

**Applied Business**

Advanced GCE

Unit **F256**: Business Law

**Mark Scheme for January 2012**

---

OCR (Oxford Cambridge and RSA) is a leading UK awarding body, providing a wide range of qualifications to meet the needs of candidates 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 2012

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](mailto:publications@ocr.org.uk)

## Annotations

Annotation	Meaning
	Unclear
	Benefit of doubt
	Cross
	Level 1
	Level 2
	Level 3
	Level 4
	Not answered question
	Own figure rule
	Repeat
	Noted but no credit given
	Tick

**Subject-specific Marking Instructions****Testing of QWC**

*In this external assessment the assessment of QWC will take place in Question 1e which is a levels of response question and carries 14 marks.*

*Marks are embedded within this question for assessing the quality of written communication. The following criteria are embedded within the levels of response for Question 1e.*

**Level 4:**

Ability to present relevant material in a well planned and logical sequence. Material clearly structured using appropriate business terminology confidently and accurately. Sentences, consistently relevant are well structured in a way that directly answers question. There will be few, if any errors of grammar, punctuation and spelling.

[4 marks representing the appropriate level of written communication are embedded in this level of response].

**Level 3:**

Ability to present relevant material in a planned and logical sequence. Appropriate business terminology used. Sentences for the most part relevant presented in a balanced, logical and coherent manner which addresses the question. There will be occasional errors of grammar, punctuation and spelling.

[3 marks representing the appropriate level of written communication are embedded in this level of response]

**Level 2:**

Limited ability to organise relevant material. Some appropriate business terminology used. Sentences are not always relevant with material presented in a way that does not always address the question. There may be noticeable errors of grammar, punctuation and spelling.

[2 marks representing the appropriate level of written communication are embedded in this level of response]

**Level 1:**

Ability to communicate at least one point using some appropriate business terminology. Sentences have limited coherence and structure, often being of doubtful relevance to the main focus of question. Errors of grammar, punctuation and spelling may be noticeable and intrusive.

[1 mark representing the appropriate level of written communication is embedded in this level of response]

Question		Answer	Marks	Guidance
1	(a)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• shares – private v stock exchange issue, increased share capital</li> <li>• min membership – 1 in Ltd, 2 in plc</li> <li>• min authorised capital – none in Ltd, £50 000 in plc</li> <li>• accounts – Ltd simplified to Co House, plc published strict format</li> <li>• documents – Certificate of Incorporation required before plc can trade.</li> <li>• company secretary – Ltd not qualified, plc must be qualified</li> <li>• AGMs – Ltd optional, plc required.</li> </ul> <p>Eg Plcs can issue shares on the stock exchange (1), whereas Ltds cannot (1).</p> <p>E.g. Start up procedure differs (1) as a plc has to wait for the Certificate of Incorporation before trading can commence (1).</p> <p>E.g. A plc needs a qualified company secretary (1), an Ltd does not (1).</p>	2	<p><i>One mark for a correct identification of a difference, plus a further one mark for an explanation.</i></p> <p>Do <b>not</b> award size, more employees, higher profits, etc. as these are not <b>legal</b> differences.</p> <p>Do <b>not</b> award limited liability.</p>

Question	Answer	Marks	Guidance
(b)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• Memorandum of Association</li> <li>• Articles of Association</li> <li>• Certificate of Incorporation</li> <li>• Form 10</li> <li>• Form 12.</li> </ul> <p>E.g. Memorandum of Association (1) which regulates the relationship of the company with the outside world (1). It includes the company name with plc after it (1), the registered office (1), objects (1), liability of the members (1) and authorised share capital (1). Max 2.</p> <p>E.g. Articles of Association (1) which states the internal rules which govern the company's organisation (1). It includes the rules about meetings (1) and the voting rights of shareholders (1). Max 2.</p> <p>E.g. Form 10 (1) which includes the name of the company's first registered office (1) and the names of the directors and company secretary (1). Max 2.</p> <p>E.g. Form 12 (1) which is a statutory declaration which needs to be signed by a qualified person stating that all the requirements of the registration process has been complied with (1). Max 2.</p> <p>E.g. Certificate of Incorporation (1) – a document issued by the Registrar of Companies which identifies that the firm has been incorporated and has a separate legal identity from its owners (1). Possession of this document allows a plc to begin trading (1). Max 2.</p>	6	<p><i>One mark for each correct identification, up to a maximum of three identifications, plus one further mark for each of three developments.</i></p> <p>Max two marks for each document.</p> <p>Accept any correct detail as to content or purpose of the document for development marks.</p>

