

## Monday 10 January 2022 – Afternoon

### Level 3 Cambridge Technical in Business

**05834/05835/05836/05837/05878** Unit 1: The business environment

Time allowed: 2 hours

C420/2201



**You must have:**

- a clean copy of the Pre-release (inside this document)

**You can use:**

- a calculator



Please write clearly in black ink.

Centre number

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Candidate number

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First name(s)

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Last name

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Date of birth

D	D	M	M	Y	Y	Y	Y
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### 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 **90**.
- The marks for each question are shown in brackets [ ].
- This document has **20** pages.

### ADVICE

- Read each question carefully before you start your answer.

### FOR EXAMINER USE ONLY

Question No	Mark
Section A: 1-20	/20
Section B: 21	/2
22	/4
23	/4
24	/6
25	/4
Section C: 26	/2
27	/4
28	/12
29	/3
30	/12
31	/5
32	/12
<b>Total</b>	<b>/90</b>

**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 an **environmental** factor that a manufacturer should consider?

A Advances in mobile communications

B Business framework legislation

C Carbon emission levels

D Workforce exploitation

[1]

2 Taxation involves:

A giving crowd-funders their money back

B paying money to the government

C refunding customers

D rewarding shareholders

[1]

3 A share issue is a:

A long-term source of finance that is available to all businesses

B long-term source of finance that is only available to limited companies

C short-term source of finance that is available to all businesses

D short-term source of finance that is only available to limited companies

[1]

4 The term 'delegation' refers to:

- A encouraging all employees to make their own decisions
- B giving a lower-ranked employee the authority to do a task
- C passing responsibility for a task to a subordinate
- D requesting assistance from a line manager

  
  
  

[1]

5 Which one of the following tasks is **most** likely to be carried out by an employee working in customer services?

- A Despatching goods to a customer's address
- B Issuing invoices and receipts to customers
- C Managing customer expectations
- D Sending market research surveys to customers

  
  
  

[1]

6 Exchange rates for the British pound to the US dollar have risen from £1 = \$1.10 to £1 = \$1.25.

How can UK businesses take advantage of this change in exchange rates?

- A By borrowing more money from US banks
- B By exporting more goods to the US
- C By importing more goods from the US
- D By lending more money to US businesses

  
  
  

[1]

7 Which of the following is an example of 'redundancy'?

- A An accounts clerk losing their job due to being grossly incompetent
- B A sales assistant being dismissed for theft of company stock
- C The dismissal of a production worker whose job role is no longer needed
- D The termination of a worker's contract of employment due to pregnancy

  
  
  

[1]

8 Which group of business stakeholders are **all** external?

- A Central government, directors, lenders
- B Customers, managers, suppliers
- C Employees, local government, trade unions
- D Local community, potential investors, pressure groups

  
  
  

[1]

9 A manufacturer made 4000 guitars last year. The manufacturer's costs and revenue were as follows:

- Labour: £110 per guitar.
- Parts: £48 per guitar.
- Manufacturing overheads: £380 000 per annum.
- Administrative overheads: £120 000 per annum.
- Revenue: £800 000 per annum.

The manufacturer's fixed costs for last year were:

- A £380 000
- B £500 000
- C £1 132 000
- D £1 300 000

  
  
  

[1]

10 Which of the following is **not** a way a business can be organised?

A By function

B By geographic location

C By legal status

D By service provision

[1]

11 Which of the following is a likely impact of automation on **employees**?

A Higher profit

B Increased labour costs

C Lower unemployment

D Reduced job security

[1]

12 The introduction of a new government initiative is an example of:

A a legal change

B an environmental change

C a political change

D a social change

[1]

13 Which of the following job roles would be at the bottom of a supermarket chain's organisation chart?

A Company director

B Sales assistant

C Store manager

D Team supervisor

[1]

14 Misal Ltd's cash flow forecast for the next three months of trading is shown below.

	February	March	April
Cash inflows	£300 000	£550 000	£500 000
Cash outflows	£360 000	£520 000	£620 000
Net cash flow	(£60 000)	£30 000	(£120 000)
Opening balance	(£100 000)	(£160 000)	(£130 000)
Closing balance	(£160 000)	(£130 000)	(£250 000)

The minimum amount of overdraft Misal Ltd is likely to require in March is:

A £100 000

B £130 000

C £160 000

D £250 000

[1]

15 Which of the following functional areas of a business would be responsible for designing new products?

A Business support services

B Procurement

C Production

D Research and development

[1]

16 Which of the following is a **non-financial** factor which could increase the likelihood of business failure?

A Charging high prices

B Having a low market share

C Few competitors

D Poor cash flow

[1]

**17** The process where conflict between stakeholder objectives is minimised but not completely removed is called:

**A** conflict management

**B** conflict resolution

**C** stakeholder analysis

**D** stakeholder delegation

**[1]**

**18** The sales function of a public limited company fails to inform the human resources function that it needs more staff over the Easter period.

Which of the following is this an example of?

**A** A lack of decision-making by external stakeholders

**B** Decentralised problem solving

**C** Management empowerment

**D** Poor interrelationships between business functions

**[1]**

**19** A business is conducting a SWOT analysis. Which pair of categories contains factors which the business can control?

