

Cambridge Technicals Business

Unit 1: The business environment

Level 3 Cambridge Technical in Business
05834 - 05837 & 05878

Mark Scheme for January 2024

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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

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 50% Batch 1 and 100% Batch 2 deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.
4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone or by email.

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 no alternative response has been provided, examiners must 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 zero should be awarded (as it is not possible to determine which was the first response selected by the candidate).

When a question requires candidates to select more than one option/multiple options, then local marking arrangements need to ensure consistency of approach.

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. (The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)

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 at the end of the response (and any additional lined pages if present) in case any answers have been continued there. If the candidate has continued an answer there then add an annotation to confirm that the work has been seen.
7. Assistant Examiners may email a brief report on the performance of candidates to your Team Leader (Supervisor) by the end of the marking period. Your report should contain notes on particular strength displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.

8. Annotations

Annotation	Meaning	Annotation	Meaning
	Tick – correct, mark awarded		Level 1 (Knowledge)
	Cross – incorrect, mark not awarded		Level 2 (Understanding)
	Meaning of response unclear		Level 3 (Analysis)
	Not answered question		Level 4 (Evaluation)
	Too vague		Response is contextual
	Benefit of doubt		Noted but no credit given
	Same point repeated		Blank page
	Own figure rule		Highlight

9. Subject-specific marking instructions

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.

Where permitted by the mark scheme, L1 responses can be analysed to proceed directly to L3.

L3 analysis is always required before L4 can be accessed.

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

SECTION B			
Question	Answer	Marks	Guidance
21	<p>Responses include:</p> <ul style="list-style-type: none"> financial factors e.g. revenue/sales/turnover/income, cost of sales, profit, low costs/expenses, pricing, discounts, cash flow, wages, capital, budget, etc. non-financial factors e.g. market share, skills of workforce, marketing campaigns, deals/offers, commitment of owner, reputation, quality of product, customer service, social responsibility, diversification, branding, buy the latest technology, market research, innovation, fills gap in market, extending product range, environmentally-friendly, etc. 	4	<p>One mark for each financial factor up to a maximum of two identifications. AND/OR One mark for each non-financial factor up to a maximum of two identifications.</p> <p>Financial factor – award any neutral/positive factor that includes a monetary term or concept within it.</p> <p>Non-financial factor – award any neutral/positive factor.</p> <p>NB Factors can be internal or external.</p> <p>NB Factors must <u>contribute to the success</u> of the business (i.e. make a positive (or at the very least a neutral contribution). Do not award factors that have an explicitly negative impact. E.g. good customer service (1), customer service (1), bad customer service (0).</p> <p>Answers should relate to the business which the learner has researched.</p>

Question	Answer	Marks	Guidance
22	<p>Responses include:</p> <ul style="list-style-type: none"> • protests/demonstrations • rallies/marches/barricades • campaigning • leading a rebellion • give bad publicity • contacting the press/media • posting on social media • lobbying an MP • creating a petition • <u>organise</u> a boycott • <u>organise</u> a strike • leafleting. <p>Exemplar responses:</p> <p>Name of business: o Activity of business:</p> <p>The pressure group formed a blockade (1) on the M1 to draw attention to the cosmetic (CONT+1) industry's practice of testing its products on animals.</p> <p>The pressure group protested (1) against the testing of make up (CONT+1) on animals.</p> <p>The pressure group set up its own website (1) to name and shame the business.</p>	2	<p>Award:</p> <p>Two marks for a contextual answer (CONT annotation required). OR One mark for a non-contextual answer.</p> <p>NB: question asks HOW, not, what. Pressure group <u>action</u> required, not what it is trying to achieve.</p> <p>E.g. 'targetted', 'revealed', 'demanded change', 'challenged', 'pressured' (TV) – HOW?</p> <p>Do not award 'going on strike' as this is an employee activity or 'boycotting a store' as this is a customer activity. However award has 'organised a strike' or 'started a boycott', as these are pressure group activities.</p> <p>Test for CONTEXT = product/service/industry only. Look for industry specific terms.</p> <p>Answers should relate to the business which the learner has researched.</p>