Question	Answer	Marks	Guidance
(c)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• lack of provision of access equipment – ramp</li> <li>• no adapted work equipment – desk</li> <li>• need to make reasonable adjustments – requests rejected</li> <li>• must not treat a disabled person less favourably</li> <li>• humiliation/disrespected/mistreatment</li> <li>• no positive discrimination.</li> </ul> <p>E.g. S&amp;W <i>plc</i> should provide suitable access to the building for a wheelchair user (1), but it has not provided a ramp (1).</p> <p>E.g. The business should provide a ramp (1) so that Nigel does not have to rely on others to enter the building (1).</p> <p>E.g. Reasonable adjustments should be made (1). This includes not only the desk which Nigel requested but footrests, adapted mouse, etc. (1).</p>	4	<p><i>One mark for each correct identification, up to a maximum of two identifications, plus one further mark for each of two explanations.</i></p> <p><b>For full marks the response must indicate how S&amp;W's position appears to be wrong/in breach.</b></p> <p>Accept sensible suggestions, e.g. no lift.</p>
(d)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• The Sex Discrimination Act</li> <li>• The Equal Pay Act.</li> </ul> <p>E.g. The Equal Pay Act (1)</p> <p>E.g. Sex Discrimination (1)</p>	1	<p><i>For one mark.</i></p> <p>The names of the Acts must be precise.</p> <p>'The' and 'Act' <b>not</b> required.</p>

Question	Answer	Marks	Guidance
(e)*	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• poor staff morale</li> <li>• conflict between workforce/management</li> <li>• high labour turnover</li> <li>• industrial action</li> <li>• trade union involvement</li> <li>• bad publicity/reputation</li> <li>• legal proceedings</li> <li>• payment of remedies</li> <li>• compensation</li> <li>• need for legal advice</li> <li>• time</li> <li>• cost</li> <li>• legal action</li> <li>• no need to purchase equipment</li> <li>• save money in short term</li> <li>• opportunity cost.</li> </ul> <p>E.g. A business which breaks equal opportunities legislation may face legal action <b>(L1)</b>. If S&amp;W plc does not supply Nigel and other disabled employees with access ramps <b>(CONT)</b>, then it is likely that some of the employees will take legal action against the company <b>(L2)</b>. Such legal action will cost the company a great deal of time <b>(L3)</b> and would need it to use the services of a solicitor who is likely to charge high rates for his services <b>(L3)</b>. Since S&amp;W is a plc <b>(CONT)</b>, it is likely to be large, and it may employ its own full-time solicitor so the impacts of breaching such legislation might not be as severe as first thought <b>(L4)</b>. Nevertheless coach tour operators <b>(CONT)</b> are particularly affected by the current economic downturn and so any additional demands on company time should be avoided <b>(L4)</b>.</p>	14	<p><i>Use levels of response criteria.</i></p> <p><i>NB This question has embedded marks for QWC.</i></p> <p>This question relates to impacts from <b>not</b> complying with legislation. Do <b>not</b> award benefits of obeying the legislation.</p> <p><b>Level 4 – (10 - 14 marks)</b> Candidate evaluates the likely impact(s) on S&amp;W plc of not complying with equal opportunities legislation.</p> <p><b>Level 3 – (6 - 9 marks)</b> Candidate analyses the impact(s) on S&amp;W plc of not complying with equal opportunities legislation.</p> <p><b>Level 2 – (3 - 5 marks)</b> Candidate applies knowledge and understanding to suggest the impact(s) on S&amp;W plc of not complying with equal opportunities legislation.</p> <p><b>Level 1 – (1 - 2 marks)</b> Candidate demonstrates knowledge of equal opportunities legislation with no use of context.</p> <p>Context – look for more than S&amp;W plc/Nigel e.g. desks, ramps, building access.</p> <p><b>NB</b> To award level 4 the candidate must have produced some analysis (L3) and the evaluative judgement they make must match this analysis.</p> <p><b>Level annotation required.</b></p>

