



Thursday 9 January 2014 – 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 (R061/01 – 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 will 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** questions.

SECTION A

Rob and Sunil set up Fabulous Finnish Furniture (FaFF) as a partnership five years ago. They are now considering whether to turn the business into a private limited company (Ltd).

1 (a) Complete the **two** sentences below which describe the characteristics of a partnership by selecting the correct words from the following list.

- Continuity
- Profits
- Stakeholders
- Unlimited

A partnership has liability.

A partnership has a lack of [2]

(b) FaFF operates in an international market.

Explain **one** reason why changing to a private limited company might be an advantage to FaFF when operating in an **international** market.

Reason

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Explanation

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[3]

SECTION B

FaFF currently has the business objective of increasing sales through the development of a new range of furniture.

2 (a) State and explain **one different** business objective which FaFF might have.

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..... [3]

(b) Using your research of businesses in your area, analyse why it is important for FaFF to use business planning when making major business decisions. [6]

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SECTION C

FaFF needs to raise finance in order to make and sell its new range of furniture. This will include the need to move to new premises. FaFF will require enough money to cover all of the costs involved in making such changes.

The new range of furniture will be of a lower quality than the furniture which FaFF has previously made and sold. FaFF will also continue to make and sell its current, higher quality range of furniture.

The table below shows some of the different sources of finance which businesses can use.

Bank loan
Mortgage
Overdraft
Retained profit
Sale of assets
Trade credit

- 3 Using the table above, recommend **one** source of finance which would be appropriate for FaFF to use in **each** of the following situations. Give a reason for **each** of your recommendations.

Buying new premises

Source

Reason

.....

Buying wood and other raw materials

Source

Reason

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[4]

- 4 (a) Other than using its website, recommend **one** method which FaFF could use to promote its new range of lower quality furniture **outside** of the UK. Give a reason for your recommendation.

Method

Reason

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[3]

- 5 (a) (i) Rob knows that FaFF’s existing method of production will need to change in order to increase the range of furniture it makes and sells.

Identify the method of production described by the phrase ‘custom made to meet the needs of the customer’.

..... [1]

- (ii) Draw **three** lines to match each part of the production process with its correct description.

Production process	Description
Producing furniture	Counting the number of products made
Logistics	Making sure there is enough wood
Measuring production	Making furniture to sell
	Managing resources from raw materials to finished goods

[3]

- (b) Using your research of businesses in your own area, recommend and justify how FaFF could ensure product quality when increasing the number and variety of products made. [7]

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(c) The wood FaFF uses in the production of its furniture is imported from Finland.

Explain **one** possible disadvantage to FaFF of buying raw materials from Finland.

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..... [3]

10
SECTION D

7 Explain **one** way in which FaFF might be affected by changes in the law.

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..... [3]

8 Rob and Sunil know that businesses can be affected by external factors. These factors include:

- economic
- political
- ethical.

Using your research of businesses in your area, evaluate which of these factors could have the greatest impact on FaFF as a manufacturing business. [10]

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END OF QUESTION PAPER

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