Modified Enlarged 24 pt
OXFORD CAMBRIDGE AND RSA EXAMINATIONS
Wednesday 7 June 2023 – Afternoon
Level 3 Cambridge Technical in Business
05834/05835/05836/05837/05878
Unit 3: Business decisions
Time allowed: 1 hour 30 minutes plus your additional time allowance

You must have:
a clean copy of the Pre-release
the Loose Sheet for Appendix 1

You can use:
a calculator

Please write clearly in black ink.

Centre number

Candidate number

First name(s)

Last name

Date of birth

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READ INSTRUCTIONS OVERLEAF

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.

Use the Insert to answer all the questions.

INFORMATION

The total mark for this paper is 60.

The marks for each question are shown in brackets [ ].

ADVICE

Read each question carefully before you start your answer.

1 **(a)** **Sam and Sundip are concerned that the two founding trustees of CFD are unwilling to take financial risks.**

Other than financial risks, identify TWO types of risk.

1 _____

_____

2 _____

_____

[2]

(b) **Sam has been trained in the use of decision-making tools.**

Explain how receiving training in the use of decision-making tools could affect the quality of decision-making.

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_____ **[3]**

(c) Sam and Sundip have held a meeting with an external consultant.

(i) State ONE advantage to CFD of using an external consultant when taking business decisions.

_____

_____ [1]

(ii) State TWO disadvantages to CFD of using an external consultant when taking business decisions.

1 _____

_____

2 _____

_____ [2]

2   For OPTION 2 – OPEN A COMPUTER STORE, Sam has estimated the following:

fixed costs (monthly): £3000

variable costs per computer: £50

average selling price per computer: £150.

(a)   Calculate the unit contribution for each computer sold.

Show your workings

Unit contribution:

[2]

(b) Calculate the level of output required to break even each month.

Show your workings

Break even level of output:

[2]

(c) **State TWO actions CFD could take to lower the number of computers it needs to sell to break even.**

1 _____

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2 _____

_____

[2]

9

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3 (a) Sam has obtained the following information as part of his research into OPTION 2 – OPEN A COMPUTER STORE (see table below).

Percentage of households with internet connection by annual household income, Scotland 2014	
Household income bands	**% of households with an internet connection**
£0 – £6000	60
£6001 – £10 000	51
£10 001 – £15 000	63
£15 001 – £20 000	78
£20 001 – £25 000	85
£25 001 – £30 000	93
£30 001 – £40 000	96
£40 001 and over	99

(i) **According to the information shown in the table on page 10, what is the correlation between household income and the percentage of households with an internet connection?**

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_____ **[2]**

(ii) **State ONE reason why the information in this table may not be useful for CFD.**

_____

_____ **[1]**

(b) The founding trustees, Charlie and Jack, are concerned about the ethical impact of CFD's business decision-making.

Explain how ONE ethical constraint on marketing could affect CFD's business decision-making.

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_____ [3]

4 **If OPTION 3 – REFURBISH SMARTPHONES is chosen, CFD will need to ensure that productivity is at an acceptable level.**

(a) **Explain how CFD could decide on an acceptable level of productivity for smartphone refurbishment.**

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_____ **[2]**

(b) Sam is concerned that productivity levels amongst the existing volunteers are too low.

Explain TWO methods that CFD could use to try and improve the productivity of its volunteers.

1 _____

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2 _____

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[4]

5   Charlie and Jack believe that using primary research to help CFD take business decisions is a waste of time. They believe that secondary research is more cost-effective.

Evaluate the benefits and drawbacks to CFD of using primary research, rather than secondary research, when making business decisions. [12]

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6 (a) If **OPTION 2 – OPEN A COMPUTER STORE is chosen, CFD will need to secure the shop and its stock of computer devices.**

Describe how the use of Radio-frequency Identification (RFID) could help to reduce the theft of computers from the computer store.

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_____

_____ **[2]**

(b) **If OPTION 3 – REFURBISH SMARTPHONES is chosen some of the existing volunteers have said they would be unwilling to change to working with smartphones.**

Explain TWO reasons why some volunteers at CFD might be resistant to change.

1 _____

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_____

2 _____

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_____

[4]

7   **CFD needs to return to surplus quickly so that its work can continue for many years to come.**

   Recommend which ONE of the three options CFD should take. Justify your recommendation. [16]

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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, 1(a) or 2(c).

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Version 4