

Applied Business

General Certificate of Secondary Education

Unit **A241**: Business in Action

Mark Scheme for January 2011

OCR (Oxford Cambridge and RSA) is a leading UK awarding body, providing a wide range of qualifications to meet the needs of pupils of all ages and abilities. OCR qualifications include AS/A Levels, Diplomas, GCSEs, OCR Nationals, Functional Skills, Key Skills, Entry Level qualifications, NVQs and vocational qualifications in areas such as IT, business, languages, teaching/training, administration and secretarial skills.

It is also responsible for developing new specifications to meet national requirements and the needs of students and teachers. OCR is a not-for-profit organisation; any surplus made is invested back into the establishment to help towards the development of qualifications and support which keep pace with the changing needs of today's society.

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.

OCR will not enter into any discussion or correspondence in connection with this mark scheme.

© OCR 2011

Any enquiries about publications should be addressed to:

OCR Publications
PO Box 5050
Annesley
NOTTINGHAM
NG15 0DL

Telephone: 0870 770 6622
Facsimile: 01223 552610
E-mail: publications@ocr.org.uk

Question		Expected Answer	Mark	Rationale
1	(a)	<p>Possible responses may include:</p> <ul style="list-style-type: none"> to be his own boss (1) to make a profit (1) noticed a gap in the market (1) he was made redundant (1) his ambition (1) unfulfilled potential (1) <p>Accept any reasonable business answer.</p>	[1]	<p>Annotations ✓ or ✗</p> <p>AO2 1</p> <p>Do not allow (DNA) he's good at making furniture, he's got some money.</p>
1	(b)	(i) <p>One mark for each identification and one for each development. Max two marks for identification. Possible responses may include:</p> <ul style="list-style-type: none"> He will not have to ask his boss what to do (1) so he can make all of the decisions himself (1). As he doesn't have partners (1) he will get to keep all of the profits himself (1). A sole trading business is not complicated to set up (1) so Leo will not need a lot of time or money to do this.(1). 	[4]	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for – application of knowledge to Leo and his business situation. (See page 4).</p> <p>This question is asking for an outline and not an explanation, so development mark for development of description.</p> <p>The candidate does not have to mention Leo to gain the development marks as long as the advantages have been correctly developed.</p> <p>AO1 2 AO2 2</p>

Question			Expected Answer	Mark	Rationale
1	(b)	(ii)	<p>One mark for each identification and one for each development. Max two marks for identification. Possible responses may include:</p> <ul style="list-style-type: none"> • He will have unlimited liability (1) so he has to pay all of the debts himself (1). • He is on his own running the business (1) so he has no-one to ask advice (1). • A lot of sole traders go out of business in the first year (1) so there is a lot of risk for Leo (1). • If he is ill (1) so there is nobody to run the business (1) (Must be about running the business). <p>Other factors: he could have died / no continuity. Long hours/ no holidays. Not able to benefit from economies of scale.</p>	[4]	<p>Annotations ✓ ✓+ or ✗</p> <p>AO1 2 AO2 2</p> <p>Development marks awarded for – application of knowledge to Leo and his business situation.</p> <p>This question is asking for an outline and not an explanation, so development mark for development of description.</p> <p>The candidate does not have to mention Leo to gain the development marks as long as the disadvantages have been correctly developed.</p>
1	(c)		<p>Indicative content:</p> <ul style="list-style-type: none"> • SOF is secondary and tertiary sector selling to public and businesses • Increase in consumer spending lead to increase in sales of office furniture to the public • Decrease in consumer spending lead to decrease in sales of office furniture to the public • May have little change to sales to businesses • New competitors means SOF has to compete on price or other factors (explains other factors) • As selling abroad new competitor in this area may not have much impact • Huge impact on local trade • Decides which has greater impact (can argue either one) and justifies choice. 	[10]	<p>Annotations L1, L2, L3, ✓+ (use this annotation when decision has been made).</p> <p>AO1 2 AO2 4 AO3 4</p> <p>In order to move above L1 in this question, the candidate needs to apply their answer to the SOF. Name-dropping will keep an answer in L1. Writing a purely theoretical answer will also limit the answer to L1 marks. It must be clear that the candidate is applying their answer to SOF to move above L1. An applied answer can go straight to L2 as it is not expected that the candidate includes theory in their answer.</p>

