

Business Studies

General Certificate of Secondary Education

Unit **A293**: Production, Finance and the External Business Environment

Mark Scheme for June 2012

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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

Annotation	Meaning
	Benefit of doubt
	Cross
	Expansion of a point
	Error carried forward
	Level 1
	Level 2
	Level 3
	Level 4
	Not answered question
	Repeat
	Tick
	Unclear
	Own figure rule

Subject-specific Marking Instructions

All responses must be annotated.

For responses marked with a points style of mark scheme, there should be one tick for each credit worthy point.

For responses marked with a levels of response mark scheme, all the levels achieved should be annotated using L1, L2 and L3 near the statement that achieves the level.

Question			Answer	Marks	Guidance
1	(a)	(i)	<p>Method of Production</p> <p>Job Production ————— Each item is made individually.</p> <p>————— A small team of workers organise themselves to make the entire product.</p> <p>Batch Production ————— One type of a product is made the production is switched to making a different type of product.</p> <p>————— Goods are mass produced, often on an assembly line.</p> <p>Flow Production</p>	3	One mark for each correct answer.
		(ii)	<p><u>Batch production (1)</u> The producers will need to make <u>a lot of one type/one batch</u> of clothing (1) then change (1) to a second type which will be needed in the a mini-season (1).</p>	3	<p>One mark for identifying the correct method of production and one further mark for each point of justification for the method.</p> <p>The candidate must refer to the idea of the <i>change</i> in the clothes needed/produced for different mini-seasons if the mini-seasons mark is to be awarded.</p> <p>No marks for examples of the types of clothing which will be needed.</p>

Question	Answer	Marks	Guidance
	<p>(iii) Training (1) – workers will have to learn how to use the new technology/their changed job (1).</p> <p>Redundancy/sacked/fired (1) – if the job of the worker is <i>replaced</i> (1) by the machine.</p> <p>May demotivate workers (1) as they are concerned about job security/friends have left (1).</p> <p>Introducing the new technology will create jobs/some jobs will be retained (1) to service the machinery (1).</p> <p>They will lose income (1) as they may only now do unskilled work (1) affecting their standard of living (1).</p> <p>It will change the work that the workers do (1) and will make it easier (1).</p>	2	<p>One mark for a <i>statement</i> of an effect, one mark for an <i>explanation</i> of that effect. For a candidate who lists two different effects (statements), credit only one mark.</p> <p>1 x statement + 1 x explanation.</p>

Question		Answer	Marks	Guidance
	(b) (i)	<p>Indicative content:</p> <ul style="list-style-type: none"> • length of time people are being forced to work • fair payment/wages • being beaten by the employer • being sacked for refusing to work overtime • employment of children • poor health and safety conditions • ethical concerns for consumers. <p><u>Examples</u></p> <p>Workers are being forced to work very long hours (1) which is unreasonable/against the law/against human rights/as compared to the EU (1) for example one worker in India worked 133 hours overtime (1) and are being sacked if they refuse to work these hours (1).</p> <p>Workers are being forced to work for low wages/fair pay/underpaid (1) for example the worker who works overtime but is not paid an overtime rate (1).</p> <p>Children may be employed in the production of clothing (1) which some people believe is unfair (1).</p> <p>Workers may be asked to work in poor health and safety conditions (1).</p> <p>Ethical issues may arise for consumers in those countries which buy from India (1) because they may be supporting production which exploits Indian workers (1).</p>	4	<p>This question requires an example of an ethical issue and an explanation of how it may affect workers in the production of clothing in India. One mark for a statement of an ethical issue, one mark for explaining or illustrating how this may apply in the production of clothing in India.</p> <p>Do not credit “commercial” implications for A&W eg its sales may fall if customers are concerned about it using child labour.</p> <p>No mark for discussion of pollution.</p> <p>Do not accept that “they are not paid for overtime.”</p> <p>The answer must focus on the ethical issue.</p> <p>1 statement of an issue + 1 for an explanation of the issue x 2</p>

Question		Answer	Marks	Guidance
	(b) (ii)	Indicative content: <ul style="list-style-type: none"> • creates employment • wages • multiplier effect • the economy improves. <u>Example</u> The people of India may benefit because they have jobs (1) which increases their income (1) so they can have a higher standard of living (1). Exports rise (1) and the economy improves (1).	2	One mark for the statement of a benefit, one mark for an explanation of it. 1 for the statement of the benefit + 1 for the explanation of the benefit
	(c) (i)	$\text{£}100,000/10,000 = \text{£}10$	1	For one mark.
	(ii)	A business is said to benefit from economies of large scale production if the average cost of producing a product decreases as the scale of production increases .	2	One mark for each correct answer.

