

# **Cambridge Technicals Business**

## **Unit 1: The business environment**

Level 3 Cambridge Technical in Business  
**05834 - 05837 & 05878**

## **Mark Scheme for June 2022**

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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.

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## MARKING INSTRUCTIONS

### PREPARATION FOR MARKING

#### RM3

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: RM assessor Online Training and the *OCR Essential Guide to Marking*.
2. Make sure that you have read and understood the mark scheme and the question paper for this unit.
3. Practice scripts discussed at the standardisation meeting will be made available on Kiteworks. After the standardisation meeting, please log in to RM3, mark, fully annotate and submit all 10 standardisation scripts.

YOU MUST HAVE WORKED THROUGH THE 5 PRACTICE SCRIPTS AND SATISFACTORILY MARKED 10 STANDARDISATION RESPONSES BEFORE YOU CAN BE APPROVED TO MARK LIVE SCRIPTS.

### MARKING

1. Mark strictly to the mark scheme.
2. Marks awarded must relate directly to the marking criteria.
3. The schedule of dates is very important. It is essential that you meet the RM3 50% and 100% deadlines. If you experience problems, you must contact your Team Leader without delay.
4. If you are in any doubt about applying the mark scheme, consult your Team Leader using the RM3 messaging system, email, text or phone.
5. **Crossed Out Responses**  
Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where an alternative response has **not** been provided, examiners should give candidates the benefit of the doubt and **mark the crossed out response where legible**.

#### **Multiple Choice Question Responses**

When a multiple choice question has only a single, correct response and a candidate provides two responses (even if one of these responses is correct), then no mark should be awarded (as it is not possible to determine which was the first response selected by the candidate).

**Contradictory Responses**

When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

**Short Answer Questions** (requiring only a list by way of a response, usually worth only **one mark per response**)

Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response.

**Short Answer Questions** (requiring a more developed response, worth **two or more marks**)

If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space.)

**Longer Answer Questions** (requiring a developed response)

Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

6. Always check the pages all pages have been marked, including additional pages and annotate 'SEEN'.

7. **Award No Response (NR) if:**

- **there is nothing written in the answer space**

**Award Zero '0' if:**

- **anything is written in the answer space and is not worthy of credit (this includes text and symbols).**

Team Leaders must confirm the correct use of the NR button with their markers before live marking commences and should check this when reviewing scripts.

8. The RM3 **comments box** is used by your team leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**





9. *Assistant Examiners may send a brief report on the performance of candidates to their Team Leader (Supervisor) via email towards the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses.*

10. For answers marked by levels of response: See subject-specific marking instructions **item 1, below**.
11. For annotations: See subject-specific marking instructions **item 2, below**.

### Subject-specific marking instructions

1. 12-mark Level of Response marked questions are to be marked over 4 levels: Level 1 knowledge, Level 2 understanding, Level 3 analysis, Level 4 evaluation.  
NB: Where permitted by the mark scheme an L1 response can be analysed to proceed directly to L3.  
L3 analysis is always required before L4 can be accessed.

### 2. 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

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

SECTION B			
Question	Answer	Marks	Guidance
21	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• <u>increase</u> revenue/sales/cash inflows/donations/money raised</li> <li>• <u>decrease</u> costs/expenses/spending/cash outflows</li> <li>• <u>reduce</u> tax liability</li> <li>• make a surplus/profit (or avoid a deficit/loss)</li> <li>• break-even.</li> </ul> <p>Exemplar responses: Name of charity: Water4all Activity of business: Water aid charity</p> <p>Raise <u>more</u> money <b>(1)</b>.</p> <p><u>Lower</u> its costs <b>(1)</b>.</p> <p><u>Reduce</u> the amount of tax paid <b>(1)</b>.</p> <p>Make a profit <b>(1)</b>.</p> <p>Break-even <b>(1)</b>.</p>	2	<p><b>One</b> mark for each correct identification up to a maximum of <b>two</b> identifications.</p> <p>Aims <b>must</b> be financial.</p> <p><b>NB</b> Directional <u>change</u> required for the first three bullet points (see underlining) i.e. up or down (as appropriate).</p> <p>Do <b>not</b> award 'improve' for the indicator of direction. Some items are improved by increasing them and others by decreasing them. Please annotate TV.</p> <p>'Cashflow' TV – inflow or outflow (with appropriate direction) required.</p> <p>'Raise funds', 'raise enough money', 'get a lot of donations', 'high revenue', 'maximise sales', 'raise as much money as possible', 'keep costs down' (TV).</p> <p>Upwards/downwards directional change required.</p> <p>Do <b>not</b> award answers about reaching targets e.g. donation targets unless it is made explicit that the target has increased.</p> <p>Do <b>not</b> award 'finances'/'financial' as the terms are in the question.</p> <p>Do <b>not</b> award answers relating to sources of finance, investment plans or uses of funds.</p> <p>Do <b>not</b> award 'to not make a profit' or 'is not for profit'.</p> <p>Do <b>not</b> award 'survival', 'solvent', 'avoid bankruptcy', etc (0).</p>

