

CAMBRIDGE TECHNICALS LEVEL 3 (2016)

Examiners' report

# BUSINESS

05834–05837, 05878

**Unit 1 Summer 2022 series**

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## Introduction

Our examiners' reports are produced to offer constructive feedback on candidates' performance in the examinations. They provide useful guidance for future candidates.

The reports will include a general commentary on candidates' performance, identify technical aspects examined in the questions and highlight good performance and where performance could be improved. The reports will also explain aspects which caused difficulty and why the difficulties arose, whether through a lack of knowledge, poor examination technique, or any other identifiable and explainable reason.

Where overall performance on a question/question part was considered good, with no particular areas to highlight, these questions have not been included in the report.

A full copy of the question paper and the mark scheme can be downloaded from OCR.

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## Unit 1 series overview

This series has uncovered one area of the specification where some candidates do not appear to have been fully prepared – LO7.2 determine appropriate sources of finance for businesses. Responses to Section C Question 31 highlighted this issue. Nevertheless, those candidates who showed a sound understanding across the entire specification, coupled with an ability to analyse and evaluate, did well on this paper.

<b><i>Candidates who did well on this paper generally did the following:</i></b>	<b><i>Candidates who did less well on this paper generally did the following:</i></b>
<ul style="list-style-type: none"> <li>researched a wide variety of businesses, targeted to the research brief (for Section B)</li> <li>demonstrated numerical skill (in Questions 7, 18 and 29) and the ability to interpret an organisation chart (Question 28)</li> <li>answered questions contextually (in Sections B and C)</li> <li>made judgements from Bunton Bears' perspective (Section C extended response questions).</li> </ul>	<ul style="list-style-type: none"> <li>left response spaces blank (including multiple-choice questions)</li> <li>showed little evidence of studying the topics indicated in the pre-release research brief</li> <li>ended extended response questions abruptly, without making an overall judgement</li> <li>demonstrated little knowledge of legal constraints and sources of finance (Section C extended response questions).</li> </ul>

Section A gives time for candidates to settle into the exam. This section of the paper was generally well answered by most candidates. Once again, a minority of candidates lost marks because they ticked two responses, say B and D. Such hedging cannot be given. Candidates should be instructed not to take this approach. Where a candidate indicates a response and subsequently changes their mind, they should clearly cross out their original tick. In addition, some candidates lost marks by leaving an MCQ entirely question blank. This is poor examination technique. Candidates should be encouraged to indicate a response to all 20 questions.

Section B was still not as well answered as might be expected, given the clear guidance on areas to focus on in the pre-issued research brief for this examination. In particular, some scripts showed little evidence of preparation for Section B, the one area of the paper where candidates can prepare in advance. Some candidates appeared to have done no research at all, certainly no research targeted to this series' pre-issued research brief. Centres are advised to devote adequate time to the preparation of candidates for Section B of this paper, the research brief is issued well in advance of the examination.

### **How the research brief linked to the questions in Section B**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Charities and their aims</li> <li>• environmentally friendly business behaviour</li> <li>• operating in a competitive market</li> <li>• economic factors and their influence on business success</li> <li>• the key activities of the purchasing function.</li> </ul> | <ul style="list-style-type: none"> <li>• Question 21 identify two financial aims of a charity you have researched</li> <li>• Question 24 identify four ways a business that you have researched attempts to be environmentally friendly</li> <li>• Question 25 explain how a business you have researched has responded to increased competition</li> <li>• Question 23 analyse the impact of two economic factors on the success of a business that you have researched</li> <li>• Question 22 describe two tasks which are part of the job role of a purchasing assistant in a business that you have researched.</li> </ul> |
|--|--|

The wording of Questions 22, 23 and 24 linked extremely closely with the wording of the pre-issued research brief, but some candidates still showed very limited knowledge or understanding. Centres are advised to emphasise to candidates the importance of focussing their business research on the topics indicated in the corresponding series' research brief.

Evidence suggests that those candidates who chose to answer all five questions in Section B on the same business did less well than those who selected a business according to the question. Candidates should be encouraged to select the business they use depending on the question i.e., to choose a specific business for which their understanding is suitable for answering the question. This was especially important for Question 24, where the business needed to be operating in an environmentally friendly way.

As always, Section C contained three high tariff, extended response questions. These questions were level of response marked. Candidates needed to demonstrate the skills of analysis (Level 3) and evaluation (Level 4) to gain the highest marks.

### **Analytical skill (Level 3)**

Analysis requires candidates to develop their responses to include impacts on the business as an organisation, in this case a teddy bear manufacturer.

