

Cambridge Technicals

Business

Unit 1: The business environment

Level 3 Cambridge Technical in Business
05834 - 05837 & 05878

Mark Scheme for June 2024

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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MARKING INSTRUCTIONS

MARKING

1. Mark strictly to the mark scheme.
2. Marks awarded must relate directly to the marking criteria.
3. The schedule of dates is very important. It is essential that you meet the 50% Batch 1 and 100% Batch 2 deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.
4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone or by email.

5. **Crossed Out Responses**

Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where no alternative response has been provided, examiners must give candidates the benefit of the doubt and mark the crossed out response where legible.

Multiple Choice Question Responses

When a multiple choice question has only a single, correct response and a candidate provides two responses (even if one of these responses is correct), then zero should be awarded (as it is not possible to determine which was the first response selected by the candidate).

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

Contradictory Responses

When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

Short Answer Questions (requiring only a list by way of a response, usually worth only **one mark per response**)

Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. (The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)

Short Answer Questions (requiring a more developed response, worth **two or more marks**)





If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space.)

Longer Answer Questions (requiring a developed response)

Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

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

8. Annotations

Annotation	Meaning	Annotation	Meaning
	Tick – correct, mark awarded	L1	Level 1 (Knowledge)
	Cross – incorrect, mark not awarded	L2	Level 2 (Understanding)
	Meaning of response unclear	L3	Level 3 (Analysis)
NAQ	Not answered question	L4	Level 4 (Evaluation)
TV	Too vague	CONT	Response is contextual
BOD	Benefit of doubt	SEEN	Noted but no credit given
REP	Same point repeated	BP	Blank page
OFR	Own figure rule		Highlight

9. Subject-specific marking instructions

12-mark Level of Response marked questions are to be marked over 4 levels:
Level 1 knowledge, Level 2 understanding, Level 3 analysis, Level 4 evaluation.

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

L3 analysis is always required before L4 can be accessed.

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

SECTION B					
Question			Answer	Marks	Guidance
21			<p>Responses include:</p> <ul style="list-style-type: none">• budgeting/set budgets/monitor budgets• forecasting profit• predicting cash shortages• produce a cash flow forecast• produce a cash flow statement• keep cash flow to a minimum• produce accounts• ensure profitability• use a statement of financial position• analyse an income statement• update a spreadsheet of revenue• monitor revenues• calculate profit/loss• calculate break-even point• get a bank loan• check the bank statements• send out letters asking for payment• make payments• trade shares• manage staff wages• manage liquidity• be in charge of spending• select sources of finance.	2	<p>One mark for each correct identification, to a maximum of two identifications.</p> <p>Valid answers must be:</p> <ul style="list-style-type: none">• written as tasks/responsibilities i.e. look for a verb e.g. <u>create</u> a cash flow forecast (1) or a present participle e.g. cash flow forecasting (1); cash flow (0) (TV). NB Accept most verbs including vague ones such as manage/use/keep/be in charge of/check/control/forecast/predict/ensure, etc.• explicitly financial – look for a finance word e.g. monitor <u>cash</u> inflows (1), monitor inflows (0) (TV). NB ‘finance/financial’ is not sufficient to show understanding of ‘finance’ tasks. However, accept ‘select sources of finance’. <p>Do not credit tasks usually done by other business functions e.g. purchasing tasks, marketing tasks, sales tasks, operations tasks e.g. do stock control (0).</p> <p>Accept answers related to running the payroll as could be done by HR or finance.</p> <p>Do not credit ‘produce bank statement’ as the bank would do this rather than the business.</p>

