



Oxford Cambridge and RSA

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 clearly in black ink.

Centre number

Candidate number

First name(s) _____

Last name _____

Date of birth

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

Answer **all** the questions.

1 (a) Using **Appendix A**, explain **two** ways that the Christmas retail market has changed.

1.....
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2.....
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[4]

(b) Identify **two** things about Henry that could affect the quality of his decision-making.

1.....
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2.....
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[2]

(c) (i) Every business decision has an opportunity cost.
State what is meant by the term 'opportunity cost'.

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[1]

(ii) Identify **one** opportunity cost to *Yuletide Joy* of choosing **Option 1 – Diversify the product range**.

.....
.....

[1]

- (c) Henry would like the business to reduce the amount of stock it holds from January to May.

Explain the impact that reduced stock levels would have on *Yuletide Joy's* net cash flow during this period.

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.....[2]

3 If **Option 2 – Open a second shop** is chosen, new sales assistants will need to be employed.

- (a) Explain how a skills audit could help when recruiting new sales assistants.

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.....[3]

- (b) Sonja would like to use on-the-job training, rather than off-the-job training, to train the sales assistants.

- (i) Identify **one** benefit to *Yuletide Joy* of using on-the-job training to train the sales assistants.

.....
.....[1]

- (ii) Identify **two** drawbacks to *Yuletide Joy* of using on-the-job training to train the sales assistants.

1

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2

.....[2]

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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)
A	Identify location and pay deposit	3
B	Identify suppliers for fixtures and fittings	2
C	Obtain finance	4
D	Plan recruitment needs for shop	3
E	Obtain fixtures and fittings	7
F	Recruit staff	4
G	Exchange contracts on the lease	7
H	Install fixtures and fittings	4
I	Pre-shop launch preparation	5

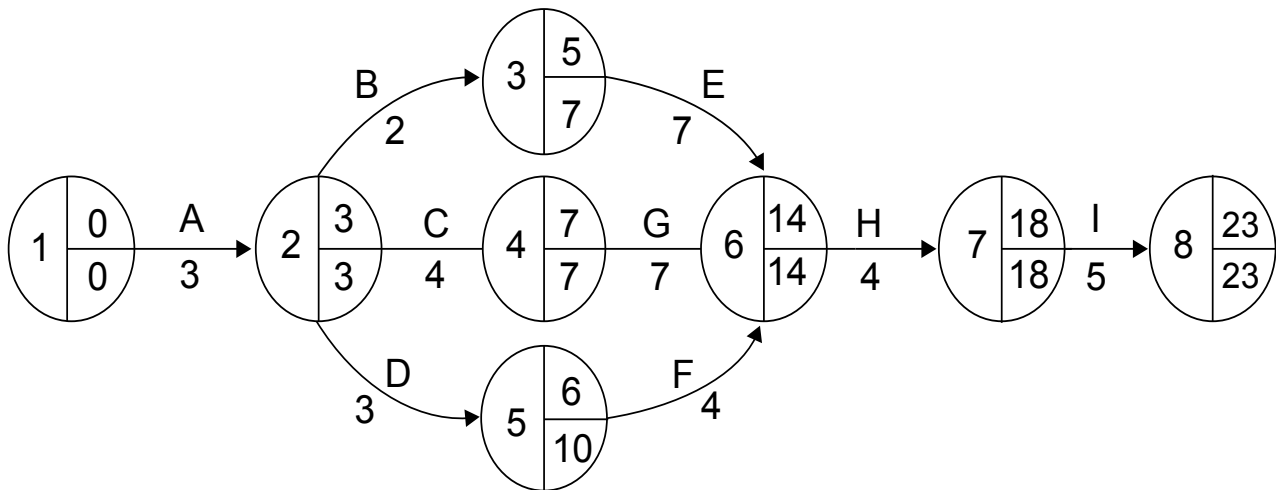


Fig. 1

Refer to **Fig. 1**.

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

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.....[1]

(ii) Identify the sequence of activities on the critical path.

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.....[1]

(iii) Calculate the float time for Activity F.

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.....[2]

(b) Explain **one** benefit to *Yuletide Joy* of knowing the float time for Activity F.

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.....[2]



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