



**NQF
Certificate
1.1 IB**

**Introduction to Business
Thursday 8 December 2016, Afternoon**

- 1. Time allowed: 3 hours.**
- 2. Answer any four questions.**
- 3. All questions carry 25 marks. Marks for subdivisions of questions are shown in brackets.**
- 4. No books, dictionaries, notes or any other written materials are allowed in this examination.**
- 5. Calculators, including scientific calculators, are allowed provided they are not programmable and cannot store or recall information. All other electronic devices, including mobile phones, are not permitted.**
- 6. Candidates who break ABE Examination Regulations will be disqualified from the examinations.**
- 7. Question papers must not be removed from the examination room.**



Answer any four questions

- Q1 (a)** Explain the differences between the following types of production systems:
- (i) Job and batch production **(6 marks)**
 - (ii) Cell and lean production **(6 marks)**
- (b)** A car manufacturer is planning the introduction of a Just-In-Time (JIT) production management system for its assembly line.
- (i) Define the term 'just-in-time'. **(3 marks)**
 - (ii) Explain three advantages and three disadvantages that the firm might experience with the introduction of such a system. **(10 marks)**
- (Total 25 marks)**
- Q2 (a)** Explain the differences between the following marketing terms:
- (i) A niche market and a mass market **(4 marks)**
 - (ii) Promotion and Place **(4 marks)**
 - (iii) Demand based pricing and competition based pricing **(4 marks)**
- (b)** Define the term 'market segmentation'. **(3 marks)**
- (c)** Using an example, explain how the consumer market could be segmented. **(10 marks)**
- (Total 25 marks)**
- Q3 (a)** Explain each of the following financial terms:
- (i) Gearing **(3 marks)**
 - (ii) Working capital **(3 marks)**
 - (iii) Budget **(3 marks)**
 - (iv) Net profit **(3 marks)**
 - (v) Current assets **(3 marks)**
- (b)** For each of the following situations, explain what the most suitable source of finance is:
- (i) A company wishing to expand its fleet of cars **(5 marks)**
 - (ii) A company with a cash flow problem is having difficulty collecting from debtors **(5 marks)**
- (Total 25 marks)**
- Q4 (a)** Explain what is meant by the following terms:
- (i) Job enrichment **(3 marks)**
 - (ii) Job shadowing **(3 marks)**
 - (iii) Labour turnover **(3 marks)**
 - (iv) Workforce planning **(3 marks)**
- (b)** A business is considering the introduction of a training programme to produce its own supply of skilled workers.
Discuss the benefits and disadvantages of establishing such a training programme. **(13 marks)**
- (Total 25 marks)**

- Q5 (a)** Explain three business objectives for different types of organisations. **(9 marks)**
- (b)** Explain the difference between shareholders and stakeholders. **(4 marks)**
- (c)** A business is investing half of all future profits in expanding the Research and Development department. Discuss how this might affect the objectives of the following groups:
- (i)** Shareholders **(4 marks)**
 - (ii)** Employees **(4 marks)**
 - (iii)** Competitors **(4 marks)**
- (Total 25 marks)**
- Q6 (a)** Explain each of the following terms:
- (i)** Primary sector **(3 marks)**
 - (ii)** Private sector **(3 marks)**
 - (iii)** Tertiary sector **(3 marks)**
 - (iv)** Public sector **(3 marks)**
- (b)** A successful sole trader wishes to expand and is considering forming a partnership with three life-long friends.
Assess the advantages and disadvantages for the sole trader of forming a partnership. **(13 marks)**
- (Total 25 marks)**
- Q7 (a)** Using examples, discuss how political, social and technological factors might affect business organisations. **(13 marks)**
- (b)** Explain how a UK based global airline might be affected by the following changes in the economic environment:
- (i)** A rise in UK interest rates **(4 marks)**
 - (ii)** A fall in the exchange rate of the £ sterling **(4 marks)**
 - (iii)** A world-wide recession **(4 marks)**
- (Total 25 marks)**
- Q8 (a)** A UK car manufacturer is considering opening an assembly plant in Africa.
Discuss the factors that might influence the choice of location. **(15 marks)**
- (b)** For such a business, explain five costs associated with holding large quantities of stock. **(10 marks)**
- (Total 25 marks)**

End of question paper

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