22		<p>Responses include:</p> <ul style="list-style-type: none"> • good reputation • good corporate/brand image • high market share • high birth rates • interest in green consumerism • quality of product • product range • brand name • innovation • ethical sourcing • marketing • loyalty schemes • customer reviews • meeting customer needs • customer satisfaction • customer service • motivation/commitment/satisfaction of workforce • empowerment • good working conditions • clear/targeted aims/objectives • training • problem-solving skills • expertise of management • business location • closing of competitor. 	4	<p>Two marks for a contextual explanation. Annotate CONT. One mark for a non-contextual explanation.</p> <p>NB Factors must be <u>non-financial</u>.</p> <p>NB Factors can be internal or external.</p> <p>For factors that could be positive or negative a direction is required e.g. <u>good</u> reputation or <u>high</u> market share.</p> <p>‘Quality’ is assumed to mean ‘high-quality’.</p> <p>‘Customer satisfaction’/‘customer service’/‘motivation’ assumed to be good/high unless explicitly stated as poor.</p> <p>Credit any non-financial factor that could reasonably be expected to contribute to success in a real business.</p> <p>Test for CONTEXT = product/service/industry only. Look for industry specific terms.</p> <p>Answer should relate to the business which the learner has researched.</p>
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		<p>Exemplar response: Name of business: Medicco Ltd Activity of business: Pharmacy</p> <p>The management's willingness to listen to employee suggestions about how to display the medications (CONT) (2).</p> <p>The management's willingness to listen to staff viewpoints (1).</p>		
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23		<p>Responses include:</p> <ul style="list-style-type: none"> positives e.g., quality (of output), accuracy (of output), fast production, high output, high productivity, 24-7/don't need breaks/don't get tired, minimises <u>human</u> error, don't need to be paid, low <u>labour</u> costs. negatives e.g. high <u>initial</u> cost/<u>capital</u> cost/<u>set up</u> cost, redundancy <u>cost</u>, reliance on technology, breakdowns, maintenance, training, strikes, protests, industrial unrest, boycott, products not hand-made, environmental impacts. <p>Exemplar responses: Name of business: Cosydreams plc Activity of business: Bed manufacturer</p> <p>The CNC works at a faster rate than the previous production operatives (1). This leads the company having more mattresses (CONT+1) to sell, increasing potential revenue (+1).</p> <p>Automation has led to a poorer reputation for the company (+1) <u>because</u> its quilts (CONT+1) are no longer hand-stitched (1).</p>	6	<p>In each case, credit: One mark for direct effect of automation/mechanisation of manufacturing process. PLUS One mark for business-facing analytical impact of direct effect. AND/OR One mark for context. Annotate CONT.</p> <p>NB all of the effects <u>must</u> be on the business (not stakeholders or competitors).</p> <p>NB No marks for explanation.</p> <p>NB No marks for examples of automation/mechanisation.</p> <p>Watch out for responses that include words such as 'because'/'as'/'since'/'due to', etc as these may have the chain of argument in reverse order (see second exemplar – the analysis precedes the negative point).</p> <p>Low/high cost (0) (TV) More information needed e.g. labour cost, capital cost, etc.</p> <p>For analysis mark look for a change i.e. higher, lower, better, worse, poorer, reduced, increased sales, profit, costs, reputation, etc.</p> <p>Test for CONTEXT = product/service/industry only. Look for industry specific terms.</p> <p>Answer should relate to the business which the learner has researched.</p>