Question	Expected Answer	Mark	Rationale
	<p>Level 3 (7-10 marks) Candidate makes reasoned judgements and presents appropriate conclusions about the consequences of changes in the external environment to SOF.</p> <p>Note: If candidate only analyses, with no appropriate conclusions, a maximum of 8 marks can be awarded.</p> <p>Candidate shows ability to present relevant material in a well planned and logical sequence. Material is clearly structured using appropriate industry terminology confidently and accurately. Sentences, consistently relevant, are well structured in a way which directly answers the question. There will be few, if any, errors of grammar, punctuation and spelling.</p> <p>Level 2 (3-6 marks) Candidate applied knowledge of likely consequences of changes in the external environment to SOF. The impact either or both changes will have on SOF as a furniture business involved in production and sale of office furniture.</p> <p>Candidate shows ability to present relevant material in a planned and logical sequence. Appropriate industry terminology is used. Sentences, for the most part, are presented in a balanced, logical and coherent manner which addresses the question. There will be occasional errors of grammar, punctuation and spelling.</p> <p>Level 1 (1-2 marks) Candidate identifies likely consequences of changes in the external environment or shows knowledge of consumer spending and / or new competitors entering the market.</p>		<p>This question is targeted at the higher grades</p> <p>Level 3 It is the impact of the change that needs to be analysed. 7 marks – 1 change analysed. 8 marks – both changes analysed 9 marks – makes decision / judgement based on previous analysis. Needs to have correctly analysed the change they have chosen. 10 marks – makes decision and fully justified and both changes analysed.</p> <p>For 10 marks, there needs to be some ranking of the changes. Evaluating which change will have the greater impact on the business and why.</p> <p>Level 2 3 marks – an explanation in context of 1 impact of 1 of the changes (no development). 4 marks – an explanation in context of 1 change developed or 2 impacts (could both be on one of the changes). 5 marks – both changes need explaining in context and only 1 needs developing. 6 marks – both changes need to be developed in context.</p> <p>Level 1 1 mark – shows knowledge of one change or identifies 1 consequence. 2 marks – shows knowledge of both changes or identifies consequences of both changes or shows some development of knowledge or consequence of 1 change.</p>

Question	Expected Answer	Mark	Rationale
	<p>Candidate shows ability to communicate at least one point using some appropriate industry terminology. Sentences have limited coherence and structure, often being of doubtful relevance to the main focus of the question. Errors of grammar, punctuation and spelling may be noticeable and intrusive.</p> <p>0 marks = no response or response does not address the question.</p> <p>Exemplar answer:</p> <p>Changes in the external environment could have a big impact on SOF. They currently make and sell office furniture to the public and to businesses so if either group has more or less money available there will be a change in the amount of furniture ordered (L2). If the level of consumer spending goes down then people may decide to keep their existing office furniture for a few years longer as it is a luxury to keep changing it, this will lead to a decrease in the amount of furniture sold by SOF (L2). More people are working from home and they may have more money to spend and so may want to set up a good office at home and so there may be an increase in the amount of furniture ordered (L2). We don't know about SOF's competitors but if there are more businesses doing the same thing in the area then SOF may see a decrease in sales (L2). They may have to change their prices or improve their quality so as not to lose out to these competitors (L3). (✓+) I think the biggest impact will come from a new competitor entering the market because SOF sell most of its furniture to businesses rather than consumers so a change in the level of consumer spending would have less of an impact (L3). If the business market decreased then the success of SOF could be at risk (L3).</p>		<p>This exemplar response goes straight into L2 as it is in the context of SOF. There is understanding of the type of business it is and how the 2 changes will impact upon both sides of the business. This has been subsequently correctly analysed and evaluated with full justification.</p>