Question	Answer	Marks	Guidance
22	<p><b>Responses include:</b></p> <ul style="list-style-type: none"> <li>• source required goods or services (e.g. find suppliers, find out what is available, etc)</li> <li>• obtain price information for required goods or service (e.g. obtain quotes, etc)</li> <li>• search for best deals for required items (e.g. negotiate best price/value for money, etc)</li> <li>• confirm contractual details (e.g. quantities/quality/ discounts/delivery times/product specifications/certification, etc)</li> <li>• order required goods or services (e.g. buy, procure, complete order forms, etc)</li> <li>• manage delivery dates (of goods ordered)</li> <li>• deal with (incoming) deliveries</li> <li>• arrange storage of supplies (e.g. notify appropriate department to collect goods)</li> <li>• communicate with operations to find out information (e.g. what to order)</li> <li>• communicate with finance to find out information (e.g. how much to spend)</li> <li>• evaluate the market/choose a supplier</li> <li>• contact/communicate with suppliers</li> <li>• keep a database of suppliers.</li> </ul> <p><b>Exemplar responses:</b></p> <p>Name of business: Gems U Like Activity of business: Jewellery retailer</p>	4	<p>In each case, award: Two marks for a contextual answer One mark for a non-contextual answer.</p> <p>Do <b>not</b> award answers relating to making payment or calculating expenses (as these are finance functions).</p> <p>Do <b>not</b> award answers relating to stock control e.g. monitor stock levels, check inventory levels, make sure enough stock, replenish stock, decide how much to order, calculate how much is needed, etc (as these are operations functions).</p> <p>Do <b>not</b> award 'creates order forms' as this is a business support/administrative function. However, do award 'fill in order forms' as this is a purchasing function.</p> <p>Do <b>not</b> award 'purchase'/'purchasing' as it does not explain what a purchasing assistant does. Please annotate TV.</p> <p><b>Test for CONTEXT = product/service/industry only. Look for industry specific terms or names of competitors.</b></p>



Question	Answer	Marks	Guidance
	<p>Obtain quotes for an ultrasonic jewellery cleaner <b>(CONT) (2)</b>.</p> <p>Maintain a database of gold chain <b>(CONT)</b> suppliers <b>(2)</b>.</p> <p>Order raw materials <b>(1)</b>.</p> <p>Find products of the correct quality <b>(1)</b>.</p>		
23	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• unemployment/employment</li> <li>• interest rates</li> <li>• exchange rates</li> <li>• taxation/tax(es)</li> <li>• inflation.</li> </ul> <p><b>Exemplar responses:</b></p> <p>Name of business: Homes R Us plc Activity of business: Furniture store</p> <p>Unemployment <b>(1)</b>. High unemployment results in lower demand for its expensive range of tables and chairs <b>(CONT) (+2)</b>.</p> <p>Interest rates <b>(1)</b>. When interest rates are high the cost of Homes R Us' overdraft increases <b>(+1)</b>.</p> <p>Interest rates <b>(1)</b>. When interest rates are high Homes R Us' costs <b>(TV)</b> increase <b>(0)</b>.</p> <p>Interest rates <b>(1)</b>. When interest rates are high Homes R Us is likely to experience a fall in sales revenue <b>(+1)</b>.</p>	6	<p><b>One</b> mark for each factor identified plus up to two marks for each of two impacts on the business.</p> <p><b>In each case:</b></p> <p>One mark for naming an economic factor as per the indicative content list opposite.</p> <p>PLUS</p> <p>Two marks for a <b>contextual</b> impact on the <u>business</u> of the economic factor. Direction required e.g. rise/fall, strong/weak, high/low, etc. (Upwards direction implied for inflation). CONT annotation required.</p> <p>OR</p> <p>One mark for a <b>non-contextual</b> impact on the <u>business</u> of the economic factor. Direction required e.g. rise/fall, strong/weak, high/low, etc. (Upwards direction implied for inflation).</p> <p>Impacts can be positive or negative.</p> <p>Do <b>not</b> award 'inflation means businesses must put up their prices'. Inflation means that prices have already gone up.</p>