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24		<p>Responses include:</p> <ul style="list-style-type: none"> • advantages e.g. no interest charged, finance does not need to be repaid, no application forms to complete, expertise/experience/skills, network/contacts/connections, advice/guidance, enthusiasm, can raise <u>large</u> amounts of finance. • disadvantages e.g. loss of control, conflict, equity dilution/loss of current ownership stake/ give away portion of business, loss of profit/shared profit/dividends to be paid, time consuming, different priorities, pressure on original owners, include in decisions, slower decision making, need to agree, different objectives, might not know the specific market. 	4	<p>One mark for each advantage identified, to a maximum of two. One mark for each disadvantage identified, to a maximum of two.</p> <p>Do not credit 'equity funding' as this is a statement rather than an explicit advantage or disadvantage.</p> <p>'Receive support/help' (0) (TV) unless more information given.</p> <p>'Costly' (0) (TV) 'Low set up cost' (0) (TV) More information needed – e.g. loss of profit, no interest payable.</p> <p>'Irreversible' (0). 'May pull out' (0).</p> <p>NB Benefit of method required, not benefit of raising finance. Do not credit uses of funds.</p> <p>Answer should relate to the business which the learner has researched.</p>
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25		<p>Responses include:</p> <ul style="list-style-type: none"> • owners/sole traders/partners/shareholders • employees/workers/assistants/staff • directors • managers • supervisors • trade unions • customers/consumers/guests/visitors/fans • suppliers • potential investors • lenders • local community/local residents/locals • pressure groups/environmentalist • central government e.g. HMRC • regional government • local government e.g. environmental health, planning department. <p>Exemplar responses: Name of business: Janet's Cave Activity of business: Supermarket</p> <p>The business lowered its prices (1) to meet the needs of customers (1).</p> <p>The business lowered prices (0) – stakeholder?</p> <p>The business listened (TV) (0) to local community (1) requests.</p> <p>The business refused to give staff (1) a pay rise (1).</p> <p>The business did not increase pay (0) – stakeholder?</p>	4	<p>In each case, credit:</p> <p>One mark for named stakeholder group.</p> <p>Plus</p> <p>One further mark for <u>how</u> business met/not met the need of the stakeholder group.</p> <p>Do not credit names of stakeholders e.g. 'Greenpeace' or 'Just Stop Oil'. Type of stakeholder group required.</p> <p>Stakeholder groups 'general public' and 'government' are too vague (TV).</p> <p>NB No stakeholder group, no marks.</p> <p>Second mark in each case is for WHAT the business DID or DID NOT DO i.e. specific examples of meeting the needs of a named stakeholder group.</p> <p>Answer should relate to the business which the learner has researched.</p>
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SECTION C					
Question			Answer	Marks	Guidance
26	(a)		<p>Indicative content:</p> <div><div>Hotel Manager</div><div><div>Accommodation supervisor</div><div>Catering supervisor</div><div>Grounds supervisor</div></div><div><div>Assistants X32 (1)</div><div>Assistants x32 (1)</div><div>Assistants x6 (1)</div></div></div> <p>(1)</p>	4	<p>Up to four marks.</p> <p>Credit one mark for ALL three specific supervisors in the middle row (in any order).</p> <p>Credit one mark for ‘assistants’ plus the correct span of control for each manager in the bottom row (must match with named supervisor in row above), to a maximum of three marks.</p> <p>Accept abbreviations or initials of job roles.</p>
26	(b)		<p>Indicative content:</p> <ul style="list-style-type: none">Equality <u>Act</u><u>National</u> Minimum Wage <u>Act</u>Working Time <u>Directive/Regulation</u>Employment Rights <u>Act</u>.	2	<p>One mark for each correct identification, to a maximum of two.</p> <p>The command word of the question is ‘name’ so the answer should be accurately worded (including Act/Directive/Regulations). However, accept changes in plurality e.g. Equalities<u>Act</u>, National Minimum Wages<u>Act</u>, etc.</p> <p>‘Minimum Wage Act’ (0) (TV) ‘National <u>Living</u> Wage Act’ (0) – does not exist. ‘Equal Pay Act’ (0) – no longer exists.</p> <p>NB Do not accept any form of health and safety legislation.</p>

