Indigoes' franchisees ☐

(d) Receive training and support from Indigoes ☐ **[1]**

14 Advertising is an example of

(a) An extension strategy ☐

(b) A pricing strategy ☐

(c) Market research ☐

(d) Product differentiation ☐ [1]

15 Which functional area is responsible for paying an invoice for a job vacancy advertisement? [1]

(a) Finance ☐

(b) Human Resources ☐

(c) Marketing ☐

(d) Operations ☐

16 Which of these is the MOST likely benefit of updating the packaging of a bar of chocolate? [1]

(a) A higher break-even point ☐

(b) It differentiates the product from its rivals ☐

(c) Lower costs ☐

(d) The product is more familiar amongst loyal customers ☐

SECTION B

Answer ALL questions.

For a number of years, you have enjoyed making items of jewellery (including rings and bracelets) which you often give to family and friends as gifts for birthdays, anniversaries and other celebrations. Your family and friends always comment that they appreciate the thought that you put into creating the jewellery which is very different to anything sold in the local shops.

After leaving school you have decided to combine your enterprise skills and creative talents to make and sell your jewellery within your area via a local 'buy & sell' site on social media.

You will carry out all of the functional activities involved in running a business on your own.

17 From the list below, link each functional activity to its correct functional area with a line. [4]

Finance	**Ensure the workplace is safe**
Marketing	**Decide a way to attract and retain customers**
Operations	**Monitor cash flow**
Human Resources	**Ensure there are enough stocks of materials**

18 You first need to carry out some market research to help you to segment the market.

(a) Identify THREE primary market research methods you could use.

1 _____

2 _____

3 _____

[3]

(b) Identify THREE ways you could segment the market.

1 _____

2 _____

3 _____

[3]

(c) **State and explain TWO advantages of you segmenting the market for jewellery.**

Advantage 1 _____

_____

Explanation _____

_____

Advantage 2 _____

_____

Explanation _____

_____

[4]

19 You plan to run your business as a sole trader.

(a) Explain ONE legal requirement of setting up your business as a sole trader.

_____

_____

_____

_____ **[2]**

(b) OTHER than legal requirements, analyse TWO disadvantages of running your business as a sole trader. [6]

Disadvantage 1 _____

_____

_____

_____

_____

_____

_____

_____

_____

Disadvantage 2 _____

20 You decide to use price skimming to set the prices for your products.

Analyse ONE advantage and ONE disadvantage for your business of using price skimming. [6]

Advantage _____

_____

_____

_____

_____

_____

_____

_____

_____

Disadvantage _____

_____

_____

_____

_____

_____

_____

21 The average price of your bracelets is £3.25. In an average month, your sales revenue is £487.50.

(a) Calculate how many bracelets you sell in an average month.

Show your workings. [2]

Answer _____ bracelets

(b) The variable costs of the bracelets are £80 during an average month. Your fixed costs are £35 per month. Calculate the amount of profit made per year.

Show your workings. [3]

Answer £ _____ per year

(c) State THREE examples of a fixed cost.

1 _____

2 _____

3 _____

[3]

22 After six months of running your business, you would like to expand by opening a stall in your local market. You plan to fund this expansion using a small business grant.

(a) Identify TWO organisations that may award a small business grant.

1 _____

2 _____

[2]

(b) State and explain TWO disadvantages of raising capital using a small business grant.

Disadvantage 1 _____

_____

Explanation _____

_____

Disadvantage 2 _____

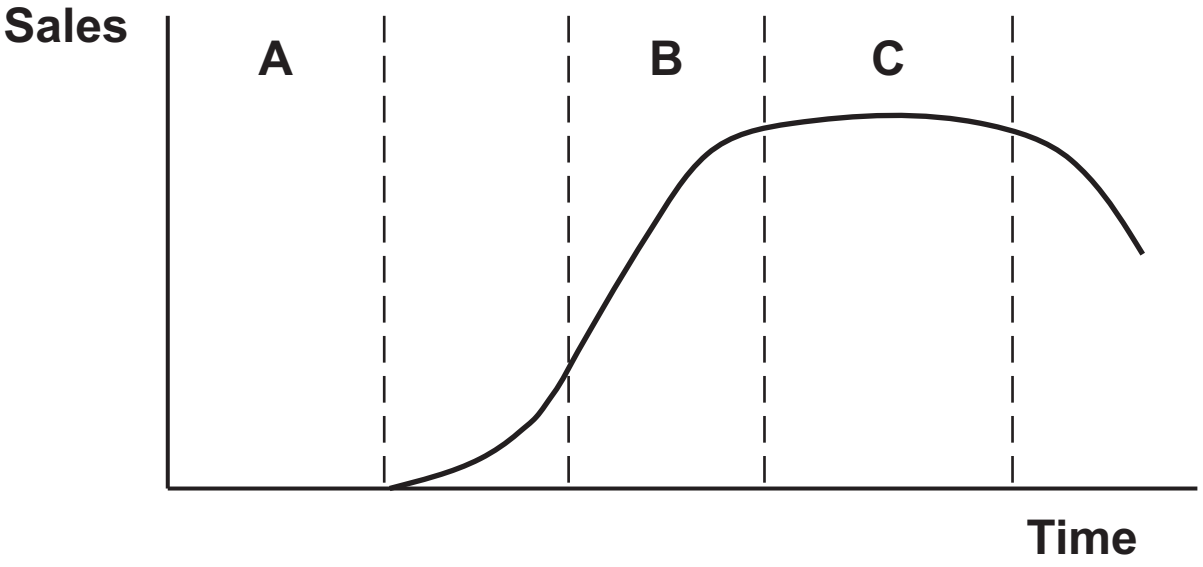
_____

Explanation _____

_____

[4]

23 You analyse the sales over time for each product you sell. Here is an example of the diagram that you use.



(a) What is the name of this diagram?

_____ **[1]**

(b) What is the name of the stages labelled A, B and C?

A _____

B _____

C _____

[3]

(c) State and explain TWO methods to differentiate the products you sell.

Method 1 _____

_____

Explanation _____

_____

Method 2 _____

_____

Explanation _____

_____

[4]

24 You think that customer feedback is important to consider before you start to design new items of jewellery.

Analyse TWO appropriate methods that you could use to obtain customer feedback before you start designing new items of jewellery. [6]

Method 1 _____

_____

_____

_____

Method 2

25 You decide to advertise your business locally to help attract and retain customers. You are considering whether to advertise EITHER in the local newspaper OR on local radio.

Recommend which of these two advertising methods you think should be used. Justify your answer. [8]

END OF QUESTION PAPER

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