Examples appropriate for this paper include impacts on costs, revenue, cash flow, profit, improved decision-making, customer loyalty, publicity, reputation, legal action, compensation claims, fines, number of customers, bankruptcy, etc.

It should be noted that phrases such as 'this will impact on costs' or 'this will affect the firm's reputation' cannot be given because the direction of the impact is unclear. Candidates need to make explicit the direction of the impact i.e., higher costs or lower costs, a better reputation, or a worse reputation.

**Evaluative skill (Level 4)**

Evaluation requires a reasoned decision that answers the question. E.g., the worst impact of breaching the Consumer Protection Act (Question 27b), whether offering the pay rise was beneficial or not (Question 30) and a judgement as to which source of finance would be most appropriate for Bunton Bears to use (Question 31).

Candidates should be encouraged to reach decisions and give detailed justification to support their argument using contextual information. While an accurate judgement that applies to most businesses would achieve a Level 4 mark, a response which argues using the circumstances of the business scenario, in this case a teddy bear manufacturer, was more highly rewarded.

Areas which caused most problems on this paper were the benefits of decentralisation (Question 15), the financial aims of a charity (Question 21), the role of a purchasing assistant (Question 22), economic factors (Question 23) and sources of finance (Question 31). On the other hand, Question 25 on responding to increased competition, Question 28 requiring the interpretation of an organisation chart and Question 29 calculating a fall in profit, were extremely well answered.

## Section A overview

The vast majority of multiple-choice questions were well answered. Those that were more problematic are discussed below.

### Question 1

1 Which of the following is the correct name for the Act that makes employers responsible for the health and safety of their employees?

A Health and Safety Act

B Health and Safety at Work Act

C Health and Safety in the Workplace Act

D Health, Safety and Wellbeing at Work Act

[1]

This question was testing knowledge of the law. Candidate responses were evenly split across all four options. This indicates that candidates were not aware of the precise names of the legislation.

### Assessment for learning



Centres are advised to give candidates practice at naming the various pieces of legislation listed in the specification, as well as understanding the basic requirements of that legislation.

### Question 15

15 Which of the following is **not** a benefit of having a decentralised organisational structure?

- A Consistency across the organisation
- B High levels of job satisfaction
- C Well motivated employees
- D Workforce empowerment

  
  
  


[1]

This question was testing knowledge of organisational structures, in particular decentralisation. Candidate responses were evenly split across all four options. This indicates that candidates do not have a clear grasp of this form of organisational structure.

#### Assessment for learning



Centres are advised to allocate plenty of time for candidates to comprehend different organisational structures. As most young people have no personal knowledge of working in such organisations it can take some time for them to grasp these more abstract concepts.

### Question 17

17 Benchmarking:

- A copyrights important designs
- B helps evaluate business performance
- C manages customer expectations
- D prevents changes in cultural beliefs

  
  
  


[1]

This question was not well answered. The most common candidate response being incorrect. Candidates invariably selected response A, despite the correct response being B.

#### Assessment for learning



Centres are advised to make sure candidates are familiar with all technical business terms used in the content section of the specification.



## Question 20

20 The term 'trade receivables' on a company's statement of financial position refers to:

- A money owed by the business
- B money owed to the business
- C stock loaned to the business
- D stock owned by the business

  
  
  

[1]

This question was testing knowledge of the content of a statement of financial position. Trade receivable is the new term for 'debtors'. Trade receivables are, therefore, current assets and refer to money owed to the business by customers.

## Section B overview

The questions in Section B should be answered with direct reference to candidates' personal research, as directed by the pre-released research brief available in advance of the examination. How each question in this section links to the research brief is tabulated in the Series Review section of this report.

For each question in this section, candidates are advised to select an appropriate business that they have researched, rather than answer all questions on one business. Evidence suggests that choosing a specific business on which to answer each question leads to better focused responses and higher marks.

### Question 21

**21** Identify **two** financial aims of a charity you have researched.

**Name of charity** .....

**Activity of charity** .....

1 .....

2 .....

**[2]**

Many candidates did not score full marks on this question because they overlooked the word 'financial' in the question. The specification includes several categories of business aim – survival, financial, growth, reputation and being enterprising. Examiners were looking for financial aims. Lower costs and increased revenue would suffice for full marks.

### Question 22

**22** Describe **two** tasks which are part of the job role of a purchasing assistant in a business that you have researched.

**Name of business** .....

**Activity of business** .....

1 .....

.....

.....

.....

.....

2 .....

.....

.....

.....

.....

