OCR
Oxford Cambridge and RSA

Monday 14 January 2019 – Morning

LEVEL 3 CAMBRIDGE TECHNICAL IN BUSINESS

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

Duration: 1 hour 30 minutes

C423/1901

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	D D M M Y Y Y Y		

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 answer 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	/8
2	/6
3	/6
4	/6
5	/12
6	/6
7	/16
Total	/60

C423/1901/7

OCR is an exempt Charity

Turn over

Answer **all** the questions.

1 **(a)** Carl is concerned that *Chalk Coast Fishing Museum* (*CCFM*) is not keeping pace with current trends and developments in the leisure market.

Identify **two** possible changes in the leisure market that could reduce the number of visitors to the museum.

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[2]

(b) Explain how Carl's own attitude to risk could influence his decision about the future of *CCFM*.

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....**[2]**

(c) Carl has found the following report in his local library:
"Terminal decline – why museums need funding support now!"
A report by the National Society of Independent Museums, 2007.

Carl is considering using this report to help him choose between options 1, 2 and 3.
Explain **two** reasons why the validity of this information might be limited.

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[4]

2 Carl has identified the following financial information about *CCFM*:

- Fixed costs: £16 000 per year

- Variable costs: £0.50 per visitor

- Admission price: £4.00 per visitor.

(a) Calculate the unit contribution.

Show your workings
Unit contribution = £

[2]

(b) Carl has received a special-order request from a coach-tour operator that will be visiting the local area each week from June to September. The coach-tour operator wishes to pay a price of £1.50 per person for admission to *CCFM*.

    (i) Explain **one** reason why Carl might decide not to accept this special order.

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....**[2]**

Turn over

(ii) Explain why it might make financial sense for Carl to accept this special order.

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....**[2]**

3 **(a)** If **Option 1: Upgrade the museum** is chosen, Carl would need to recruit two part-time staff.

A typical business in England would have over 200 000 people living within twenty miles of its location. However, *CCFM*'s coastal location means that it only has 10 000 people living within twenty miles of the museum.

Explain **one** problem that *CCFM* might face as a result of having so few people living in the local area.

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....**[2]**

(b) If **Option 1: Upgrade the museum** is chosen, the staff will need to be trained to maintain the new interactive museum displays.

Carl has identified the following training course.

Content:	The design and maintenance of interactive displays
Duration:	3 days
Venue:	London
Training Provider:	The National Association of Museums and Art Galleries.

(i) Explain **one** disadvantage to *CCFM* of sending its staff on this training course.

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....**[2]**

(ii) Explain **one** advantage to *CCFM* of sending its staff on this training course.

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4 (a) Carl collected comments from recent visitors to *CCFM*. Visitors were asked to state what they thought about the museum. Visitors were not asked for their name or other personal details. Carl collected comments from fifty visitors (see **Appendix 1** for some examples).

(i) Explain **one** disadvantage of using text-based information to help make a business decision.

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....**[2]**

(ii) Explain **one** advantage of using text-based information to help make a business decision.

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(b) Carl has conducted research into the current users of the museum.

Over a two-week period Carl asked every visitor their age. Carl asked 600 visitors. 540 gave their age.

Carl has summarised the results in a pie chart, see Fig. 1 below.

Percentage of visitors by age group
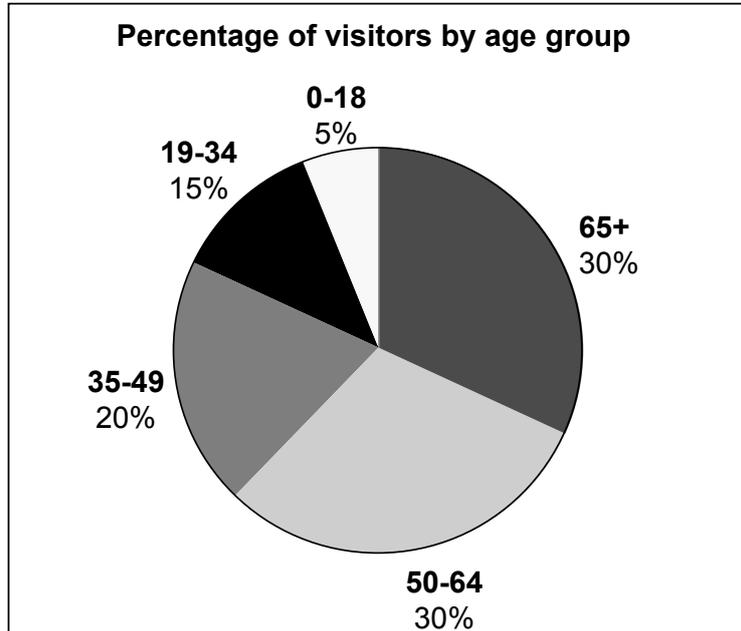
Fig. 1

(i) How many visitors gave their age as 65 or older?

Answer: ....**[1]**

(ii) State **one** reason why the pie chart in Fig. 1 may give misleading information.

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....**[1]**

5 Carl has access to the following types of information:

- historic (e.g. the number of visitors to coastal museums between 2006 and 2018)

- forecasted (e.g. the predicted number of visitors to coastal museums between 2019 and 2024).

Evaluate the usefulness to *CCFM* of using historic and forecasted information when choosing between options 1, 2 and 3.

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6 **(a)** The table below lists three causes of change at *CCFM*.

Complete the table by stating whether the cause of each change is internal or external.

Cause of change	Internal or external?
The museum will soon lose its grant from the local council	
The exhibits have not been updated in recent years	
Visitor numbers are declining	

[3]

(b) Explain **one** reason why the volunteers at *CCFM* might be resistant to change.

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....**[3]**

7 Recommend which one of the three options under consideration at *CCFM* would best secure the long-term future of the museum. Justify your view.

[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 number(s) must be clearly shown in the margin(s) – for example 1(a) or 2(b).

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