

# **Cambridge Technicals Business**

## **Unit 1: The Business Environment**

Level 3 Cambridge Technical in Business  
**05834 - 05837**

## **Mark Scheme for January 2022**

OCR (Oxford Cambridge and RSA) is a leading UK awarding body, providing a wide range of qualifications to meet the needs of candidates of all ages and abilities. OCR qualifications include AS/A Levels, Diplomas, GCSEs, Cambridge Nationals, Cambridge Technicals, Functional Skills, Key Skills, Entry Level qualifications, NVQs and vocational qualifications in areas such as IT, business, languages, teaching/training, administration and secretarial skills.

It is also responsible for developing new specifications to meet national requirements and the needs of students and teachers. OCR is a not-for-profit organisation; any surplus made is invested back into the establishment to help towards the development of qualifications and support, which keep pace with the changing needs of today's society.





This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

© OCR 2022

## Annotations

Annotation	Meaning	Annotation	Meaning
	Tick – correct, mark awarded	<b>L1</b>	Level 1 (Knowledge)
	Cross – incorrect, mark not awarded	<b>L2</b>	Level 2 (Understanding)
	Meaning of response unclear	<b>L3</b>	Level 3 (Analysis)
<b>NAQ</b>	Not answered question	<b>L4</b>	Level 4 (Evaluation)
<b>TV</b>	Too vague	<b>CONT</b>	Response is contextual
<b>BOD</b>	Benefit of doubt	<b>SEEN</b>	Noted but no credit given
<b>REP</b>	Same point repeated	<b>BP</b>	Blank page
<b>OFR</b>	Own figure rule		Highlight

SECTION A			
Question	Answer	Marks	Guidance
1	Indicative content: <b>C</b>	1	For one mark.
2	Indicative content: <b>B</b>	1	For one mark.
3	Indicative content: <b>B</b>	1	For one mark.
4	Indicative content: <b>B</b>	1	For one mark.
5	Indicative content: <b>C</b>	1	For one mark.
6	Indicative content: <b>C</b>	1	For one mark.
7	Indicative content: <b>C</b>	1	For one mark.
8	Indicative content: <b>D</b>	1	For one mark.
9	Indicative content: <b>B</b>	1	For one mark.
10	Indicative content: <b>C</b>	1	For one mark.
11	Indicative content: <b>D</b>	1	For one mark.
12	Indicative content: <b>C</b>	1	For one mark.
13	Indicative content: <b>B</b>	1	For one mark.
14	Indicative content: <b>C</b>	1	For one mark.
15	Indicative content: <b>D</b>	1	For one mark.
16	Indicative content: <b>B</b>	1	For one mark.
17	Indicative content: <b>A</b>	1	For one mark.
18	Indicative content: <b>D</b>	1	For one mark.
19	Indicative content: <b>C</b>	1	For one mark.
20	Indicative content: <b>D</b>	1	For one mark.

SECTION B			
Question	Answer	Marks	Guidance
21	<p><b>Responses include:</b></p> <ul style="list-style-type: none"> <li>• television/TV</li> <li>• posters/billboards</li> <li>• social media e.g. Facebook, Instagram, Twitter, YouTube, TikTok, etc.</li> <li>• newspapers/magazines</li> <li>• cinema/films</li> <li>• radio</li> <li>• leaflets/brochures</li> <li>• banners</li> <li>• window displays</li> <li>• fayres/exhibitions</li> <li>• business cards</li> <li>• direct mail</li> <li>• email</li> <li>• text messages (SMS)</li> <li>• picture messages (MMS)</li> <li>• instant messages/WAP push messages</li> <li>• website/webpage/Internet/WWW/online e.g. <u>online</u> shop, <u>online</u> survey, etc.</li> <li>• Apps.</li> </ul>	2	<p><b>One</b> mark for each correct identification up to a maximum of <b>two</b> identifications.</p> <p><b>Medium</b> required not the type of promotion e.g. do <b>not</b> award (DNA) adverts, sponsorship, public relations, sales promotion (special deals), etc.</p> <p>E.g. 'Advert' (0), 'Television (1) advert', 'Television' (1).</p> <p>Do <b>not</b> award 'loyalty cards', 'donating to charity' or 'video'.</p>

