

...day ... Month 2012 – Morning/Afternoon
LEVEL 1/2 CAMBRIDGE NATIONAL AWARD IN BUSINESS
LEVEL 1/2 CAMBRIDGE NATIONAL CERTIFICATE IN BUSINESS AND ENTERPRISE

R061: Introduction to Business

Candidates answer on the question paper

OCR Supplied Materials:

- Clean copy of the pre-release research brief

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

- 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 and make sure that you know what you have to do before starting your answer.
- Write your answer to each question in the space provided, however additional paper may be used if necessary.
- Do **not** write in bar codes.

INFORMATION FOR CANDIDATES

- The number of marks for each question is given in brackets [] at the end of the 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.



Section A

Answer **all** questions.

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

Jeni Hamilton is planning to open a sandwich shop called 'Food For Thought' as a sole trader in your local area. She has enough personal savings to pay for six months rent on the property and to purchase basic fixtures and fittings for the shop, including a second hand industrial fridge.

1 (a) Identify **two** characteristics of a sole trader business.

1.....

2..... [2]

Jeni may wish to change the form of ownership from being a sole trader as the business expands.

(b) Suggest **one** other suitable form of ownership for 'Food For Thought'. Explain why this would be a suitable choice.

Suitable form of ownership

.....

Explanation

.....

.....

..... [3]

Section A Total [6]

Section C

The questions in this section are based on the scenario in the Research Brief and your background research.

3 'Food for Thought' will be set up using Jeni's personal savings.

Identify **two** other methods of raising finance which could be used to set up a business such as 'Food For Thought'. Explain why each method of raising of finance would be suitable for such a business.

Method of raising finance 1

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Explanation

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Method of raising finance 2

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Explanation

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[6]

- 6 (a) Jeni is planning to employ part-time workers to work at 'Food for Thought' during busy times.

Explain what is meant by a 'part-time' worker.

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..... [2]

- 7 (b) Jeni will need to recruit the part-time workers. Using your research of how similar businesses in your local area recruit part-time staff, suggest **one** suitable method which Jeni could use to advertise for part-time workers at 'Food for Thought'. Give reasons for your suggestion.

Method

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Reasons

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..... [5]

Section C Total [35]

Section D

The questions in this section are based on the scenario in the Research Brief and your background research.

7 Jeni is aware that legislation (the law) will affect how 'Food For Thought' operates.

Explain **two** ways in which legislation will affect the operation of a business such as 'Food for Thought'.

1.....
.....

2.....
..... [4]

8 From your research into businesses similar to 'Food For Thought', explain how **two** external factors, other than legal factors, may affect the operation of 'Food For Thought' if it were to open in your local area.

Factor 1

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Explanation

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Factor 2

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Explanation.....
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..... [8]

Section D Total [12]
Paper Total [60]

END OF QUESTION PAPER

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Sample Assessment Material

LEVEL 1/2 CAMBRIDGE NATIONAL AWARD IN BUSINESS

LEVEL 1/2 CAMBRIDGE NATIONAL CERTIFICATE IN BUSINESS AND ENTERPRISE

R061: Introduction to Business

MARK SCHEME

Duration: 1 hour

SPECIMEN

MAXIMUM MARK 60

SPECIMEN

This document consists of 12 pages

Section A

Question	Answer	Marks	Additional Guidance
1 (a)	<p>Possible answers include:</p> <ul style="list-style-type: none"> • owner owns 100% of business • only one owner • unlimited liability • no lengthy set up period • may be set up with little or no capital • owner decides what to do with any profit • owner is in complete control • owner has flexibility to choose own working hours. 	2	<p>One mark for each valid characteristic of a sole trader (max two marks)</p> <p>0 marks must be given where there is no answer, or no answer worthy of credit.</p>
(b)	<p>Possible answers include:</p> <p>Partnership (1)</p> <p>Response may include:</p> <p>This would mean that the sandwich shop would be owned by all of the partners (1). They may draw up a deed of partnership (1) detailing their responsibilities. A new partner could inject extra money (1) or bring new skills to the business (1).</p> <p>Limited company (1)</p> <p>Response may include:</p> <p>This would mean selling shares in the business (1) which can bring in extra capital (1) and would mean that the business had limited liability (1) and would continue if one of the owners died (1). The company would also have a separate legal personality (1).</p>	3	<p>One mark for identification of any suitable form of business ownership, other than a sole trader.</p> <p>Up to two further marks for any reasonable explanation.</p> <p>0 marks must be given where there is no answer, or no answer worthy of credit.</p>