Question	Answer	Marks	Guidance
23	<p>Responses include:</p> <ul style="list-style-type: none"> • advantage e.g. narrow span of control, tighter control of subordinates, fewer mistakes due to close monitoring, more manageable workload for managers, more opportunities for promotion, etc. • disadvantage e.g. long chain of command, slower/poorer decision making, slower/poorer communication, slow to change, less responsive to market forces, staff alienation, more middle managers needed, higher labour costs, etc. <p>Exemplar responses:</p> <p>Name of business: PJM Supermarket Activity of business: Supermarket</p> <p>A tall organisational means that managers have relatively narrow spans of control (1). This allows the produce managers to monitor closely work of the assistant displaying the fruit and vegetables (CONT+1), improving productivity (+1).</p> <p>A tall organisational structure offers more opportunities for promotion (1). This is likely to lead to higher levels of motivation in the workforce (+1).</p> <p>In tall organisations decision-making is slow (1). This may mean the business is slow to respond to social trends in eating habits (CONT+1) and may miss out on profit (+1).</p> <p>In comparison with flat structures, tall organisations employ a larger number of managers (1). This increases labour costs (+1).</p>	6	<p>In each case, award as follows:</p> <p>One mark for correct identification of an advantage/disadvantage. PLUS One mark for analytical impact of advantage/disadvantage i.e. business-facing impact. AND/OR One mark for context (CONT annotation required).</p> <p>Advantage/disadvantage required to award marks.</p> <p>Test for CONTEXT = product/service/industry only. Look for industry specific terms.</p> <p>Answers should relate to the business which the learner has researched.</p>

Question	Answer	Marks	Guidance
24	<p>Responses include:</p> <ul style="list-style-type: none"> • training in safety, first aid training, shown how to safely use equipment, how to use safety equipment • fire drills/evacuation procedures • emergency lighting/signage • emergency equipment e.g. extinguishers, blankets, first aid kits, defibrillator • <u>provision</u> of PPE e.g. safety boots, gloves, hi-vis clothing, life jackets, etc • <u>provision</u> of safety equipment e.g. scaffolding, harnesses, guards on machinery, non-slip mats, etc • maintenance/safety checks on equipment e.g. ladders • encouraged to report hazards/accidents • has accident report forms • risk assessments. <p>Exemplar responses: Name of business: Patrick's Pizzas Activity of business: Italian restaurant</p> <p>Has wall mounted fire extinguishers (1) located in the kitchens (CONT+1) and dining area.</p> <p>Carries out a fire drill (1) every Monday at 2pm for waiters (CONT+1) and chefs.</p> <p>Provides PPE (1).</p> <p>Employees are required to wear PPE (0) TV.</p> <p>Employees are encouraged to report accidents (1).</p> <p>Provide training on how to use equipment (0) TV.</p> <p>Provide training on how to use equipment without causing harm (1).</p> <p>Has a first aid kit (1) in the staff toilets.</p> <p>Frequently updates risk assessments (1).</p>	4	<p>In each case, award: Two marks for a contextual answer (CONT annotation required). OR One mark for a non-contextual answer.</p> <p>Drilled down, practical 'hows' awardable, accept two answers from the same bullet point e.g. fire blankets in kitchen and fire extinguishers in restaurant.</p> <p>Do not award vague answers e.g. 'annual checks', 'sets out procedures', 'has created safety rules', etc.</p> <p>Do not award 'provides a safe environment' – HOW required.</p> <p>Do not award hazards e.g. trip hazards, wet floor, etc.</p> <p>Test for CONTEXT = product/service/industry only. Look for industry specific terms.</p> <p>Answer should relate to the business which the learner has researched.</p>