SECTION B			
Question	Answer	Marks	Guidance
22	<p><b>Responses include:</b></p> <ul style="list-style-type: none"> <li>• give to/donate money, time, food, etc (to charity)/set up a charity</li> <li>• give <u>humanitarian</u> aid</li> <li>• support <u>community</u> programmes/engagement e.g. <u>community</u> health and welfare schemes</li> <li>• <u>sports</u> provision/sponsorship</li> <li>• <u>educational</u> activities provision/sponsorship</li> <li>• <u>cultural</u> activities provision/sponsorship.</li> </ul> <p><b>Exemplar responses:</b></p> <p>Name of business: Acton Ltd Activity of business: Insurance broker</p> <p>Donate money <b>(1)</b> to charity e.g. The Childhood Joy foundation <b>(+1)</b>.</p> <p>Donate clothes <b>(1)</b> to charity.</p> <p>Run sporting activities <b>(1)</b> e.g. local football coaching <b>(+1)</b>.</p> <p>Run a local football team <b>(1)</b>.</p> <p>Give humanitarian aid <b>(1)</b> by allowing employees to go to where help is needed <b>(+1)</b>.</p> <p>Support local community programmes <b>(1)</b>.</p>	4	<p><b>In each case, award:</b> <b>One</b> mark for CSR activity <b>AND/OR</b> <b>One</b> mark for descriptive detail i.e. WHAT or HOW.</p> <p><b>Must</b> be a CSR provision i.e. benefits SOCIETY/ COMMUNITY. Do <b>not</b> award provisions that aim to benefit other stakeholders e.g. employees (e.g. fringe benefits, healthcare for staff) or customers (e.g. quality, good customer service, marketing).</p> <p>Must be CSR i.e Corporate <u>SOCIAL</u> Activities. Do not award other STEEPLE ACTIVITIES. E.g. Do <b>not</b> Award: environmental e.g. recycle, reduce plastic, paperless, food miles; sustainable e.g. reduce pollution. land usage, green energy; ethical employer e.g. fair pay, kind; ethical trade e.g. product sourcing, fair trade, local suppliers, no animal testing; legal e.g. safety, consumer protection, no discrimination, etc.</p> <p>Descriptive detail required for second mark (i.e. WHAT or HOW) – do <b>not</b> award WHY – i.e. do <b>not</b> award the benefits to a business of having a good CSR profile.</p> <p>Do <b>not</b> award repetition i.e. max two marks per bullet point.</p> <p>‘Extra support to people struggling with Covid’ Too vague (what extra support?). Please annotate ‘TV’.</p>

Question	Answer	Marks	Guidance
23	<p><b>Responses include:</b></p> <ul style="list-style-type: none"> <li>• makes corporate/overall/important/major decisions</li> <li>• determine corporate strategy</li> <li>• set goals/aims/long term objectives</li> <li>• determine the direction of the business</li> <li>• decide future plans/make expansion plans</li> <li>• to oversee the <u>development</u> of the <u>company</u></li> <li>• lead/report decision rationale to <u>board of directors</u></li> <li>• supply <u>shareholders</u> with reasons for decisions made</li> <li>• decide how the company presents itself to the world</li> <li>• be the public face of company</li> <li>• network with other <u>leading</u> business personnel</li> <li>• communicate on behalf of the company with <u>government</u></li> <li>• manage <u>overall</u> risk.</li> </ul> <p><b>Exemplar responses:</b></p> <p>Name of business: Kitty plc Activity of business: Fashion chain</p> <p>One task of the Chief Executive is to set corporate goals <b>(1)</b> because Kitty is responsible for the success of the company <b>(+1)</b>.</p> <p>A task of the Chief Executive is to decide the direction of the company <b>(1)</b> so that it makes as much profit as possible <b>(+1)</b>.</p> <p>The Chief Executive makes important decisions <b>(1)</b> for example Kitty plc has decided to close its out-of-town stores <b>(0)</b>.</p>	4	<p><b>In each case, award:</b></p> <p><b>One</b> mark for CEO task (1) <b>PLUS</b> <b>One</b> mark for explanation (+1) i.e. WHY.</p> <p>Identification mark must be for a CEO <b>task</b>. Responsibilities e.g. ‘answerable to stakeholders’ or ‘responsible for success of company’ are only awardable as explanation marks (+1 only). Watch out for ‘make sure’/‘ensure’ these usually indicate responsibilities (+1 only).</p> <p><b>Must</b> be tasks relating to the role of a CEO i.e. <b>strategic</b>.</p> <p>Do <b>not</b> award operational tasks, tactical tasks or functional tasks. E.g. DNA ‘sets targets’ (0), ‘set budgets’ (0), ‘put the business out there’ (0) and ‘to prepare ahead’ (0).</p> <p>Do <b>not</b> award answers relating to monitoring functional areas as this is a director role.</p> <p>Do <b>not</b> award ‘to expand the business’, this is a business aim rather than a task.</p> <p>Do <b>not</b> award ‘delegation’.</p> <p>Do <b>not</b> award vague answers E.g. DNA ‘make <u>all</u> decisions’ (0), ‘make <u>final</u> decisions’ (0), ‘make decisions’ (0), ‘keep company running correctly’ (0), ‘communicate with key <u>stakeholders</u>’ (0).</p> <p>Do <b>not</b> award ‘be highest ranking official’, ‘person with most authority’, ‘be elected by shareholders’ or ‘be in charge’ as these are who the CEO is, they do not answer the question.</p> <p>The explanation mark <b>(+1)</b> must be for a <b>reason</b> i.e. WHY, <b>not</b> an example.</p>

