

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS  
LEVEL 1/2**

**R064/01**

**CAMBRIDGE NATIONAL IN  
ENTERPRISE AND MARKETING**  
Enterprise and marketing concepts  
**THURSDAY 10 JANUARY 2019:  
Morning**

**TIME ALLOWED: 1 hour 30 minutes  
plus your additional time allowance  
MODIFIED ENLARGED 24pt**

<b>First name</b>		<b>Last name</b>	
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<b>Centre number</b>						<b>Candidate number</b>				
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**YOU MAY USE:  
A calculator**

**READ INSTRUCTIONS OVERLEAF**



## **INSTRUCTIONS**

**Use black ink.**

**Complete the boxes on the front page with your name, centre number and candidate number.**

**Answer ALL the questions.**

**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).**

## **INFORMATION**

**The total mark for this paper is 80.**

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

**Quality of written communication will be assessed in this paper.**

## SECTION A

Answer ALL the questions.

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

1 Which of the following is a stage of the product lifecycle? [1]

(a) Advertising

(b) Competition

(c) Growth

(d) Recession

2 Which functional area is responsible for identifying the needs and wants of customers? [1]

(a) Finance

(b) Human Resources

(c) Marketing

(d) Operations

3 'Salaries' are an example of:

(a) Fixed costs

(b) Profit

(c) Sales revenue

(d) Variable costs  [1]

- 4 Which of the following needs to be submitted to Companies House when setting up a private limited company? [1]**
- (a) Business plan
  - (b) Cash flow forecast
  - (c) Memorandum of Association
  - (d) Taxation
- 5 Which of the following is part of the marketing mix? [1]**
- (a) Performance
  - (b) Planning
  - (c) Policy
  - (d) Price
- 6 Which of the following sources of capital usually includes business advice from an experienced entrepreneur? [1]**
- (a) Bank loan
  - (b) Business angel
  - (c) Crowdfunding
  - (d) Own savings

**7 Which functional area is responsible for quality control? [1]**

**(a) Finance**

**(b) Human Resources**

**(c) Marketing**

**(d) Operations**

**8 Which of the following is a benefit of limited liability for the owners of a business? [1]**

**(a) Profit must be shared equally between them**

**(b) They can easily raise extra capital by issuing more shares**

**(c) They must repay all the debts of the business**

**(d) They will only lose the amount they invested in the business if it fails**

**9 How much profit is made if a business earns £18 000 of sales revenue and its total costs are £7 500? [1]**

**(a) £8 000**

**(b) £10 500**

**(c) £25 500**

**(d) £135 000**

**10 Mayer is thinking of starting a business by buying a franchise of Perfection Pizza.**

**Which of the following is an advantage of starting a business by buying a franchise? [1]**

- (a) A royalty fee must be paid each year**
- (b) It is more expensive than starting a completely new business**
- (c) Mayer's business will benefit from having an established brand name**
- (d) Mayer can control what he sells in his business**

**11 A sole trader needs additional capital to help to set up a new business. The sole trader does not wish to pay any interest or sign a formal contract.**

**Which of the following sources of finance should they avoid? [1]**

- (a) Borrow money from a friend**
- (b) Gift from their sister**
- (c) Loan from a bank**
- (d) The sole trader's own savings**

**12 Sarah runs a business selling flowers. Last week she earned £1 350 of sales revenue.**

**If last week Sarah's average selling price per bunch of flowers was £15, how many bunches of flowers did she sell? [1]**

**(a) 9**

**(b) 45**

**(c) 90**

**(d) 135**

**13 Which of the following sales promotion techniques aims to reward and retain customers who have bought from the business for a long period of time? [1]**

