

Tuesday 13 May 2025 – Morning

Level 3 Cambridge Technical in Business

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

Time allowed: 2 hours

C420/2506

You must have:

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

You can use:

- a calculator



Please write clearly in black ink. **Do not write in the barcodes.**

Centre number

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Candidate number

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First name(s)

Last name

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.
- Use the Insert to answer the questions in Section B.
- 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.

Section A

Put a tick (✓) in the box next to the **one** correct answer for each question.

- 1 Which functional area would be responsible for creating posts for a business' social media account?

A Accounting

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B Marketing

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C Operations management

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D Sales

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[1]

- 2 Which is an example of a primary business activity?

A Banking

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B Dentistry

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C Education

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D Fishing

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[1]

- 3 Which is a growth aim for a business?

A Being competitive

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B Physical expansion

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C Reducing cost

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D Survival

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[1]

- 4 Which roles are higher in status than a manager?

A Chief executive and directors

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B Chief executive and supervisors

☐

C Chief executive, directors and supervisors

☐

D Directors and supervisors

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[1]

- 5 In a supermarket, who would be classified as an internal stakeholder with a low degree of influence?

- A Customers
B Local residents
C Sales assistant
D Store manager

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[1]

- 6 Sourcing the raw materials that a business needs is called:

- A planning
B prioritisation
C procurement
D production

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[1]

- 7 A company makes candles. It sells its candles in packets of four. Estimated costs and revenues for next year are as follows:

- variable costs = 46p per packet of candles
- fixed costs = £3 million
- average selling price = £4.50 per packet of candles.

At what level of output is the company's total cost expected to equal its total revenue?

- A 185 644 packets of candles
B 742 575 packets of candles
C 18 564 357 packets of candles
D 74 257 426 packets of candles

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[1]

8 A business organised by geographical location:

- A bases all business functions at head office
- B duplicates business functions at each location
- C needs to use a matrix organisational structure
- D only employs local residents

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[1]

9 What measures rises in price levels?

- A Exchange rates
- B Inflation
- C Interest rates
- D Taxation

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[1]

10 A private limited company is owned by two sisters. The company ceases trading with debts of £40 000. According to the Companies Act:

- A both sisters are jointly and severally liable for the full £40 000
- B each sister must repay £20 000 of the debt from personal funds
- C neither of the two sisters needs to pay back the debt
- D the sister with the most savings should pay back the £40 000

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[1]

11 The main purpose of a private sector business is to:

- A benefit the local community
- B bring in revenue for the government
- C make a profit for its owners
- D raise money for charity

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[1]

12 A business should obtain planning permission before:

- A automating its production process
- B building a new factory
- C changing its legal status
- D developing a new product

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[1]

13 Which would be classified as a fixed cost for a crisp manufacturer?

- A Crisp packets
- B Fire insurance
- C Industrial ovens
- D Potatoes

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[1]

14 A market trader sells jeans. The business' financial figures for last year were:

- cost of sales: £118 000
- other business expenses: £84 000
- sales of women's jeans: 5200 pairs at £25 per pair
- sales of men's jeans: 3700 pairs at £30 per pair.

Last year, the business made:

- A a loss of £202 000
- B a profit of £34 000
- C cash inflows totalling £3000
- D revenues totalling £241 000

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[1]

15 Which is **not** an advantage of being enterprising?

- A Being able to choose business aims
- B Being able to make own decisions
- C Being able to pursue own interests
- D Being able to work long hours

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[1]

16 Which is a long-term, external source of finance for a sole trader?

- A Mortgage
- B Overdraft
- C Owner's savings
- D Share issue

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[1]

17 What does the letter 'S' in a SWOT analysis stand for?

- A Skills
- B Solutions
- C Strengths
- D Successes

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[1]

18 Which type of business is **required** to hold an annual general meeting (AGM)?

- A A community interest company (CIC)
- B A partnership
- C A private limited company
- D A public limited company

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[1]

19 Relying on one major supplier:

- A improves the flexibility of a business
- B increases the chances of business failure
- C leads to poor financial control
- D reduces unnecessary risk and uncertainty

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[1]

20 Which is a provision of the Data Protection Act?

- A** Customers cannot be given the data held on them
- B** Employee data must be relevant and not excessive
- C** Research and development data cannot be sold
- D** Sales data must be password protected

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[1]

Section B

Use the businesses you have researched to answer the questions in this section.
A clean copy of the research brief is provided.

- 21** Identify **two** activities done by the business support services function in a business that you have researched.

Name of business

Activity of business

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2

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[2]

- 22** Explain **one** advantage and **one** disadvantage to a business that you have researched of using a bank loan as a long-term source of finance.

Name of business

Activity of business

Advantage

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Disadvantage

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[4]

- 23** Analyse the impact of **two** social factors on a business that you have researched. You should choose one social factor that has had a **positive** impact on the business and one social factor that has had a **negative** impact on the business.

Name of business

Activity of business

Social factor 1

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Positive impact on the business

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Social factor 2

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Negative impact on the business

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[6]

- 24 Explain **two** advantages for a business you have researched of improving the quality of its customer services function.

