

Cambridge National
Business and Enterprise

Unit **R061/01**: Introduction to Business

Cambridge National Level 1/2 Award/Certificate

Mark Scheme for January 2018

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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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Annotations used in the detailed Mark Scheme

| Annotation | Meaning |
|---|--|
|  | Unclear |
|  | Benefit of doubt |
|  | Context |
|  | Cross |
|  | Level 1 |
|  | Level 2 |
|  | Level 3 |
|  | Level 4 |
|  | Not answered question |
|  | No use of text |
|  | Repetition |
|  | Point has been noted, but no credit has been given (big) |
|  | Tick |
|  | Too vague |
|  | Research |

| Question | | Answer | Mark | Guidance |
|----------|-----|---|------|--|
| 1 | (a) | FALSE | 1 | One mark for the correct identification. NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit. |
| 1 | (b) | <p>Disadvantages might include:</p> <ul style="list-style-type: none"> • Limited finance • Unlimited liability • Lack of continuity • Total responsibility/control/decision making • No time/holidays <p>Exemplar: Disadvantage A sole trader has unlimited liability (1) Explanation This means they can lose all their possessions (1) if they go into debt (1)</p> | 3 | <p>One mark for a correct disadvantage, one mark for mention of debt or similar and one mark for outcome.</p> <p>Do not reward two separate reasons.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p> |
| 1 | (c) | <p>Reasons might include:</p> <ul style="list-style-type: none"> • Personal service • Size of business • Easy to set up • No shareholders to keep happy • Less paperwork. • Full control/all profit/all decisions <p>Exemplar: Reason Being a sole trader allows Jamil and Saira to make their own decisions (1) For example, about what to sell in the café (1) and how to use the profits</p> | 3 | <p>One mark for a correct reason plus one mark for explanation plus one mark for context.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p> |

| Question | | Answer | Mark | Guidance |
|----------|-----|---|------|---|
| 2 | (a) | <p>Candidates could explain reasons for choosing growth by using following examples:</p> <ul style="list-style-type: none"> • To increase product range • To increase locations • To increase profit • To increase employment • To increase sales • To compete • To raise profile/better known • Achieved other objectives <p>Exemplar: Reason A business can grow by expanding its product range (1) Explanation in order to meet the changing demands of the market (1)</p> | 2 | <p>One mark for correct example plus one mark for explanation in context.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p> |
| 2 | (b) | <p>Reasons might include:</p> <ul style="list-style-type: none"> • To plan • To set targets • To motivate • To measure and monitor results <p>Exemplar: Reason Business should set objectives so that the owners can monitor progress(1) Explanation Such as in terms of sales and costs (1). This means they can make changes such as change to local suppliers if necessary.(1)</p> | 3 | <p>One mark for a correct reason, and up to two marks for correct explanation in context of that reason.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p> |

| Question | Answer | Mark | Guidance |
|----------|--------|------|--|
| 2 | (c) | 6 | <p>Level 3 – Analysis (5-6 marks) An analysis, with reference to some research, of reasons why objectives need to change over time. Must include research and ref to TforU. Maximum of 5 marks if no context/research/TforU.</p> <p>Level 2 – Application (3-4 marks) An understanding of reasons why objectives need to change over time with ref to research and TforU. Maximum of 3 marks if no research/TforU.</p> <p>Level 1 (1-2 marks) Knowledge of objectives/ reasons.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p> |