SECTION B			
Question	Answer	Marks	Guidance
24	<p><b>Use levels of response criteria.</b></p> <p><b>Responses include:</b></p> <ul style="list-style-type: none"> <li>Advantages e.g. no interest payable, cheaper than other sources, low cost, immediately available/ accessible (quick and easy to obtain), no external application procedure, do not have to be repaid, not in debt, assets not taken as security, does not dilute ownership, etc.</li> <li>Disadvantages e.g. new businesses may not have any reserves yet, funds may be insufficient, you can only spend what you have, diminishes current assets, reduces financial contingency, may leave the business short of funds for future plans, more likely to need to borrow in the future, finite quantity (once gone it has gone), lose interest/dividend on used up reserves, opportunity cost, etc.</li> </ul> <p><b>Exemplar response:</b></p> <p>Name of business: Parkers Ltd Activity of business: Greengrocers</p> <p>One advantage to Parkers Ltd of using reserves is that no money is borrowed (<b>L1</b>) therefore this saves money/stops wasting money on paying interest (<b>L2</b>), reducing the company's potential costs (<b>L3</b>).</p> <p>One advantage is that the funds could be instantly available (<b>L1</b>), therefore meaning the planned expansion can begin immediately (<b>L3</b>).</p>	6	<p><b>In each case, award as follows:</b></p> <p><b>Levels of response</b></p> <p><b>Level 1 (1 mark)</b> Identification of an advantage/disadvantage.</p> <p><b>Level 2 (2 marks)</b> Any development of L1 advantage/disadvantage which falls short of being analytical.</p> <p><b>Level 3 (3 marks)</b> Analysis of L1 advantage/disadvantage (business-facing impact).</p> <p><b>NB</b> Candidates can progress directly from L1 to L3 (see mark scheme preamble page 4).</p> <p>First mark <b>must</b> be for an advantage/disadvantage (rather than a definition of reserves) e.g. Do <b>not</b> award 'internal source' – it is neither an advantage nor a disadvantage, just a statement.</p> <p>Do <b>not</b> award 'risk/financial risk' at L1. 'Risk' always too vague. 'Financial risk' or similar required for L2.</p> <p><b>NB</b> Two totally different advantages (e.g. one relating to time and one relating to being in debt) are both L1s. Two advantages that link in the chain of argument (e.g. both relate to cost) are L1 and L2.</p> <p><b>NB</b> Accept answers relating to savings, since reserves are the savings of the business.</p>



SECTION B				
Question		Answer	Marks	Guidance
		<p>One disadvantage is that it might use up all of the company's reserves (<b>L1</b>). This could lead to the company having insufficient funds for a future expansion (<b>L2</b>), reducing its long-term profitability (<b>L3</b>).</p> <p>One disadvantage is that the company would lose out on the interest it would have received on the reserves (<b>L1</b>) reducing cash inflows (<b>L3</b>).</p>		Do <b>not</b> award what the reserves could be spent on.

SECTION B			
Question	Answer	Marks	Guidance
25	<p><b>Responses include:</b></p> <ul style="list-style-type: none"> <li>• goods as described/accurate labelling/no false advertisements</li> <li>• goods of satisfactory quality/reasonable quality/good quality/no faults/quality checked</li> <li>• goods fit for purpose/do what they should</li> <li>• goods match the sample</li> <li>• services provided with reasonable skill</li> <li>• services provided with reasonable care</li> <li>• services provided within a reasonable timeframe</li> <li>• goods and services provided at a reasonable price</li> <li>• no unfair terms in contract</li> <li>• offer returns e.g. refund/replacement/repair (if defective).</li> </ul> <p><b>Exemplar responses:</b> Name of business: Patterson IT Supplies Activity of business: Retailer</p> <p>Patterson IT supplies ensures that all of the <u>computers</u> <b>(CONT)</b> it sells are correctly described ✓ and of satisfactory quality ✓. <b>Two ticks and CONT so 4 marks</b></p> <p>Patterson IT Supplies ensures that all of the <u>computers</u> <b>(CONT)</b> it sells are correctly described ✓. <b>One tick and CONT so 3 marks</b></p> <p>Patterson IT Supplies ensures that everything it sells is correctly described ✓ and of satisfactory quality ✓. <b>Two ticks (but no CONT) so 2 marks</b></p> <p>Patterson IT Supplies ensures that everything it sells is of satisfactory quality ✓. <b>One tick (but no CONT) so 1 mark</b></p>	4	<p><b>Up to four marks.</b></p> <p><b>For a contextual answers, award:</b> <b>Four</b> marks for two or more legal provisions <b>Three</b> marks for one legal provision.</p> <p><b>For a non-contextual answer, award:</b> <b>Two</b> marks for two or more legal provisions <b>One</b> mark for one legal provision.</p> <p><b>Test for CONTEXT = product/service/industry only. Look for industry specific terms. Please annotate CONT.</b></p> <p>Do <b>not</b> accept answers relating to <b>safety</b>, as safety comes under the Consumer Protection Act not the Consumer Rights Act e.g. DNA customers hurt, allergic reaction to hair products/food, etc.</p> <p>As described - do <b>not</b> award 'give a full/complete description'/'provide information about ...'. It is the accuracy of the description that the law regulates rather than the quantity of information.</p> <p><b>NB</b> Take care with answers relating to <b>food labelling</b>. Full description/all ingredients, provide information about ingredients, etc is not covered by the Consumer Rights Act. However, do award if answer relates to <b>accurate/correct labelling</b> of the content of the food i.e. it matches the description.</p> <p><b>NB</b> Accept answers that do <b>above and beyond</b> what the law requires e.g. 'give refunds even if not defective' or 'high quality', as these still comply with the Consumer Rights Act.</p>