Question	Answer	Marks	Guidance
	<p>Exchange rates <b>(1)</b>. Affect Homes R Us because when the value of the pound is strong the sofas <b>(CONT)</b> that it imports from China are cheaper <b>(+2)</b>.</p> <p>Tax <b>(1)</b>. Higher taxes mean that the company has to pay more money to the government from the profits it earned selling furniture <b>(CONT) (+2)</b>.</p> <p>Inflation <b>(1)</b>. Increases the costs of buying everything including stock <b>(+1)</b>.</p>		<p>Do <b>not</b> imply that ‘unemployment/employment’ means ‘high unemployment/employment’. Answer must be explicit. E.g. Unemployment results in lower demand (TV). High unemployment or low unemployment?</p> <p>‘More or less successful’ is too vague, annotate TV.</p> <p>Answer should relate to the candidate’s selected business.</p> <p><b>NB</b> Whilst the exemplar responses list standard answers it is possible that the impact on some business will be different to the norm e.g. high unemployment is likely to increase customer demand at a budget supermarket.</p> <p><b>Test for CONTEXT = product/service/industry only. Look for industry specific terms or names of competitors.</b></p> <p><b>NB</b> In each case, the economic factor <b>must</b> be correct for any further marks to be awarded. If the economic factor is missing or incorrect, please award zero (out of three) for this factor and annotate response as SEEN.</p>

Question	Answer	Marks	Guidance
24	<p><b>Responses include:</b></p> <ul style="list-style-type: none"> <li>• use energy efficient/LED light bulbs</li> <li>• use a green energy supplier/switch from fossil fuels</li> <li>• use renewable/solar energy</li> <li>• use electric vehicles/no longer use petrol vehicles</li> <li>• order from local suppliers</li> <li>• order from sustainable suppliers</li> <li>• buy/use sustainable materials e.g. (Rainforest Alliance certified products</li> <li>• improved land management</li> <li>• reduce prices to avoid wasting perishable goods</li> <li>• give away unsold food to prevent waste</li> <li>• use/make products with fewer chemicals</li> <li>• create products that will last/sustainable products</li> <li>• plant a tree scheme</li> <li>• operate a car sharing scheme</li> <li>• provide bicycles for employees</li> <li>• use paper straws/don't use plastic straws</li> <li>• use paper plates/don't use plastic plates</li> <li>• use paper cups/don't use plastic cups</li> <li>• use paper/recyclable bags</li> <li>• charge for plastic carrier bags</li> <li>• use recycled printer ink</li> <li>• make receipt printing optional</li> <li>• use recyclable/biodegradable packaging</li> <li>• provide recycling bins</li> <li>• recycles <u>materials, etc</u></li> <li>• reuses <u>materials, etc</u></li> <li>• repurposes <u>materials, etc.</u></li> <li>• promote recycling of food containers</li> </ul>	4	<p><b>One</b> mark for each correct identification up to a maximum of four identifications.</p> <p>Practical HOW required. Take care with negative responses.</p> <p>Do <b>not</b> award, <b>reduce:</b></p> <ul style="list-style-type: none"> <li>• energy/fuel/water usage (TV)</li> <li>• pollution (TV)</li> <li>• waste (TV)</li> <li>• carbon emissions/footprint (TV).</li> </ul> <p>HOW are the above bullet points achieved?</p> <p>Do <b>not</b> award vague answers – HOW required:</p> <ul style="list-style-type: none"> <li>• use less paper TV (HOW?)</li> <li>• use less plastic TV (HOW?)</li> <li>• reduce landfill waste TV (HOW?)</li> <li>• reduce food waste TV (HOW?)</li> <li>• reduce airmiles TV (HOW?)</li> </ul> <p>Do <b>not</b> award 'recycling/reusing/repurposing' unless example given e.g. material, plastic, glass, old products, etc.</p> <p><b>NB</b> Watch out for confusion between environmentally friendly activities and ethical/CSR activities (as listed on the specification). E.g. do <b>not</b> award 'fair trade', 'minimum wage', 'not testing on animals', 'use natural products', 'use an ethical supplier', 'donating money to charity', 'raises money to help the environment', etc.</p> <p>'Trusted supplier' TV.</p> <p>Accept any reasonable suggestion.</p>