Question		Expected Answer	Mark	Rationale
2	(a)	<p>One mark for each identification and one for each development. Max two marks for identification. Possible responses may include:</p> <ul style="list-style-type: none"> • Stock control systems on the computer (1) so that goods are ordered automatically and there is less waste (1). • Computer aided manufacture (1) this would mean that the process was run by the computers so there would not be errors (1). 	[2]	<p>Annotations ✓ ✓+ or ✗</p> <p>AO1 1 AO2 1 We are not testing in depth knowledge of ICT applications.</p> <p>Development marks awarded for – application of knowledge of making SOF/manufacturer more efficient.</p> <p>DNA identification mark for update new technology, more high tech machines (TV), use of emails.</p> <p>DNA development marks for ‘quick and easy /more efficient unless these are explained.</p>
2	(b)	<p>One mark for each identification and one for each development. Max two marks for identification. Possible responses may include:</p> <ul style="list-style-type: none"> • A paperless office so that all information is sent by computer (1) so things don’t get lost (1) • All customer information is on a database (1) so that letters can be sent automatically to everyone on the database (1). <p>From the specification: personal computers, networks, spreadsheets, word-processing, databases, internet, e-commerce, email, accounting software.</p>	[2]	<p>Annotations ✓ ✓+ or ✗</p> <p>AO1 1 AO2 1</p> <p>Development marks awarded for – application of knowledge of making SOF / admin function more efficient/ could be a comparison eg:more professional.</p> <p>DNA identification mark for CCTV.</p> <p>DNA development marks for ‘quick and easy /more efficient unless these are explained.</p>

Question		Expected Answer	Mark	Rationale
2	(c)	<p>Possible responses may include:</p> <ul style="list-style-type: none"> • Doing market research (1) • Deciding on what the product should be like (1) • Deciding on the price of a product (1) • Promoting a product (1) • Deciding where to sell the product (1) 	[3]	<p>Annotations ✓ or ✗</p> <p>AO1 3</p> <p>Accept generic answers. Beware of repetition. Only award 1 type of advertising and 1 type of market research.</p>
2	(d)	<p>One mark for each identification and one for each development. Max two marks for identification. Possible responses may include:</p> <ul style="list-style-type: none"> • If Leo wants to do direct marketing to all of his customers then he could use a customer database to send out fliers (1) this would mean that everyone would get to know about the product (1). • He could set up a website (1) to promote his business and all of his products to a wider public (1). • He could designs all of his advertising booklets and leaflets using ICT (1) It would then be very easy to print off another copy of the booklet to send to someone (1). 	[4]	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for – application of knowledge of using ICT to increase amount of marketing / increase number of customers at SOF / increase sales at SOF.</p> <p>AO1 2 AO 2 2</p> <p>Allow advertise on internet and sell over the internet as 2 separate points. Allow telephone /mobile.</p> <p>Beware repetition of explanations – only credit once.</p>
2	(e)	<p>Indicative content:</p> <ul style="list-style-type: none"> • Developing new furniture designs is costly, may not be successful, lose focus on core business. • Organising workers leads to motivation or demotivation, training issues, cost implications, loss of production/efficiency. Increased specialisation. • Advantages and disadvantages of profit sharing to workers and Leo • Analysis of all 3 ways and decision about which will have the biggest impact. 		<p>Annotations L1, L2, L3, ✓+ (use this annotation when decision has been made).</p> <p>AO1 2 AO2 4 AO3 4</p> <p>This question is targeted at the lower grades.</p>

