



Oxford Cambridge and RSA

Tuesday 17 May 2022 – Morning

Level 3 Cambridge Technical in Business

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

Time allowed: 2 hours

C420/2206



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

--	--	--	--	--

Candidate number

--	--	--	--

First name(s)

Last name

Date of birth

D	D	M	M	Y	Y	Y	Y
---	---	---	---	---	---	---	---

INSTRUCTIONS

- Use black ink.
- Write your answer to each question in the space provided. If you need extra space, use the lined page(s) at the end of this booklet. The question numbers must be clearly shown.
- 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 **24** 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	/6
24	/4
25	/4
Section C: 26	/3
27	/13
28	/7
29	/3
30	/12
31	/12
Total	/90

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 the correct name for the Act that makes employers responsible for the health and safety of their employees?

A Health and Safety Act

B Health and Safety at Work Act

C Health and Safety in the Workplace Act

D Health, Safety and Wellbeing at Work Act

[1]

2 'Sustainability' means:

A being an ethical employer

B continuing to offer value for money

C owning your own business and being your own boss

D protecting natural resources for future generations

[1]

3 Which of the following tasks would be part of the job role of an employee working in research and development?

A Creating advertising campaigns

B Designing new products

C Liaising with customers

D Planning recruitment

[1]

4 Which of the following people is **most** likely to work in the public sector?

A Charity worker

B Film producer

C Footballer

D Police officer

[1]

5 Multiplying the selling price by the number of goods sold is one way to calculate:

A cash outflow

B cost of goods sold

C profit

D revenue

[1]

6 A pressure group usually attempts to change the behaviour of a company by:

A buying shares

B exploiting the workforce

C going on strike

D holding a protest

[1]

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

	Month 1	Month 2	Month 3
Cash inflows	£300 000	£350 000	£300 000
Cash outflows	£250 000	£320 000	£280 000
Net cash flow	£50 000	£30 000	£20 000
Opening balance	(£90 000)	(£40 000)	(£10 000)
Closing balance	(£40 000)	(£10 000)	£10 000

According to the cash flow forecast, which one of the following statements is true?

- A The business is predicted to make £10 000 profit
- B The business will have £20 000 in the bank at the end of Month 3
- C The business will not need an overdraft during these three months
- D The business' net cash flow is predicted to fall month on month

[1]

8 Who is responsible for decision-making in a public limited company?

- A Directors
- B Government ministers
- C Partners
- D Shareholders

[1]

9 Poor communication between finance and marketing is likely to lead to:

- A more expensive raw materials
- B overspending on advertising
- C too many sales assistants
- D unresolved customer queries

[1]

10 In the context of business ownership, what do the initials 'CIC' stand for?

A Charitable independent company

B Charitable investment company

C Community initiative company

D Community interest company

[1]

11 Which of the following would be classified as variable costs of a supermarket?

A Business rates and insurance

B Food and household products

C Heating and lighting

D Shelving and shop fittings

[1]

12 Which of the following is **most** likely to lead to a fall in revenue?

A Ignoring a supplier's request for payment

B Ignoring an enquiry from a potential investor

C Ignoring calls from trade unions to reduce planned redundancies

D Ignoring feedback from customers that prices are too high

[1]

13 The Companies Act requires a public limited company to:

A accept capital from a maximum of 20 shareholders

B hold a shareholders' meeting at least once a year

C limit the amount it pays to shareholders to £50 000 per year

D trade its shares on the stock exchange in at least two countries

[1]

- 14 A games console manufacturer has recently experienced a fall in quarterly sales, caused by a delay in launching its new console.

This is an example of:

- A a long-term, financial factor which has limited the success of the business
- B a long-term, non-financial factor which has limited the success of the business
- C a short-term, financial factor which has limited the success of the business
- D a short-term, non-financial factor which has limited the success of the business

[1]

- 15 Which of the following is **not** a benefit of having a decentralised organisational structure?