26	(c)	<p>Responses include:</p> <ul style="list-style-type: none"> • negative publicity/bad reviews • being sued/court action/<u>legal</u> trouble/lawsuit • paying compensation/being fined • staff leave/lose staff/high labour turnover • absenteeism/lateness • lower employee motivation/work ethic • industrial action • poor employee-employer relations • customer boycott • negative impact on quality • negative impact on customer service • negative impact on reputation • complaints • trigger a health inspection • forced to close down <u>by inspectors</u>. <p>Exemplar response: The business might be fined if it does not use signs to indicate wet floors (CONT)(2).</p> <p>The business might be sued (1).</p>	2	<p>Credit: Two marks for a contextual explanation. Annotate CONT. One mark for a non-contextual explanation.</p> <p>NB Consequence to business required (this includes stakeholder actions e.g. strike, leave, boycott but does not include impacts on stakeholders e.g. injured, get sacked).</p> <p>Do not credit 'breach of legislation'/'health and safety laws broken'. But do credit the consequence of the business of this.</p> <p>Context list e.g. wet floor, faulty equipment, electrical, cleaning, house, car, golf, tennis, electrical engineer, pool, therapy room, gym, massage, 400 acres, lake, garden, wet floor signs, £175, phone, weekends, 98%, most guests from UK, no discounts available, luxurious, rural, profit levels falling, costs rising, golf, tennis, stays, overnight, 43%, 36%, 20%, guest, hotel, spa, etc.</p>
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27		<p>Use level of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> • start recycling • install solar panels • reduce single use plastic • use paper straws • reduce transport miles • buy ingredients locally • use lighting sensors • wash the towels using eco-friendly detergent • get goats to graze the grassland • add a golf course, tennis courts, picnic area • host a music festival • donate to charity, support a charity, charity work • humanitarian aid • community health and welfare schemes e.g. free self-help groups, play parks, offer work experience, etc • sports activities/events e.g. football coaching • educational activities/event e.g. STEM tutoring • cultural activities/events e.g. concert in the park. <p>Exemplar response: E.g. <i>Fordland Manor Ltd</i> should use eco-friendly cleaning fluids (L1). However eco-friendly detergents tend to be more expensive (L2) which will increase operating costs (L3).</p> <p>The business could consider adding a golf course (L1). So that there is more for customers to do (L2), increasing customer satisfaction (L3).</p>	12	<p>Levels of response</p> <p>Level 4 (10 - 12 marks) Candidate evaluates how <i>Fordland Manor Ltd</i> should alter its service provision in response to the preferences of its guests.</p> <p>Level 3 (7 - 9 marks) Candidate analyses one or more ways of altering <i>Fordland Manor Ltd's</i> service provision in response to the preferences of its guests.</p> <p>Level 2 (4 – 6 marks) Candidate explains one or more ways of altering <i>Fordland Manor Ltd's</i> service provision in response to the preferences of its guests.</p> <p>Level 1 (1 – 3 marks) Candidate identifies one or more ways of altering <i>Fordland Manor Ltd's</i> service provision in response to the preferences of its guests.</p> <p>L1 – an appropriate practical suggestion e.g. HOW (must be environmentally friendly, land use or CSR). E.g. Install solar panels (L1).</p> <p>L2 – explanation of reason for suggestion i.e. WHY (or consequence that falls short of being analytical). E.g. Install solar panels (L1) to reduce carbon emissions (L2).</p> <p>L3 – analysis of the suggestion, e.g. IMPACT (must be business-facing impact i.e. an advantage/disadvantage to the business of L1 suggestion). E.g. Install solar panels (L1) to reduce carbon emissions (L2). This would also reduce the business' electricity costs (L3).</p> <p>NB Max <u>one</u> L3 per L1 point.</p>