Question	Answer	Marks	Guidance
25	<p><b>Use levels of response criteria.</b></p> <p><b>Responses include:</b></p> <ul style="list-style-type: none"> <li>• changed its pricing strategy</li> <li>• reduced its prices</li> <li>• offered discounts</li> <li>• improved the product/product offering</li> <li>• do more marketing/ advertising</li> <li>• used sales promotions e.g. BOGOF</li> <li>• introduced a loyalty scheme</li> <li>• improved customer service</li> <li>• offered additional services</li> <li>• used non-price competition/compete on quality.</li> </ul> <p><b>Exemplar responses:</b>  Name of business: R Whites  Activity of business: Convenience Store</p> <p>R Whites started advertising its groceries <b>(CONT)</b> <u>to encourage customers to spend more.</u>  <b>HOW and WHY and CONT</b> ∴ L2 4 marks</p> <p>R Whites started advertising its groceries <b>(CONT)</b>.  <b>HOW (only) and CONT</b> ∴ L2 3 marks</p> <p>R Whites started advertising its products <u>to encourage customers to spend more.</u>  <b>HOW and WHY but NO CONT</b> ∴ L1 2 marks</p> <p>R Whites started <u>advertising its products.</u>  <b>HOW (only) but NO CONT</b> ∴ L1 1 mark</p>	4	<p><b>Levels of response</b></p> <p><b>Level 2 (3 - 4 marks) (CONT annotation required)</b>  Candidate gives a contextual explanation of how the business has responded to increased competition.</p> <p><b>Level 1 (1 - 2 marks)</b>  Candidate gives a non-contextual explanation of how the business has responded to increased competition.</p> <p><b>Award bottom</b> of the appropriate level for a response that identifies HOW the business responded.</p> <p><b>Award top</b> of the appropriate level for a response that identifies HOW the business responded <u>and</u> explains WHY.</p> <p><b>Test for CONTEXT = product/service/industry only.</b>  <b>Look for industry specific terms or names of competitors.</b></p>

SECTION C				
Question		Answer	Marks	Guidance
26	(a)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>secondary.</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>Type of liability: unlimited (1)</li> <li>Explanation: (owners') personal possessions/funds are at risk (1).</li> </ul> <p><b>Exemplar responses:</b></p> <p>Unlimited liability <b>(1)</b>. Personal possessions are at risk <b>(1)</b>.</p> <p>Unlimited <b>(1)</b>. They could lose <u>more than</u> the value of their investment <b>(1)</b>.</p>	2	<p><b>One</b> mark for "unlimited" plus <b>One</b> mark for explanation of meaning.</p> <p>Type of liability <b>must</b> be correct for the explanatory mark to be awarded.</p> <p><b>NB</b> If type of liability is missing or incorrect, please award a total mark of zero and annotate any explanation as SEEN.</p> <p>Do <b>not</b> award answers which solely state that the owners are personally liable.</p> <p>To be awarded the explanation <b>must</b> mention the risk of (personal) <u>loss</u>. Owners risking losing their possessions or savings (not what they invested in the business).</p> <p>E.g. Do <b>not</b> award 'all assets can be taken', as this may mean the business' assets. However, do award 'all of <u>their</u> assets can be taken'.</p> <p>Do <b>not</b> award 'no separate legal identity', it correctly refers to being unincorporated but does not answer the question.</p>

Question		Answer	Marks	Guidance
27	(a)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>produce goods which are safe/not dangerous/not cause harm</li> <li>pay compensation for a unsafe product that causes damage, injury or death.</li> </ul>	1	<p>For <b>one</b> mark.</p> <p>No context required.</p> <p>Accept 'sell goods which are safe' since <i>Bunton Bears</i> manufactures the goods it sells.</p> <p>Do <b>not</b> award answers that solely refer to broken, faulty, damaged or of poor quality, etc. The CPA's sole requirement concerns safety i.e. the goods must be safe/not cause harm.</p> <p>Do <b>not</b> award a requirement for safety checks or risk assessments.</p> <p>Do <b>not</b> award references to 'health and safety'.</p> <p>'Protect customers' TV.</p>