Question	Answer	Marks	Guidance
25	<p>Use levels of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> • demand-related e.g. lowered its prices, offered more deals/discounts/special offers, set up payment plans/savings schemes, marketing campaigns, etc • supply-related e.g. reduced costs, reduced the size of the workforce, closed down stores, closed the business, began trading online, reduced stock levels, changed the product range, reduced employee perks, used cheaper raw materials, reduced the size of products, etc. <p>Exemplar responses:</p> <p>Name of business: Becki the Butcher Activity of business: Convenience store</p> <p>Becki the Butcher has reduced its prices (✓) especially for its fresh meat (CONT ∴ L2) and advertises special deals in its window (✓). 4 marks</p> <p>Becki the Butcher ran a savings scheme (✓) so that customers could save for a Christmas turkey. (CONT ∴ L2). 3 marks</p> <p>Becki the Butcher has reduced its prices (✓) and advertises special deals in its window (✓). (NO CONTEXT ∴ L1) 2 marks</p> <p>Becki the Butcher ran a savings scheme (✓) to help customers save up for expensive purchases. (NO CONTEXT ∴ L1) 1 mark</p>	4	<p>Levels of response</p> <p>Level 2 (3 - 4 marks) (CONT annotation required) Candidate gives a contextual response as to how a business has responded to falling levels of disposable income in the UK.</p> <p>Level 1 (1 - 2 marks) Candidate gives a non-contextual response as to how a business has responded to falling levels of disposable income in the UK.</p> <p>Award bottom of the appropriate level for a response that contains one way i.e. one HOW. ✓</p> <p>Award top of the appropriate level for a response that contains two or more ways i.e. two or more HOWS. ✓✓</p> <p>NB Actions required. No marks for explanation.</p> <p>Test for CONTEXT = product/service/industry only. Look for industry specific terms.</p> <p>Answer should relate to the business which the learner has researched.</p>

SECTION C			
Question	Answer	Marks	Guidance
26	<p>Responses include:</p> <ul style="list-style-type: none"> stay in business, remain in existence, stay open, remain in the market, continue to trade, keep running, stay afloat, carry on functioning, keep business alive, not go 'bust', avoid closure, avoid bankruptcy, avoid collapse, etc. <p>Exemplar responses:</p> <p>To keep the business running (1).</p> <p>To remain open (1).</p> <p>To breakeven so that the business can carry on functioning (1).</p> <p>To breakeven (0).</p> <p>To stop the business failing (0) TV.</p>	1	<p>One mark for a correct identification.</p> <p>Do not credit references to break-even or financial aims such as 'covering costs', 'being solvent', 'avoiding a loss', etc. However, read on and credit the correct answer if seen.</p> <p>Do not credit 'remain competitive' as this is an enterprising aim.</p> <p>Do not award vague answers e.g. 'to succeed', 'to be successful', 'to not fail', 'to avoid failure', etc. Annotate TV.</p>

Question	Answer	Marks	Guidance
27	<p>Use level of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> • advantages e.g. better reputation, more customers, repeat customers, greater customer satisfaction, better word of mouth, increased revenue, higher profits, greater cash inflow, more motivated, increased job satisfaction, aids growth, helps business expansion, etc. • disadvantages e.g. time consuming, workload, tiredness, stress, illness, lower motivation, poorer work ethic, negative impact on family life, less time with family, more demanding, need more skills, need training, need additional equipment, need employees, opportunity cost, financial cost, expensive, etc. <p>Exemplar response:</p> <p>One advantage of Jack meeting the ever-increasing needs of his customers is that their satisfaction levels will be high (L1), this will lead them to talk positively about the work Jack has done (L2), improving his business' reputation (L3).</p> <p>Another advantage is that Jack is likely to gain more customers (L1) leading to higher profit (L3).</p> <p>However one disadvantage of meeting customer needs is that it may negatively impact on his mental health (L1) if he constantly pushes himself to meet their ever-increasing demands (L2). This could lead to Jack</p>	12	<p>Levels of response</p> <p>Level 4 (10 - 12 marks) Candidate evaluates likely advantage(s)/disadvantage(s) for Jack of trying to meet the ever-increasing needs of his customers.</p> <p>Level 3 (7 - 9 marks) Candidate analyses likely advantage(s)/disadvantage(s) to Jack of trying to meet the ever-increasing needs of his customers.</p> <p>Level 2 (4 – 6 marks) Candidate explains likely advantage(s)/disadvantage(s) to Jack of trying to meet the ever-increasing needs of his customers.</p> <p>Level 1 (1 – 3 marks) Candidate identifies likely advantage(s)/disadvantage(s) to Jack of trying to meet the ever-increasing needs of his customers.</p> <p>L1 – identifies an advantage/disadvantage. E.g. Revenue may increase (L1).</p> <p>L2 – explanation of the cause of the advantage/disadvantage or a consequence to a stakeholder. E.g. Revenue may increase (L1) because more customers will be interested in his services (L2).</p> <p>L3 – analysis of the advantage/disadvantage i.e. impact on Jack/Jack's business of the L1 identified. E.g. Revenue may increase (L1) because more customers will be interested in his services (L2). This is likely to lead to higher profit (L3).</p>