Question	Expected Answer	Mark	Rationale
	<p>Level 3 (7-10 marks) Candidate makes reasoned judgements and presents appropriate conclusions about the possible impact on SOF of operating in an enterprising way.</p> <p>Note: If candidate only analyses, with no appropriate conclusions, a maximum of 8 marks can be awarded.</p> <p>Candidate shows ability to present relevant material in a well planned and logical sequence. Material is clearly structured using appropriate industry terminology confidently and accurately. Sentences, consistently relevant, are well structured in a way which directly answers the question. There will be few, if any, errors of grammar, punctuation and spelling.</p> <p>Level 2 (3-6 marks) Candidate applies knowledge about the possible impact on SOF of operating in an enterprising way.</p> <p>Candidate shows ability to present relevant material in a planned and logical sequence. Appropriate industry terminology is used. Sentences, for the most part, are presented in a balanced, logical and coherent manner which addresses the question. There will be occasional errors of grammar, punctuation and spelling.</p> <p>Level 1 (1-2 marks) Candidate identifies possible impact on a business of operating in an enterprising way. Shows knowledge of the three ways out of context.</p> <p>Candidate shows ability to communicate at least one point using some appropriate industry terminology. Sentences have limited coherence and structure, often being of doubtful relevance to the main focus of the question. Errors of grammar, punctuation and spelling may be noticeable and intrusive.</p>		<p>Level 3 Impact of ways of being enterprising needs analysing.</p> <p>7 marks – analyses 1 way. 8 marks – analyses 2 or 3 ways. 9 marks – makes a decision based on previous analysis of at least 2 ways. Gives reasons for rejecting at least one of the other ways. 10 marks – fully justified explaining why the other(s) have been rejected.</p> <p>Max 8 marks if candidate makes a decision based on analysis of their chosen way with no analysis of rejected ones.</p> <p>For 10 marks, there needs to be some ranking of the ways. Evaluating which way will have the greatest impact on the business and explaining why the other two have been rejected.</p> <p>Level 2 3 marks – must be in context, explanation of 1 way to SOF. 4 marks – explanation of 2 ways to SOF or develops 1 way. 5 marks – develops 2 ways 6 marks – develops all 3 ways.</p> <p>Level 1 1 mark – 1 impact stated/identified. 2 marks – 2 or 3 impacts state/identified.</p>

Question	Expected Answer	Mark	Rationale
	<p>0 marks = no response or response does not address the question.</p> <p>Exemplar answer:</p> <p>If Leo developed new furniture designs then he is taking a risk because he does not know if his customers will like the furniture (L2). He needs to do some research first to see how many of his customers would like these designs. If there is a big demand then he could see an increase in sales and profits (L3).</p> <p>The workers are used to the way they work now (L2) so if you changed it they might not work as fast and might not understand why the changes have been made (L2) so this might not have a positive impact.(TV)</p> <p>If you give the workers a share of the profits then they are likely to work harder to gain more money (L2) they will have an interest in the business. This should mean that profits will increase (L3).</p> <p>I think that giving the workers a share of the profits will have the biggest impact on SOF as the workers will be motivated and they will care about what they do (L3). If the way they are organised is changed this might have the opposite effect so I wouldn't recommend it (L3). Changing the designs might also demotivate the workers because they have to learn a new design to make (L3).</p>	<p>[10]</p>	

Question			Expected Answer	Mark	Rationale
3	(a)	(i)	<p>Possible responses may include:</p> <ul style="list-style-type: none"> • Customers (1) • Suppliers (1) • Employees (1) • Local community (1) • Leo / owner /employer (1) • Pressure groups / trade union • Government • Managers • Banks / financiers/investor 	[3]	<p>Annotations ✓ or ✗</p> <p>AO2 3</p> <p>Do not allow shareholders, owners or employers.</p> <p>Allow Leo's family, retailers.</p>
3	(a)	(ii)	<p>One mark for identification of conflict and one for development of conflict. Possible responses may include:</p> <ul style="list-style-type: none"> • The employees might want to change their working practices and speak to Leo about this (1). If Leo says no then they might go on strike or not work as hard, affecting the business (1). • Leo might not pay his suppliers promptly (1) they may then say they won't deliver any new stock until he has paid previous bills so he can't make any new furniture (1). • The suppliers could drive big lorries through the small roads and villages by the factory (1) this could lead to the local community protesting because they are not happy about the congestion (1). 	[2]	<p>Annotations ✓ ✓+ or ✗ OFR</p> <p>AO1 1 AO2 1</p> <p>Check 3ai to make sure the same groups are used – allow OFR.</p> <p>The first mark is awarded for interest of the first group. The second mark is awarded for stating the second group's interest and how it conflicts – not just stating 2 interests.</p> <p>No marks are awarded for renaming groups. If candidate correctly uses 1 or 2 new groups (not from 3ai) then award max 1 mark.</p> <p>Maximum 1 mark if no groups named in correct space or in answer but a conflict is described.</p> <p>Development marks awarded for – application of knowledge of conflict between stakeholder groups.</p>