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		<p>Another suggestion is that the business could donate a significant proportion of its profits to a national mental health charity (L1). This is likely to lead to an improved reputation for the business across the UK (L3).</p> <p>The business should definitely create the golf course because it is likely to increase custom (L4). Since Jane loves playing golf (CONT) she should be able to market this additional facility very effectively, leading to significant increases in revenue whereas a change in the cleaning fluid is unlikely to attract additional guests to the Manor (L4).</p>	<p>L4 evaluation – an overall conclusion as to why the <u>suggestion recommended</u> will be good for the business i.e. advantage for the business (or owner) required.</p> <p>Credit 10 marks for a non-contextual justification of the recommended suggestion i.e. advantage (with no context). Credit 11 marks for a contextual justification of the recommended suggestion i.e. advantage (with context). Credit 12 marks for a contextual comparative justification of the recommended suggestion including the reason why another suggestion is not as good (with context).</p> <p>Context list e.g. house, car, golf, tennis, electrical engineer, pool, therapy room, gym, massage, restaurant, 400 acres, lake, garden, wet floor signs, £175, phone, weekends, 98%, no discounts available, luxurious, rural, profit levels falling, costs rising, golf, tennis, stays, overnight, 43%, 36%, 20%, hotel, spa, etc.</p> <p>NB Do not credit 'guests' as context for Q27 because it is in the wording of the question.</p> <p>Do not credit suggestions relating to being ethical (e.g. paying living wage (0), no child labour (0), fair working practices (0), fair trade (0), fair prices (0).</p> <p>Do not credit suggestions relating to opening the on-site leisurewear shop or making the dining options more innovative.</p> <p>Do not credit references to being more environmentally friendly, making better use of land or CSR as these are not practical suggestions rather the criteria given in the table.</p> <p>References to the survey and its data should not be credited at L1 – L3; however, at L4 survey data could be used as context or as justification for the rejection.</p>
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					<p>NB More customers/more guests = L2. The impact on the business of greater custom is required for L3.</p> <p>NB The question is about service provision in relation to being environmentally friendly, CSR and use of land. Do not credit other ways/more general ways to improve the business e.g. better marketing, innovation or expansion.</p> <p>NB credit any suggestions that can be reasonably categorised as a CSR activity, being environmentally friendly or land use.</p>
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28	(a)	(i)	Indicative content: <ul style="list-style-type: none"> Best revenue performance: 2020. Best cost performance: 2021. 	2	One mark for each correct identification, to a maximum of two .
28	(a)	(ii)	Indicative content: Method 1 2023 Rev £2.6m – Costs £2.4m = Profit £0.2m (1) 2020 Rev £3m – Costs £2.2m = Profit £0.8m (1) Shortfall of profit £0.8m - £0.2m = £0.6m (1) OR Method 2 2020 Rev £3m – 2023 Rev £2.6m = £0.4m (1) 2023 Cost £2.4m - 2020 Cost £2.2m = £0.2m (1) Shortfall of profit £0.4m + £0.2m = £0.6m (1)	3	Up to three marks. Credit full (three) marks for the declared final answer irrespective of workings of 0.6m (or equivalents). Accept answers in the negative). Else credit one mark for each of two intermediate calculations (depending on method used). Method 1: 0.2 <u>m</u> and 0.8 <u>m</u> (or equivalents) OR Method 2: 0.2 <u>m</u> and 0.4 <u>m</u> (or equivalents) NB Methods cannot be mixed so 0.4m and 0.8m are not a valid combination (credit max 1 mark). Pound signs not required. Check carefully for indications of ‘m’/‘millions’ or the correct number of zeros. NB If declared shortfall in profit is wrong should be annotated with a cross. A mark should not be credited even if it happens to be the answer to one of the intermediate calculations.
28	(b)		Indicative content: <ul style="list-style-type: none"> Income <u>statement</u>. 	1	For one mark. Do not credit ‘profit and loss account’. Please annotate ‘Income’ as too vague (TV)