| Question | | Answer | Mark | Guidance |
|----------|-----|--|------|--|
| 3 | (a) | <p>Ways might include:</p> <ul style="list-style-type: none"> • Increase cash sales • Credit terms for suppliers • Reduce costs • Increase in overdraft(Allow overdraft) • Use of cashflow forecasts • Buying in bulk for discounts • Make sure debtors pay on time • Source materials from cheaper suppliers | 2 | <p>One mark for each correct identification up to a maximum of two identifications.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p> |
| 3 | (b) | <p>The most appropriate choice is likely to be loan but the marks are dependent on the argument and justification made.</p> <p>Advantages of overdraft:</p> <ul style="list-style-type: none"> • Short term • Quick • Can be paid back when able • Flexible <p>Disadvantages of overdraft:</p> <ul style="list-style-type: none"> • High interest • Possibility of recall • Short term <p>Advantages of bank loan</p> <ul style="list-style-type: none"> • Long term • Fixed term/fixed interest rates • Better for assets <p>Disadvantages of bank loan</p> <ul style="list-style-type: none"> • May need security • Limited amount • Inflexible | 6 | <p>Level 4 – Evaluation (5-6 marks) A discussion of which type of finance would be most suitable in this case. Use of context is essential. Evaluation will come from the selection of the best method based on analysis. Max 5 marks for evaluation of one form of finance in context.</p> <p>Level 3 – Analysis (3-4marks) Analysis of the implications of both forms of finance for different requirements in context. Max 3 marks for analysis of one form of finance in context.</p> <p>Level 2 – Application (2 marks) Understanding of different forms of finance. No context required.</p> <p>Level 1 – Knowledge (1 mark) Knowledge of forms of finance</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p> |

| Question | Answer | Mark | Guidance |
|----------|---|------|----------|
| | <p>Exemplar: An overdraft is generally used for short term requirements (L1) such as problems with cash flow (L2). In the case of TforU they want to buy assets which will last a long time and therefore a more reliable form of finance would be a loan which is fixed and interest rates relatively low therefore reducing the cost of borrowing (L3). An overdraft would be much more expensive and TforU already have cash flow issues therefore knowing how much would be going out each month would be much better for this small business (L4).</p> | | |

| Question | | Answer | Mark | Guidance |
|----------|-----|--|------|---|
| 4 | (a) | <p>Market segments might include;</p> <ul style="list-style-type: none"> • Local workers • Tourists • Hikers • Older population • Middle class • Local competitors • Local farms | 2 | <p>One mark for each relevant identification up to a maximum of two identifications.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p> |
| 4 | (b) | <p>Ways might include:</p> <p>Promotion – currently relies on website and newspapers. In terms of local market candidates could suggest leafleting, money off vouchers, advertising in tourist guides and at information centres.</p> <p>Product – products need to have a unique selling point such as locally sourced produce, attention to different dietary requirements etc.</p> <p>Price – if Saira can create an original and personal product and service she may be able to increase her prices at particular times of the year.</p> <p>Place – she sells directly to her customers, but she could also sell to local businesses through her website.</p> <p>Exemplar answer: A small garden centre in our area ‘East Home Nurseries’ has opened a café to encourage customers to stay.(R) They have concentrated on providing a limited menu but all food is locally sourced and cooked on sight.(L2) Saira could use promotional techniques such as local loyalty cards offering money off . This would increase sales. (L3). She could also adjust her prices when there is greater demand, in order to compete locally. This would increase sales revenue as long as she doesn’t lose local custom (L4). Of course, any increase in profit due to these changes will depend on how much costs would increase. (L4)</p> | 10 | <p>Level 4- Evaluation (8-10 marks) Evaluate at least two parts of the marketing mix in order to come to a judgement about which part is the most important when competing in the local market. Max 9 marks for evaluation of one part with research and context Max 8 marks for evaluation with no research and context</p> <p>Level 3 – Analysis (5-7marks) Analysis of at least two parts of the marketing mix in terms of dealing with the competition with research and context. Max 6 marks for one part analysed with research and context Max 5 marks for no research/context.</p> <p>Level 2 – Application (3-4 marks) Explanation of how at least one part of the marketing mix might be used to compete in the local market. Max 3 marks for no research/context.</p> <p>Level 1 – Knowledge (1 -2 mark) Knowledge of marketing mix.</p> <p>Location is not place but could be promotion</p> |