Question		Answer	Marks	Guidance
2	(a)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• burden of proof</li> <li>• courts used</li> <li>• purpose</li> <li>• remedies</li> <li>• the parties involved.</li> </ul> <p>E.g. Criminal law can lead to imprisonment (1), whereas civil law tends to lead to fines and damages (1).</p> <p>E.g. Criminal law regulates dangerous behaviour (1), whereas civil law governs relationships between two parties (1).</p> <p>E.g. In criminal law it is the State which takes action against offenders (1), whereas in civil law it is the person who is wronged who takes action (1).</p> <p>E.g. The main aim of criminal law is to punish the offender (1), whereas the main aim of civil law is to compensate the victim (1).</p> <p>E.g. Criminal cases are heard in Magistrates' or Crown Courts (1), whereas civil cases are dealt with in County courts and the High court (1).</p> <p>E.g. Burden of proof for a criminal case is 'beyond all reasonable doubt' (1), whereas for a civil case it is only "on the balance of probabilities" (1).</p>	4	<p><i>One mark for each correct identification, up to a maximum of two identifications, plus one further mark for each of two explanations.</i></p> <p>Award max one mark if only one side of the argument (criminal or civil) is present. E.g. the main aim of criminal law is to punish the offender (1).</p> <p>Award 'criminal law involves the police', 'civil law involves private disputes'.</p>

Question	Answer	Marks	Guidance
(b)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• carry out his work with reasonable skill</li> <li>• obey reasonable orders</li> <li>• act in good faith</li> <li>• work safely taking reasonable care</li> <li>• confidentiality.</li> </ul> <p>E.g. Employees should obey all reasonable instructions from their employers (1).</p> <p>E.g. An employee must not break an employer's confidence (1).</p> <p>E.g. Nigel must provide faithful service (1).</p>	2	<p><i>One mark for each correct identification, up to a maximum of two identifications.</i></p> <p><b>Must be under common law.</b></p> <p>Abiding by contract of employment is contract law, therefore, do <b>not</b> award.</p>
(c)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• receiving advice</li> <li>• getting information booklets</li> <li>• helpline for queries with legally trained advisors</li> <li>• representation at hearing</li> <li>• may be able to negotiate a settlement.</li> </ul> <p>E.g. They have trained legal staff (1) who can advise Nigel about his grievances (1).</p> <p>E.g. Trade unions produce information leaflets about various employment matters (1). Obtaining one about constructive dismissal will help Nigel understand the procedure he must go through (1).</p> <p>E.g. They can support Nigel (1) by representing him at the tribunal (1).</p>	4	<p><i>One mark for each correct benefit identified, up to a maximum of two identifications, plus up to one further mark for each of two explanations.</i></p> <p><b>Benefit required, not just a statement about a trade union.</b></p>

Question	Answer	Marks	Guidance
(d)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• position untenable</li> <li>• unfair treatment</li> <li>• discrimination</li> <li>• build up of small issues</li> <li>• employee position undermined</li> </ul> <p>E.g. Constructive dismissal is where an employee claims that their job has been made intolerable by an employer (L1), usually by a breach of an employer's duty to not undermine trust and confidence (L1). Nigel has been humiliated by being made to stand outside waiting for help to access the building (L2) and therefore his employer has breached its common law duty making it intolerable for Nigel to work there (L2).</p> <p>E.g. S&amp;W failed to help Nigel in any way at all (L2) and therefore made it impossible for Nigel to continue working there (L2).</p> <p>E.g. If an employer treats an employee in a way which makes it impossible for him to stay then constructive dismissal would be upheld (L1). Such as if an employee was verbally abused by being regularly shouted at (L1).</p>	4	<p><i>Use levels of response criteria.</i></p> <p><b>Level 2 (3 – 4 marks)</b> Candidate explains how the concept of constructive dismissal would lead to Nigel's claim being upheld.</p> <p><b>Level 1 (1 - 2 marks)</b> Candidate shows knowledge of the concept of constructive dismissal but with no application to Nigel's claim.</p> <p><b>Level annotation required.</b></p> <p>No matter how detailed a candidate's explanation of constructive dismissal, if it is <b>not</b> applied to Nigel's claim it must be awarded L1 and a maximum of two marks.</p> <p>A candidate who has given an accurate explanation applied to Nigel's claim must be awarded L2 and a minimum of three marks.</p>
(e)	(i) <p>Indicative content:</p> <ul style="list-style-type: none"> <li>• company's/creditor's choice</li> <li>• wind up/cease trading/close down.</li> </ul> <p>No context required.</p> <p>E.g. Where a company chooses (1) to dissolve (1).</p> <p>E.g. Where a company is wound up (1) without being forced to do so by the courts (1).</p> <p>E.g. Where the shareholders vote (1) to have their company cease trading (1).</p>	2	<p><i>Up to two marks.</i></p> <p><b>Do not</b> award references to insolvency.</p>