SECTION C				
Question		Answer	Marks	Guidance
26	(a)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>flat structure.</li> </ul>	1	<p>For <b>one</b> mark.</p> <p>Contradictory response rule applies i.e. if two items circled award zero.</p>
26	(b)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>5 (five).</li> </ul>	1	<p>For <b>one</b> mark.</p> <p>Many candidates have written general answers or attempted a description of organisational structure. Please read entire answer and award '5 (five)' if seen.</p>
27	(a)	<p><b>Responses include:</b></p> <ul style="list-style-type: none"> <li>the type of finance e.g. loan/long-term <u>source</u> of finance/external <u>source</u> of funds/debt finance, borrowing, lending, etc</li> <li>for property/land e.g. house/building/premises/bricks and mortar/shop/factory, etc.</li> </ul> <p><b>Exemplar response:</b></p> <p>A mortgage is a long-term source of funds <b>(1)</b> when buying a building <b>(1)</b>.</p> <p>Borrowing <b>(1)</b> a lot of money from the bank to run the business <b>(0)</b>.</p> <p>Used to buy a house <b>(1)</b>.</p>	2	<p>Award:</p> <p><b>One</b> mark for <u>type of finance</u>.</p> <p><b>AND/OR</b></p> <p><b>One</b> mark for reference to <u>property/land</u></p> <p>'Source of finance' is too vague (please annotate TV), the introduction to Q27 tells them that Beth needs finance. Some additional detail e.g. long-term or external required.</p> <p>Do <b>not</b> award vague answers e.g. DNA 'get money from bank', 'pay to own', 'banks gives you money', 'request money from bank', etc. Please annotate TV.</p> <p>Do <b>not</b> award features of a mortgage e.g. DNA instalments, interest, needs to be paid back, etc. The question asks what a mortgage is.</p> <p>No context required.</p>

Question		Answer	Marks	Guidance
27	(b)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>purpose e.g. decide whether to agree an overdraft facility/good idea to grant/worth allowing an overdraft facility/whether willing to lend/acceptable level of risk/assess ability to repay overdraft/whether can make back/set overdraft limit</li> <li>content of business plan e.g. cash flow, break-even, aims, objectives, goals, targets, expansion plans, 3-year plan, projected growth, production plan, costs, income, revenue, profits, financials, finances, etc.</li> </ul> <p><b>Exemplar responses:</b></p> <p>The bank might have used the business plan to decide whether the business is likely to be able to pay back an overdraft <b>(1)</b> by checking the first year's targets <b>(+1)</b>.</p> <p>The bank might look at the cash flow forecast <b>(+1)</b> to decide what overdraft limit to set <b>(1)</b>.</p> <p>Check whether the business will make a profit <b>TV (0)</b>.</p> <p>Check the cash flow forecast <b>(0)</b>.</p>	2	<p><b>Award</b></p> <p><b>One</b> mark for identification of purpose (1). <b>PLUS</b> <b>One</b> further mark for content of business plan (+1).</p> <p>Do <b>not</b> award purpose marks for solely checking whether the business is viable/likely to be successful (TV). The answer needs to get to the bank's willingness to agree the overdraft facility i.e. yes or no? or how much?</p> <p>Do <b>not</b> award 'to assess <u>how long</u> overdraft needed for'/'to assess <u>how long</u> to pay back'.</p> <p>Do <b>not</b> award 'decide whether to <u>invest</u>'.</p> <p><b>NB</b> Content of business plan is +1 only.</p> <p>Contents of business plan: 'the figures' is too vague (TV). Would need to refer to 'financial figures' or similar.</p> <p>No context required.</p>

