

Level 3 Cambridge Technical in Business

05834/05835/05836/05837/05878

Unit 3: Business decisions

Monday 16 January 2017 – Morning
Time allowed: 1 hour 30 minutes

You must have:

- a clean copy of the pre-release (insert C424)

You may use:

- a calculator

First Name

Last Name

Centre
Number

Candidate
Number

Date of
Birth

INSTRUCTIONS

- Use black ink.
- Complete the boxes above with your name, centre number, candidate number and date of birth.
- Answer **all** the questions.
- Write your answer to each question in the space provided. If additional space is required, you should use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.

INFORMATION

- The total mark for this paper is **60**.
- The marks for each question are shown in brackets [].
- This document consists of **12** pages.

FOR EXAMINER USE ONLY

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

Answer **all** questions.

1 *IceCrazy* has many stakeholders.

(a) Identify **two** internal stakeholder groups of *IceCrazy*.

1

2

[2]

(b) Explain **one** reason why it is important for businesses to communicate with their internal stakeholders **before** taking major decisions.

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..... [3]

2 Sameer is worried about *IceCrazy*'s recent financial results. He wishes to use break-even analysis to investigate further. Data for 2017 is expected to be as follows:

- average selling price of £10.00 per litre of ice cream
- variable costs of £8.00 per litre of ice cream
- fixed costs of £1 500 000 per annum.

(a) State what is meant by the term 'break-even'.

.....

..... [1]

- (b) Calculate the level of output that *IceCrazy* needs to achieve to break-even.

Show your workings

Break-even level of output = litres

[2]

- (c) Sameer predicts that sales in 2017 will be 800 000 litres.

Calculate *IceCrazy's* margin of safety for 2017.

Show your workings

Margin of safety = litres

[2]

- (d) Explain **one** way *IceCrazy* could lower its break-even level of output.

.....

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.....

..... [2]

3 On average *IceCrazy* employs 25 permanent staff. Ten people left the business in 2016.

(a) Calculate *IceCrazy*'s rate of labour turnover for permanent staff for 2016.

Show your workings

Rate of labour turnover =

[2]

(b) Explain why Janice should be concerned about the level of labour turnover at *IceCrazy*.

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.....[2]

(c) Explain **one** possible cause of the high level of labour turnover at *IceCrazy*.

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.....[3]

- 5** If *IceCrazy* decides to go ahead with **Option 2 – Offer a range of healthier products**, Sameer will need to consider carefully how to market these new products.

Evaluate factors that *IceCrazy* needs to consider when launching its new product range into a very competitive market.

[12]

[illegible]

- 6 If *IceCrazy* goes ahead with **Option 3 – Open a soft play facility with on-site ice cream café**, good project management will be essential.

Janice has been given a copy of a project plan from a friend's business. An extract is shown in **Fig. 2** below.

Activity	February									March				
	21	22	23	24	25	26	27	28	29	1	2	3	4	5
Develop questionnaire														
Analyse results														
Plan poster														
Design poster														
Plan website														
Build website														
Design spreadsheet														
Build spreadsheet														
Project testing														

Fig. 2

- (a) (i) State the name of the project management tool shown in **Fig. 2**.

.....
[1]

- (ii) Explain how using the project management tool shown in **Fig. 2** could help Janice plan **Option 3 - Open a soft play facility with on-site ice cream café**.

.....

[2]

- (b) In order to make an informed decision about **Option 3 - Open a soft play facility with on-site ice cream café** Janice will have to study lots of information.

Identify **one** criterion Janice could use to judge the validity of any information she uses.

.....[1]

- (c) Some employees at *IceCrazy* seem to be resistant to the changes that **Option 3 - Open a soft play facility with on-site ice cream café** would bring.

Explain **two** ways that Janice could encourage employees to be more positive.

1

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2

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[4]

- 7 Recommend which option, or combination of options, would best secure the long term future of *IceCrazy*. Justify your view.

[16]

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