

Cambridge Technicals

Business

Unit 3: Business decisions

Level 3 Cambridge Technical in Business
05834 - 05837 & 05878

Mark Scheme for January 2025

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

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

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

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MARKING INSTRUCTIONS

PREPARATION FOR MARKING

RM3

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: RM assessor Online Training and the *OCR Essential Guide to Marking*.
2. Make sure that you have read and understood the mark scheme and the question paper for this unit.
3. Practice scripts discussed at the standardisation meeting will be made available on Kiteworks. After the standardisation meeting, please log in to RM3, mark, fully annotate and submit all 10 standardisation scripts.

YOU MUST HAVE WORKED THROUGH THE 5 PRACTICE SCRIPTS AND SATISFACTORILY MARKED 10 STANDARDISATION RESPONSES BEFORE YOU CAN BE APPROVED TO MARK LIVE SCRIPTS.

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 RM3 50% and 100% deadlines. If you experience problems, you must contact your Team Leader without delay.
4. If you are in any doubt about applying the mark scheme, consult your Team Leader using the RM3 messaging system, email, text or phone.
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 an alternative response has **not** been provided, examiners should 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 no mark should be awarded (as it is not possible to determine which was the first response selected by the candidate).

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.

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 all pages have been marked, including additional pages and annotate 'SEEN'.
7. **Award No Response (NR) if:**
 - **there is nothing written in the answer space that is an attempt to answer the question**

Award Zero '0' if:

- **the attempted response to the question is not worthy of credit**

Team Leaders must confirm the correct use of the NR button with their markers before live marking commences and should check this when reviewing scripts.

8. The RM3 **comments box** is used by your team leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**
9. *Assistant Examiners may send a brief report on the performance of candidates to their Team Leader (Supervisor) via email towards the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses.*
10. For answers marked by levels of response: See subject-specific marking instructions **item 1, below.**
11. For annotations: See subject-specific marking instructions **item 2, below.**

1. Subject-specific marking instructions

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

The candidate can access at L1 only if they make a point not directly taken from the Case Study or the question. Level 2 development is needed before a response can access Level 3. L3 analysis is required before L4 can be accessed.

2. 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

Question		Answer	Marks	Guidance
1	(a)	<p>Responses include:</p> <ul style="list-style-type: none"> • Objectives act as a constraint on decision-making • Proposals are more likely to be approved if they help the organisation meet its objectives • Objectives could be non-financial <p>Example response: They are more likely to take a particular decision if it helps to achieve its objectives. (1)</p> <p>Example response: If an objective is profit, they might choose an option that reduces costs. (1)</p>	1	<p>1 mark for a valid way that objectives can influence business decisions. An example of a decision is not needed.</p> <p>Credit valid examples.</p>
1	(b)	<p>Responses include:</p> <ul style="list-style-type: none"> • attitude to risk • core competencies • impact on internal stakeholders • business ethics • financial considerations • time • opportunity cost 	1	<p>1 mark for a correct identification.</p> <p>Credit valid examples.</p> <p>Credit “stakeholders” and annotate as BOD</p>

Question		Answer	Marks	Guidance
2	a	<p>Responses include:</p> <ul style="list-style-type: none"> • Article is very relevant • Article is about films and how people watch them • It can be used to help obtain information about how people might want to watch movies <p>Example response: The article is very relevant (1) as it discusses how streaming affects cinemas, so it is valid (1).</p> <p>Example response: The information needs to be up to date and relevant to be valid for decision (1)</p>	2	<p>1 mark for recognising the article is relevant plus one mark for explaining the implications of this for its validity (or vice versa).</p> <p>Allow 1 mark for knowledge of how relevance affects validity (e.g. for stating that if the information were not relevant then it would be less valid).</p> <p>Do not credit discussion of other factors affecting validity, e.g. bias.</p>
2	b	<p>Responses include:</p> <ul style="list-style-type: none"> • Article contains a summary of one person's opinions. There is not much detail. • This makes it not very detailed/of limited validity <p>Example response: The article does not contain much detailed information (1) being based on unsupported opinions, so it is of limited validity (1).</p> <p>Example response: Appendix 1 has a large amount of detailed information (x) so this improves its validity (1)</p>	2	<p>1 mark for recognising the article has limited detail plus one mark for explaining the implications of this for its validity.</p> <p>Allow 1 mark for knowledge of how the degree of detail affects validity (e.g. for stating that if information were numerical then it might be more valid).</p> <p>Do not credit discussion of other factors affecting validity, e.g. bias.</p>