Question	Answer	Marks	Guidance
27 (b)	<p><b>Use level of response criteria.</b></p> <p><b>Responses include:</b></p> <ul style="list-style-type: none"> <li>• legal action/court action/sued</li> <li>• fines</li> <li>• pay compensation/damages</li> <li>• imprisonment (of owner)</li> <li>• court costs</li> <li>• legal support – time, cost</li> <li>• being reported to the authorities</li> <li>• bad publicity</li> <li>• negative effect on reputation</li> <li>• corporate image may suffer</li> <li>• may be forced to shut down</li> <li>• customer boycott</li> <li>• unsatisfied customers</li> <li>• loss of customer loyalty</li> <li>• loss of customers</li> <li>• a breakdown in relationship with customers</li> <li>• a breakdown in relationship with suppliers</li> <li>• no need to source safe materials/accessories</li> <li>• no need to have quality control safety checks on finished items</li> <li>• reduction in sales revenue</li> <li>• negative (or positive) effect on cash-flow</li> <li>• negative (or positive) effect on costs</li> <li>• negative (or positive) effect on profit</li> <li>• insolvency/bankruptcy/financial failure</li> <li>• business failure/closure.</li> </ul>	12	<p><b>Levels of response</b></p> <p><b>Level 4 (10 - 12 marks)</b> Candidate evaluates possible impacts on <i>Bunton Bears</i> if it failed to meet the requirements of the Consumer Protection Act.</p> <p><b>Level 3 (7 - 9 marks)</b> Candidate analyses possible impact(s) on <i>Bunton Bears</i> if it failed to meet the requirements of the Consumer Protection Act.</p> <p><b>Level 2 (4 – 6 marks)</b> Candidate explains possible impact(s) on <i>Bunton Bears</i> if it failed to meet the requirements of the Consumer Protection Act.</p> <p><b>Level 1 (1 – 3 marks)</b> Candidate identifies possible impact(s) on <i>Bunton Bears</i> if it failed to meet the requirements of the Consumer Protection Act.</p> <p><b>L1</b> – identifies an impact of non-compliance. Identification can be positive or negative. 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 that falls short of being analytical (e.g. descriptive detail, cause, impact on customers, etc). Developments can be positive or negative. Award bottom of mark band for 1 impact explained, middle of mark band for 2 impacts explained, and top of mark band for 3 or more impacts explained.</p> <p><b>L2 examples include:</b> ... customers go elsewhere, takes time, time consuming, buy cheaper materials, etc.</p>

Question	Answer	Marks	Guidance
	<p>Exemplar response:</p> <p>E.g. The reputation of <i>Bunton Bears</i> is likely to be damaged (<b>L1</b>) if it fails to comply with the Consumer Protection Act because customers would not want to buy a gift which could cause harm (<b>L2</b>). This may adversely affect the firm's sales (<b>L3</b>).</p> <p><i>Bunton Bears</i> could receive a fine (<b>L1</b>) for failing to comply with the Consumer Protection Act. A fine would increase business costs (<b>L3</b>).</p> <p>The greatest impact is likely to come from a damaged reputation, especially if collectors of the Character Bears (<b>CONT</b>) are lost, as this represents not only a loss of the sale of one bear, but the loss of repeated sales, multiplying the impact on the business (<b>L4</b>). Receiving a fine would be less severe as it would only have a one-off effect on business costs (<b>L4</b>).</p>		<p><b>L3</b> – analyses an impact of non-compliance i.e. a further impact on the business of L1/L2 point. <b>Must</b> be business facing (accept impacts on the business owners). Impacts can be positive or negative. 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> ... damaged reputation, bad publicity, higher costs, fewer customers, wastes time, reduces costs, etc.</p> <p>'business fails', 'loss of business' TV. 'affects reputation/cost' TV – direction required.</p> <p><b>NB Max one L3 per L1/L2 point.</b></p> <p><b>L4</b> evaluation – an overall judgement of which is/are the worst/greatest/most significant/most serious impact(s), etc.</p> <p>Award 10 marks for a justified judgement (with no context) i.e. pick one (or more) with non-contextual reasoning.</p> <p>Award 11 marks for a justified judgement (with context) i.e. pick one (or more) with contextual reasoning.</p> <p>Award 12 marks for a comparative, justified judgement (with context) i.e. pick one (or more), justify the selection with explicit reasoning as to why at least one other impact has a lesser ranking.</p> <p><b>Context list</b> e.g. toys, collectors, textiles, teddies, babies, luxury, hand stitched, cowboy hat, 88 employees, etc.</p>