**(a) Competitions**

**(b) Loyalty schemes**

**(c) New product trials**

**(d) Point of sale advertising**

14 Which of the following tasks would NOT be carried out by the Marketing function of a business? [1]

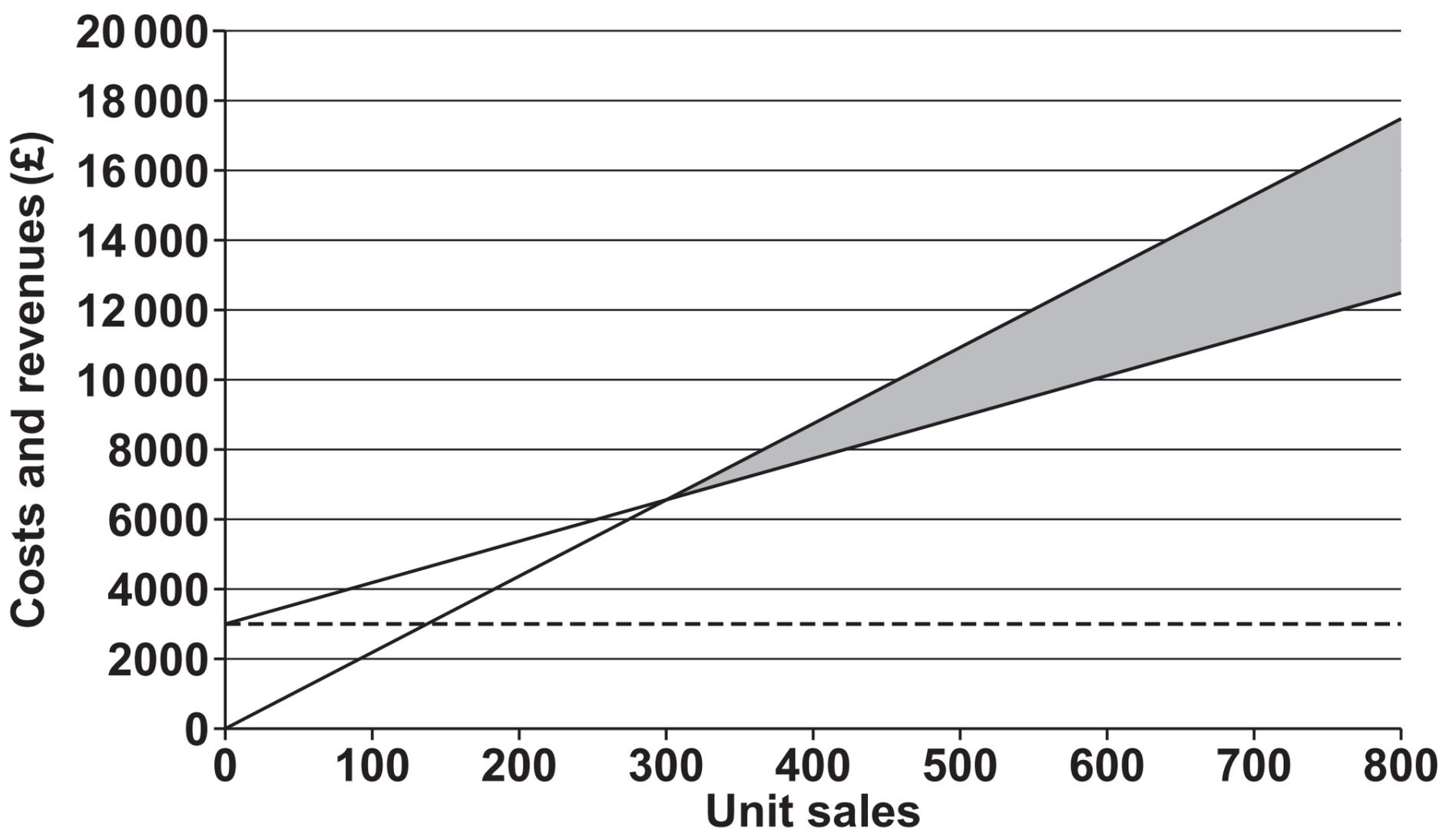
(a) Designing a market research questionnaire

(b) Holding a focus group with customers

(c) Logistics

(d) Promoting a new product

15 A break-even graph for a product is shown below.



What is shown by the shaded area? [1]

(a) Break-even

(b) Fixed costs

(c) Loss

(d) Profit

**16 Which of the following does NOT affect the price set for a new service? [1]**

**(a) Availability of individuals to work for the business**

**(b) Cost to deliver the service**

**(c) Income levels of target customers**

**(d) Price of competitor services**

## SECTION B

Answer ALL questions in this Section.