**[4]**

Despite the purchasing function being named as a topic in the pre-release research brief for this examination, the majority of candidates gained few if any marks. Many confused the job role of a purchasing assistant with that of a sales assistant. Those who were focused on the correct job role often explained tasks using the word 'purchase,' e.g., they purchase goods and service. The use of 'purchase' to explain the role of a 'purchasing' assistant cannot be rewarded as the response does not make clear that the candidate understands. Common correct responses were 'buy stock', 'obtain quotes' and 'secure special deals'.

### Question 23

23 Analyse the impact of **two** economic factors on the success of a business that you have researched.

**Name of business** .....

**Activity of business** .....

Economic factor 1 .....

Impact on business .....

.....  
.....  
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.....  
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.....  
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Economic factor 2 .....

Impact on business .....

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.....

[6]

Despite economic factors and their influence on business success being named as a topic in the pre-release research brief for this examination, many candidates were unable to name an economic factor. Such responses scored 0. Of those that did score marks, (un)employment and interest rates were the best responses. Candidate understanding of inflation and its impact on business success was less robust. Exchange rate responses often got the effects in reverse.

### Misconception



A common misconception among candidates appears to be that inflation causes a general rise in prices. It does not. Inflation is a measurement. Inflation means that prices have already risen.

### Assessment for learning



Centres are advised to make sure candidates have a firm grasp of the impact of exchange rates on business. Teaching candidates the acronym SPICED can help. It stands for 'Strong pound imports cheaper exports dearer'.

## Question 24

**24** Identify **four** ways a business that you have researched attempts to be environmentally friendly.

**Name of business** .....

**Activity of business** .....

1 .....

2 .....

3 .....

4 .....

[4]

This question was generally very well answered with many candidates scoring full marks. The most common correct responses related to switching to paper straws, recycling materials, using electric vehicles, and turning off lights. In the main, those who scored less well tended to give vague responses such as 'reduce energy consumption'. The examiner was looking for a practical way, i.e., a how, e.g., lower the heating thermostat, install solar panel, turn off printers when not in use, etc.



## Section C overview

All of the questions in this section should be answered contextually, i.e., with appropriate reference to the scenario.

### Question 26 (a)

**26 (a)** Circle the main type of activity of *Bunton Bears*.

You should only draw **one** circle.

**Primary**

**Secondary**

**Tertiary**

**[1]**

The opening line of the business scenario tells candidates that Bunton Bears is a manufacturer. Just over half of candidates were able to translate this into the correct response i.e., secondary. Of those that were incorrect the vast majority chose tertiary.

### Question 26 (b)

**(b)** Identify the type of legal liability the owners of *Bunton Bears* possess and explain what this means.

Type of liability .....

Explanation .....

.....

.....

**[2]**

Many candidates were able to identify the type of liability as 'unlimited' and were able to clearly explain that it puts the personal possessions of the partners at risk of loss. Such candidates achieved full marks. Of those who did not score full marks the most common error was to state that a partnership has 'limited' liability. Some candidates left the response totally blank, suggesting very limited knowledge regarding legal liability.

### Question 27 (a)

27 *Bunton Bears* respects the law.

- (a) Identify **one** requirement of the Consumer Protection Act with which *Bunton Bears* must comply.

.....

..... [1]

Examiners were looking for one piece of knowledge – the Consumer Protection Act requires products to be safe. Many candidates achieved a mark, equally many others left the response blank or gave responses which appeared to relate to other pieces of legislation on the specification ('goods being as described' and 'breaching data confidentiality' being the most common).

### Question 27 (b)

- (b) Evaluate possible impacts on *Bunton Bears* if it failed to meet the requirements of the Consumer Protection Act. [12]

As with all 12-mark questions on this paper, the question is level of response marked. The type of response examiners were looking for is shown in the exemplar response in the published mark scheme. This question centres around the impacts of breaking the law.

By far the most common impact was 'a fine' (Level 1) and such a technically accurate piece of knowledge was good to see. In addition, many candidates were able to explain the reason, e.g., product unsafe (Level 2) and move through to the consequence to the business, e.g., increased costs (Level 3), scoring 7 of the available 12 marks solely for discussion of this one legal impact.

Other commonly cited impacts (i.e., Level 1's) were 'damaged reputation', 'loss of sales' and 'being sued'. Many candidates were able to develop their responses through a chain of argument to the impact on the business, gaining extra Level 3 marks.

Once Level 3 had been achieved, a selection of one impact with appropriate justification as to why it was the worst was given Level 4. Those candidates who gave a contextual justification achieved a minimum of 11 marks.

Fewer than a quarter of candidates attempted to make such a decision i.e., which would be the worst impact for *Bunton Bears*. Those who did and gave a valid reason for their choice gained a Level 4 mark.

