

Cambridge National in Enterprise & Marketing

R064 Exam Unit

Section A Exam Questions

Name _____ Class _____

My Review

	Questions	My Score
LO1	7, 16, 20, 31, 36, 42	/6
LO2	1, 4, 12, 25, 34, 38, 41	/7
LO3	2, 9, 18, 19, 21, 22, 23, 24, 26, 30, 32, 35, 37	/13
LO4	13, 27, 29, 45	/4
LO5	5, 10, 11, 14, 17, 28, 39, 40, 43	/9
LO6	3, 6, 8, 15, 33, 44	/6
Total		/45

1. Which of the following is an example of a variable cost for a coffee shop?

(a) Buildings insurance

☐

(b) Interest on a start-up loan

☐

(c) Milk

☐

(d) Newspaper advertising

☐

[1]

2. Which of the following is a word which describes a growing economy?

(a) Boom

☐

(b) Decline

☐

(c) Recession

☐

(d) Slump

☐

[1]

3. Which functional area is responsible for monitoring cash flow?

(a) Banking

☐

(b) Finance

☐

(c) Human Resources

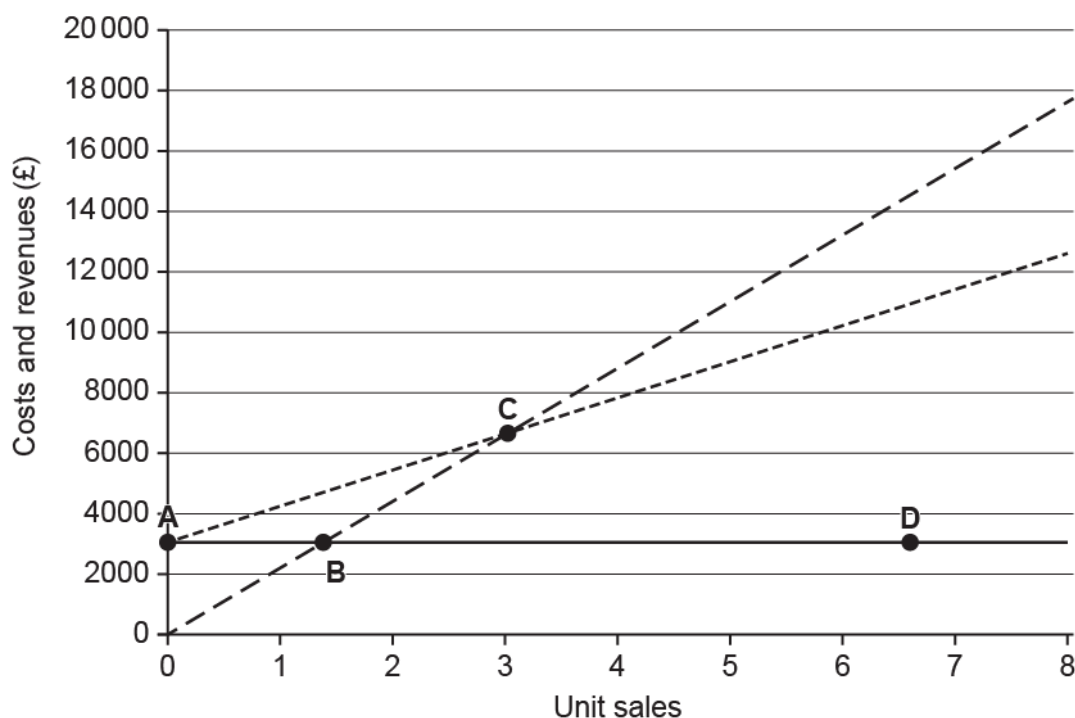
☐

(d) Operations

☐

[1]

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



Which letter on the diagram above shows the break-even point for the product?