Question	Answer	Marks	Guidance
28	<p><b>Use level of response criteria.</b></p> <p><b>Disadvantages include:</b></p> <ul style="list-style-type: none"> <li>• responsible for all business functions</li> <li>• high workload/always more tasks to be done</li> <li>• time consuming/long working hours/hours are long and hard</li> <li>• limited time off/no time for hobbies e.g. going out with friends, visiting mother, childcare for daughter in school holidays</li> <li>• no absence cover/no one to takeover e.g. illness, holidays</li> <li>• lack of skills/expertise e.g. creativity, legal knowledge</li> <li>• lack ideas/ideas difficult to come by</li> <li>• no one to help with decision-making/problem solving</li> <li>• no one to discuss issues with</li> <li>• lack of capital/money is in short supply e.g. cannot afford childcare or visiting mother</li> <li>• lack of equity funding/debt funding required</li> <li>• impacts on physical and mental health e.g. worrying, anxiety, stress, depression</li> <li>• unincorporated/no separate legal identity</li> <li>• unlimited liability</li> <li>• personally liable for finances of business</li> <li>• lack of business continuity.</li> </ul> <p><b>Exemplar response:</b></p> <p>One disadvantage of being a sole trader is that capital is limited (<b>L1</b>), causing Beth to be stressed (<b>L3</b>).</p> <p>Another disadvantage is that running a business as a sole trader has a high workload (<b>L1</b>). This is particularly difficult for Beth because she also has a daughter to look after (<b>L2</b>). This may lead to Beth being unable to spend quality time with her daughter (<b>L3</b>).</p>	12	<p><b>Levels of response</b></p> <p><b>Level 4 (10 - 12 marks)</b> Candidate evaluates disadvantages to Beth of operating as a sole trader.</p> <p><b>Level 3 (7 - 9 marks)</b> Candidate analyses disadvantage(s) to Beth of operating as a sole trader.</p> <p><b>Level 2 (4 – 6 marks)</b> Candidate explains disadvantage(s) to Beth of operating as a sole trader.</p> <p><b>Level 1 (1 – 3 marks)</b> Candidate identifies disadvantage(s) of operating as a sole trader.</p> <p><b>L1</b> – identifies a disadvantage of being a sole trader. Award bottom of mark band for 1 disadvantage identified, middle of mark band for 2 disadvantages identified, and top of mark band for 3 or more disadvantages identified.</p> <p><b>L2</b> – any development of L1 point which falls short of being analytical e.g. explains the cause of a disadvantage or suggests an impact which is not Beth/business-facing (e.g. a disadvantage to an employee, customer or Beth’s daughter). Award bottom of mark band for the development of 1 disadvantage, middle of mark band for the development of 2 disadvantages, and top of mark band for the development of 3 or more disadvantages.</p> <p><b>L3</b> – analysis which is Beth/business-facing i.e. an impact on Beth/the business of an L1 disadvantage. Award bottom of mark band for 1 disadvantage analysed, middle of mark band for 2 disadvantages analysed, and top of mark band for 3 or more disadvantages analysed.</p>

Question	Answer	Marks	Guidance
	<p>Overall, the biggest disadvantage to Beth of being a sole trader is likely to be the number of tasks that need doing because time and energy are limited (<b>L4</b>). This could prove especially problematic to Beth in the school holidays (<b>CONT</b>) when she would like to spend additional time with her daughter. Lack of capital may be less of a problem because there are several sources of finance Beth could try, including crowd funding (<b>L4</b>).</p>		<p><b>L3 examples include:</b> exhaustion, stress, poor health, lack of job satisfaction, limited social life, fewer customers, fewer sales, reduced customer satisfaction, lower revenue, etc.</p> <p><b>NB:</b> Max one L3 per L1/L2 point.</p> <p><b>L4 evaluation</b> – an overall judgement of which is the worst/greatest/most important/most serious impact, etc. Award 10 marks for a non-contextual justified judgement (with no context) i.e. pick one with non-contextual reasoning. Award 11 marks for a contextual justified judgement (with context) i.e. pick one with contextual reasoning. Award 12 marks for a detailed, contextual justified judgement (with context) i.e. pick one and explain rejection of at least one of the others (explanation of rejection must be explicit).</p> <p><b>Examples of context (for 11+ marks):</b> 5 employees, takeaway, food, restaurant, university, daughter, school holidays, pineapple, mushroom, meal, USA, mortgage, £80,000, £6000, 1500 customers, £10, £12k costs, £10k profit, etc but (<b>not</b> pancakes as it is in the name of the business).</p> <p><b>NB</b> Accept drawbacks to the business as well as drawbacks to Beth personally throughout all levels, since Beth is a sole trader.</p> <p><b>NB</b> Business fails/business failure – TV.</p>

SECTION C						
Question		Answer		Marks	Guidance	
29		Indicative content:		3	<p><b>One</b> mark for identifying an objective that has been achieved. AND <b>One</b> mark for identifying an objective that has not been achieved, to a maximum of <b>two</b> such objectives.</p> <p><b>Objectives met = B (Revenue) or C (Costs).</b> Objective B Revenue per customer £10.00 Objective C Total costs per month £12000</p> <p><b>Objectives not met = A (Customer) or D (Profit).</b> Objective A Number of customers per month 1500 Objective D Profit for the year £10000</p>	
		Obj	Actual	Objective		Outcome
		A Cust	11400/12 = 950 customers	1500 customers		Not met
		B Rev	£123120/11400 = £10.80	£10.00		Met
		C Cost	£121550/12 = £10,129	£12,000		Met
		D Profit	£123120 – 121550 =£1570	£10,000	Not met	