Question		Answer	Marks	Guidance
2	c	<p>Responses include:</p> <ul style="list-style-type: none"> • Audit the equipment needed by the cinema • Compare different suppliers • Choose the best supplier and order from them • Choose the cheapest/most suitable/other specific criteria <p>Example response: CTC should look at what suppliers can offer (1) and choose the one that best matches what they need (1).</p> <p>Example response They should choose equipment that is not too expensive (1) as they only have £4 000 of spare money in reserve if they go over-budget (1+CONT)</p>	3	<p>1 mark for identifying one valid step in the process.</p> <p>Plus:</p> <p>2 marks for a valid contextual development (annotate as CONT) OR 1 mark for a valid non-contextual development</p> <p>For context look for: suitable for hall; usage in cinemas; the nearby cinema; £31 000 capital expenditure; £35 000 reserves; other cinema equipment e.g. chairs; local community; CTC's aim of financial security.</p>

Question			Answer	Marks	Guidance
3	a	i	<p>Indicative content:</p> <p>Break even = $\frac{\text{Fixed Cost}}{\text{Contribution}}$ or $\frac{\text{FC}}{\text{SP} - \text{VC}}$ (1)</p> <p>Break-even = $\frac{100}{6 - 4} = \frac{100}{2}$ (1)</p> <p>= 50 (1)</p>	3	<p>Award 3 marks for the break-even point of 50, if seen, regardless of calculations, e.g. 50, 50 people, 50 tickets</p> <p>Else award:</p> <p>2 marks for 50 if accompanied by incorrect units e.g. £50</p> <p>2 marks for a correct method worked in figures (but with an incorrect arithmetical answer)</p> <p>Else award:</p> <p>1 mark for the correct calculation of the contribution e.g.: sight of '2'; "6-4"</p> <p>and/or</p> <p>1 mark for sight of a correct break-even formula in words.</p>
3	a	ii	<p>Margin of Safety = 80 - break-even level of output</p> <p>Margin of Safety = 80 - 50 (OFR) = 30 (OFR)</p>	1	<p>Award 1 mark for the margin of safety of 30, if seen, regardless of calculations e.g. 30, 30 tickets, 30 people.</p> <p>Do not credit £30</p> <p>OFR applies to the break-even level of output calculated by the candidate in 3ai.</p>

Question		Answer	Marks	Guidance
3	b	<p>Responses include:</p> <ul style="list-style-type: none"> • Margin of safety is the amount by which current output can fall and the business still break-even • The larger the margin of safety, the more likely the venture will make a surplus/avoid a deficit. <p>Example response: A large margin of safety means that they will sell more tickets than they need to break even (1) this reduces the chances that the venture will make a loss (1).</p> <p>Example response: A large margin of safety means they can afford to take fewer bookings than expected (1) without worrying about not meeting their aim of being financially secure (1).</p>	2	<p>1 mark for a valid point and one mark for development.</p> <p>1 mark max for knowledge/understanding of 'margin of safety'.</p>
3	c	<p>Responses include:</p> <ul style="list-style-type: none"> • People may not be prepared to pay this much • People in the town may have low incomes • People may think the quality of the experience is lower than at other cinemas in the area • The cinema is 'only' in a local hall <p>Example response: People may not be able to afford the £6 (1) and by charging a high price CTC isn't helping to meet its objective to help locals with their standard of living (1+CONT).</p> <p>Example response: People may think that the cinema is not value for money (1) so choose not to go to there (1).</p>	3	<p>1 mark for a valid reason.</p> <p>Plus:</p> <p>2 marks for a valid contextual development (annotate as CONT) OR 1 mark for a valid non-contextual development</p> <p>For context look for: CTC's objectives (i.e. support community groups, standard of living/cost of living); services offered by specific competitors (e.g. other cinemas or streaming services); CTC's offer (weekly film, community hall).</p>

Question			Answer	Marks	Guidance
4	a	i	<p>Responses include:</p> <ul style="list-style-type: none"> • Catering staff handle food • Staff are customer-facing • The quality of staff can affect the quality of service • Can affect costs of the service (e.g. wastage) • The quality of service can affect the success of the wedding reception venture <p>Example response: Staff who lack the required catering skills can give a poor-quality service to customers (1). This could reduce the number of future bookings (1).</p> <p>Example response: Staff without proper training could not handle food properly (1) this could result in customers having food poisoning which gives the venture a bad reputation (1+CONT).</p>	3	<p>1 mark for a valid reason.</p> <p>Plus:</p> <p>2 marks for a valid contextual development (annotate as CONT) OR 1 mark for a valid non-contextual development</p> <p>Explanation can cover multiple points.</p> <p>For context look for: poor service (e.g. spilt drinks, food poisoning); good service (e.g. checking for allergies, ability to provide mocktails); impact on Option 1 (e.g. achieving the predicted 20 weddings/year); impact on CTC's objectives (e.g. financial security).</p> <p>Do not accept food, drink, weddings, guests, 'customers' as context.</p>