Name of business

Activity of business

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[4]

- 25** Using a suitable example, explain how delegation has been used to benefit a business you have researched.

Name of business

Activity of business

[4]

Section C

Read the business scenario and answer **all** the questions in this Section.

Peterdale Hospital is a government-owned organisation. In 2017 it was granted funding to construct a separate building on hospital land to specialise in treating teenagers with a range of medical problems. T-wing's four wards opened in 2020. It now has a superb reputation.

T-wing has several diagnostic and treatment rooms containing scanners and other state-of-the-art equipment. It also has storerooms for its medical stocks such as syringes and plasters; and for its stationery stocks such as pens, envelopes and paper clips. T-wing's wards do not have lots of beds in a row like some hospital wards. Instead the beds are in individual rooms, each with their own private bathroom. The facilities for keeping the teenage patients entertained include Wi-Fi, tablet computers, the latest gaming consoles and a selection of musical instruments. There is also a patient kitchen with a table to socialise around.

Running T-wing is expensive. It employs, or sub-contracts, 1250 workers. These include doctors, nurses, care assistants, administrators, catering and cleaning staff. High levels of current vacancies have meant that T-wing has had to use more expensive agency staff. With little or no cash in the bank, this has led to concerns about T-wing's cash flow, the size of its overdraft and the possibility of it running out of funds.

Nina works for the local health authority. She is responsible for the financial and non-financial performance of T-wing. To analyse T-wing's non-financial performance, in early 2025 Nina reissued two surveys initially used in 2020; one for patients and another for employees. The results of these surveys compared to 2020 are shown in **Figs. 1 & 2** below.

Fig. 1: T-wing's patient satisfaction survey

Percentage of patients who 'agreed' or 'strongly agreed' with each of the following statements:	2025	2020
My room's heating, lighting and ventilation meet my needs	80	88
My bathroom toilet, washbasin and shower are kept clean	60	90
The meals I receive are nutritious and tasty	78	87
The range of patient facilities to keep me entertained is good	99	94

Fig. 2: T-wing's employee satisfaction survey

Percentage of employees who 'agreed' or 'strongly agreed' with each of the following statements:	2025	2020
I experience high levels of job satisfaction	65	90
I feel valued and supported by my employer	60	70
I look forward to coming to work each day	56	78
I have needed to take time off work due to exhaustion	40	0

Due to a change in government initiatives, Nina has been asked to include environmental factors in her review of T-wing's non-financial performance. Since the only thing that T-wing currently does is use the solar panels on its roof, Nina knows that further action will be required. She intends to send a report to hospital directors recommending how T-wing's environmental profile could be improved.

26 Using an example from the business scenario, explain what each of the following terms means.

- Non-current assets

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- Current assets

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[4]

27 Explain **one** advantage and **one** disadvantage for T-wing of being part of a government-owned organisation.

Advantage

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Disadvantage

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[4]

- 28** Using the data in **Fig. 1**, evaluate the current issues that need to be addressed to improve patient satisfaction on T-wing. **[12]**

[illegible]

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29

(a) State **two** likely objectives of employees.

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(b) Evaluate likely consequences for T-wing of ignoring the results of the 2025 **employee** satisfaction survey (**Fig. 2**). [12]

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- 30 T-wing's cash flow statement and corresponding cash flow forecast for January to April this year are shown below.

T-WING: CASH FLOW STATEMENT				
	Jan	Feb	Mar	Apr
Total inflow	£12.0m	£16.0m	£16.0m	£16.0m
Cash outflows:				
Utility bills	£4.0m	£4.0m	£4.4m	£4.4m
Wages and salaries	£6.2m	£6.3m	£6.3m	£6.2m
Purchases of stock	£1.3m	£1.4m	£1.4m	£1.5m
Other costs	£4.2m	£4.3m	£4.2m	£4.3m
Total outflow	£15.7m	£16.0m	£16.3m	£16.4m
Opening balance	£0.5m	(£3.2m)	(£3.2m)	(£3.5m)
Closing balance	(£3.2m)	(£3.2m)	(£3.5m)	(£3.9m)

T-WING: CASH FLOW FORECAST				
	Jan	Feb	Mar	Apr
Total inflow	£15.0m	£15.0m	£15.0m	£15.0m
Cash outflows:				
Utility bills	£3.8m	£3.8m	£3.8m	£3.8m
Wages and salaries	£5.9m	£5.7m	£5.9m	£5.8m
Purchases of stock	£1.2m	£1.2m	£1.2m	£1.2m
Other costs	£4.1m	£4.3m	£4.1m	£4.2m
Total outflow	£15.0m	£15.0m	£15.0m	£15.0m
Opening balance	£0.5m	£0.5m	£0.5m	£0.5m
Closing balance	£0.5m	£0.5m	£0.5m	£0.5m

(a) Calculate:

- the expected net cash flow in March

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- the actual net cash flow in March.

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[2]

(b) Calculate:

- the amount by which wages and salaries exceeded the forecast in February

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- the percentage increase in the actual cost of utility bills from January to April.

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31 Analyse **three** ways T-wing's environmental profile could be improved.

Which one of these ways should Nina recommend in her report? Justify your answer.

[12]

[illegible]

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END OF QUESTION PAPER

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