- A Consistency across the organisation
- B High levels of job satisfaction
- C Well motivated employees
- D Workforce empowerment

[1]

- 16 A company is required to obtain planning permission:

- A after extending its factory
- B before building new offices
- C when leasing new premises
- D while automating its production facility

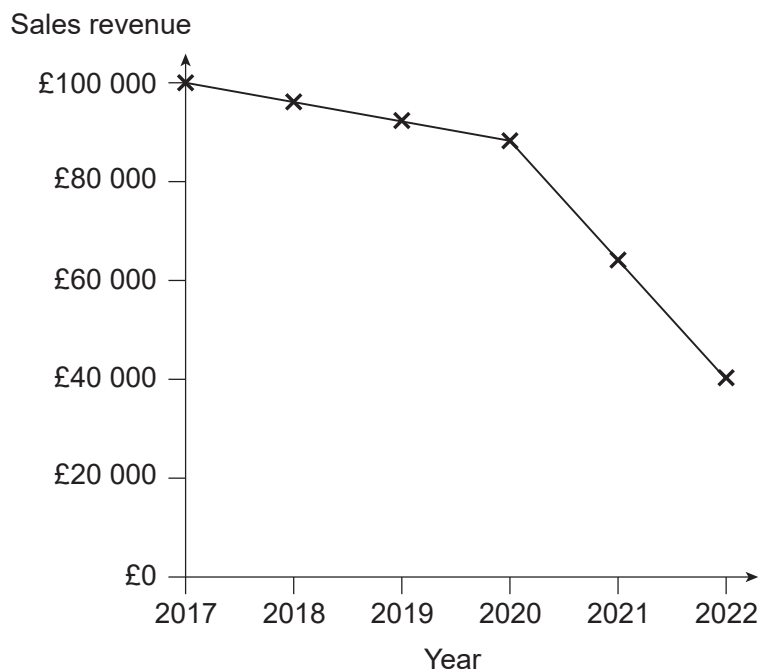
[1]

17 Benchmarking:

- A** copyrights important designs
- B** helps evaluate business performance
- C** manages customer expectations
- D** prevents changes in cultural beliefs

[1]

18 Sales data for Kareem, a sole trader, is shown on the graph below.



The graph shows:

- A** a consistent performance across the years
- B** a reduction in performance year on year
- C** a steady improvement in performance over time
- D** an initial improvement followed by recent decline

[1]

19 An entrepreneur is conducting a SWOT analysis.

Which of the following would be recorded as a Threat?

A A lack of record keeping

B Limited business experience

C Political instability

D Poor financial management

[1]

20 The term 'trade receivables' on a company's statement of financial position refers to:

A money owed by the business

B money owed to the business

C stock loaned to the business

D stock owned by the business

[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** financial aims of a charity you have researched.

Name of charity

Activity of charity

1

2

[2]

22 Describe **two** tasks which are part of the job role of a purchasing assistant in a business that you have researched.

Name of business

Activity of business

1

.....

.....

.....

.....

2

.....

.....

.....

.....

[4]

23 Analyse the impact of **two** economic factors on the success of a business that you have researched.

Name of business

Activity of business

Economic factor 1

Impact on business

.....
.....
.....
.....
.....
.....
.....
.....
.....

Economic factor 2

Impact on business

.....
.....
.....
.....
.....
.....
.....
.....
.....

[6]

24 Identify **four** ways a business that you have researched attempts to be environmentally friendly.

Name of business

Activity of business

1

.....

2

.....

3

.....

4

.....

[4]

25 Explain how a business you have researched has responded to increased competition.

Name of business

Activity of business

.....

.....

.....

.....

.....

.....

.....

.....

[4]

SECTION C

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

Business scenario: *Bunton Bears*

Bunton Bears is a manufacturer of luxury teddy bears. Brother and sister Tom Bunton and Sara Jackson, inherited the business from their mother in 2002. They are passionate about the family firm and operate the business as a partnership. They are eager to monitor the business closely to ensure it remains true to its core value, 'respect'. Established by their mother many years ago, this includes respect for employees, respect for customers and respect for the law. Its 88 employees are under the day-to-day direction of Mia Cox, the General Manager. Sara and Tom remain in overall control of all decision-making and hold weekly meetings with Mia.