Question	Answer	Marks	Guidance
	Overall I think that the disadvantages outweigh the advantages for Jack because he has a young family (CONT) who will demand a lot of his time, and meeting the ever-increasing needs of his customers would eat into that time (L4). The advantages are of lower importance because the business has been established for eight years and already has a good reputation and plenty of customers (L4).		<p>NB Max <u>one</u> L3 per L1 point.</p> <p>L4 – evaluation – a reasoned judgement weighing up the advantages and/or disadvantages or whether he should or should not continue.</p> <p>Award 10 marks for a <u>decision</u> with <u>justification</u> but no context.</p> <p>Award 11 marks for a <u>decision</u> with <u>justification</u> and with context.</p> <p>Award 12 marks for a <u>decision</u> with <u>detailed justification</u> that includes a <u>rejection of the alternative viewpoint</u>, including context. 2 x L1 needed for a comparison to be possible.</p> <p>Context list e.g. windows, cleaning, ladders, cloths, physical job, work at heights, dangerous, water, buckets, houses, greenhouses, hot tubs, caravans, guttering, light bulbs, toilet seats, family man, father, has children, disability, sole trader, unlimited liability, no bank loans, higher gross profit than Darcie, three employees, van, £600, £10000, etc.</p> <p>NB 'More jobs/tasks/work' is a reason for an advantage/disadvantage, so L2 only.</p>
	losing his family's income if he needs to take time off work to recover (L3).		

Question			Answer	Marks	Guidance
28	(a)		Indicative content: <ul style="list-style-type: none"> • Cleaning fluid: variable cost (VC, variable) • Ladders: non-current asset (NCA, fixed asset, asset) • Public liability insurance: fixed cost (FC, fixed). 	3	<p>One mark for each correct identification to a maximum of three marks.</p> <p>NB The contradictory response rule applies. For any given item if two or more answers are suggested award 0, even if one of those answers is correct.</p> <p>Do not accept 'current asset' for 'non-current asset'.</p>
28	(b)	(i)	Indicative content: <ul style="list-style-type: none"> • revenue from <u>other</u> services/<u>other</u> revenue • <u>total</u> revenue • <u>gross</u> profit • interest • <u>net</u> profit. 	2	<p>One mark for each correct identification to a maximum of two marks.</p> <p>'Revenue'/'more revenue' TV (0). 'Profit' TV (0).</p>
28	(b)	(ii)	Indicative content: <ul style="list-style-type: none"> • revenue from <u>cleaning windows/window cleaning</u> revenue • expenses. 	2	<p>One mark for a correct identification to a maximum of two marks.</p> <p>'Revenue'/'less revenue' TV (0).</p>