- (a) A
- (b) B
- (c) C
- (d) D

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[1]

5. What is the name given to the share of profits paid by a franchisee to a franchisor each year?

- (a) Loyalties
- (b) Patent
- (c) Royalties
- (d) Taxation

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[1]

6. Which functional area is responsible for health and safety in the workplace?

(a) Finance

☐

(b) Human Resources

☐

(c) Marketing

☐

(d) Operations

☐

[1]

7. Which of the following is a method of primary (field) market research?

(a) Consumer trials

☐

(b) Government statistics

☐

(c) Internal data

☐

(d) Mintel report

☐

[1]

8. Which of the following tasks would be carried out by the Marketing function of a business?

(a) Allocating financial resources

☐

(b) Finding out customer opinions

☐

(c) Planning production

☐

(d) Selecting new employees

☐

[1]

9. Which of the following is a legal external factor which could affect product development?

(a) Copyright challenge

☐

(b) Economic recession

☐

(c) Interest rate rise

☐

(d) Launch of a new mobile operating system

☐

[1]

10. Which of the following would be included in a business plan for a start-up business?

(a) A review of the business objectives set last year

☐

(b) Profits during the last 12 months

☐

(c) Profit forecasts for the next 12 months

☐

(d) Sales during the last 12 months

☐

[1]

11. A sole trader decides to advertise their business using social media.

One key feature of advertising using social media is that:

(a) It can only target people in the local area

☐

(b) It is low cost to keep details up-to-date

☐

(c) It is time-consuming to change details on existing advertising

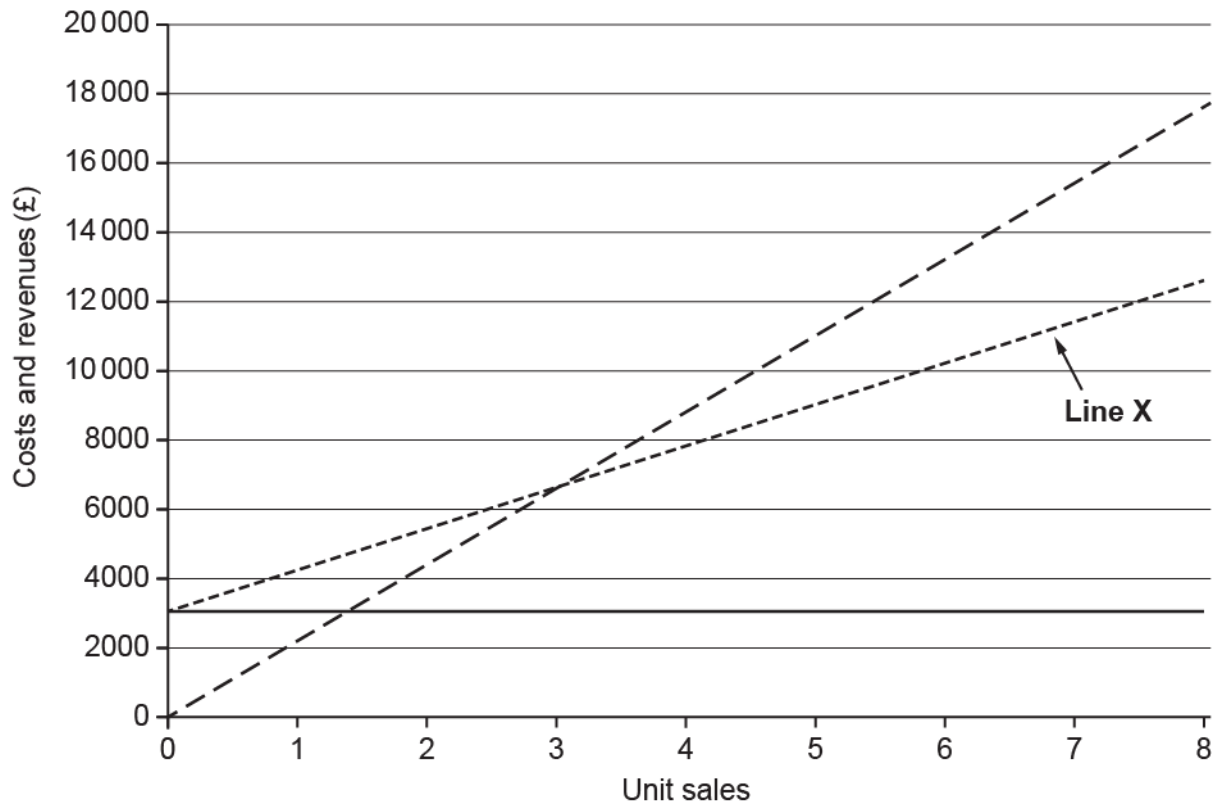
☐

(d) It will only be seen by people aged under 25

☐

[1]

12. A break-even graph is shown below.



What does Line X represent on the break-even graph?