Question			Answer	Marks	Guidance
					<p>Do <b>not</b> accept arguments relating to employees e.g. industrial action, strikes, staff morale, productivity, whistleblowing, etc.</p> <p><b>NB</b> the question does not ask whether or not the business should obey the law, it asks for judgement as to the impacts for non-compliance. Do <b>not</b> award such arguments as L4.</p> <p><b>NB</b> <u>Accept impacts on the owners as impacts on the business because, being a partnership, the business has no separate legal identity.</u></p>

Question	Answer	Marks	Guidance
28	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• number of levels in chain of command = <b>7</b></li> <li>• organisational structure = <b>tall/hierarchical/tall-hierarchical</b></li> <li>• R&amp;D Manager can delegate to <b>R&amp;D Supervisor (also accept R&amp;D assistants)</b></li> <li>• Chief F&amp;A Officer reports to <b>General Manager/Mia Cox/Mia</b></li> <li>• same status as SM 'Character Bear' Division = <b>Senior Manager 'Baby Bear' Division</b></li> <li>• employees in 'Baby Bear' division = <b>36</b></li> <li>• organisation method = <b>(by) product</b>.</li> </ul>	7	<p><b>One</b> mark for each correct identification up to a maximum of seven identifications.</p> <p>Short answer Question rule applies – in each case, mark the first answer given.</p> <p>Organisational structure: Do <b>not</b> award responses which include the word 'flat' (even if they include the word 'hierarchical') i.e. 'flat-hierarchical' (0), 'hierarchical-flat' (0).</p>
29	<p><b>Indicative content:</b></p> <p>Profit 2016 = £22,200,000 – £16,000,000 = <b>£6,200,000</b> (£6.2 million)</p> <p>Profit 2021 = £21,400,000 – £20,800,000 = <b>£600,000</b> (£0.6 million)</p> <p>Difference £6,200,000 – £600,000 = <b>£5,600,000</b> (£5.6 million)</p>	3	<p>Up to <b>three</b> marks.</p> <p>Award full (three) marks for: <b>5,600,000</b> (5.6 million), irrespective of workings.</p> <p>Pound sign <b>not</b> required.</p> <p>Ignore any minus signs or brackets.</p> <p><b>Else</b> award one mark for each of the following: 600,000 (or 0.6 million) and 6,200,000 (or 6.2 million), if seen.</p> <p>Take care: check the number of zeros carefully.</p>

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>benefits e.g. workers stay, fewer workers leave, better retention, less recruitment required, less training required, higher motivation levels, greater commitment, greater staff loyalty, etc</li> <li>drawbacks e.g. costs money, might not be able to afford, higher cash outflows, lower profit, workforce conflict, negative effect on productivity of those not getting the pay rise, may choose to leave anyway, etc.</li> </ul> <p><b>Exemplar response:</b></p> <p>One benefit of agreeing to a 10% pay rise is that production operatives will remain committed to the firm <b>(L1)</b> because they feel respected <b>(L2)</b>. This should reduce the need to recruit new employees <b>(L3)</b>.</p> <p>However, one drawback of agreeing to this pay rise is that it represents an additional cost <b>(L1)</b>, increasing monthly cash outflows <b>(L3)</b>.</p> <p>Overall, the drawbacks will outweigh the benefits because the increased cost will reduce profit <b>(L4)</b> and the business has been experiencing a fall in profits since 2016 <b>(CONT)</b>. The reduction in recruitment costs is positive but it only has a short-term and finite effect, whilst paying employees an additional 10% will add to costs year on year for the long term <b>(L4)</b>.</p>	12	<p><b>Levels of response</b></p> <p><b>Level 4 (10 - 12 marks)</b> Candidate evaluates benefit(s) and drawback(s) to <i>Bunton Bears</i> of agreeing to the pay rise.</p> <p><b>Level 3 (7 - 9 marks)</b> Candidate analyses benefit(s) and/or drawback(s) to <i>Bunton Bears</i> of agreeing to the pay rise.</p> <p><b>Level 2 (4 – 6 marks)</b> Candidate explains benefit(s) and/or drawback(s) to <i>Bunton Bears</i> of agreeing to the pay rise.</p> <p><b>Level 1 (1 – 3 marks)</b> Candidate identifies benefit(s) and/or drawback(s) to <i>Bunton Bears</i> of agreeing to the pay rise.</p> <p><b>L1</b> – identifies a benefit/drawback. Award bottom of mark band for 1 identification, middle of mark band for 2 identifications, and top of mark band for 3 or more identifications.</p> <p><b>L2</b> – any development of L1 point that falls short of being analytical (e.g. descriptive detail, cause, impact on employees or customers, etc). Development can be positive or negative. Award bottom of mark band for 1 development, middle of mark band for 2 developments, and top of mark band for 3 or more developments. <b>L2 examples include:</b> ... happier staff, improved morale, work harder, good quality products, etc.</p> <p><b>L3</b> – analyses a benefit/drawback i.e. a further impact on the business of L1/L2 point. <b>Must</b> be business-facing (accept impacts on the business owners). Impacts can be positive or negative. Award bottom of mark band for 1 benefit/drawback analysed, middle of mark band for 2 benefits/drawbacks</p>