Question	Answer	Marks	Additional Guidance
2 (a)	<p>Possible answers include:</p> <ul style="list-style-type: none"> • profit • sales • growth • market share • to provide an effective service. 	2	<p>One mark for each identification of a valid business objective (max two marks).</p> <p>Accept other reasonable alternatives.</p> <p>Do not accept survival.</p> <p>0 marks must be given where there is no answer, or no answer worthy of credit.</p>
(b)	<p>Level 2 – (4–6 marks) Explanation of the reasons for changing business objectives in drawing on relevant examples.</p> <p>Response may include: A business will change objectives over time for a number of reasons. Firstly a business might have met all the previous objectives. So in Jeni’s case she might have survived the first year and now be looking to change her objective to making a profit. Secondly, a business might find that it is in trouble because of the economy, such as the recent recession. Many shops have closed on my local high street, so most of the shops that are left are focussing on survival, not growth at the moment.</p> <p>Level 1 – (1-3 marks) Identification of the reasons for changing business objectives (generic and lacking examples)</p> <p>Response may include: A business may change objectives because it has met their previous objectives. A business may change objectives because of changes to the economy. A business may change objectives when there is more or less competition in the area.</p>	6	<p>0 marks must be given where there is no answer, or no answer worthy of credit.</p>

Question	Answer	Marks	Guidance
3	<p>Response may include:</p> <ul style="list-style-type: none"> • Taking a partner If Jeni had a partner then they might be expected to put some of their own money into the business so that Jeni and the new partner were sharing the risk (1). This would be appropriate because they might also bring some skills in setting up the business (1) or be able to work in the business and avoid having to pay any other workers (1). • Bank loan A bank loan might be appropriate because it would give Jeni the money to set up immediately (1) and she could pay it back when she has started to earn some revenue (1). • Grant There are grants available for many new businesses (1) to encourage the entrepreneurial skills that Jeni obviously has (1). Some do not need to be paid back (1). • Borrowing from friends/family Jeni might have relatives or friends who could loan her some money and they might not expect much/any interest (1). This could be a quick way to get the capital (1) and she could pay them back when she has started to earn some revenue (1). 	6	<p>One mark for identification of each valid source of finance, other than owner's personal savings (max two).</p> <p>Up to two further marks for each of two explanations (max. four marks).</p> <p>This question is about start up capital for a sandwich shop.</p> <p>0 marks must be given where there is no answer, or no answer worthy of credit.</p>

Question	Answer	Marks	Guidance
4	<p>Level 3 – (5–6 marks) A thorough and reasoned analysis. Candidates will address all aspects of the question and discuss the different advantages and disadvantages (in the context of a sandwich shop) of making sandwiches to order.</p> <p>Response may include:</p> <p>If Jeni makes sandwiches to order, then she can give the customers exactly what they want, this is likely to lead to repeat business and therefore more sales which would mean higher profits. It will also let her compete with competitors such as Subway who advertise that they make all their sandwiches to order.</p> <p>However, making each sandwich to order means that at the busiest times of day, such as lunchtime and breakfast time, Jeni may not be able to keep up with the orders, meaning that customers have to wait too long and go elsewhere. If this happens Jeni will either have to employ more people which increases her costs, or she will lose sales and profits.</p> <p>Level 2 – (3-4 marks) Candidates will address through sound and logical analysis all aspects of the question and consider different implications, although development of some of the advantages/disadvantages relating to making sandwiches to order may be one sided or limited.</p> <p>Response may include:</p> <p>By making sandwiches to order, Jeni will be able to give the customers what they want and this will mean that the customers are happier with their food. It is also what many sandwich shops in my area do, so people expect their sandwiches to be made to order.</p>	6	0 marks must be given where there is no answer, or no answer worthy of credit.

Question	Answer	Marks	Guidance
	<p>However, some people just want a quick sandwich. This is why places such as supermarkets do not make sandwiches to order but have them ready made for people to just pick up.</p> <p>Level 1 – (1–2 marks) Candidates will only address some aspects of the question, and give basic descriptions of the advantages/disadvantages of making products to order, with little or no context or examples. Any analysis is basic, with little or no relevance.</p> <p>Response may include:</p> <p>If you make it to order this means that everything is unique and can be better quality. However this can take longer to make each one.</p>		
5 (a)	<p>Promotion (1) – Response may include:</p> <p>A poster in the sandwich shop window (1) so that passers by will see it</p> <p>Product (1) – Response may include:</p> <p>A range of made to order sandwiches (1) to allow customers choice</p> <p>Place (1) – Response may include:</p> <p>A shop on the high street (1) so many potential customers will walk past</p>	6	<p>One mark for each element of the marketing mix correctly identified and one further mark for a valid example in context.</p> <p>Do not allow examples out of context. For example: Television promotion or a product that is unlikely to be sold by a sandwich shop etc.</p> <p>0 marks must be given where there is no answer, or no answer worthy of credit.</p>