Question	Answer	Marks	Guidance
	<p>(iii) Indicative content:</p> <p><u>Bulk buying/purchasing economies (1)</u> Are when the seller gives a discount (1) to a buyer who buys a lot (1) because it guarantees a large sale (1).</p> <p><u>Marketing economies (1)</u> Are when advertising costs (1) or distribution costs (1) are spread across a large output (1).</p> <p><u>Managerial economies (1)</u> Are when specialist managers can be employed (1) who will be experts at their jobs (1) and so will improve the running of the business (1).</p> <p><u>Risk-bearing economies (1)</u> Are when the risks are spread (1) across a number of products (1).</p> <p><u>Technical economies (1)</u> Are connected with the way in which the product/service is made/provided (1). Examples include the use of technology (1), increased dimensions (1), etc.</p> <p><u>Financial economies (1)</u> Are when a business can raise capital at a lower cost (1) because it is raising a lot of capital (1); for example, it may have to pay lower rate of interest (1) or spread the cost of a share issue (1).</p>	6	<p>One mark for each type of economy identified, one mark for each point of explanation of it, up to a maximum of two marks.</p> <p>(1 + 2) x 2</p> <p>No marks for saying that "it will reduce costs."</p>

Question		Answer	Marks	Guidance
	(d) (i)	£320,000 (2) Gross profit = £500,000 - £180,000 (1)	2	Two marks for a correct answer. Where the answer is incorrect one mark for the stating the correct sum to be done to calculate gross profit.
	(ii)	Net Profit = £120,000 (3) Business expenses calculation method = £500,000 x 40/100 = £200,000 (1) Net profit calculation method = £320,000 - £200,000 (1) OR £25 x 40/100 = £10 x 20,000 = £200,000 (1) for calculation of business expenses. £10 x £200,000 (1) (implies that they have calculated the value of expenses).	3	Three marks for the correct answer. Where the answer is incorrect, one mark for the correct sum for calculating business expenses, one mark for the correct sum for calculating net profit.

Question		Answer	Marks	Guidance												
2	(a) (i)	<table border="1"> <thead> <tr> <th>Statements</th> <th>True</th> <th>False</th> </tr> </thead> <tbody> <tr> <td>Specialisation is when workers do only one particular kind of work.</td> <td>✓</td> <td></td> </tr> <tr> <td>Specialisation only occurs in manufacturing production.</td> <td></td> <td>✓</td> </tr> <tr> <td>Specialisation does not apply to skilled workers.</td> <td></td> <td>✓</td> </tr> </tbody> </table>	Statements	True	False	Specialisation is when workers do only one particular kind of work.	✓		Specialisation only occurs in manufacturing production.		✓	Specialisation does not apply to skilled workers.		✓	3	One mark for each correct answer.
Statements	True	False														
Specialisation is when workers do only one particular kind of work.	✓															
Specialisation only occurs in manufacturing production.		✓														
Specialisation does not apply to skilled workers.		✓														
	(ii)	<p>Indicative content:</p> <ul style="list-style-type: none"> specialist training become better at certain things improve reputation. <p>Exemplar response: The management of the Bowton branch will be more efficient (1) which will reduce costs (1) because each manager has been trained in their area of work (1) and each only does one type of work so will become better at it by doing/gain expertise/experience (1). It will help to avoid confusion (1) because workers will know which manager to report to (1). Specialisation motivates workers (1). Workers make fewer mistakes (1) which will improve the reputation of the business/the trust of consumers (1).</p>	4	<p>One mark for each benefit stated, one mark for each point explaining the benefit.</p> <p>1 + 3 or 2 x 2</p> <p>NB No marks for an explanation of specialisation which is not used to develop a point of benefit.</p>												
	(b) (i)	Retailer A	1	One mark for the correct answer.												
	(ii)	Retailer B	1	One mark for the correct answer.												

