

Tuesday 21 May 2013 – Morning

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 (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 in the centre of 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

Monarch Independent Cinema Ltd (MIC Ltd) is a private limited company.

- 1 (a) Identify **two** characteristics of a private limited company. Place a tick (✓) in the correct boxes in the table below.

| Characteristics | Tick (✓) |
|---|----------|
| The business can trade shares on the stock exchange | |
| A maximum of two shareholders | |
| Limited liability | |
| The business has its own legal identity | |

[2]

- (b) MIC Ltd is considering ways to raise finance. One way in which it could do this is to change its form of ownership from that of a private limited company.

Suggest **one** other suitable form of ownership which would help the business raise finance. Explain why this would be a suitable choice.

Suitable form of ownership

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Explanation

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[3]

3
SECTION B

The Board of Directors of MIC Ltd has never set business objectives.

- 2 (a)** Using your research of businesses in your area, recommend and justify **one** suitable business objective for MIC Ltd.

Recommendation.....

Justification

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[7]

- (b)** State **two** other business objectives which MIC Ltd could have.

1

2

[2]

SECTION C

The Board of Directors of MIC Ltd has decided that an additional cinema screen might attract more customers and help the business to break even. The estimated cost of the additional screen would be £500 000. The business would need to raise finance in order to fund the building of the additional screen.

3 (a) Explain what is meant by the term 'break-even'.

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..... [2]

(b) Identify **two** suitable methods by which MIC Ltd could raise the finance required for the building of the additional screen. Explain why each method would be suitable.

Method 1

Explanation

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Method 2

Explanation

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[6]

- 4 Identify **one** service and **one** product offered to customers by MIC Ltd. Place a tick (✓) in the correct boxes in the table below.

| | Service (✓) | Product (✓) |
|-----------------|-------------|-------------|
| Bags of popcorn | | |
| Minimum wage | | |
| Showing a film | | |
| Staff canteen | | |

[2]

- 5 (a) MIC Ltd needs to conduct some market research in order to find out how to attract more customers.

Identify **two** suitable methods of **primary** market research which MIC Ltd could use in order to find out how to attract more customers. Explain how each method would enable useful information to be collected.

Method 1

Explanation

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Method 2

Explanation

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[6]

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6 (a) (i) The staff at MIC Ltd are paid a wage.

What is meant by the term 'wage'?

.....
 [1]

(ii) The staff at MIC Ltd are sometimes asked to work overtime. Which **two** of the following statements about overtime are correct? Place a tick (✓) in the correct boxes.

| Statement | Tick (✓) |
|---|----------|
| Working more than your normal hours | |
| A payment below the minimum wage | |
| A fixed monthly payment | |
| Receiving extra pay for working extra hours | |

[2]

(iii) Explain **one** advantage to MIC Ltd of asking its staff to work overtime.

.....

 [2]

(b) MIC Ltd needs to recruit a new member of staff.

Identify **one** way in which MIC Ltd might advertise this job.

..... [1]

SECTION D

- 7 Using your research of businesses in your area, identify **one** example of each of the following external factors which might impact on a business such as MIC Ltd.

Social

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Environmental

.....

Ethical

.....

Political

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[4]

8 The Board of Directors has identified three other external factors which may impact on the operation of MIC Ltd. These are:

- economic
- legal
- technological.

Using your research of businesses in your area, evaluate the likely impact of each of these external factors on a business such as MIC Ltd. [10]

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END OF QUESTION PAPER

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