- (a) Fixed costs
- (b) Sales revenue
- (c) Total costs
- (d) Variable costs

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[1]

13. Which pricing strategy is being used by a business which launches a new product with a low price to generate sales quickly?

- (a) Competitive pricing
- (b) Price penetration
- (c) Price skimming
- (d) Psychological pricing

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[1]

14. A sole trader finances their new business using a small business grant.

Which of the following **best** describes a feature of this source of capital?

(a) A high rate of interest will be charged

☐

(b) High application fees will be charged

☐

(c) The funds obtained do not have to be repaid

☐

(d) This source of capital can always be obtained without completing an application form

☐

[1]

15. Which of the following would **not** be carried out by the Operations function of a business?

(a) Ensuring compliance with employment legislation

☐

(b) Logistics

☐

(c) Production planning

☐

(d) Quality control

☐

[1]

16. A sole trader carries out secondary (desk) market research when preparing to set up a new business.

One benefit of using this method is that:

(a) It cannot be accessed by competitors

☐

(b) It is relatively quick to obtain

☐

(c) It is always up-to-date

☐

(d) The data is tailored to the needs of the individual business

☐

[1]

17. A sole trader business has unlimited liability. One key feature of unlimited liability is that:

(a) they are responsible for all of their debts

☐

(b) they are working with a number of other people

☐

(c) they cannot get finance from a bank

☐

(d) they work on their own

☐

[1]

18. Which **ONE** of the following is an external factor that could impact on product development?

(a) Departmental communication

☐

(b) New legislation

☐

(c) Staffing costs

☐

(d) Store layout

☐

[1]

19. A restaurant has created a new pizza dough recipe for their pizzas. Which **ONE** of the following is a legal issue they need to consider to protect their new pizza dough recipe?

(a) Business plan

☐

(b) Discrimination

☐

(c) Inflation

☐

(d) Patent

☐

[1]

20. Which of the following may be a reason for a small business to complete market research?

- (a) To advertise for a new sales manager
- (b) To aid decision-making about their product
- (c) To help track stock levels
- (d) To inform staff of changes to their product

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[1]

21. Which of the following is an aspect of the design mix model that contributes to the successful design of a new handbag?

- (a) A design which has an appealing appearance
- (b) A design which is cheaply priced
- (c) A design which is produced by a computer program
- (d) A design which is widely advertised

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[1]

22. Which of the following is an economic external factor that could affect product development?

- (a) Change in pricing
- (b) Change in taxation
- (c) Copyright challenge
- (d) Digital development

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[1]

23. Which of the following correctly represents the stages of the product lifecycle?
- (a) Development, Introduction, Growth, Maturity, Decline ☐
 - (b) Development, Introduction, Maturity, Growth, Decline ☐
 - (c) Introduction, Development, Growth, Maturity, Decline ☐
 - (d) Maturity, Development, Introduction, Growth, Decline ☐

[1]

24. A shoe shop is on a retail park that has two other shoe shops. It is moving to a retail park with only clothes and household goods shops.

This will help the business to achieve:

- (a) cheaper advertising ☐
- (b) lower production costs ☐
- (c) product differentiation ☐
- (d) reduced variable costs ☐

[1]

25. A variable cost can be best defined as:

- (a) a cost that cannot be measured ☐
- (b) a cost that changes with demand ☐
- (c) a cost that changes with output ☐
- (d) a cost that increases and decreases ☐

[1]

26. Which of the following is a typical benefit to the business of the growth stage of the product lifecycle?

(a) Competition increases

☐

(b) Profit margins improve

☐

(c) Sales volumes peak

☐

(d) Highest price is set

☐

[1]

27. Which of the following would be effective in attracting and retaining customers in a mobile phone sales franchise?

(a) A delivery fee is charged on all new phones

☐

(b) A single brand of phone is sold

☐

(c) An extended warranty is offered on all phones

☐

(d) Phone sales are by appointment only

☐

[1]

28. If you advertised your intended new business on different social media platforms and asked a large number of people to invest money into the business, you would be looking for which source of capital?