Photography has always been one of your hobbies. You recently used some money that you inherited to buy a new digital camera and set up a photography services business. You have decided to specialise in wedding photography and have produced a website to promote your photography services.

17 (a) Identify THREE ways that customers' needs may vary.

- 1 \_\_\_\_\_
  - 2 \_\_\_\_\_
  - 3 \_\_\_\_\_
- [3]

(b) Identify and explain the most appropriate method for segmenting the market for your photography services.

Method \_\_\_\_\_

Explanation \_\_\_\_\_

\_\_\_\_\_

[2]



**19 Reports in the media are suggesting that the economy is about to enter an economic boom.**

**(a) Explain a potential impact on your new photography services if the economy does enter an economic boom.**

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**[2]**

**(b) Apart from 'boom', identify TWO other stages of the business cycle.**

1 \_\_\_\_\_

2 \_\_\_\_\_

**[2]**

**(c) State and explain TWO legal issues which may affect your new business.**

**Issue 1** \_\_\_\_\_

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**Explanation** \_\_\_\_\_

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**Issue 2** \_\_\_\_\_

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**Explanation** \_\_\_\_\_

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**[4]**

**20 You decide to use secondary (desk) market research to investigate trends in the wedding photography industry.**

**Identify ONE secondary market research source which you could use and explain ONE benefit of using this method.**

**Secondary market research source**

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**Benefit**

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**[3]**



**22 During a typical month you forecast that you will photograph at six weddings. You have also forecast that your typical monthly costs will be:**

**fixed costs of £3 000**

**total variable costs of £600.**

**(a) Calculate the total cost for a typical month.**

**Show your workings [2]**

**Answer \_\_\_\_\_**

**(b) August is expected to be your busiest month and you forecast that you will photograph at 10 weddings during the month. Calculate your total costs for August.**

**Show your workings [4]**

**Answer \_\_\_\_\_**

**(c) Identify THREE examples of variable costs which you will need to pay.**

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

**[3]**

**23 You are keen to obtain feedback from your customers after each wedding.**

**(a) Explain ONE reason why obtaining customer feedback is important when running a new business.**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**[2]**

**(b) Identify THREE customer feedback techniques which you could use.**

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

**[3]**

**24 To pay for some advertising, you need to raise additional finance. You are aware of a small business grant available from your local council for young entrepreneurs.**

**State and explain ONE advantage and ONE disadvantage of raising finance via a small business grant.**

**Advantage** \_\_\_\_\_

\_\_\_\_\_

**Explanation** \_\_\_\_\_

\_\_\_\_\_

**Disadvantage** \_\_\_\_\_

\_\_\_\_\_

**Explanation** \_\_\_\_\_

\_\_\_\_\_

**[4]**

**25 You are considering using psychological pricing.**

**(a) Explain what is meant by psychological pricing.**

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**[2]**

**(b) Identify TWO other pricing strategies which you could use.**

**1** \_\_\_\_\_

**2** \_\_\_\_\_

**[2]**

**26 You decide to employ a Human Resources specialist, called Sadie, for one day per week, to help you with the activities of that functional area.**

**(a) Identify TWO Human Resources activities which Sadie may help you with.**

**1** \_\_\_\_\_

**2** \_\_\_\_\_

**[2]**

**(b) You plan to be responsible for the Finance functional activities.**

**State and explain TWO Finance activities which you may need to carry out.**

**Activity 1** \_\_\_\_\_

\_\_\_\_\_

**Explanation** \_\_\_\_\_

\_\_\_\_\_

**Activity 2** \_\_\_\_\_

\_\_\_\_\_

**Explanation** \_\_\_\_\_

\_\_\_\_\_

**[4]**





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