Question		Answer	Marks	Guidance	
				Content	Levels of response
	(iii)	<p>The sales of A&W plc rise from £3m/£3,000,000 (L2) in 2010 to £3.72m/£3,720,000 (L2) in 2011 or by £720,000/£0.72m (L2 x 3 ie 4 marks if this answer is seen).</p> <p>There is an increase in the sales of A&W plc from 5% to 6%/by 1% (L1).</p>	4	<p>A candidate who gives a Level 2 answer will score either 2, 3 or 4 marks. In effect: £720,000 increase is the correct answer, the other marks are for a correct method eg from £3m to £3.72m (one L2 mark for each part of the method).</p> <p>A candidate who gives a Level 1 answer will score 1 mark.</p> <p><i>NB An answer which states that the value has increased without referring to money value is to be credited at L1.</i></p>	<p>Level 2 (2–4 marks) The candidate refers to the change in the value of the sales of A&W.</p> <p>Level 1 (1 mark) The candidate refers to a change in the value but does not back up the judgement with evidence OR refers to the change in the percentage share of the market.</p>

Question		Answer	Marks	Guidance
	(iv)	<p>Yes, the clothing market in Bowton is competitive (1). There are many retailers selling clothes/(at least) 8 retailers (1) because no firm has more than 25% of the market (1).</p>	2	<p>One mark for correctly identifying that the market is competitive, one mark for explaining why it is competitive.</p> <p>No mark for stating it is “not a monopoly.”</p>
(c)	(i)	<p>20 years (2) £100,000 / £5000 (1)</p> <p>NB Accept 20.</p>	2	<p>Two marks for the correct answer. Where the answer is incorrect, one mark for a correct method for calculating how long it will take to recover the costs.</p>

Question	Answer	Marks	Guidance
	<p>(ii) In favour:</p> <p><u>Environmentalists/Eco-friendly (1)</u> It involves the use of sustainable resources/eco-friendly sources of energy (1) rather than non-sustainable resources (1) such as fossil fuels (1). The technology is cleaner (1) as there will be no carbon emissions (1) and it will reduce global warming/pollution (1).</p> <p><u>Solar Panel suppliers (1)</u> It will increase sales (1).</p> <p><u>A&W/shareholders (1)</u> Because they may save on electricity costs (1) which would increase the profit/dividend for shareholders (1).</p> <p><u>Energy suppliers (1)</u> The energy supplier may buy the surplus energy which A&W do not use (1) and this may reduce its costs (1).</p> <p><u>Managers (1)</u> Because electricity costs will fall (1) which may lead to an increase in profits (1).</p> <p>Against:</p> <p><u>Conservationists/Residents/Heritage Group/Local Council/Other businesses (1)</u> The solar panels may not look good (1) in this area which is an old part of town/a Heritage Quarter (1). It is highly visible (1). It may put tourists off from coming to the area (1) reducing the sales of other businesses (1).</p> <p><u>Energy Supplier (1)</u> As it will lose sales (1) because A&W will be self-sufficient in electricity (1).</p>	6	<p>One mark for stating a group which would be in favour of the installation of solar panels. One mark for each point of explanation of why the group would support this, up to a maximum of two marks.</p> <p>One mark for stating a group which would be in against of the installation of solar panels. One mark for each point of explanation of why the group would be against this, up to a maximum of two marks.</p> <p>(1 + 2) x 2</p>

Question		Answer	Marks	Guidance	
				Content	Levels of response
	(d)	(i)*	8*	<p>L1 Knowledge and application marks:</p> <p>There will be more customers (L1) for A&W (L1). There will be more customers with children (L1) for A&W (L1).</p> <p>L2 Analysis marks are for explaining the effects:</p> <p>There will be more customers for A&W so sales will increase (L2). Sales may not increase (L2) because the people have a low income (L2), sales may go to competitors (L2). There will be more customers with children so A&W will sell more children's clothing (L2).</p> <p>L3 Evaluation marks are for discussing what the extent of the effect will depend on:</p> <ul style="list-style-type: none"> • how much population grows, • the type of clothes sold by A&W • how low the income of immigrants is • how many of the immigrants are on higher incomes • if A&W change the range of clothing they sell. <p>NB Look out for arguments that conclude there will be no effect on sales which is developed from comments about the low incomes of consumers and the fact that A&W is a mid-market seller.</p>	<p>Level 3 (6 – 8) Evaluation One mark for each point which evaluates the extent of the impact on sales.</p> <p><i>Straightforward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar but these are unlikely to be intrusive or obscure meaning.</i></p> <p>Level 2 (3 – 5 marks) Analysis Up to four marks for analytical points.</p> <p><i>Relatively straight forward ideas are expressed relatively clearly, legibly and appropriately. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p> <p>Level 1 (1–2 marks) Knowledge and application One mark for stating one way in which population growth affects a business, one mark for applying this to A&W.</p> <p><i>Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p>