29	<p>Use level of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> • limited liability • incorporation/separate legal identity • owner not sued/business sued in own right • lower tax liability (corporation tax lower than income tax assuming business earns above £37.7k) • shares can be sold • banks more willing to lend • easier to raise funds/more sources of finance • business continuity if shareholder dies • no legal change of ownership required if additional owners taken on (sole trader would need to change legal form to a partnership). <p>Exemplar response:</p> <p>One advantage to Jane of operating as a private limited company rather than as a sole trader is that if something goes wrong in the business Jane cannot be sued personally (L1). This protection should minimise Jane's stress levels (L3).</p> <p>A second advantage to Jane is that she will have the benefit of limited liability (L1). This means that Jane is not liable for the debts of the business if it became insolvent (L2), so she will not need to use personal funds to pay the business' debts (L3).</p> <p>Another advantage is that it will be easier to raise funds (L1) because banks are more willing to lend to incorporated businesses (L2) this means Jane may be able to expand the spa facilities more quickly (L3).</p>	12	<p>Levels of response</p> <p>Level 4 (10 - 12 marks) Candidate evaluates advantages to Jane of operating <i>Fordland Manor</i> as a private limited company rather than as a sole trader.</p> <p>Level 3 (7 - 9 marks) Candidate analyses advantage(s) to Jane of operating <i>Fordland Manor</i> as a private limited company rather than as a sole trader.</p> <p>Level 2 (4 – 6 marks) Candidate explains advantage(s) to Jane of operating <i>Fordland Manor</i> as a private limited company rather than as a sole trader.</p> <p>Level 1 (1 – 3 marks) Candidate identifies advantage(s) to Jane of operating <i>Fordland Manor</i> as a private limited company rather than as a sole trader.</p> <p>L1 – identifies an advantage/advantageous feature. E.g. Can pay less tax (L1).</p> <p>L2 – explanation of reason for advantage i.e. WHY (or consequence that falls short of being analytical). E.g. Can pay less tax (L1) because a company pays Corporation tax (L2).</p> <p>L3 – analysis of the advantage i.e. a beneficial impact on Jane (or her business) of L1 point. E.g. Can pay less tax (L1) because a company pays Corporation tax (L2). So more profit is kept in reserves (L3).</p> <p>NB Accept benefits to the business as benefits to Jane since she is the only shareholder. NB Max one L3 per L1 point.</p>
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		<p>Having limited liability is the most important advantage to Jane because it protects her personal possessions from being taken away (L4), for example her 4-bedroomed (CONT) house and expensive sports car. Being able to raise funds more easily for expansion is less of an advantage at the present moment because Jane should be concentrating on why the business' revenue is falling year on year, rather than expanding the business (L4).</p>	<p>L4 – evaluation – a justification as to which advantage is most important. NB advantage for the owner (or business) required.</p> <p>Credit 10 marks for a <u>selection</u> of which advantage is most important with non-contextual justification (no context). Credit 11 marks for a <u>selection</u> of which advantage is most important with contextual justification (context). Credit 12 marks for a <u>selection</u> of which advantage is most important with contextual comparative justification i.e. why at least one of the other advantages is less important (with context).</p> <p>NB L4 can be accessed providing the response contains analysis i.e. L3, even if only 1 advantage has been considered.</p> <p>Context list e.g. house, car, golf, tennis, electrical engineer, pool, therapy room, gym, massage, 400 acres, lake, garden, wet floor signs, £175, phone, weekends, 98%, most guests from UK, no discounts available, luxurious, rural, profit levels falling, costs rising, golf, tennis, stays, overnight, 43%, 36%, 20%, guest, hotel, spa, etc.</p> <p>NB Do not credit arguments relating to having employees, having more ideas, workload, flexibility, control, etc since the question is only about a change in legal status.</p> <p>NB More customers/more guests = L2. The impact on the business of greater custom is required for L3.</p>
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30		<p>Use level of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> • advertise • change advertising methods/booking channels e.g. register with English/local tourist board, register with search engines, use hotel booking sites e.g. Booking.com • seasonal marketing • sales promotion e.g. discounts, special deals/ special offers • improve pricing structure e.g. lower prices, competitive pricing • extend product range e.g. hair salon, golf, tennis • market to overseas customers • accept day visitors/open to local residents • introduce a loyalty scheme • reduce staffing • find a cheaper supplier of ingredients • find other revenue streams e.g. rent out land • obtain a source of finance. <p>Exemplar response: E.g. <i>Fordland Manor Ltd</i> should consider giving discounts (L1). However, this would reduce the amount of revenue the business receives per visit (L3).</p> <p>The business could introduce some special offers (L1) so that more UK residents can afford to stay at the Manor (L2). This should lead to greater cash inflows (L3).</p>	12	<p>Levels of response</p> <p>Level 4 (10 - 12 marks) Candidate evaluates how <i>Fordland Manor Ltd</i> should respond to a reduction in UK disposable income.</p> <p>Level 3 (7 - 9 marks) Candidate analyses one or more ways <i>Fordland Manor Ltd</i> could respond to a reduction in UK disposable income.</p> <p>Level 2 (4 – 6 marks) Candidate explains one or more ways <i>Fordland Manor Ltd</i> could respond to a reduction in UK disposable income.</p> <p>Level 1 (1 – 3 marks) Candidate identifies one or more ways <i>Fordland Manor Ltd</i> could respond to a reduction in UK disposable income.</p> <p>L1 – an appropriate practical suggestion e.g. HOW (must be appropriate for a fall in disposable income). E.g. Lower the price it charges (L1).</p> <p>L2 – explanation of reason for suggestion i.e. WHY (or consequence that falls short of being analytical). E.g. Lower the price it charges (L1) so that more customers can afford to book (L2).</p> <p>L3 – analysis of the suggestion, e.g. IMPACT (must be business-facing impact i.e. an advantage/disadvantage to the business of L1 suggestion). E.g. Lower the price it charges (L1) so that more customers can afford to book (L2). However, this would reduce the cash inflow the business receives for each bedroom (L3). NB Max one L3 per L1 point.</p> <p>L4 evaluation – an overall conclusion as to why the suggestion recommended will be good for the business. NB advantage for the business (or owner) required.</p>
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		<p>Another suggestion is that the business could advertise in a health and lifestyle magazine (L1). However, this is likely to be expensive (L2), increasing the business' marketing costs (L3).</p> <p>The business should definitely introduce some special offers because this will widen its target market (L4). However, it is important that the offers are marketed in such a way that they do not detract from the Manor's luxurious (CONT) image. Advertising in health and lifestyle magazines is a good idea. However, given the rate at which the business' profit is falling, increasing costs at this time is probably not a good idea (L4).</p>	<p>Credit 10 marks for a non-contextual justification of the recommended suggestion i.e. advantage (with no context). Credit 11 marks for a contextual justification of the recommended suggestion i.e. advantage (with context). Credit 12 marks for a contextual comparative justification of the recommended suggestion including the reason why another suggestion is not as good (with context).</p> <p>Context list e.g. house, car, golf, tennis, electrical engineer, pool, therapy room, gym, massage, 400 acres, lake, garden, wet floor signs, £175, phone, weekends, 98%, most guests from UK, no discounts available, luxurious, rural, profit levels falling, costs rising, golf, tennis, stays, overnight, 43%, 36%, 20%, guest, hotel, spa, etc.</p> <p>'promote' (0) (TV) 'market research' (0) 'change objectives' (0)</p> <p>NB More customers/more guests = L2. The impact on the business of greater custom is required for L3.</p>
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