Bunton Bears makes two very different types of teddy bear:

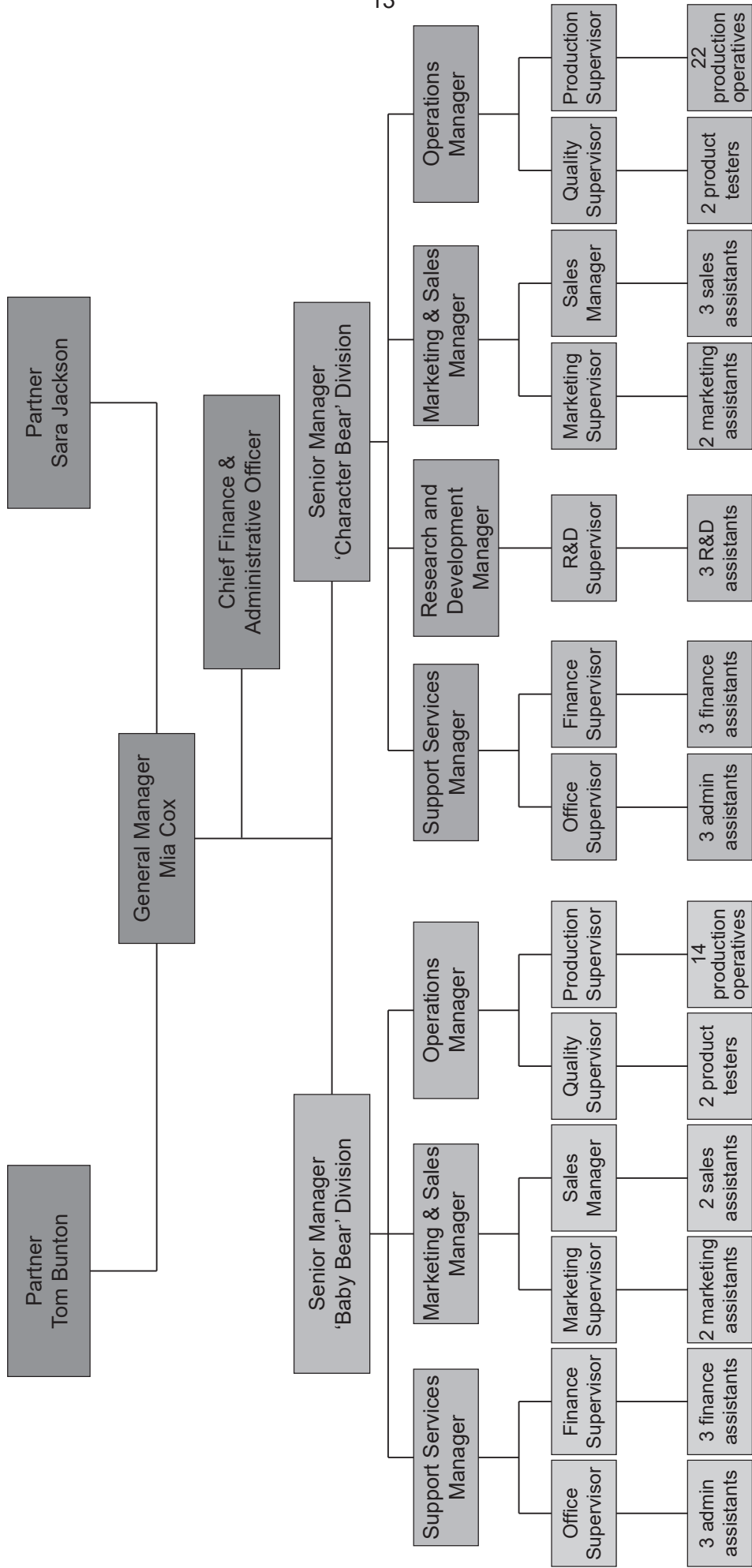
- 'Baby Bears' are small, soft, pastel-coloured, unclothed teddy bears. These bears are intended as toys for newborn babies or as keepsakes to celebrate the birth. Each bear is personalised by hand stitching the customer's required message on the bear's tummy. 'Baby Bears' retail for approximately £25 each.
- 'Character Bears' are larger, fully clothed bears with moving limbs. These bears are not toys; instead they are designed for collectors or to be given as gifts. The business brings out a new 'Character Bear' every three months, including a limited edition bear each Christmas. The latest new addition is Billy, a cowboy, complete with leather boots, jacket and cowboy hat. 'Character Bears' retail from £80 to over £500 each.