Question	Answer	Marks	Guidance
30	<p><b>Use level of response criteria.</b></p> <p><b>Responses include:</b></p> <ul style="list-style-type: none"> <li>• protests</li> <li>• petitions</li> <li>• bad publicity</li> <li>• damaged reputation/getting a bad name/bad image</li> <li>• bad reviews/poor online ratings</li> <li>• lack of goodwill</li> <li>• a boycott</li> <li>• poor/lack of customer satisfaction</li> <li>• involvement of local MP/(local) council</li> <li>• involvement of pressure groups</li> <li>• planning permission issues</li> <li>• increased costs</li> <li>• fewer customers</li> <li>• lower revenue</li> <li>• higher breakeven point</li> <li>• poorer cash flow</li> <li>• public health/hygiene inspections</li> <li>• business being <u>forced</u> to close down</li> <li>• facing legal action/being taken to court/being sued</li> <li>• in trouble with the police</li> <li>• business going bankrupt.</li> </ul> <p><b>Exemplar response:</b></p> <p>One impact of not listening to these complaints is that the local residents may take to social media to discuss their complaints (<b>L1</b>). This may damage <i>Filmore Pancakes</i>' reputation (<b>L3</b>).</p> <p>In addition, the business might receive negative publicity in the local press (<b>L1</b>). This would increase the number of people who hear bad things about the business (<b>L2</b>)</p>	12	<p><b>Levels of response</b></p> <p><b>Level 4 (10 - 12 marks)</b> Candidate evaluates likely impacts on <i>Filmore Pancakes</i> of not listening to the complaints of local residents.</p> <p><b>Level 3 (7 - 9 marks)</b> Candidate analyses likely impacts on <i>Filmore Pancakes</i> of not listening to the complaints of local residents.</p> <p><b>Level 2 (4 – 6 marks)</b> Candidate explains likely impacts on <i>Filmore Pancakes</i> of not listening to the complaints of local residents.</p> <p><b>Level 1 (1 – 3 marks)</b> Candidate identifies likely impacts on <i>Filmore Pancakes</i> of not listening to the complaints of local residents.</p> <p><b>L1</b> – identifies an impact. Award bottom of mark band for 1 impact identified, middle of mark band for 2 impacts identified, and top of mark band for 3 or more impacts identified.</p> <p><b>L2</b> – any development of L1 point which falls short of being analytical e.g. explains the cause of an impact, describes an impact or suggests a further impact which is stakeholder-facing (rather than business-facing). Award bottom of mark band for the development of 1 impact, middle of mark band for the development of 2 impacts, and top of mark band for the development of 3 or more impacts.</p> <p><b>L3</b> – analysis which is business-facing i.e. an impact on the business of the L1 identified. Award bottom of mark band for 1 impact analysed, middle of mark band for 2 impacts analysed, and top of mark band for 3 or more impacts analysed.</p> <p><b>L3 examples include:</b> damage to reputation, bad publicity, increased costs, lower profits, reduced cash flow, higher breakeven point, fewer customers, reduced customer satisfaction, less sales, etc.</p>



Question	Answer	Marks	Guidance
	<p>and lead to a significant reduction in customers (<b>L3</b>).</p> <p>The biggest impact on <i>Filmore Pancakes</i> is likely to be negative publicity in the local press causing a loss of custom. This is because gaining sufficient customers is a particular problem for the business (<b>L4</b>) as shown by its failure to meet its objective of 1500 customers per month (<b>CONT</b>). Complaints on social media may be less damaging as the business can respond to such posts in an effort to counteract the negativity (<b>L4</b>).</p>		<p><b>NB:</b> Max one L3 per L1/L2 point.</p> <p><b>L4</b> evaluation – an overall judgement of which is the worst/greatest/most important/most likely impact, etc. Award 10 marks for a non-contextual justified judgement (with no context) i.e. pick one with non-contextual reasoning. Award 11 marks for a contextual justified judgement (with context) i.e. pick one with contextual reasoning. Award 12 marks for a detailed, contextual justified judgement (with context) i.e. pick one and explain rejection of at least one of the others (explanation of rejection must be explicit).</p> <p><b>Examples of context (for 11+ marks):</b> 5 employees, takeaway, food, restaurant, university, daughter, school holidays, pineapple, mushroom, meal, USA, mortgage, £80,000, £6000, 1500 customers, £10, £12k costs, £10k profit, etc but (<b>not</b> pancakes as it is in the name of the business).</p> <p><b>NB</b> Local residents are also customers. Such answers should be awarded e.g. boycotts.</p> <p>Do <b>not</b> award local residents/customers going on strike. However, do award employees going on strike.</p> <p>Do <b>not</b> award impacts of litter, noise or anti-social behaviour – the questions is about impacts of not listening to local residents.</p> <p>Do <b>not</b> award solutions or business improvements.</p>