Question		Answer	Marks	Guidance												
	(ii)	<p>Inward investment creates jobs in the car assembly plant (1) it raises the income of workers in the car assembly plant (1).</p> <p>It will increase spending in the area (1). This will have a multiplier effect (1). It raises the demand for goods/services sold by other businesses/for shops like A&W (1), this may further increase employment (1) and income (1). It may improve confidence (1).</p> <p>It will mean there are more people/workers in the area (1), helping businesses make more money (1).</p> <p>Inward investment may create more social costs (1) such as noise/congestion/loss of green space (1).</p> <p>Inward investment may create infrastructure (1) for example roads which the local community could use (1).</p>	3	<p>One mark for each point of explanation of how inward investment may affect a town. Credit positive effects and negative effects.</p> <p>1 x 3</p>												
3	(a) (i)	<table border="1"> <thead> <tr> <th>Statements</th> <th>True</th> <th>False</th> </tr> </thead> <tbody> <tr> <td>A&W plc may have a long period of time to repay the bank loan.</td> <td>✓</td> <td></td> </tr> <tr> <td>No interest will need to be paid on the bank loan.</td> <td></td> <td>✓</td> </tr> <tr> <td>A&W plc will have to make regular payments of money each month to repay the bank loan.</td> <td>✓</td> <td></td> </tr> </tbody> </table>	Statements	True	False	A&W plc may have a long period of time to repay the bank loan.	✓		No interest will need to be paid on the bank loan.		✓	A&W plc will have to make regular payments of money each month to repay the bank loan.	✓		3	One mark for each correct answer.
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A&W plc may have a long period of time to repay the bank loan.	✓															
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Question	Answer	Marks	Guidance
(ii)	<p>Possible answers:</p> <p><u>Share Issue/investors (1)</u> <i>Advantages:</i></p> <ul style="list-style-type: none"> • the shares can be sold on the Stock Exchange as A&W is a plc (1) which is good for selling a lot of shares and raising a lot of money (1). • there would be no interest to pay (1) as it is not a loan/the money is irredeemable (1). <p><i>Disadvantages:</i></p> <ul style="list-style-type: none"> • it would cost to raise the money (1) as the shares need to be sold on the open market/a prospectus would be needed (1). • all shareholders need to be consulted (1) and the more shareholders there are the less control the original owners will have as (1). • there is a risk of takeover (1) if an individual can obtain more than 50% of the shares/they may lose control (1). <p><u>Retained profit/reserves (1)</u> <i>Advantages:</i></p> <ul style="list-style-type: none"> • it would mean that the debts of the company are not increased (1), if A&W plc has enough retained profit/as this is money which A&W plc will have in its bank account/they already have the money (1). • there would be no interest to pay (1), as A&W plc is not borrowing money. • the money does not need to be repaid (1) because it is not a loan (1). 	9	<p>One mark for stating a method of finance. Note that the chosen methods of finance must be appropriate to the context.</p> <p>One mark for stating an advantage/disadvantage of that method of finance, one mark for explaining it.</p> <p>Do not accept any other form of finance – overdraft, mortgage, trade credit – is given for the type of finance, no marks for this or for the advantages/disadvantages.</p> <p>On retained profit do not reward “they may not have (enough) retained profit as a disadvantage.”</p> <p>1 + (4 x 2)</p>