**A** Opportunities and Strengths

**B** Opportunities and Threats

**C** Strengths and Weaknesses

**D** Threats and Weaknesses

**[1]**

**20** An income statement shows:

- A** assets and liabilities
- B** cash inflows and outflows
- C** inputs and outputs
- D** revenue and expenses

  
  
  

**[1]**



**Section B**

Answer **all** the questions in this section.

All of the questions in this section should be answered in relation to businesses you have researched. A clean copy of the research brief is provided.

- 21** Identify **two** forms of promotional media used by the marketing function of a business you have researched.

**Name of business** .....

**Activity of business** .....

1 .....

2 .....

**[2]**

- 22** Describe **two** corporate social responsibility activities of a business you have researched.

**Name of business** .....

**Activity of business** .....

1 .....

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2 .....

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**[4]**

23 Explain **two** key tasks of the chief executive at a company that you have researched.

**Name of business** .....

**Activity of business** .....

1 .....

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2 .....

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**[4]**

24 Analyse **one** advantage and **one** disadvantage to a business that you have researched of using reserves as a source of finance.

**[6]**

**Name of business** .....

**Activity of business** .....

Advantage .....

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Disadvantage .....

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**25** Explain how a business you have researched complies with the Consumer Rights Act.

**Name of business** .....

**Activity of business** .....

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**[4]**

### Section C

Read the scenario below. Answer **all** the questions in this section.

#### **Business scenario:** *Filmore Pancakes*

*Filmore Pancakes* is a hot food takeaway restaurant. The takeaway sells a range of whole-grain, buttermilk, American-style pancakes with healthy toppings. Beth Filmore, a single parent, set up *Filmore Pancakes* just over a year ago, shortly after her daughter started secondary school. All of the pancakes are cooked fresh to order using a low-fat, high-fibre recipe. The takeaway's best sellers are a savoury pancake topped with wild mushrooms and tomato and a sweet pancake topped with fresh pineapple and mango sauce. Beth, a sole trader, employs five part-time assistants to help run the business.

*Filmore Pancakes* operates from small premises on the edge of a large housing estate in the Midlands, where disposable income levels are low. The takeaway is open five days a week (Wednesday to Sunday); lunchtimes from noon to 3 pm and evenings from 6 pm to 9 pm. Most lunchtime customers are local, mainly students from the nearby college or residents returning home after shopping. *Filmore Pancakes* is also receiving an increasing number of lunchtime orders from workers at a business park two miles away, who phone in their orders in advance to save time. In the evening its customers tend to be young couples and families, many from the estate but also some who live further away. *Filmore Pancakes* is also popular with local teenagers, who like to gather on the pavement outside to eat whilst chatting to their friends.

To fund the start-up of the business Beth took out a second mortgage of £80 000 on her 3-bedroomed house, traded in her car for a small van and applied for a bank overdraft. The bank requested a copy of *Filmore Pancakes*' business plan before agreeing to an overdraft limit of £6000. The business plan includes specific objectives for the end of Year 1, together with plans for developing the business' service provision when finances permit. In Year 2, Beth would like to obtain planning permission from the local council to add a canopy to the front of the premises and put tables and chairs on the pavement in the summer months. In Year 3, she would like to add a home delivery service.

Being a sole trader has proved far more difficult than Beth thought it would be. New ideas are difficult to come by. The hours are long and hard. There are always more tasks to be done, such as buying stock or banking cash. She has had no time to enjoy her hobbies all year and she has not been out with friends since her birthday. Money is in short supply. Childcare, especially in the school holidays, is problematic and visiting her mother in the USA is impossible. In addition, Beth constantly worries about her or her daughter becoming ill, an employee having an accident at work or a customer having an allergic reaction.

Nevertheless, Beth believes that the sacrifices will be worth it. She hopes that by the time her daughter is 18 the business will be making enough money to not only pay the household bills, but also fund her daughter through university. She wonders whether the business is on target and which, if any, of its Year 1 objectives (see **Table 1** below) have been achieved.

**Table 1: Objectives for end of Year 1 (from *Filmore Pancakes*' business plan)**

<b>Objective A</b>	Number of customers per month (on average)	1500
<b>Objective B</b>	Revenue per customer (on average)	£10.00
<b>Objective C</b>	Total costs per month (on average)	£12 000
<b>Objective D</b>	Profit for the year	£10 000

All of the questions in Section C should be answered in relation to the business scenario on page 12.

26 (a) Circle the organisational structure of *Filmore Pancakes*.

You should only draw **one** circle.

**Tall structure**

**Matrix structure**

**Flat structure**

[1]

(b) Identify Beth's span of control.

..... [1]

27 Beth needed finance to start up *Filmore Pancakes*.

(a) What is a mortgage?

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..... [2]

(b) Explain how the bank might have used *Filmore Pancakes*' business plan before agreeing to the overdraft.

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..... [2]



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**29** *Filmore Pancakes*' financial figures at the end of Year 1 are shown below.

- Total number of customers served: 11 400
- Total revenue: £123 120
- Total costs: £121 550

By referring to **Table 1**, identify:

- **one** objective that *Filmore Pancakes* has achieved
- **two** objectives that *Filmore Pancakes* has not achieved.

Give your answers in the table below. A box has been provided for your workings.

Objective that has been achieved:	
1	
Objectives that have <b>not</b> been achieved:	
1	
2	

Box for workings

[3]









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**END OF QUESTION PAPER**



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