Question	Answer	Marks	Guidance
			<p>analysed, and top of mark band for 3 or more benefits/drawbacks analysed.</p> <p><b>L3 examples include:</b> e.g. ... increased cost, higher reputation, appear more ethical, additional recruitment required, meeting an aim, increased customer satisfaction, etc.</p> <p>'business fails', 'loss of business' TV. 'affects motivation/output' TV – direction required.</p> <p><b>NB Max one L3 per L1/L2 point.</b></p> <p><b>L4</b> evaluation – an overall judgement about <i>Bunton Bears</i> offering the pay rise.</p> <p>Award 10 marks for a justified decision (with no context).</p> <p>Award 11 marks for a justified decision (with contextual reasoning).</p> <p>Award 12 marks for a comparative, justified decision as to whether the benefits outweigh the drawbacks or vice versa with explicit reasoning as to why the other is less significant (with context).</p> <p><b>Context list</b> e.g. laser cutter, sewing machine, toys, luxury, collectors, textiles, teddies, babies, hand stitched, cowboy hat, 88 employees, declining revenue, profit falling, respect, etc.</p> <p>Do <b>not</b> award arguments about increasing competition between employees because the pay rise is not linked to performance.</p> <p><u>NB Accept impacts on the owners as impacts on the business because, being a partnership, the business has no separate legal identity.</u></p>

Question	Answer	Marks	Guidance
31	<p><b>Use level of response criteria.</b></p> <p><b>Indicative content:</b></p> <p><b>Sources of funds suitable for use by <i>Bunton Bears</i> as long-term finance:</b></p> <ul style="list-style-type: none"> <li>• owners' savings/partners invest more capital</li> <li>• borrowing from family and friends</li> <li>• gifts from family and friends</li> <li>• a (bank) loan</li> <li>• a grant</li> <li>• venture capital(ist)/business angel</li> <li>• crowd-funding</li> <li>• leasing</li> <li>• sale and lease back</li> <li>• sale of assets</li> <li>• <u>remortgage</u></li> <li>• take on an additional (ordinary) partner</li> <li>• take on a silent/sleeping partner</li> <li>• become a private limited company <u>and</u> issue shares.</li> </ul> <p><b>Exemplar response:</b></p> <p><i>Bunton Bears</i> could use a bank loan (<b>L1</b>). However, interest will be charged (<b>L2</b>), increasing business costs (<b>L3</b>).</p> <p>Alternatively, the business could seek out a venture capitalist (<b>L1</b>). The venture capitalist may have a lot of experience (<b>L2</b>) which if used wisely could be used to improve the profitability of the business (<b>L3</b>).</p>	12	<p><b>Levels of response</b></p> <p><b>Level 4 (10 - 12 marks)</b> Candidate evaluates which long-term source of finance <i>Bunton Bears</i> should use to raise the £1.25 million.</p> <p><b>Level 3 (7 - 9 marks)</b> Candidate analyses long-term source(s) of finance <i>Bunton Bears</i> could use to raise the £1.25 million.</p> <p><b>Level 2 (4 – 6 marks)</b> Candidate explains long-term source(s) of finance <i>Bunton Bears</i> could use to raise the £1.25 million.</p> <p><b>Level 1 (1 – 3 marks)</b> Candidate identifies long-term source(s) of finance <i>Bunton Bears</i> could use to raise the £1.25 million.</p> <p><b>L1</b> – identifies a long-term source of finance. Award bottom of mark band for 1 source identified, middle of mark band for 2 sources, and top of mark band for 3 or more sources.</p> <p><b>L2</b> – any development of L1 point that falls short of being analytical (e.g. features, benefits, drawbacks, etc). Development can be positive or negative. Award bottom of mark band for 1 source explained, middle of mark band for 2 sources, and top of mark band for 3 or more sources. <b>L2 examples include:</b> e.g. time consuming, takes time, limited availability, more business ideas, etc.</p> <p><b>L3</b> – analyses a source i.e. a benefit/drawback to the business of L2 point. <b>Must</b> be business-facing (accept impacts on the business owners). Impacts can be positive or negative. Award bottom of mark band for 1 source analysed, middle of mark band for 2 sources, and top of mark band for 3 or more sources.</p>