Question	Answer	Marks	Guidance
	<p><i>Disadvantages:</i></p> <ul style="list-style-type: none"> • the shareholders may lose out on dividend payments (1), as the profits are put back into the business (1). • the reserves of the business may be run down (1) as retained profit is usually kept in a bank account (1), although in the long run profits and dividends may rise (1). • once used the retained profits will not be available for the future/in the event of an emergency/investment (1). <p><u>Grant (1)</u></p> <p><i>Advantages:</i></p> <ul style="list-style-type: none"> • free of interest (1), so cheap (1). • no need to repay(1), does not raise debts of the business (1). <p><i>Disadvantages:</i></p> <ul style="list-style-type: none"> • may not be available (1), may not get full amount required (1) and so need to raise money in another way/example (1). • may be conditions attached (1) eg may be linked to the employment of workers (1). <p><u>Selling assets (1)</u></p> <p><i>Advantages:</i></p> <ul style="list-style-type: none"> • no loan (1), no interest (1). <p><i>Disadvantages:</i></p> <ul style="list-style-type: none"> • opportunity cost (1) cannot then be used if needed (1). • may be difficult to sell (1) costs of selling (1). <p>Also credit Government Loan with appropriate advantage and disadvantage.</p>		

Question		Answer	Marks	Guidance	
				Content	Levels of response
	(b)*	<ul style="list-style-type: none"> A rise in the interest rate will reduce demand (L1) for A&W (L1) goods because it will cost consumers more to borrow (L2) and they will get more for saving (L2). A big rise in the interest rate will reduce the sales a lot (L3) because it will raise the cost of borrowing for consumers, so lowering their discretionary income (L2). There may be a significant drop in sales (L3) if its target market is greatly affected by increases in mortgage costs (L3). This is likely to be the case with its mid-range positioning (L2). The rise in the cost of borrowing (L1) will raise the cost of production of A&W (L2) because it will have to pay interest (L2) on any loans which it has (L2) and it may need to raise prices (L2) to cover the increased costs which could result in it losing sales (L2). A rise in the interest rate may result in bankruptcy (L2). A&W will be affected a lot/more than its competitors because it has a current high level of borrowing (L3). The bigger the rise in the interest rate, the bigger will be the rise in costs (L3). A rise in the cost of borrowing for consumers (L1) will reduce sales (L2) because consumers will be less willing to borrow to finance spending (L2) 	8*	<p>L1 Knowledge marks are for the possible effect of the rise in interest on:</p> <ul style="list-style-type: none"> The cost of borrowing (1) for consumers (1) and for A&W (1) The reward for saving (1) A rise in the interest rate will reduce the discretionary income of consumers(1) A rise in the interest rate will increase the exchange rate (1). <p>L2 In each case note that only 2 analysis (L2) marks can be awarded for any one explanation of a rise in the interest rate. Analysis marks are for explaining the effects:</p> <ul style="list-style-type: none"> The rise in the cost of borrowing will reduce sales (L2) as people will reduce the amount they borrow reducing spending (L2). The fall in discretionary income will reduce sales (L2) because people will not have as much to spend (L2) after they have paid for their mortgage (L2). The rise in the reward for saving will reduce spending because it will mean consumers are less willing to spend (L2). 	<p>Level 3 (7–8 marks) Evaluation One mark for each point that evaluates the extent of the impact of the rise in the interest on A&W. NB It will be possible to gain all the evaluation by developing one line of argument.</p> <p><i>Straightforward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar but these are unlikely to be intrusive or obscure meaning.</i></p> <p>Level 2 (3–6 marks) Analysis Up to 4 marks for explaining why the stated effect will take place – one mark for each development point analytical points.</p> <p>NB Reward the phrase “Sales will fall” only once.</p> <p><i>Relatively straight forward ideas are expressed relatively clearly, legibly and appropriately. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p>

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			<ul style="list-style-type: none"> The increased return on saving (L1) will reduce sales for A&W (L2) as people will prefer to save money rather than spend it (L2). The greater the rise in the interest rate (L3) the greater will be the fall in sales (L3). The discretionary income of consumers will fall (L1) after they pay off their mortgage for example (L2) and so sales of A&W clothes will fall. A big rise in the interest rate will reduce the sales a lot (L3) because it will raise the cost of borrowing for consumers. The bigger the rise in the interest rate, the bigger will be the rise in costs (L3). 		<ul style="list-style-type: none"> The rise in the cost of borrowing will increase the costs of A&W as it will have to pay more on loans (L2). The profits of A&W will fall as costs rise (L2) and revenue falls (L2). A rise in the exchange rate will reduce the cost of imports (L2) reducing the cost to A &W of buying shirts from India (L2). <p>The impact of the effect will be influenced by:</p> <ul style="list-style-type: none"> how much the interest rate rises by. the level of A&W plc's debts, which are high. the level of borrowing of A&W compared to other retailers, which is likely to be higher. the significance of interest rates as a factor determining the sales of clothing, sales may not fall much because people do not usually borrow money to buy clothing. other factors which affect the demand e.g. an increase in consumer confidence may counteract the rise in the interest rate. how much the exchange rate rises by. 	<p>Level 1 (1–2 marks) Knowledge and Application Identifies an effect of a rise in interest on A&W. This is usually the first point in an explanation, further points are analysis (ie L2).</p> <p><i>Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p>

