

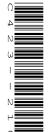
# Thursday 14 January 2021 – Morning

# Level 3 Cambridge Technical in Business

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

Time allowed: 1 hour 30 minutes

C423/2101



#### 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. 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 60.
- The marks for each question are shown in brackets [ ].
- This document has 16 pages.

#### **ADVICE**

· Read each question carefully before you start your answer.

USE ONI	LY
Question No	Mark
1	/8
2	/6
3	/6
4	/6
5	/12
6	/6
7	/16
Total	/60

FOR EXAMINER

© OCR 2021 [T/507/8150]

OCR is an exempt Charity

C423/2101/8 Turn over

# Answer **all** the questions.

1	(a)	Running Heavenly Scented Soaps by James (HSSJ) involves taking many business
		decisions, some of which are tactical.

Identify with a tick ( $\checkmark$ ) the **two** tactical decisions from the table below.

You should **only** tick **two** boxes.

Business Decision	Tick (√)
Deciding to change the supplier of the perfumes	
Deciding to conduct market research using a focus group	
Deciding to introduce a new range of novelty handmade soaps	
Deciding when to launch an advertising campaign	

[2]

(b)	Explain how a strategic business decision is different to an operational business decision.
	[2]
(c)	Business decisions involve opportunity costs.
	Identify <b>one</b> possible example of an opportunity cost to <i>HSSJ</i> if <b>Option 3 - Introduce a new range of novelty soaps</b> is chosen.

(d)	Sarah has provided James with financial forecasts for all three options.
	Explain why Sarah's forecasts might be biased.
	ra

**2** The cash flow statement below shows actual cash flow for *HSSJ* for the first five months of trading.

	July	August	September	October	November
	£	£	£	£	£
Cash inflows	2500	3400	4000	4200	4400
Cash outflows	3000	2800	2500	2600	2800
Net cash flow	-500	600	1500	1600	1600
Opening balance	???	100	700	2200	3800
Closing balance	100	700	2200	3800	5400

(a) Calculate the opening balance in July. Write your answer in the box below. Do **not** write on the cash flow statement.

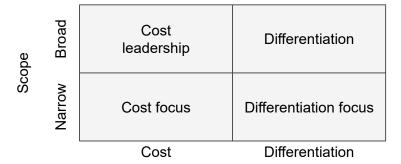
	Snow your working
	Opening balance for July: £
	[2
(b)	Explain the difference between net cash flow and profit.

c,	spend £10 000. This would be financed by a loan of £5000 from the bank and £5000 from cash currently held by <i>HSSJ</i> .
	Explain the likely impact on <i>HSSJ</i> 's <b>cash flow</b> if all three movements of cash take place in the same month.
	[2

© OCR 2021 Turn over

_	
a)	Explain how James could use a skills audit to help him recruit a suitable employee.
b)	Explain <b>one</b> benefit to <i>HSSJ</i> of providing the new employee with on-the-job training.
b)	

4 Sarah thinks that, if **Option 3 - Introduce a new range of novelty soaps** is chosen, *HSSJ* needs to do more than simply copy the competitive strategies of its potential competitors. Sarah is aware of Porter's Generic Competitive Strategies (see **Fig.1** below).



Source of competitive advantage

Fig. 1

(a)	Explain <b>one</b> reason why a 'cost leadership' strategy is unlikely to be successful for <i>HSSJ</i> .
	[6]

© OCR 2021 Turn over

sens	th is of the opinion that business decisions should be based on whatever makes se for the business. All other considerations, including business ethics, should be	igno
sens Eval	se for the business. All other considerations, including business ethics, should be uate the benefits and drawbacks to <i>HSSJ</i> of making decisions using financial cri	igno
sens Eval	se for the business. All other considerations, including business ethics, should be uate the benefits and drawbacks to <i>HSSJ</i> of making decisions using financial cri	igno
sens	se for the business. All other considerations, including business ethics, should be uate the benefits and drawbacks to <i>HSSJ</i> of making decisions using financial cri	igno
sens Eval	se for the business. All other considerations, including business ethics, should be uate the benefits and drawbacks to <i>HSSJ</i> of making decisions using financial cri	igno
sens Eval alon	se for the business. All other considerations, including business ethics, should be uate the benefits and drawbacks to <i>HSSJ</i> of making decisions using financial cri	igno teria
sens Eval alon	se for the business. All other considerations, including business ethics, should be uate the benefits and drawbacks to <i>HSSJ</i> of making decisions using financial crie.	igno teria
sens Eval alon	se for the business. All other considerations, including business ethics, should be uate the benefits and drawbacks to <i>HSSJ</i> of making decisions using financial crie.	igno teria
sens Eval alon	se for the business. All other considerations, including business ethics, should be uate the benefits and drawbacks to <i>HSSJ</i> of making decisions using financial crie.	igno teria
sens Eval alon	se for the business. All other considerations, including business ethics, should be uate the benefits and drawbacks to <i>HSSJ</i> of making decisions using financial crie.	igno teria
sens Eval alon	se for the business. All other considerations, including business ethics, should be uate the benefits and drawbacks to <i>HSSJ</i> of making decisions using financial crie.	igno teria
sens Eval alon	se for the business. All other considerations, including business ethics, should be uate the benefits and drawbacks to <i>HSSJ</i> of making decisions using financial crie.	igno teria
sens Eval alon	se for the business. All other considerations, including business ethics, should be uate the benefits and drawbacks to <i>HSSJ</i> of making decisions using financial crie.	igno teria
sens Eval alon	se for the business. All other considerations, including business ethics, should be uate the benefits and drawbacks to <i>HSSJ</i> of making decisions using financial crie.	igno teria
sens Eval alon	se for the business. All other considerations, including business ethics, should be uate the benefits and drawbacks to <i>HSSJ</i> of making decisions using financial crie.	igno teria

Whichever option is chosen, *HSSJ* would benefit from the use of contingency planning and a risk register.

(a)		e risk to <i>HSSJ</i> 's soap production is the non-arrival of raw materials from a major plier.
	(i)	State <b>two</b> suitable contingencies that James could make to lessen the impact should this event occur.
		1
		2
		[2]
	(ii)	State <b>one</b> drawback to <i>HSSJ</i> of contingency planning.
		[1]
(b)	Dos	scribe what a risk register shows.
(10)		
		[3]

© OCR 2021 Turn over

				[16
•••••	 	 	 	 
•••••	 	 	 	 
•••••	 	 	 	 

•••••
•••••
 •••••

## **ADDITIONAL ANSWER SPACE**

If additional answer space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margins – for example, 1(a) or 6(b).



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 the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a