Question	Answer	Marks	Guidance
(b)	<p>Level 3 – (8–10 marks) Candidates will address all aspects of the question. A thorough evaluation of the likelihood of success and the likelihood of failure, in context, with a reasoned conclusion/recommendation drawing on both sides of the analysis.</p> <p>Response may include:</p> <p>My local area already has three sandwich shops so a new one would have to offer something better than the established ones if it was to be successful. To make their mark, a new sandwich shop would have to promote their sandwiches and meal deals to their customers because it is my experience that customers usually go to the sandwich shop closest to them. If they couldn't get customers to buy their sandwiches then the business will not get enough sales and therefore profit to give Jeni an income. If this happens then the business would fail. Whether the business succeeds or fails depends upon the marketing that the business uses. If they can successfully gain sales and repeat customers then it will be a success but if not then they are unlikely to meet their business objectives.</p> <p>Level 2 – (5-7 marks) Candidates will address all aspects of the question and consider different implications. Evaluation will be generally sound, although development of some of the conclusions/recommendations may be one sided or limited.</p>	10	<p>The conclusion may decide that the sandwich shop would be successful or not (or 'sit on the fence') in the local area and both outcomes should be rewarded as long as they are based on a valid analysis.</p> <p>0 marks must be given where there is no answer, or no answer worthy of credit.</p>

Question	Answer	Marks	Guidance
	<p>Response may include:</p> <p>If a sandwich shop were to open in my local area then it would need to convince the local residents to buy their sandwiches from them, rather than the local supermarkets. One way they could do this would be to make every sandwich to order and focus on the quality of their products. If they can do this then customers will be happy to come to the sandwich shop and perhaps even pay more for their sandwiches which will give Jeni more customers and more chance of success.</p> <p>Level 1 – (1–4 marks) Limited evaluation of some aspects of the question. Evaluation of likely success may have little relevance, and any conclusions or recommendations will be basic.</p> <p>Response may include:</p> <p>One of the biggest markets for sandwiches in my area are the people who go to work and can't be bothered to make them themselves. To sell to these customers, Jeni would have to place her shop on the route from the residential houses into town. That way she will get plenty of passing trade.</p> <p>Jeni also needs to keep an eye on her finances as she could easily overspend and not have enough money to buy all her ingredients. All the sandwich shops near me, have to buy stock at least twice a week, so that they have enough fresh ingredients to make all the sandwiches that people want. This means that they need plenty of cash in the business.</p>		

Question	Answer	Marks	Guidance
6 (a)	<p>Response may include:</p> <p>A worker who works fewer hours (1) than a full time equivalent worker (1)</p> <p>or</p> <p>A part time worker works for less hours (1) than the average of 35-40 hours a week (1)</p>	2	<p>One mark for identification that a part-time worker works reduced hours.</p> <p>One further mark for any further points of explanation.</p> <p>0 marks must be given where there is no answer, or no answer worthy of credit.</p>
(b)	<p>Many possible answers:</p> <p>Local paper (1)</p> <p>Most of the small businesses in my area use the local paper (1) to advertise for jobs because it is relatively cheap (1) and it is only read by local people (1) who are likely to be the target audience for the job advert (1)</p> <p>Advertising in the shop window (1)</p> <p>Jeni would want to attract people who live close to the shop (1) because the job is unlikely to be well paid (1) so a poster would mean that everyone who passed by (1) would see the poster and they would probably live close to the shop (1)</p>	5	<p>One mark for identification of a suitable method.</p> <p>Up to four further marks for reasons why the method would be suitable.</p> <p>Accept any other reasonable/suitable answer.</p> <p>0 marks must be given where there is no answer, or no answer worthy of credit.</p>
7	<p>Possible answers may include:</p> <p>Health and safety (1) could affect the operation of a sandwich shop because it must make sure that there are adequate toilet facilities for the manager and employee (1)</p> <p>Food safety (1) means that all the food must be fit for human consumption (1)</p> <p>The shop could be fined if customers regularly litter the area (environmental protection) (1) which would decrease the profit it makes (1)</p>	4	<p>One mark for knowledge of how the law could affect a sandwich shop (max two).</p> <p>One further mark for an explanation of how the law could affect a sandwich shop (max two).</p> <p>Any legal issue in context should be allowed.</p> <p>0 marks must be given where there is no answer, or no answer worthy of credit.</p>

Question	Answer	Marks	Guidance
8	<p>Possible answers may include:</p> <p>Economic (1) – A recession will affect a sandwich shop (1) because people have less disposable income (1) and therefore might stop buying a luxury such as a pre-made sandwich (1)</p> <p>Social (1) – In my area it is quite cool to eat at McDonalds so less people would want to go to the sandwich shop (1) and therefore it might have to make more burgers and fries to compete (1) otherwise it will lose all of its customers to McDonalds (1)</p> <p>Technological (1) – More people have smart phones so if the sandwich shop created an app to order your sandwich (1) then they might have less of a busy lunchtime (1) and give the shop a USP (1)</p> <p>Environmental (1) – a sandwich shop uses a lot of paper and plastic bags (1) so there may be an opportunity to cut down on these and gain new customers who want an environmental sandwich shop (1). This would be a USP for Food for thought (1)</p>	8	<p>One mark for each external factor identified (max two marks). Up to three further marks for each point of explanation about how it could affect a sandwich shop</p> <p>Allow external factors which are not on this list but, in context, could affect a sandwich shop eg competitors.</p> <p>0 marks must be given where there is no answer, or no answer worthy of credit.</p>

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