Question			Answer	Marks	Guidance
4	a	ii	<p>Responses include:</p> <ul style="list-style-type: none"> • Wastage is an additional cost/expense • Wastage is inefficient • Can reduce profitability below expected levels • Customers may not like wastage for environmental reasons • Customers may not like wastage as they are paying for it • Monitoring wastage can help to keep it to a minimum • Can help to assess customer satisfaction <p>Example response: By monitoring wastage they can help ensure that future weddings are better planned (1) with less food being produced which helps to the council work towards its objective of supporting developments in sustainable living (1+CONT)</p> <p>Example response: This helps them identify which foods are not popular as they're not being eaten (1) so they can prepare more suitable menus for guests in future that increase customer satisfaction (1+CONT)</p>	3	<p>1 mark for a valid reason.</p> <p>Plus:</p> <p>2 marks for a valid contextual development (annotate as CONT) OR 1 mark for a valid non-contextual development</p> <p>For context look for: impact on CTC's objectives (e.g. supporting sustainable living/environment; financial security); improved menu planning.</p> <p>Do not award 'food' or 'drink' as context because this is the question.</p> <p>Do not award 'sustainable business' as context as CTC's aim is to support developments in sustainable living.</p>
4	b	i	<p>Responses include:</p> <ul style="list-style-type: none"> • Forecasted data is useful when the future is uncertain • Forecasted data may reflect predicted future trends <p>Example response: Historic data is only useful if things are expected to remain as they were (1) however weddings reflect people's attitudes and these can change (1).</p> <p>Example response: Because things can change in the future (1) historic data is an unreliable guide to the future (1)</p>	2	<p>1 mark for a valid reason plus 1 mark for explanation.</p> <p>Do not credit knowledge of forecasted/historic data e.g. past data, a prediction.</p>

Question			Answer	Marks	Guidance
4	b	ii	<p>Responses include:</p> <ul style="list-style-type: none"> • The demand for CTC’s services may be less than predicted • So the option is less profitable than predicted • The likelihood of making an incorrect decision is higher • Harder to meet financial objectives <p>Example response: CTC will earn less revenue than predicted (1) so the payback period could become longer than Option 1’s 30 months (1+CONT).</p> <p>Example response: They earn less profit (1) as the revenue is less than predicted (1).</p>	3	<p>1 mark for a valid impact.</p> <p>Plus:</p> <p>2 marks for a valid contextual development (annotate as CONT) OR 1 mark for a valid non-contextual development</p> <p>For context look for: impact on financial performance of Option 2 (e.g. payback 30 months, ARR 6.67%); impact on CTC’s objectives (e.g. financial security).</p>