Question		Answer	Marks	Guidance	
				Content	Levels of response
	(c)*	<p>If they move to another country this should save on labour costs (L1) but how much they save will depend on how much lower the labour costs are in that country (L3).</p> <p>Using the internet means they will save on selling costs (L1) because they will need less labour (L2) as they will not need as many shop assistants (L2) only workers in the warehouses (L2) and they will not need as many shops so will not have to pay as much in rent (L2).</p> <p>There will be a cost to set up an Internet base (L1) for example to set up a website (L2).</p> <p>If the costs of the shirts are not a big proportion of selling costs (L3), A&W will not save much by switching to production in a different country (L3).</p> <p>If the production of the shirts in another country is the option that saves most then A&W will also have to take into consideration whether supplies are reliable/the producer is ethical (L3).</p>	8*	<p>The focus of the question is on cost reductions not the marketing benefits of using the Internet.</p> <p>L1 Knowledge marks are for the possible effect on:</p> <ul style="list-style-type: none"> • The change to another country will reduce labour costs (1) • The change to internet selling will reduce the overheads of A&W (1) • There will be a cost of setting up the internet (1). <p>L2 Analysis marks are for explaining the effects:</p> <ul style="list-style-type: none"> • The change to an alternative supplier will reduce costs of the shirts to A&W if labour costs in that country are cheaper (L2). <p>Changing to internet sales will reduce overheads because:</p> <ul style="list-style-type: none"> • need for fewer shops • and employees • using warehouses as distribution hubs as well as storage. <p>Internet costs will rise because: Of the need to set up a website (L2), to set up a delivery system (L2)</p>	<p>Level 3 (7–8 marks) Evaluation One mark for each point that evaluates the courses of action. The candidate weighs up/compares advantages and disadvantages of each course, for the final mark they must give a reason for a conclusion.</p> <p>Or candidate identifies further specific information which is needed to come to a judgement.</p> <p>NB The candidate must have referred to both courses of action for L3 to be awarded.</p> <p><i>Straightforward ideas have been expressed with some clarity and fluency. Arguments are generally relevant though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar but these are unlikely to be intrusive or obscure meaning.</i></p> <p>Level 2 (3–6 marks) Analysis Up to 4 marks for analytical statements. A maximum of 3 marks if only one of the options is considered.</p>

Question			Answer	Marks	Guidance	
					Content	Levels of response
					<p>L3 Evaluation marks are for discussing:</p> <ul style="list-style-type: none"> the extent of the reduction of costs for both options. the significance of the costs of the shirts and the cost of overheads to the total cost of sales of A&W. how much is saved will depend on how much lower the wages costs in the other country are than in India. issues about quality and reliability of suppliers in other countries – these are worthy of credit at L3 if they follow the argument that changing shirt supplier is the better option. the possibility of moving to a country where the exchange rate is more favourable and so reducing costs. why one option is preferable to the other. This must be on cost grounds, though may be developed by examining how likely the cost savings are likely to be. 	<p><i>Relatively straight forward ideas are expressed relatively clearly, legibly and appropriately. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p> <p>Level 1 (1–2 marks) Knowledge and Application One mark for identifying an issue or for stating a benefit in terms of costs of changing the current supplier or selling through the internet.</p> <p><i>Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p>

Question			Answer	Marks	Guidance	
					Content	Levels of response
					<p>These may be used in a Level 3 if they are used to conclude a judgement which has been comparing the two options:</p> <ul style="list-style-type: none"> • issues about the reliability of the Internet/ICT. • possible ethical issues need to be considered. • possible increase in returns as clothes will not have been tried on when bought. 	

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