Question		Expected Answer	Mark	Rationale
3	(b)	<p>One mark for each consequence identified and one for each development of that consequence. Max two marks for identification.</p> <p>Possible responses using different types of business may include:</p> <ul style="list-style-type: none"> • If customers are complaining about the quality of clothes then the shop should do something about this (1) if they don't then they will lose customers as they are not having their needs met (1). • If the manager does not listen to his employees if they want a change in their conditions the employees might walk out (1) meaning that no more furniture is made and then customers complain (1). • If the local community are complaining that it is very noisy by the factory and there is always rubbish around the factory owner needs to listen to them because if he doesn't they could write to the local paper (1) this would give his business a bad reputation (1). 	[4]	<p>Annotations ✓ ✓+ or ✗</p> <p>AO1 2 AO2 2</p> <p>Must name a business. If no business named in answer then max 1 mark for each consequence. No marks are awarded for naming stakeholder groups.</p> <p>Development marks awarded for – application in context of consequences to chosen business not for describing what has not been listened to. Consequences could be to the same stakeholder groups.</p>
3	(c)	(i)	<p>.One mark for each identification and one for each development. Max two marks for identification. Possible responses may include</p> <ul style="list-style-type: none"> • Turn off all equipment when not in use (1) this will save money on electricity bills and also not wear out the machines as quickly (1). • Let their customers and suppliers know they are committed to sustainability (1) this means they will only deal with businesses that believe the same as them (1) • Invest in energy efficient equipment (1) this will help to reduce their running costs and so they can pass this onto the customers (1). 	<p>Annotations ✓ ✓+ or ✗</p> <p>AO1 2 AO2 2</p> <p>Development marks awarded for – application of knowledge – could be how or why. Generic answers accepted if they are appropriate to a manufacturing and selling business.</p> <p>DNA – charging for carrier / plastic bags, fair trade.</p> <p>Being environmentally friendly / better for the environment give credit for these.</p>

Question			Expected Answer	Mark	Rationale
				[4]	<p>Explanations cannot be repeated.</p> <p>If state 'as it is sustainable' as explanation do not award development mark.</p>
3	(c)	(ii)	<p>Basic definition (1) full definition or example to back up (1). An appropriate example on its own gets no marks.</p> <p>Moral values (1) such as not employing child labour (1- as an appropriate example).</p> <p>Written and unwritten codes of principles and moral values (2).</p>	[2]	<p>Annotations ✓ or ✗</p> <p>AO1 2</p>
3	(c)	(iii)	<p>Possible responses may include:</p> <ul style="list-style-type: none"> • Producing goods that are fit for purpose (1) • Not exploiting child labour (1) • Not outsourcing production to LEDCs (1) • Doing checks to make sure they are always acting ethically (1) • Selling fair trade products (1) • Buying from UK based businesses (1) • Selling free range / traditionally reared / local produce (1) 	[3]	<p>Annotations ✓ or ✗</p> <p>AO1 3</p> <p>Do not award mark for sustainability or example of sustainability.</p> <p>Allow repeats of example if used in 3cii.</p> <p>Allow generic answers.</p> <p>Ensure it is a specific 'way' eg: DNA being environmentally friendly.</p>