All of the teddy bears that *Bunton Bears* makes are hand-finished and the firm's logo is stitched on every paw. The firm has a high reputation for quality and attention to detail.

The current organisational structure of *Bunton Bears* (see **Fig. 1**, opposite) has served it well over the years. However, since peaking in 2016, profits have begun to fall. While costs have continued to rise, revenue has been falling. 'Baby Bears' have lost out to competitors who market cheaper personalised products on social media (*Bunton Bears* does not use any form of e-marketing). The business has used up all of its retained profit. In addition, an overdraft has been used to aid cash flow, something Sara and Tom dislike as they are uncomfortable with debt.

Sara and Tom have decided that the firm's 'Baby Bear' division must close and the 'Character Bear' division enlarged to make it more cost-effective. Not wishing to make anyone redundant, all of the employees in the 'Baby Bear' division will be offered roles in the newly enlarged 'Character Bear' division, although not always in a similar job role. In addition, textile laser cutters and programmable sewing machines will be installed. This radical change will cost £1.25 million and have a major effect on the job roles of all production workers. Respecting the importance of its skilled production workers, who will still be required to hand finish each bear, Sara and Tom have agreed to give all production supervisors and operatives a 10% pay rise if they remain with the business for at least six months.

Fig. 1: The current organisational structure of *Bunton Bears* as shown on its organisational chart.



All of the questions in Section C should be answered in relation to the business scenario on page 12 and the organisation chart on page 13.

26 (a) Circle the main type of activity of *Bunton Bears*.

You should only draw **one** circle.

Primary

Secondary

Tertiary

[1]

(b) Identify the type of legal liability the owners of *Bunton Bears* possess and explain what this means.

Type of liability

Explanation

.....

.....

[2]

27 *Bunton Bears* respects the law.

(a) Identify **one** requirement of the Consumer Protection Act with which *Bunton Bears* must comply.

.....

..... [1]

(b) Evaluate possible impacts on *Bunton Bears* if it failed to meet the requirements of the Consumer Protection Act.

[12]

.....

.....

.....

.....

.....

.....

.....

.....

28 Fig. 1 shows the current organisational structure of *Bunton Bears*.

Using the information in **Fig. 1**, identify:

- the number of levels in *Bunton Bears*' chain of command
.....
- the organisational structure of *Bunton Bears*
.....
- to whom the Research and Development Manager can delegate authority
.....
- to whom the Chief Finance & Administrative Officer should report
.....
- who has the same job role status as the Senior Manager of the 'Character Bear' Division
.....
- the total number of people who work in the 'Baby Bear' Division
.....
- the method by which *Bunton Bears* is organised.
.....

[7]

31 Analyse **three long-term** sources of finance that *Bunton Bears* could use to fund the £1.25 million needed to radically change the business.

Which one of the three sources of finance should *Bunton Bears* use? Justify your view. **[12]**

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

END OF QUESTION PAPER

ADDITIONAL ANSWER SPACE

If additional answer space is required, you should use the following lined page(s). The question numbers must be clearly shown in the margins – for example, 27(b) or 30.

A large rectangular area containing 25 horizontal dotted lines for writing answers. A solid vertical line is on the left side of the area.

A series of horizontal dotted lines for writing, spanning the width of the page. A solid vertical line is positioned on the left side of the page, serving as a margin.

A series of horizontal dotted lines for writing, spanning the width of the page.



Oxford Cambridge and RSA

Copyright Information

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download from our public website (www.ocr.org.uk) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact the Copyright Team, OCR (Oxford Cambridge and RSA Examinations), The Triangle Building, Shaftesbury Road, Cambridge CB2 8EA.

OCR is part of Cambridge University Press & Assessment, which is itself a department of the University of Cambridge.

© OCR 2022

C420/2206