Question		Answer	Marks	Guidance
28	(c)	<p>Responses include:</p> <ul style="list-style-type: none"> reasons low e.g. provide a service, tertiary sector, does not manufacture products, no stock/little stock, is not a shop, does not have employees, no wages to pay, only need cleaning fluid/detergent/sponges/cloths, etc. variable/direct/production costs, actual production costs, cost of production, costs that vary with output, etc. <p>Exemplar responses:</p> <p>Cost of sales includes direct production costs (1), which are low because they provide a service (1).</p> <p>Their variable costs (1) only include inexpensive items like cleaning fluid (1).</p> <p>They do not have to buy stock (1) for resale, so their variable costs (1) are low.</p> <p>Detergent is one of few items they need to buy to clean more windows (1).</p> <p>They do not have any employees to pay (1).</p> <p>Cost of sales means the direct costs of production (1).</p>	2	<p>Award:</p> <p>One mark for a reason the figures are low.</p> <p><u>AND/OR</u></p> <p>One mark for reference to variable/direct/production costs.</p> <p>NB These are two separate marks. Either of which can be credited alone.</p> <p>Do not accept 'operating costs' for 'variable cost'.</p> <p>Do not award reasons relating to being a small/local/new business or having low sales/few customers or being self-employed/sole traders.</p>

Question	Answer	Marks	Guidance
29	<p>Responses include:</p> <ul style="list-style-type: none"> • financial e.g. keep all of profit/does not need to share profits, keeps all funds if sells the business, etc • control/ownership e.g. full control, own boss, run the business his way, sole owner, no need to consult, own decisions, not accountable for a partner's actions, etc • setup/documentation e.g. set up less time consuming, no deed of partnership required, paperwork to run the business is less complex, etc. <p>Exemplar responses:</p> <p>One advantage for Jack of being a sole trader is that he is in full control (1) and can, therefore, steer the business in whatever direction he chooses (+1).</p> <p>Jack can keep all profits (1) so he will have more income for his family (+1).</p> <p>A sole trader is their own boss (1) so does not need to take into consideration the viewpoints of a partner (+1).</p> <p>A sole trader does not have to share the money (TV) the business makes (0).</p>	4	<p>One mark for a correct identification to a maximum of two identifications, plus one further mark for each of two explanations.</p> <p>NB must be advantages of being a sole trader versus a partnership (not in comparison with being a limited company). Do not award issues relating to liability, legal entity, taxation or financial affairs being private as these are the same for sole traders and partnerships.</p> <p>Exact opposites please annotate as REP. E.g. Keep all of the profit (1), because he does not need to share the profit (0) (REP).</p> <p>Do not award vague answers about sharing money/revenue. Needs to refer to profit.</p> <p>Do not award 'quick'/'easy'.</p> <p>Each identification must be from a separate bullet point. Annotate REP if the same bullet point is used.</p> <p>Award any valid point for the explanation mark, even if it crosses over into another bullet point. E.g. Can keep all profit himself (1) because he is the sole owner (+1).</p>

Question	Answer	Marks	Guidance
30	<p>Use level of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> • pay the living wage/pay <u>above</u> the minimum wage/good rates of pay/fair pay • give bonuses • allow employees to keep any tips • give rewards e.g. free lunch • fair working practices • fair workload • allow flexible working • good working conditions • pleasant/happy working environment • generous/frequent/long/lots of breaks • paid breaks • provide beyond the legal entitlements e.g. for holidays, maternity leave, paternity leave, etc • treat employees with respect/care • listen to employee viewpoints/issues • allow employees to voice opinions. <p>Exemplar response:</p> <p>One way Jack can treat his employees ethically is by treating them with respect (L1). This is likely to make the employees feel valued (L2) leading to improved self-esteem for Jack as a good boss (L3).</p> <p>Another way Jack can treat his employees ethically is to pay them higher rates of pay than other window cleaners in the area (L1). However this will have a significant, negative effect on business profits (L3).</p>	12	<p>Levels of response</p> <p>Level 4 (10 - 12 marks) Candidate evaluates way(s) that Jack can treat his employees ethically.</p> <p>Level 3 (7 - 9 marks) Candidate analyses way(s) that Jack can treat his employees ethically.</p> <p>Level 2 (4 – 6 marks) Candidate explains way(s) that Jack can treat his employees ethically.</p> <p>Level 1 (1 – 3 marks) Candidate identifies way(s) that Jack can treat his employees ethically.</p> <p>L1 – identifies a way. E.g. Provide generous breaks (L1). Award bottom of mark band for 1 way identified, middle of mark band for 2 ways, and top of mark band for 3 or more ways.</p> <p>L2 – explanation of the reason for a way or a consequence to a stakeholder. E.g. Provide generous breaks (L1) so that the employees can get their energy back between houses (L2). Award bottom of mark band for 1 way explained, middle of mark band for 2 ways, and top of mark band for 3 or more ways.</p> <p>L3 – analysis of the way i.e. a consequence to Jack/Jack’s business of L1 point. E.g. Provide generous breaks (L1) so that the employees can get their energy back between houses (L2). This should also lead to increased productivity for the business (L3).</p>