Question		Expected Answer	Mark	Rationale
4	(a)	<p>One mark for each identification and one for each development. Max two marks for identification. Possible responses may include:</p> <ul style="list-style-type: none"> • There is a new competitor in the market (1) so Leo wants to make sure that he does not lose his customers to the new competitor(1). • He could have done some research to show that the general public are not buying office furniture anymore (1) so by just dealing with businesses he could be making more money (1). • The new competitor is bigger and better than Leo (1) so he wants to become niche in order to survive (1). • As there is a recession, sales have decreased in the EU (1) so Leo wants to concentrate all of his efforts in the UK (1). • If the pound is strong (allow high exchange rate) then exports will be more expensive (1) so SOF might not sell as much abroad (1). 	[4]	<p>Annotations ✓ ✓+ or ✗</p> <p>AO1 2 AO2 2</p> <p>Development marks awarded for – application in context of SOF/Leo. Award marks for reasons why they make changes NOT how to make changes.</p> <p>Beware repeat of stem.</p>
4	(b)	<p>One mark for each identification and one for each development. Max two marks for identification. Possible responses may include:</p> <ul style="list-style-type: none"> • The Co-op only sell free-range eggs due to demand from customers (1) they want to be seen to be ethical and with all the negative publicity about caged birds they stopped selling these eggs in order to keep customers happy (1) • The Co-op has increased the amount of Fair Trade products it sells to farmers in Africa and other countries (1) this means that these farmers are getting more money from selling their goods and the Co-op is getting a good name. • The Co-op stopped giving out plastic carrier bags customers had to pay for them if they wanted them (1) this meant that they were doing their bit for the environment and attracting customers who also wanted to be environmentally friendly (1). 		<p>Annotations ✓ ✓+ or ✗</p> <p>AO1 2 AO2 2</p> <p>Must name a business – if no business named in the answer then max 1 for each way.</p> <p>Do not allow credit for repeating target market from stem.</p> <p>DNA – marketing strategies.</p>

Question			Expected Answer	Mark	Rationale
				[4]	<p>Development marks awarded for – application of knowledge – explanation of the change / how the business implemented the change / impact of change.</p> <p>Beware of repetition.</p> <p>Must use the same business for both examples. If a different business is used for second example then only award ID mark (max 1) for second example (if correct and not a repeat).</p>

Question	Expected Answer	Mark	Rationale
<p>4 (c)</p>	<p>Interest rates</p> <p>Inflation</p> <p>Exchange</p> <p>Taxation</p> <p>The increase in the price of goods and services measured over a set period of time</p> <p>The amount of money taken from the general public by the Government to spend on public services.</p> <p>The cost of borrowing money.</p> <p>The price at which one currency is bought and sold for another.</p> <p>The amount spent by the Government on Services.</p>	<p>[4]</p>	<p>Annotations ✓ or ✗</p> <p>AO1 4</p>

Question	Expected Answer	Mark	Rationale
4 (d)	<p>Indicative content:</p> <ul style="list-style-type: none"> • Changes in interest rate will affect mortgage and loan payments for SOF and customers, encourage or discourage purchase of office furniture, savings. • Changes in inflation lead to change in price of office furniture charged to customer and change in price of goods bought by SOF, leads to change in sales. • Changes in exchange rates, affect business if buy from abroad, overseas sales. Text 4 says thinking of not selling abroad candidate could use this information to help answer. • Changes in taxation, income tax, VAT (do not penalise candidate who uses incorrect rate of VAT). • Analysis of all factors and applying to SOF <p>Level 3 (7-10 marks) Candidate makes reasoned judgements and presents appropriate conclusions about which factor will have the biggest impact on Leo.</p> <p>Note: If candidate only analyses, with no appropriate conclusions, a maximum of 8 marks can be awarded.</p> <p>Candidate shows ability to present relevant material in a well planned and logical sequence. Material is clearly structured using appropriate industry terminology confidently and accurately. Sentences, consistently relevant, are well structured in a way which directly answers the question. There will be few, if any, errors of grammar, punctuation and spelling.</p> <p>Level 2 (3-6 marks) Candidate applies knowledge about the impact of the factors on Leo / SOF.</p>		<p>Annotations L1, L2, L3, ✓+ (use this annotation when decision has been made).</p> <p>This question targets higher grades.</p> <p>AO1 2 AO2 4 AO3 4</p> <p>In order to move above L1 in this question, the candidate needs to apply their answer to SOF. Name-dropping will keep an answer in L1. Writing a purely theoretical answer will also limit the answer to L1 marks. It must be clear that the candidate is applying their answer to SOF to move above L1. An applied answer can go straight to L2 as it is not expected that the candidate includes theory in their answer.</p> <p>Level 3 Which factor would have the biggest impact on SOF needs analysing.</p> <p>7 marks – analyses impact of 1 factor. 8 marks – analyses impact of 2 or more factors. 9 marks - makes a judgement based on previous analysis (of chosen factor) about which will have the biggest impact on SOF including reasons why at least 1 other factor will not have the biggest impact. Judgement on factor having biggest impact and no explanation why rejected others = max 8. 10 – fully justified answer including reasons why the other 3 factors will not have the biggest impact.</p>