Question	Answer	Marks	Guidance
	<p>A third way to raise finance would be to become a private limited company and issue shares (L1). However, these shareholders would also have a say in the direction the company takes (L2), reducing Tom and Sara's control (L3).</p> <p>Any loss of control of the business may be difficult for Tom and Sara to handle. For these reasons I recommend the business be changed into a private limited company where only family members or trusted friends should be invited to invest (L4). I have not recommended a bank loan because Sara and Tom are uncomfortable with debt (CONT) (L4).</p>		<p><b>L3 examples include:</b> e.g. increased cost, higher breakeven point, greater cash outflow, wastes time, loss of control, lead to bankruptcy, retains control, minimises cost, improve profits, etc.</p> <p>'Business fails', 'loss of business' TV. 'affects reputation/cost' TV – direction required.</p> <p><b>NB Max one L3 per L1 point.</b></p> <p><b><u>NB L1 – L2 – L3 progression required.</u></b></p> <p><b>L4</b> evaluation – an overall judgement as to which long term source of finance the business should use.</p> <p><b>NB</b> to be considered for L4 the response must identify a minimum of <b>two</b> long-term sources of finance with some <b>analysis</b> i.e. <b>have been awarded at least 2 x L1 and an L3.</b></p> <p>Award 10 marks for a justification of which source to use (with no context) i.e. pick one with non-contextual reasoning. <b>NB</b> Accept any strength of the source selected.</p> <p>Award 11 marks for a justification of which source to use (with context) i.e. pick one with contextual reasoning <b>NB</b> Accept any strength of the source selected.</p> <p>Award 12 marks for a comparative justification of which source to use, including why another long-term source is less suitable (with context); pick one, justify its selection with explicit reasoning as to why at least one other long-term source of finance is less appropriate. <b>NB</b> The strength selected when compared with at least one other source must be <u>better than</u> the alternative.</p>

Question	Answer	Marks	Guidance
			<p><b>Context list</b> e.g. £16 million, £20.8 million, luxury, laser cutter, sewing machine, toys, collectors, teddies, already have overdraft, 88 employees, family values, uncomfortable with debt, weekly meetings, core value ‘respect’, partnership, family run, etc.</p> <p><b>NB Indicative content list shows all awardable sources of long-term finance.</b> The following are not on the indicative content list because they are not appropriate for <i>Bunton Bears</i>’ situation. Do <b>not</b> award:</p> <ul style="list-style-type: none"> <li>• ‘retained profit/reserves’ (business does not have any).</li> <li>• ‘mortgage’ (no property is being purchased).</li> <li>• ‘debentures’ (only available to public companies).</li> </ul> <p>Do <b>not</b> award ‘trade credit’, ‘credit cards’, ‘hire purchase’, ‘pay day loan’, ‘short-term loan’ or ‘overdraft’ as these are short-term sources.</p> <p><b>NB</b> ‘share issue’ should not be awarded unless clearly linked to changing the business to a private limited company.</p> <p>Do <b>not</b> award answers about becoming a public limited company as it is not appropriate for this size of partnership.</p> <p>Do <b>not</b> award answers about merging with another organisation or forming a joint partnership.</p> <p>‘Find an investor’ TV.</p> <p><b>NB</b> <u>Accept impacts on the owners as impacts on the business because, being a partnership, the business has no separate legal identity.</u></p>

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