Question	Answer	Marks	Guidance
	<p>(ii) Indicative content:</p> <ul style="list-style-type: none"> <li>• general meeting held (1) to agree special resolution (1)</li> <li>• statutory declaration by directors (1) of solvency (able to pay debts within 12 months) members' voluntary liquidation (1) or insolvency creditors' voluntary liquidation (1)</li> <li>• publication of special resolution in the London Gazette (1) within 14 days (1) informing creditors of company's intention (1)</li> <li>• copy of special resolution sent to companies house (1) within 14 days (1)</li> <li>• meeting of creditors (1) held within 14 days of special resolution if insolvent (1)</li> <li>• liquidator appointed (1) – takes over directors' powers (1)</li> <li>• directors dismissed (1)</li> <li>• employees' contracts terminated (1) (unless the liquidator decides to re-employ them) (1)</li> <li>• liquidator sells firm's assets (1) to raise funds to pay creditors (1)</li> <li>• liquidation fees paid (1)</li> <li>• pay creditors in order of preference (1) wages, tax, secured creditors, unsecured creditors (1)</li> <li>• remaining funds divided between shareholders (1).</li> </ul> <p>E.g. A special resolution is passed (1) and Companies House informed (1).</p> <p>E.g. A notice is placed in the Gazette (1) informing creditors and other interested parties that the company is being wound up (1).</p> <p>E.g. Directors are relieved of their duties (1) and control is passed to the appointed liquidator (1).</p>	6	<p><i>One mark for each correct identification, up to a maximum of three identifications, plus up to one further mark for each of three explanations.</i></p> <p><b>NB the question relates to voluntary liquidation. Do not award the compulsory route.</b></p> <p>No attempt is made to save the firm.</p> <p>Do <b>not</b> award 'court order'.</p> <p>The steps do not have to be in order.</p>

Question		Answer	Marks	Guidance
3	(a)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• cannot copy other websites</li> <li>• must request permission</li> <li>• pay royalties</li> <li>• display sources</li> <li>• legal enforcement.</li> </ul> <p>E.g. Nigel must request permission from another website if he wants to copy its work (1). This will add to the time it takes for him to design a website (1).</p> <p>E.g. Royalties may need to be paid to use the design ideas of someone else's website (1), increasing his business costs (1).</p> <p>E.g. If he copies the content of another business' website for commercial use without permission (1) he may be fined under copyright legislation (1).</p>	4	<p><i>One mark for each correct disadvantage identified to a maximum of two identifications plus up to one further mark for each of two explanations.</i></p> <p><b>Disadvantage required, not just a statement about a copyright legislation.</b></p> <p>Accept references to Nigel or <i>Net-Works</i>.</p>
	(b)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• give a discount (1)</li> <li>• compensation (1)</li> <li>• provide service for free (1)</li> <li>• credit note (1)</li> <li>• future discount (1)</li> <li>• letter of apology (1)</li> <li>• free update of website in future(1)</li> <li>• a refund or partial refund of charges (1)</li> <li>• court settlement, damages (liquidated/unliquidated) (1).</li> </ul> <p>E.g. Nigel could give Teen Theatre a discount on the website design fee (1) so that the theatre is happy to deal with <i>Net-Works</i> again (1).</p>	4	<p><i>One mark for each correct identification, up to a maximum of two identifications, plus one further mark for each of two explanations.</i></p> <p>One mark for method, one mark for why it aids resolution.</p>

