

Cambridge National
Business and Enterprise

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

Cambridge National Level 1/2 Award/Certificate

Mark Scheme for June 2018

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

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

Annotation	Meaning
	Unclear
BOD	Benefit of doubt
R	Research
CONT	Context
	Cross
	Tick
L1	Level 1
L2	Level 2
L3	Level 3
L4	Level 4
NAQ	Not answered question
REP	Repetition
SEEN	Seen
BP	Blank Page
TV	Too vague

Question		Answer	Mark	Guidance
1	(a)	<p>A private limited company cannot sell its shares on the stock exchange – True</p> <p>A private limited company shareholder can only sell shares to friends and family - False</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>
1	(b)	<p>Limited liability means that if a business is in debt (1) the owners of that business are only liable to pay back the money they have invested (1) in that business, not their own possessions (1).</p>	3	<p>One mark for debt/bankrupt, one mark for paying back investment and one mark for reference to possessions/ loss of investment.</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>Advantages might include:</p> <ul style="list-style-type: none"> • Shares bought and sold with agreement of all • More control • Often family controlled • Easier to set up • Not so easy to takeover • Can't publish accounts <p>Exemplar As a private limited company Speedwheels Ltd can only sell its shares with the agreement of the directors (1), which means the directors have more control (1) over how the business is run compared with a public limited company. (1)2</p>	3	<p>One mark for a correct advantage, one mark for explanation, one mark for difference from a public limited company.</p> <p>No context required</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>

Question		Answer	Mark	Guidance												
2	(a)	<table border="1"> <tr> <td></td> <td>Tick(✓) two boxes</td> </tr> <tr> <td>Decrease price</td> <td>✓</td> </tr> <tr> <td>Decrease workforce</td> <td></td> </tr> <tr> <td>Increase advertising</td> <td>✓</td> </tr> <tr> <td>Increase costs</td> <td></td> </tr> <tr> <td>Increase prices</td> <td></td> </tr> </table>		Tick(✓) two boxes	Decrease price	✓	Decrease workforce		Increase advertising	✓	Increase costs		Increase prices		2	<p>One mark for each correct identification up to two marks.</p> <p>Only mark first two 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(✓) two boxes															
Decrease price	✓															
Decrease workforce																
Increase advertising	✓															
Increase costs																
Increase prices																
2	(b)	<p>Advantages of setting achievable objectives might include:</p> <ul style="list-style-type: none"> • Motivational • Realistic • Agreed by all • To reduce failure/improve success • Easier to complete <p>Exemplar:</p> <p>Speedwheels Ltd produces bicycles (1) and if workers know that production targets in particular are realistic (1) and this will motivate them to achieve them (1).</p>	3	<p>One mark for a valid advantage of setting objectives, one mark for explanation of achievable and one further mark for context.</p> <p>Reward likelihood of increased sales as context from stem.</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>												

Question		Answer	Mark	Guidance
2	(c)	<p>Reasons for a business plan might include:</p> <ul style="list-style-type: none"> • to raise finance • to measure progress • to help avoid making mistakes • to plan resources • to prepare accounts <p>Exemplar response:</p> <p>Businesses like Speedwheels Ltd should prepare a business plan when taking major business decisions because such planning will consider a number of factors such as time, costs, external factors (L1) which might affect the decision such as a change in the economic conditions (L2). In the case of Speedwheels Ltd this might involve the costs of relocation or more equipment and employees (L3). Business plans are especially important for business in order to reduce the risk of failure to meet objectives. (L3). This happened to a Hotspa Ltd in my area (R) which makes hot tubs. They did not adjust their business plan to meet different seasonal demands and found that they could not meet the increased demand at certain times of the year and therefore lost sales. (L3)</p>	6	<p>Level 3 – Analysis (5-6 marks) An analysis, with reference to some research, of reasons for having a business plan and its implications to Speedwheels Ltd.</p> <p>Maximum 5 marks if no context/research</p> <p>Level 2 – Application (3-4 marks) An understanding/explanation of reasons for having a business plan. Maximum 3 marks if no research.</p> <p>Level 1 (1-2 marks) Knowledge of business plans.</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>

Question		Answer	Mark	Guidance								
3	(a)	<table border="1"> <tr> <td></td> <td>Tick(✓) one box</td> </tr> <tr> <td>Total profit minus total costs</td> <td></td> </tr> <tr> <td>Total sales revenue equals total costs</td> <td>✓</td> </tr> <tr> <td>Total sales revenue minus total costs</td> <td></td> </tr> </table>		Tick(✓) one box	Total profit minus total costs		Total sales revenue equals total costs	✓	Total sales revenue minus total costs		1	<p>One mark for correct identification.</p> <p>Only reward first tick</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(✓) one box											
Total profit minus total costs												
Total sales revenue equals total costs	✓											
Total sales revenue minus total costs												
3	(b)	<p>Fixed costs might include:</p> <ul style="list-style-type: none"> • Rent • Loan repayments • Interest charges • Salaries • Business rates 	2	<p>One mark for each correct identification.</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>								