SECTION C				
Question		Answer	Marks	Guidance
31	(a)	<p><b>Indicative content:</b></p> $\frac{(\pounds 5000 + \pounds 3400)}{\pounds 5.50 - \pounds 1.00} \times 12 = 1866.67 \times 12 = \mathbf{22,400}$	4	<p>Up to <b>four</b> marks.</p> <p>Award <b>four</b> marks for the correct answer: <b><u>22,400</u></b>.</p> <p>Award <b>three</b> marks for monthly BE: <b><u>1867</u></b> (accept 1866).</p> <p><b>Else</b>, award <b>one</b> mark for <b>each</b> of the following, if seen: '100800' and '4.50' (accept 4.5).</p>
31	(b)	<p><b>Responses include:</b></p> <ul style="list-style-type: none"> <li>• difference between actual/current sales level and breakeven level</li> <li>• difference between actual number of customers and the number of customers required to break even</li> <li>• operating level minus breakeven level (or vice versa as could be operating below break even)</li> <li>• amount by which <u>sales/output</u> can fall before the business makes a loss.</li> </ul>	1	<p>For <b>one</b> mark.</p> <p>Do <b>not</b> award vague answers e.g. DNA 'how far you are away from BE', 'how close the business is to making a loss' 'the amount that is over the BEP'. Please annotate TV. Some reference to sales/output/customers/operating level/number of pancakes, etc required.</p> <p>No context required.</p>

Question	Answer	Marks	Guidance
32	<p><b>Use level of response criteria.</b></p> <p><b>Responses include:</b></p> <ul style="list-style-type: none"> <li>• disposable income e.g. <ul style="list-style-type: none"> <li>○ high levels of disposable income, high level of income/high wages</li> <li>○ low levels of poverty</li> </ul> </li> <li>• social trends e.g. <ul style="list-style-type: none"> <li>○ healthy eating trend/feel need to be healthy</li> <li>○ anti-obesity trend/weight conscious trend</li> <li>○ trend towards veganism/vegetarianism</li> <li>○ trend to buy takeaways</li> <li>○ retail therapy trend/lots of people like shopping</li> <li>○ trend to support small, independent businesses</li> <li>○ low crime rate</li> </ul> </li> <li>• demographic issues e.g. <ul style="list-style-type: none"> <li>○ larger local population/more people in area</li> <li>○ lots of couples/young families in the area</li> <li>○ large number of teenagers in the area</li> <li>○ lots of students</li> </ul> </li> <li>• attitudes to work e.g. <ul style="list-style-type: none"> <li>○ lots of local residents working from home</li> <li>○ lots of local workers buying lunch</li> <li>○ lots of part-time workers</li> </ul> </li> <li>• cultural beliefs e.g. <ul style="list-style-type: none"> <li>○ American cuisine being popular</li> </ul> </li> </ul> <p>Exemplar response:</p> <p>One social factor which could have a positive impact on <i>Filmore Pancakes</i> is a change in demographics (<b>0</b>). For example, a greater number of teenagers living on the estate (<b>L1</b>) as teenagers are one of the business' main customer groups (<b>L2</b>). This would likely mean a greater cash inflow (<b>L3</b>) for the business.</p>	12	<p><b>Levels of response</b></p> <p><b>Level 4 (10 - 12 marks)</b> Candidate evaluates which social factor would best secure the long-term success of <i>Filmore Pancakes</i>.</p> <p><b>Level 3 (7 - 9 marks)</b> Candidate analyses one or more social factors which might have a positive impact on <i>Filmore Pancakes</i>.</p> <p><b>Level 2 (4 – 6 marks)</b> Candidate shows understanding of one or more social factors which might have a positive impact on <i>Filmore Pancakes</i>.</p> <p><b>Level 1 (1 – 3 marks)</b> Candidate identifies one or more social factors which might have a positive impact on <i>Filmore Pancakes</i>.</p> <p><b>L1</b> – identifies a social factor e.g. high levels of disposable income. Award bottom of mark band for 1 social factor identified, middle of mark band for 2 social factors, and top of mark band for 3 or more social factors.</p> <p><b>L2</b> – any development of L1 point which falls short of being analytical e.g. explains the cause of the factor (e.g. more houses built) or an impact which is stakeholder-facing (e.g. general public willing to spend more). Award bottom of mark band for the development of 1 social factor, middle of mark band for the development of 2 social factors, and top of mark band for the development of 3 or more social factors.</p> <p><b>L3</b> – analysis which is business-facing i.e. an impact on the business of an L1 factor. Award bottom of mark band for 1 factor analysed, middle of mark band for 2 factors analysed, and top of mark band for 3 or more factors analysed. Do <b>not</b> award 'more successful/less successful' – too vague for L3.</p> <p><b>L3 examples include:</b> improved cashflow, increased profits,</p>