(a) A group loan

☐

(b) Business angel financing

☐

(c) Crowdfunding

☐

(d) Social media funding

☐

[1]

29. Which of the following is an example of price skimming?
- (a) Keeping the price of a fashion trainer high to make it exclusive
 - (b) Keeping the price of a fashion trainer low so that more customers can afford it
 - (c) Pricing a new fashion trainer in line with other fashion trainers
 - (d) Setting a high price for a new fashion trainer at first and lowering it over time

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[1]

30. Which of the following would be considered an 'extension strategy'?
- (a) Advertising a weekend sale deal on an existing range of tablet cases
 - (b) Applying competitive pricing to a new range of smart watches
 - (c) Creating new packaging for an existing range of video games
 - (d) Developing a customer service strategy to be used by all staff

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[1]

31. As a new business owner you may use 'desk research' to research competitors' products. Which of the following is a benefit of using 'desk research'?
- (a) It allows you to gain information about your specific product
 - (b) It allows you to gain the views of a large number of potential customers
 - (c) The cost of accessing information is usually low
 - (d) The information available is always accurate

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[1]

32. Which of the following would help to achieve product differentiation for a new business selling school trainers?

(a) A marketing campaign aimed at school children

☐

(b) Offering a range of sizes and colours

☐

(c) Producing personalised trainers with the name printed on them

☐

(d) Setting up an online-only business to reduce fixed costs

☐

[1]

33. Which of the following activities is **most** likely to be carried out by the marketing function of a clothes shop?

(a) Deliver induction training

☐

(b) Recruit new staff to work in the shop

☐

(c) Set the price of a product

☐

(d) Stock control

☐

[1]

34. If total revenue is equal to total cost, a business will:

(a) Break even

☐

(b) Increase prices

☐

(c) Make a loss

☐

(d) Make a profit

☐

[1]

35. Which of the following is **not** a stage of the product lifecycle?

(a) Development

☐

(b) Growth

☐

(c) Introduction

☐

(d) Recession

☐

[1]

36. Which of the following is a reason why a business needs to segment its market?

(a) Its customers all live in London

☐

(b) Its customers require different benefits from a product

☐

(c) To benefit from limited liability

☐

(d) To benefit from unlimited liability

☐

[1]

37. Which of the following is an example of a technological development which may affect product development?

(a) A booming economy

☐

(b) Launch of new production machinery

☐

(c) New product safety standards

☐

(d) Recession in the economy

☐

[1]

38. Which of the following is an example of a fixed cost for a shoe retailer?

(a) Carrier bags

☐

(b) Ink cartridges for the cash till

☐

(c) Insurance for the shop premises

☐

(d) Shoe boxes

☐

[1]

39. Which of the following sources of capital usually involves individuals contributing finance by buying equity in the business?

(a) Bank loan

☐

(b) Overdraft

☐

(c) Crowdfunding

☐

(d) Small business grant

☐

[1]

40. Keenan is thinking of buying a franchise from a well-known chain of coffee shops.

Which of the following is a **disadvantage** to Keenan of becoming a franchisee?

(a) Customers will know the brand name

☐

(b) Head office will offer business support

☐

(c) Royalty payments have to be made to the franchisor

☐

(d) The menu will include well-known drinks

☐

[1]

41. The owner of Hair by Hari Ltd forecasts that it will cut the hair of 60 customers during its first month of opening. The average price for a haircut will be £45.

How much sales revenue will be made during the first month of trading?

(a) £270

☐

(b) £2700

☐

(c) £2900

☐

(d) £27000

☐

[1]

42. Dividing a market by age, occupation or income is a technique known as:

(a) Customer service

☐

(b) Marketing

☐

(c) Market research

☐

(d) Market segmentation

☐

[1]

43. Limited liability means that:

(a) One owner cannot sell their share in the business without the permission of the other owners

☐

(b) Owners are liable for all debts of the business

☐

(c) Owners do not risk losing personal possessions to repay the debts of the business

☐

(d) Profits must be shared equally between the owners of the business

☐

[1]

44. Which functional area of a business would be responsible for developing new products to meet customer needs?

(a) Finance

☐

(b) Human Resources

☐

(c) Marketing

☐

(d) Operations

☐

[1]

45. What is the name given to a pricing strategy which usually involves all prices ending in 99p?

(a) Competitive pricing

☐

(b) Price penetration

☐

(c) Price skimming

☐

(d) Psychological pricing

☐

[1]

END OF QUESTION paper

Review time!

- There's a grid on the cover of this paper. After having your answers marked, you should highlight the question numbers (in the grid) that you got **correct**.
- Add up your score for each LO and a total score for the questions overall.
- The LO's you performed well in might be the areas you focus less on you for your initial revision; your weakest LO's are where you need to prioritise your revision for your exam.