Question	Answer	Marks	Guidance
	<p>E.g. <i>Net-Works</i> could let it have the website for free (1). This would stop the theatre taking legal action for damages for breaking the contract (1).</p> <p>E.g. Nigel could send a letter of apology (1).</p>		
(c)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• Discharge by performance</li> <li>• Mutual agreement</li> <li>• Frustration.</li> </ul> <p>E.g. The contract could be terminated by mutual agreement (1). This is where both sides decide that they would prefer the contract to come to an end (1). In this case <i>Net-Works</i> and <i>Klassi Kitchens</i> would have to decide that they would rather the contract to provide regular updates to the website was ended (1).</p> <p>E.g. By performance (1). The contract for <i>Net-Works</i> to run the electronic booking system may have been time limited to three years (1), so at the end of the 3 years the contract would automatically end (1).</p> <p>E.g. When something changes which makes fulfilling the contract impossible (1), this is called frustration (1). For example, if Nigel died (1).</p>	9	<p><i>One mark for each correct identification, up to a maximum of three identifications, plus two further marks for each of three explanations.</i></p> <p><b>Do not award 'breach' as this is excluded by the question.</b></p> <p>1 mark for method  1 mark for explanation of method  1 mark for <b>contextual</b> example</p> <p>Accept sub-divisions of methods, e.g. specific performance.</p>

Question	Answer	Marks	Guidance
(d)	Indicative content: <ul style="list-style-type: none"> <li>• House of Lords</li> <li>• House of Commons</li> <li>• Queen/King/Monarchy</li> </ul> E.g. House of Lords E.g. The Queen E.g. Houses of Parliament	3	<i>Up to three marks.</i>  Award 'Houses of Parliament' but only if House of Lords/Commons not given.
(e)	Indicative content - Issues: <ul style="list-style-type: none"> <li>• register with Information Commissioner</li> <li>• data obtained and processed lawfully</li> <li>• data kept only for the purposes registered</li> <li>• data not disclosed/used for any other purpose</li> <li>• data adequate, relevant and not excessive</li> <li>• data accurate and kept up to date</li> <li>• data not kept longer than necessary</li> <li>• obligation to protect security</li> <li>• must not sell the data without explicit consent</li> <li>• not to be traded outside the EU</li> <li>• duty to disclose to data subject on request</li> <li>• timely correction and deletion of incorrect data.</li> </ul> Indicative content - Effects: <ul style="list-style-type: none"> <li>• labour - time/cost</li> <li>• reduced complaints – time/cost/reputation</li> <li>• avoidance of legal action – time/cost/publicity</li> <li>• clear client requirements/improved administration – satisfied customers? Targeted marketing? After sales follow-up?</li> <li>• selling of data – source of income?</li> <li>• better reputation</li> <li>• more trusted.</li> <li>• training required</li> </ul>	14	<i>Use level of response criteria.</i>  This question relates to impacts of <b>complying</b> with legislation. Do <b>not</b> award impacts of non-compliance with the legislation.  <b>Level 4 – (10 - 14 marks)</b> Candidate evaluates the extent to which meeting the requirements of the Data Protection Act will affect <i>Net-Works'</i> operations.  <b>Level 3 – (6 - 9 marks)</b> Candidate analyses the effect(s) of the DPA on <i>Net-Works'</i> operations.  <b>Level 2 – (3 - 5 marks)</b> Candidate applies knowledge and understanding of the effect(s) of the DPA on <i>Net-Works'</i> operations.  <b>Level 1 – (1 - 2 marks)</b> Candidate demonstrates knowledge of the DPA with no use of context.  Context – look for more than <i>Net-Works/Nigel</i> e.g. website design, contracts, lots of data.

Question		Answer	Marks	Guidance
		<p>E.g. The Data Protection Act requires all businesses to seek consent from clients to store data <b>(L1)</b>. This means that Nigel needs to ask each of his website design clients <b>(CONT)</b> if he can store records about them on his database <b>(L2)</b>. He may do this by having a tick box on the data capture form <b>(L2)</b>. Ensuring that he has a client's permission is an extra administrative step to complete and will take up a little of his time <b>(L3)</b>. The nature of website design <b>(CONT)</b> means keeping detailed notes for lots of clients so the Data Protection Act may take up more of Nigel's time than most businesses <b>(L4)</b>; time, however, he must spend because being such a new and small business <b>(CONT)</b> it is unlikely to be able to survive if legal action was taken against it for breach <b>(L4)</b>.</p>		<p><b>NB</b> To award level 4 the candidate must have produced some analysis (L3) and the evaluative judgement they make must match this analysis.</p> <p><b>Level annotation required.</b></p>
4	(a)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• limited liability</li> <li>• no share</li> <li>• member guarantees</li> </ul> <p>E.g. Limited by guarantee means that the members of the company promise to pay a tiny sum if it is wound up (1) in order gain the advantages of limited liability (1).</p> <p>E.g. It has limited liability (1) but no shareholders (1).</p> <p>E.g. An alternative to a company which issues shares (1) but which still has the benefit of limited liability (1).</p> <p>E.g. A form of company where members cannot lose more than they have promised to pay into the business (1) should it need to be wound up (1).</p>	2	<p><i>Up to two marks.</i></p> <p>One mark for limited liability, one mark for guarantor/non-share issue.</p> <p>No context required.</p>