### Assessment for learning



When answering a question about impacts it is best to start at the beginning of the chain. Candidates who suggest initial impacts near the end of the chain leave themselves with little more to say. Level 1s such as 'business closure' or 'bankruptcy' leave very limited options for moving to Level 3.



**Assessment for learning**



Centres are advised to reinforce to candidates that all 'evaluate' questions, indeed all 12-mark question on this paper, require a judgement to be made. The easiest way to achieve this on this question is to make a judgement at the end of the response by picking one of the impacts as the worst and supporting this judgement with valid reasoning.

**Question 28**

**28** Fig. 1 shows the current organisational structure of *Bunton Bears*.

Using the information in **Fig. 1**, identify:

- the number of levels in *Bunton Bears*' chain of command  
.....
- the organisational structure of *Bunton Bears*  
.....
- to whom the Research and Development Manager can delegate authority  
.....
- to whom the Chief Finance & Administrative Officer should report  
.....
- who has the same job role status as the Senior Manager of the 'Character Bear' Division  
.....
- the total number of people who work in the 'Baby Bear' Division  
.....
- the method by which *Bunton Bears* is organised.  
.....

[7]

The first six bullet points of this question were answered correctly by the majority of candidates. This shows that they are conversant not only with the terminology of an organisation chart, but also with its interpretation. Six out of seven was a common mark on this question. Very few were able to identify the method by which the business was organised i.e., organisation by product.



## Question 30

**30** Tom and Sara have decided to radically change the business to improve its financial performance in future years. A 10% pay rise has been agreed for production supervisors and operatives who remain with the business for at least six months.

Evaluate benefits and drawbacks to *Bunton Bears* of this pay rise.

**[12]**

As with all 12-mark questions on this paper, this question was level of response marked. The type of response the examiner was looking for is shown in the exemplar response in the published mark scheme. This question required candidates to evaluate likely the benefits and drawbacks to Bunton Bears of giving the specified pay rise. There were plenty of benefits and drawbacks to choose from.

Those who scored most highly were able to analyse, e.g., one benefit would be greater motivation (Level 1) because the production operatives feel valued (Level 2), leading to greater productivity (Level 3), thus gaining a minimum of a Level 3 mark. The identification and analysis of further benefits/drawbacks led to higher marks within Level 3.

To access Level 4 candidates, need to form a justified judgement about the pay rise.

One of the easiest ways of achieving Level 4 on this question was to weigh up the benefits and drawbacks and give a reason for which is most significant. Those candidates who gave a contextual justification were liberally rewarded, gaining a minimum of 11 of the 12 marks available. Very few candidates attempted to make a judgement, instead their responses ended abruptly after they had analysed their last benefit/drawback.

### Assessment for learning



Centres are advised to reinforce to candidates that all 'evaluate' questions, indeed all 12-mark question on this paper, require a judgement to be made. The easiest way to achieve this on this question is to make a judgement at the end of the response by selecting one of the impacts as being the worst and supporting this judgement with valid reasoning.

## Question 31

**31** Analyse **three long-term** sources of finance that *Bunton Bears* could use to fund the £1.25 million needed to radically change the business.

Which one of the three sources of finance should *Bunton Bears* use? Justify your view. [12]

As with all 12-mark questions on this paper, this question was level of response marked. The type of response examiners was looking for is shown in the exemplar response in the published mark scheme. This question centres around long-term sources of finance. Candidates needed to discuss three sources that would be suitable for Bunton Bears.

By far the most common correct Level 1 responses were bank loan, venture capitalist and owners' savings. Retained profit could not be accepted because the business scenario clearly stated that the business had used up all its retained profit.

To move through the levels of response candidates needed to give further details about the source of finance (Level 2) to arrive at a chain of argument about the advantages or disadvantages of that source of finance (Level 3). One common example was 'bank loan (Level 1) which incurs an interest charge (Level 2) increasing business costs (Level 3). Another was 'venture capitalist' who provides advice as well as finance (Level 2) leading to better business decision-making and higher future profits (Level 3)'.

In an attempt to encourage all candidates to make a justified judgement for Level 4, the question demanded this explicitly. The majority of candidates, therefore, wrote a final paragraph which selected their chosen source of finance for Bunton Bears. Those that gave a valid reason for this choice were given Level 4. Those candidates who gave a contextual justification achieved a minimum of 11 marks.

However, many candidates performed less well than expected on this question. Some candidates suggested responses that were not sources of finance at all and could not be given even at Level 1. Common incorrect responses included increasing prices, spending revenue, improving cash flow and advertising more.

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