Question	Answer	Marks	Guidance
	<p>A third way Jack can treat his employees ethically is to provide them with better quality uniforms than the law requires, for example insulated gloves (L1). This would mean workers were less likely to take days off in cold weather (L2), leading to lower rates of absenteeism (L3).</p> <p>Jack should prioritise treating his workers with respect because this comes at no additional cost (L4). Being a sole trader (CONT), his capital is severely limited and so paying higher wages, though excellent if he can do so, should be of lesser priority as he needs to ensure the survival of the business (L4).</p>		<p>Award bottom of mark band for 1 way analysed, middle of mark band for 2 ways, and top of mark band for 3 or more ways.</p> <p>NB Max <u>one</u> L3 per L1 point.</p> <p>L4 – evaluation – a justification as to which ethical behaviour Jack should prioritise.</p> <p>Award 10 marks for a <u>selection</u> of which way to prioritise with <u>justification</u> but no context.</p> <p>Award 11 marks for a <u>selection</u> of which way to prioritise with <u>justification and context</u>.</p> <p>Award 12 marks for a <u>selection</u> of which way to prioritise with <u>detailed justification</u> that includes <u>comparison of why another way is of lesser priority</u>, including context. 2 x L1 needed for a comparison to be possible.</p> <p>Context list e.g. windows, cleaning, ladders, cloths, physical job, work at heights, dangerous, water, buckets, houses, greenhouses, hot tubs, caravans, guttering, light bulbs, toilet seats, family man, father, has children, disability, sole trader, unlimited liability, no bank loans, higher gross profit than Darcie, three employees, van, £600, £10000, etc.</p> <p>NB Ethical taken to mean doing above and beyond what the law requires. Therefore do not award legal requirements. E.g. do not award discrimination, equality, health and safety, etc as these are legal requirements.</p>

Question			Answer	Marks	Guidance
					<p>For ethical look for terms such as 'fair', 'good', 'nice' and 'better'. Rather than 'correct' or 'right' which read like legal requirements.</p> <p>Do not award vague answers e.g. reasonable ... or do ... properly TV.</p> <p>Do not award L1 for non-actions e.g. 'not exploit', 'not overwork' or 'not employ children'.</p>