Question	Answer	Marks	Guidance
	<p>A second social factor would be high levels of disposable income (<b>L1</b>). This would mean that more families are likely to be able to afford a takeaway (<b>L2</b>), increasing <i>Filmore Pancakes</i>' profits (<b>L3</b>).</p> <p>A third social factor is a desire to eat healthily (<b>L1</b>) even when having a weekend treat. This may lead to more sales at <i>Filmore Pancakes</i> (<b>L3</b>), since they offer healthy options.</p> <p>I think that high disposable incomes for those who live in the area would best secure the success of <i>Filmore Pancakes</i>. This is because it would likely increase the number of customers the business receives and the average spend on a meal (<b>CONT</b>), increasing revenue in the long-term (<b>L4</b>). A greater number of teenagers living in the area may increase the amount of evening customers a little, but is unlikely to increase lunchtime sales, or the average spend per customer because teenagers have limited spending power (<b>L4</b>).</p>		<p>greater demand, higher sales, able to charge a higher price, etc.</p> <p><b>NB:</b> max one L3 per L1/L2 point.</p> <p><b>L4</b> evaluation – an overall judgement of which social factor would best secure the success of <i>Filmore Pancakes</i>. Award 10 marks for a non-contextual justified judgement (with no context) i.e. pick one with non-contextual reasoning. Award 11 marks for a contextual justified judgement (with context) i.e. pick one with contextual reasoning. Award 12 marks for a detailed, contextual justified judgement (with context) i.e. pick one and explain rejection of at least one of the others (explanation of rejection must be explicit). L4 selection needs to be explicitly referenced and specific, not just for selecting a category e.g. 'social trends' is insufficient.</p> <p><b>Examples of context (for 11+ marks):</b> 5 employees, takeaway, food, restaurant, university, daughter, school holidays, pineapple, mushroom, meal, USA, mortgage, £80,000, £6000, 1500 customers, £10, £12k costs, £10k profit, etc but (<b>not</b> pancakes as it is in the name of the business).</p> <p><b>NB</b> Must be <b>social</b> factors. Do <b>not</b> award technological, economic, environmental, political, legal, ethical or competitor factors. E.g. DNA internet banking, mobile technology, unemployment, inflation, recycling, pollution, sustainability, etc.</p> <p><b>NB</b> Social factors are <b>external factors</b>, they always originate from the external business environment. Do <b>not</b> award any improvements the business could make as L1 social factors e.g. DNA L1 for 'change menu', 'use social media', 'advertise', etc. These actions are within the control of the business and</p>

Question	Answer	Marks	Guidance
			<p>are, therefore, not external factors.</p> <p>L1 factors must be of <b>EXTERNAL</b> origin, of <b>SOCIAL</b> origin and <b>RELEVANT</b> i.e. likely lead to a POSITIVE IMPACT on the success of <i>Filmore Pancakes</i>.</p> <p>E.g. Do <b>not</b> award social trends to reduce sugar, as <i>Filmore Pancakes</i> does not offer low sugar pancakes. But <b>do</b> award social trends for a high fibre or low fat diet.</p> <p>E.g. Do <b>not</b> award 'social media' as <i>Filmore Pancakes</i> does not use social media.</p> <p>E.g. Do <b>not</b> award 'online shopping' as <i>Filmore Pancakes</i> does not have a website.</p> <p>Do <b>not</b> award 'ageing' population or 'more older' people unless clearly linked to high disposable income.</p> <p><b>No marks for naming the categories</b> ie. disposable income, social trends, demographic issues, attitudes to work and cultural beliefs. A specific social factor that might have a positive impact on <i>Filmore Pancakes</i> is required.</p>

**OCR (Oxford Cambridge and RSA Examinations)**  
**The Triangle Building**  
**Shaftesbury Road**  
**Cambridge**  
**CB2 8EA**

**OCR Customer Contact Centre**

**Education and Learning**

Telephone: 01223 553998

Facsimile: 01223 552627

Email: [general.qualifications@ocr.org.uk](mailto:general.qualifications@ocr.org.uk)

[www.ocr.org.uk](http://www.ocr.org.uk)

For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored

**Oxford Cambridge and RSA Examinations**  
is a Company Limited by Guarantee  
Registered in England  
Registered Office; The Triangle Building, Shaftesbury Road, Cambridge, CB2 8EA  
Registered Company Number: 3484466  
OCR is an exempt Charity

**OCR (Oxford Cambridge and RSA Examinations)**  
Head office  
Telephone: 01223 552552  
Facsimile: 01223 552553

© OCR 2022

 **Cambridge  
Assessment**