Question	Answer	Marks	Guidance
(b)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• to ensure the charity meets its legal obligations</li> <li>• take responsibility for the actions of the charity</li> <li>• to be on the board</li> <li>• to act as a committee member</li> <li>• to ensure it is solvent</li> <li>• to report to the Charity Commission</li> <li>• same as any company director.</li> </ul> <p>E.g. To make sure the charity is run correctly (1).</p> <p>E.g. The role of a charity trustee is the same as the role of company director (1).</p> <p>E.g. To ensure the charity operates within the guidelines set by its Articles and Memorandum of Association (1).</p>	1	<p><i>For one mark</i></p> <p>Do <b>not</b> award gains/handles finances/raises donations.</p> <p>No context required.</p>
(c)	<p>Indicative content - advantages:</p> <ul style="list-style-type: none"> <li>• no corporation tax</li> <li>• special VAT treatment</li> <li>• reduction on building rates</li> <li>• ability to receive donations</li> <li>• claim government grants</li> <li>• increase public awareness</li> <li>• improved public image/reassurance</li> <li>• for marketing purposes</li> <li>• seek advice from Charity Commission</li> <li>• limited liability (if charity registered as limited by guarantee)</li> <li>• separate legal entity (if registered as limited by guarantee).</li> </ul> <p>Indicative content – disadvantages:</p> <ul style="list-style-type: none"> <li>• does not need to register as a charity</li> </ul>	14	<p><i>Use levels of response criteria.</i></p> <p><b>Accept arguments which assume charitable status creates a company limited by guarantee.</b></p> <p><b>Level 4 – (10 - 14 marks)</b> Candidate evaluates the case for and against Nigel applying for charitable status for his voluntary organisation.</p> <p><b>Level 3 – (6 - 9 marks)</b> Candidate analyses advantage(s) and/or disadvantage(s) of charitable status to Nigel for his voluntary organisation.</p> <p><b>Level 2 – (3 - 5 marks)</b> Candidate applies knowledge and understanding of the advantage(s) and/or disadvantage(s) of charitable status to his voluntary organisation.</p>

Question	Answer	Marks	Guidance
	<ul style="list-style-type: none"> <li>• greater bureaucracy</li> <li>• more time consuming</li> <li>• needs trustees</li> <li>• must comply with Charity Commission</li> <li>• time consuming application and monitoring process</li> <li>• less flexibility</li> <li>• application might be unsuccessful.</li> </ul> <p>E.g. Charities get funds from public donations and government grants <b>(L1)</b>. If Nigel applies for charitable status for his website design <b>(CONT)</b> organisation he will be able to access these funds <b>(L2)</b> and, therefore give more help to charities than he otherwise could <b>(L3)</b>. Since Nigel loves designing websites <b>(CONT)</b> and misses the challenge when not creating such designs he should pursue his idea by applying for charitable status as he will be able to raise funds to make this operation happen <b>(L4)</b>.</p>		<p><b>Level 1 – (1 - 2 marks)</b> Candidate demonstrates knowledge of charities/charitable status with no use of context.</p> <p>For context – look for more than Net-Works/Nigel e.g. websites, working on his own, retired.</p> <p><b>NB</b> To award level 4 the candidate must have produced some analysis (L3) and the evaluative judgement they make must match this analysis.</p> <p><b>Level annotation required.</b></p>

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

**OCR Customer Contact Centre**

**Education and Learning**

Telephone: 01223 553998

Facsimile: 01223 552627

Email: [general.qualifications@ocr.org.uk](mailto:general.qualifications@ocr.org.uk)

**[www.ocr.org.uk](http://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

© OCR 2012