Question	Expected Answer	Mark	Rationale
	<p>Candidate shows ability to present relevant material in a planned and logical sequence. Appropriate industry terminology is used. Sentences, for the most part, are presented in a balanced, logical and coherent manner which addresses the question. There will be occasional errors of grammar, punctuation and spelling.</p> <p>Level 1 (1-2 marks) Candidate shows knowledge of factor(s) or states the possible impact.</p> <p>Candidate shows ability to communicate at least one point using some appropriate industry terminology. Sentences have limited coherence and structure, often being of doubtful relevance to the main focus of the question. Errors of grammar, punctuation and spelling may be noticeable and intrusive.</p> <p>0 marks = no response or response does not address the question</p> <p>Exemplar answer:</p> <p>When the interest rate goes up people and businesses have less money to spend (L1) as it is more expensive to borrow money so there may be a decrease in sales of furniture (L2). This could also be because office furniture is a luxury item (L2). If inflation is high then the cost of everything is going up and seems more expensive (L1) this would be the same for office furniture so people might think it was too expensive and not buy it (L2). As Leo does not sell abroad now exchange rates should not have such a big impact (L3) unless he gets his raw materials from abroad and then any changes in exchange rate would affect the cost of the raw materials (L2). If taxation goes up then people will have less disposable income and so buy less furniture (L2). All of these factors will affect Leo but some more than others. Out of these factors I think the one with the biggest impact will be interest rates because office furniture is not cheap and customers will probably have to take out a loan to pay for it.</p>		<p>For 10 marks, the factor which will have the biggest impact must be evaluated and the reasons why the other factors would have less impact need explaining.</p> <p>Level 2 3 marks – applies knowledge of impact of 1 factor to SOF / Leo. 4 marks – applies knowledge of impact of 2 factors or develops 1 impact. 5 – 6 marks – applies knowledge of impact of at least 3 factors or in depth application of 2 factors.</p> <p>Level 1 1 mark – shows knowledge of 1 factor. 2 marks – shows knowledge of at least 2 factors.</p>

Question			Expected Answer	Mark	Rationale
			Therefore if the interest rate goes up it will be more expensive to take out a loan so Leo will see a decrease in demand for his office furniture (L3).	[10]	

OCR (Oxford Cambridge and RSA Examinations)
1 Hills Road
Cambridge
CB1 2EU

OCR Customer Contact Centre

14 – 19 Qualifications (General)

Telephone: 01223 553998

Facsimile: 01223 552627

Email: general.qualifications@ocr.org.uk

www.ocr.org.uk

For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored

Oxford Cambridge and RSA Examinations
is a Company Limited by Guarantee
Registered in England
Registered Office; 1 Hills Road, Cambridge, CB1 2EU
Registered Company Number: 3484466
OCR is an exempt Charity



OCR (Oxford Cambridge and RSA Examinations)
Head office
Telephone: 01223 552552
Facsimile: 01223 552553