Question	Answer	Marks	Guidance
31	<p>Use level of response criteria.</p> <p>Indicative content:*</p> <ul style="list-style-type: none"> • overdraft • credit card • <u>trade</u> credit/buy now pay later • hire purchase/HP • crowd funding/Go-fund Me • grant (e.g. from government) • <u>gifts</u> (e.g. from family and friends). <p>Exemplar response:</p> <p>One short-term external source of finance Jack could use is an overdraft (L1). However, banks charge high interest rates for overdrafts (L2) and this could lead to Jack worrying about being able to pay his debts (L3).</p> <p>Another source of finance that Jack could consider is hire purchase (L1). This method requires payment in instalments (L2), helping Jack to budget more effectively (L3).</p> <p>A third source of finance he could use is trade credit (L1). As there is usually no interest to pay (L2), this would allow Jack to obtain the equipment at no additional cost (L3).</p> <p>Jack should use trade credit to finance the expansion as it will give him ownership of the equipment without increasing business costs (L4). Since he has unlimited liability (CONT) due to being a sole trader and has a young family to support, it is best if he avoids an overdraft with debt which could spiral out of control and cause him to go bankrupt (L4).</p>	12	<p>Levels of response</p> <p>Level 4 (10 - 12 marks) Candidate evaluates which short-term external source of finance Jack should use to fund the expansion of his business.</p> <p>Level 3 (7 - 9 marks) Candidate analyses short-term external source(s) of finance Jack should use to fund the expansion of his business.</p> <p>Level 2 (4 – 6 marks) Candidate explains short-term external source(s) of finance Jack should use to fund the expansion of his business.</p> <p>Level 1 (1 – 3 marks) Candidate identifies short-term external source(s) of finance Jack should use to fund the expansion of his business.</p> <p>L1 – identifies an appropriate short-term external 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>L2 – an advantageous/disadvantageous features of L1. 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. L2 examples include: e.g. pay interest, don't pay interest, pay in instalments, do not have to pay back, put into debt, do not put business in debt, gain publicity, etc.</p> <p>L3 – analysis of L2 point. Must be Jack-/Jack's business-facing.</p>

Question	Answer	Marks	Guidance
			<p>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> <p>L3 examples include: e.g. increased cost, higher breakeven point, greater cash outflow, wastes time, lead to bankruptcy, minimises cost, improved profit, less worry, more stress, etc.</p> <p>'Business fails', 'business failure', 'loss of business' TV. 'Affects reputation/cost/profit', etc TV – direction required.</p> <p>NB Max one L3 per L1 point.</p> <p><u>NB L1 – L2 – L3 progression required.</u></p> <p>L4 evaluation – an overall judgement as to which short-term source of finance Jack should use.</p> <p>Award 10 marks for a justification of which source to use (with no context); i.e. pick one with no context. NB Accept any strength of the source selected (or weakness of an alternative).</p> <p>Award 11 marks for a justification of which source to use (with context); i.e. pick one with context. NB Accept any strength of the source selected (or weakness of an alternative).</p> <p>Award 12 marks for a comparative justification of which source to use, including why another short-term source is less suitable (with context); i.e. pick one, justify its selection with explicit reasoning as to why at least one other short-term source of finance is less appropriate. NB The strength selected when compared with at least one other source must be <u>better than</u> the alternative. 2 x L1 needed for a comparison to be possible.</p>

Question	Answer	Marks	Guidance
			<p>Context list e.g. windows, cleaning, ladders, cloths, physical job, work at heights, dangerous, water, buckets, houses, greenhouses, hot tubs, caravans, guttering, light bulbs, toilet seats, family man, father, has children, disability, sole trader, unlimited liability, no bank loans, higher gross profit than Darcie, three employees, van, £600, £10000, etc.</p> <p>Do not award vague sources e.g. get finance, borrow from bank, use credit, ask for donations, fundraising, etc, specific method needed.</p> <p>NB Indicative content list. Own savings/retained profit/sell assets not awardable because they are internal sources. Leasing/take on a partner/become a partnership/merge with Darcie/become an Ltd/Share issue/investor/venture capitalist/business angel are not awardable because they are long-term sources.</p> <p>NB A loan is a medium/long-term source. One short-term source of finance is a loan (0). One source of finance is a short-term (TV) loan (0). *‘Loan’ from bank or family and friends only awardable if time frame of less than 2 years is explicitly stated e.g. 6-months loan, payday loan, loan paid back within the year, etc.</p> <p>Do not award arguments related to credit rating.</p> <p>Do not award vague/generalised comments such as reliable, quick, easy, straightforward, hard to get, easy to get, etc.</p>

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