

Monday 13 January 2020 – Morning

Level 3 Cambridge Technical in Business

05834/05835/05836/05837/05878 Unit 3: Business decisions

Time allowed: 1 hour 30 minutes

C423/2001



You must have:

 a clean copy of the pre-release (Insert C424 found inside this document)

You can use:

· a calculator

Please write clea	arly in black ink.
Centre number	Candidate number
First name(s)	
Last name	
Date of birth	D D M M Y Y Y

INSTRUCTIONS

- Use black ink.
- Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question numbers.
- · Answer all the questions.

INFORMATION

- The total mark for this paper is **60**.
- The marks for each question are shown in brackets [].
- This document has 12 pages.

ADVICE

Read each question carefully before you start your answer.

FOR EXAMINER USE ONLY					
Question No	Mark				
1	/8				
2	/6				
3	/6				
4	/6				
5	/12				
6	/6				
7	/16				
Total	/60				

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Answer **all** the questions.

1 (a)	Usi	Using Appendix A , explain two ways that the Christmas retail market has changed.							
	1								
	2								
			4]						
(h)	ldo		•						
(D)		ntify two things about Henry that could affect the quality of his decision-making.							
	1								
	2		•••						
			2]						
(c)	(i)	Every business decision has an opportunity cost.							
		State what is meant by the term 'opportunity cost'.							
			1]						
	(ii)	Identify one opportunity cost to <i>Yuletide Joy</i> of choosing Option 1 – Diversify the product range .							
		[1]						

2 The cash-flow statement below shows actual cash flow for *Yuletide Joy* from August to December 2019.

	August	September	October	November	December
	£	£	£	£	£
Cash inflows	3500	3200	4250	13 500	
Cash outflows	5600	6200	6350	7200	8500
Net cash flow		-3000	-2100	6300	15 100
Opening balance	6500	4400	1400	-700	5600
Closing balance	4400	1400	-700	5600	20 700

(a) Calculate the net cash flow for August. Write your answer in the box below. Do **not** write on the cash-flow statement.

Show your workings		
Net cash flow for August: £		

[2]

(b) Calculate the cash inflows for December. Write your answer in the box below. Do **not** write on the cash-flow statement.

Show your workings	
Cash inflows for December: £	

[2]

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	(c)	Her May	nry would like the business to reduce the amount of stock it holds from January to y.
			plain the impact that reduced stock levels would have on Yuletide Joy's net cash flow ing this period.
			[2]
3	If O	ptio	n 2 – Open a second shop is chosen, new sales assistants will need to be employed.
	(a)	Exp	plain how a skills audit could help when recruiting new sales assistants.
			[3]
	(b)		nja would like to use on-the-job training, rather than off-the-job training, to train the es assistants.
		(i)	Identify one benefit to <i>Yuletide Joy</i> of using on-the-job training to train the sales assistants.
			[1]
		(ii)	Identify two drawbacks to <i>Yuletide Joy</i> of using on-the-job training to train the sales assistants.
			1
			2
			[2]
			[2]

Henry is aware that, whichever option is chosen, the business will need to operate within legal

and	financial constraints.	
(a)	Explain how legal constraints might affect the marketing of <i>Yuletide Joy</i> 's Christmas decorations.	
		[3]
(b)	Explain how financial constraints might affect the marketing of <i>Yuletide Joy's</i> Christmas decorations.	S
	•	[3]

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Evaluate how Sonja and Henry's differing attitudes to risk may affect their ability to choose between the three options.	ose [12
	[12
	•••••
	•••••

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|------|------|------|------|------|------|------|
| | | | | | | |
|
 |

6 Henry thinks that if **Option 2 – Open a second shop** is chosen, the shop will need to be trading by August. A schedule for the opening of the new shop together with a critical path network diagram is shown in **Fig. 1**, below.

Activity	Description	Expected duration (weeks)
Α	Identify location and pay deposit	3
В	Identify suppliers for fixtures and fittings	2
С	Obtain finance	4
D	Plan recruitment needs for shop	3
Е	Obtain fixtures and fittings	7
F	Recruit staff	4
G	Exchange contracts on the lease	7
Н	Install fixtures and fittings	4
I	Pre-shop launch preparation	5

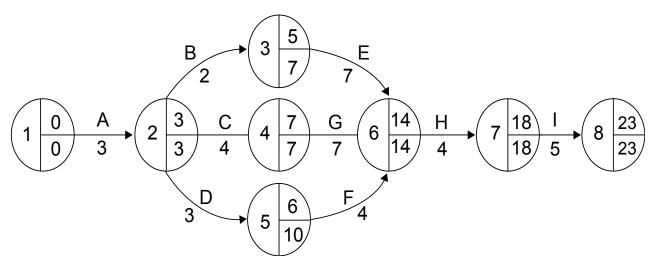


Fig. 1

Refer to Fig. 1.

(i) What is the shortest length of time that the opening of the second shop can take	?
	[1]

	(ii)	Identify the sequence of activities on the critical path.	
			[1]
	(iii)	Calculate the float time for Activity F.	
			[2]
(b)	Exp	plain one benefit to <i>Yuletide Joy</i> of knowing the float time for Activity F.	
			[2]

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END OF QUESTION PAPER



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