Question		Answer	Mark	Guidance
4	(a)	Consumer/customer	1	One mark for 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.
4	(b)	Answers might include: <ul style="list-style-type: none"> • mark up • cost plus • price skimming • psychological • penetration • premium • competitive 	1	One mark for 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.
4	(c)	Methods might include: <ul style="list-style-type: none"> • trade magazines • Hiking, rambling, healthy living magazines • Website, social media etc • Local leaflets, tourist info, local radio, tv • Free gifts, vouchers • Promotional pricing • Added value • Competitions <p>Factors to consider:</p> <ul style="list-style-type: none"> • look for new market segments • widen its advertising to general population • cost, time, internal IT skills 	10	Level 4- Evaluation (8-10 marks) A recommendation is made from the evaluation of at least two methods of promotion in context. Max 9 marks for one method with research Max 8 marks for no research Level 3 – Analysis (5-7marks) Analysis of at least one method of promotion in context with research. Max 6 marks for one method with research, no context Max 5 marks for no research. Level 2 – Application (3-4 marks) Explanation of at least one method of promotion in context. Max 3 marks for no context.

Question		Answer	Mark	Guidance
		<p>Exemplar answer:</p> <p>Speedwheels Ltd is a popular business and demand is increasing. In order to keep on achieving high sales Speedwheels Ltd needs to look to expand its promotion and advertising. A business in my area Mick's Motors has recently expanded its workshop to allow it to offer an MOT service (R) (L1) At present his market is very local so he has had to choose to use social media in order to get more customers who live further away (L2). It is important that Speedwheels Ltd can maintain the increase in demand and therefore needs to promote the business using a website which can attract more customers from outside the local area, thereby increasing sales (L3). However the method of promotion will depend on the cost and the market that needs to be targeted and the skills that are present within the business (L4).</p>		<p>Level 1 – Knowledge (1 -2 mark) Knowledge of methods of promotion.</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	(d)	<p>Effects on resources might include:</p> <ul style="list-style-type: none"> • Need for more raw materials • Need more money • Need more labour • More capital machinery • Bigger factory <p>Exemplar answer: Speedwheels Ltd are going to buy new premises to increase production (1), this will require an increase in finance and raw materials and parts (1).</p>	4	<p>One mark for each valid resource, plus one mark for each valid explanation. Each explanation should be different.</p> <p>Do not accept, more rubber, tyres, motors etc. as different material resources</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>

Question		Answer	Mark	Guidance
5	(a)	<p>Reasons might include:</p> <ul style="list-style-type: none"> • already trained • familiar with owners/ other staff, customers • consistent level of service • better motivated • more confident • loyal <p>Exemplar response:</p> <p>Employees would already be trained (1) in the area of customer service (1), for example which is very important when fixing peoples cars safely (1).</p>	3	<p>One mark for valid reason 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>
5	(b)	<p>Reasons might include:</p> <ul style="list-style-type: none"> • reduced cost of recruitment • reduced time taken to recruit • lower relocation costs • increased employment for local economy • links with colleges and schools • less travel costs • greater local awareness of business • word of mouth promotion <p>Exemplar answer:</p> <p>Speedwheels Ltd could contribute to employment in the local area by recruiting the extra assembly workers from a local college (L1). This would reduce the cost of recruiting (L2) through other traditional means such as local newspapers and trade magazines and also help to increase local employment and the prosperity of the community. (L3)</p>	6	<p>Level 3 – Analysis (5-6marks) Analysis of the implications of recruiting from the local area on Speedwheels OR the community. Context 6 marks No context 5 marks</p> <p>Level 2 – Application (3-4 marks) Understanding of reasons for recruiting locally. Context 4 marks No context 3 marks</p> <p>Level 1 – Knowledge (1-2 marks) Knowledge of recruitment.</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>

Question	Answer	Mark	Guidance
6	<p>Technology might include:</p> <ul style="list-style-type: none"> • CAM • payment systems • social media • electronic testing systems • changes in bicycle technology(must be relevant) • website <p>Exemplar: Speedwheels Ltd could use new technology such as robotic machines (1) to manufacture the bicycles (1) and this would mean less wages to pay employees (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>

Question	Answer	Mark	Guidance
7	<p>Factors might include:</p> <ul style="list-style-type: none"> • ethical – supply chain for parts, child labour, increased price due to environmental considerations, profit motive • environmental – effects of extending the premises, effects of noise, increased traffic etc. <p>Exemplar answer:</p> <p>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>Ethical – is to do with what is morally right (L1) rather than following the law (L2). Speedwheels Ltd probably only needs to deal with problems in the supply chain such as the use of child labour in other countries. With the expansion this might become more of an issue as more parts would be required and Speedwheels Ltd might be tempted to buy in bulk from areas where labour is not treated well in order to increase profit.(L3)</p> <p>In conclusion, environmental factors would affect Speedwheels Ltd the most because they are a main selling point of the company and customers are becoming increasingly aware of the effect of transport on the environment (L4) whereas ethics depends on the view of the business and in this case I would expect them to be ethically aware (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 Max 8 marks for evaluation but no research.</p> <p>Level 3 – Analysis (5-7 marks) Analysis of both factors with research 7 marks. An analysis of at least one of the external factors with research 6 marks. Max 5 marks for analysis of one or two factors but no research.</p> <p>Level 2 – Application (3-4 marks) Application of knowledge of one or more of the external factors.</p> <p>Level 1 – Knowledge (1-2 marks) Knowledge of external factors.</p> <p>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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