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|--|--|--|--|--|--|
| | | | | | <p>Reference to types of products is rewardable as product.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p> |
|--|--|--|--|--|--|

| Question | | Answer | Mark | Guidance |
|----------|-----|--|------|---|
| 5 | (a) | <p>Features of job production might include:</p> <ul style="list-style-type: none"> • One off • Customised/custom made/ bespoke/unique • High quality • No production line • High cost • Time consuming <p>Exemplar: Feature Job production is a method of producing a one off product (1) Explanation This means being able to produce a product from beginning to end to the specific requirements of the customer(1) for example.</p> | 2 | <p>One mark for correct identification of a feature plus one mark for explanation/ example.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p> |
| 5 | (b) | <p>Methods of quality control might include:</p> <ul style="list-style-type: none"> • Checking quality of ingredients • Inspecting preparation areas • Training waiting staff • Customer service review comments • Quality control manager • Checking meals before serving <p>Exemplar answer: Method Inspection - Sara and Jamil need to carefully inspect the sources of their ingredients (1) Explanation in order that they can produce a high standard of final product(1) and to provide a high level of customer service(1)</p> | 3 | <p>One mark for a correct method plus one mark for explanation plus one mark for context.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p> |

| Question | Answer | Mark | Guidance |
|----------|---|------|---|
| 6 | <p>Monetary methods might be:</p> <ul style="list-style-type: none"> • Increased payment/living wage • Overtime • Employee discount • Free uniforms • Free /subsidised meals • Bonuses <p>Exemplar: Saira and Jamil could offer better wage rates (1) than the competition in the area (1).</p> <p>Non-monetary methods might be:</p> <ul style="list-style-type: none"> • Positive praise and comments • Social activities • Retention of same employees across seasons • Good working conditions • Appraisal • Cakes/snacks/social meals • Employee of the month • Promotion /responsibility <p>Exemplar: Saira and Jamil could offer good working conditions(1) such as a staff rest room during breaks(1)</p> | 4 | <p>For each method award one mark for correct method plus one mark for explanation. 2x2</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p> |

| Question | Answer | Mark | Guidance |
|----------|---|------|---|
| 7 | <p>Legislation might include:</p> <ul style="list-style-type: none"> • Health and Safety • Equality Act • Data protection • Employment act • Living wage/minimum wage • Consumer protection • Hygiene rating • Customer/employee liability insurance • Licensing e.g. alcohol <p>Exemplar: Legislation One form of legislation is health and safety (1). Explanation This is particularly important in a café where there might be hot food (1) and cooking areas which would offer hazards for staff and customers (1).</p> | 3 | <p>One mark for factor plus one further mark for development plus one further mark for context.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p> |

| Question | Answer | Mark | Guidance |
|----------|--|------|---|
| 8 | <p>Factors might include</p> <ul style="list-style-type: none"> • economic – disposable income, taxation, interest rates, exchange rates BREXIT, local taxation costs e.g. rents, council tax. • social- changing age of population, trends in eating out, use of social media for advertising and reviews, culture and food requirement of population e.g. gluten free, trends in coffee drinking/machines purchase and use. <p>Exemplar:</p> <p>Economic – economic factors such as the increased disposable income due to the present low interest rates for example, is likely to result in people having more money to spend on luxuries such as eating out. This could result in an increase in sales for TforU (L3). This has been the case for the café at a local café ,Home Farm which has had to expand its area due to the increased demand form local residents.(R)</p> <p>Social – The structure of the population has changed and there are now more older people travelling and eating out all year round. Saira could target this age group specifically especially in off-peak seasons in order to increase her sales(L3)</p> <p>In conclusion, the factor that would affect TforU the most would probably be economic because eating out could be regarded as a luxury and therefore might be limited by income levels. Economic factors such as exchange rates might also affect demand as when the pound is strong against other currencies people often choose to holiday abroad rather than at home. (L4)</p> | 10 | <p>Level 4 – Evaluation (8-10 marks) An evaluation of the impact based on an analysis of both external factors and a reasoned judgement made. Max 9 marks for one actor evaluated with research Max 8 marks for evaluation but no research.</p> <p>Level 3 – Analysis (5-7 marks) Analysis of both factors with research 7 marks. An analysis of at least one of the external factors with research 6 marks. Max 5 marks for analysis of one or two factors but no research.</p> <p>Level 2 – Application (3-4 marks) Application of knowledge of one or more of the external factors.</p> <p>Level 1 – Knowledge (1-2 marks) Knowledge of external factors.</p> <p>Emphasis should be on the effects on the business itself of external factors.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p> |

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