5	<p>Use Levels of Response criteria</p> <p>Potential advantages:</p> <ul style="list-style-type: none"> • Gains a better understanding of stakeholder requirements • Helps build trust and rapport with stakeholders • Helps to ensure relations with key stakeholders are taken into account, keeping the stakeholders 'on board' • May gain new and useful information • May result in better decision-making <p>Potential disadvantages:</p> <ul style="list-style-type: none"> • Time-consuming • Adds additional expense • May not be possible to consult all stakeholders. • May create conflict e.g. with stakeholders not consulted • May raise stakeholder expectations • May result in contradictory information • May make decision-making harder <p>Example response: Choosing which stakeholders to consult is difficult (L1) and some may become upset if they are not consulted (L2). It might also result in contradictory information from different stakeholders (L1) and this might make it hard for Amir to see which is the best option (L2) and this might mean that the wrong option gets chosen because Amir focus too much on what stakeholders want rather than what CTC wants (L3). On the other hand stakeholders might give information that Amir hadn't thought of (L1) that helps to decide which option is better (L2) and so means that the process has used the best information possible (L2) helping to make a better decision (L3). Overall, if Amir can manage the additional workload and information obtained then CTC can make a better decision as a result (L4) because whichever decision is</p>	12	<p>Levels of response:</p> <p>Level 4 (10 – 12 marks) Candidate evaluates impact on CTC's decision-making process of stakeholder analysis.</p> <p>Level 3 (7 – 9 marks) Candidate analyses potential impact of the advantage(s)/disadvantage(s) of stakeholder analysis on CTC's decision-making process.</p> <p>Level 2 (4 – 6 marks) Candidate explains potential advantage(s)/disadvantage(s) of stakeholder analysis on CTC's decision-making process.</p> <p>Level 1 (1 – 3 marks) Candidate identifies advantage(s)/disadvantage(s) of stakeholder analysis.</p> <p>L4 evaluation: Award 10 marks for a general justification. Award 11 marks for a general justification with context. Award 12 marks for a detailed or specific contextual justification.</p> <p>NB Discussion must address the impact on the decision-making process. Do not credit responses which confuse this with the outcome of the process (e.g. impact on business performance). L3 analysis: analysis MUST discuss the impact on decision-making, not the choice of option.</p> <p>NB external stakeholders include competitors, suppliers, other government levels/organisations</p>
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Question			Answer	Marks	Guidance
			taken CTC needs a solution that will be popular with stakeholders (L4) especially local residents (CONT).		
6			<p>Responses include:</p> <ul style="list-style-type: none"> • Can help to improve time-management of the project • Provides an overview of the whole project • Enabling the shortest completion time to be calculated • Helps to prioritise activities on the critical path • Helps to identify which activities can be delayed and by how long, before they delay the whole project <p>Example response: CPA could enable the shortest completion time to be calculated (1) and so help them allocate more resources to critical activities such as the refurbishment of the hall (1+CONT).</p> <p>Example response: CPA could enable the shortest completion time (1) by identifying the critical path that cannot be delayed (1).</p>	3	<p>1 mark for a valid impact.</p> <p>Plus:</p> <p>2 marks for a valid contextual development (annotate as CONT) OR 1 mark for a valid non-contextual development</p> <p>For context look for: impact on Option 1 or 2 (e.g. opening date for wedding venue; first cinema performance); impact on CTC's objectives (e.g. support community groups; financial security).</p> <p>Allow 1 mark for knowledge that CPA helps make a project run efficiently/in the shortest possible time.</p>

7	<p>Use Levels of Response criteria.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;"></th> <th style="width: 40%; text-align: center;">Option 1: Community Cinema</th> <th style="width: 40%; text-align: center;">Option 2: Wedding reception venue</th> </tr> </thead> <tbody> <tr> <td>Capital cost</td> <td style="text-align: center;">£31 000</td> <td style="text-align: center;">£15 000</td> </tr> <tr> <td>Payback</td> <td style="text-align: center;">31 months</td> <td style="text-align: center;">30 months</td> </tr> <tr> <td>ARR</td> <td style="text-align: center;">6.99% over three years</td> <td style="text-align: center;">6.67% over three years</td> </tr> <tr> <td>Capital cost financed by:</td> <td style="text-align: center;">cash reserves</td> <td style="text-align: center;">cash reserves</td> </tr> <tr> <td>Revenue expenditure p.a.</td> <td style="text-align: center;">£17 000</td> <td style="text-align: center;">£60 000</td> </tr> </tbody> </table> <p>Example response:</p> <p>Option 1 has the higher capital cost (L1) but the lower revenue expenditure (L1). It's payback is the longest (L1) so it will repay the initial capital investment later than Option 2 (L2). It's ARR is higher (L1) so represents a greater return on the amount of money invested in the option than option 2 (L2). Option 1 also helps CTC to achieve more of its objectives (L1). For example at £6 its film tickets are cheaper than other cinemas (L2) helping CTC to fight the rising cost of living which is one of its objectives (L3). By helping residents go see a film in town they don't have to travel by car to the nearest cinema (L1) reducing their carbon emissions from petrol or electric car use (L2) helping the council to promote sustainable living, including the use of transport (L3). Option 2 suffers from the drawback that marriage is in decline according to Appendix 2 (L1) and so this may mean fewer potential bookings in future (L2) resulting in lower revenue and so the profitability of the option may be even lower than forecast (L3). Overall I recommend that Option 1 is chosen. This is</p>		Option 1: Community Cinema	Option 2: Wedding reception venue	Capital cost	£31 000	£15 000	Payback	31 months	30 months	ARR	6.99% over three years	6.67% over three years	Capital cost financed by:	cash reserves	cash reserves	Revenue expenditure p.a.	£17 000	£60 000	16	<p>Levels of response</p> <p>Level 4 (13 – 16 marks) Candidate recommends and justifies which option CTC should take, based on analysis.</p> <p>Level 3 (9 – 12 marks) Candidate analyses issue(s) relating to at least one option under consideration at CTC.</p> <p>Level 2 (5 – 8 marks) Candidate explains issue(s) relating to at least one option under consideration at CTC.</p> <p>Level 1 (1 – 4 marks) Candidate identifies issue(s) relating to at least one option under consideration at CTC.</p> <p>L4 evaluation: Award 13 marks for suggesting the most beneficial option for CTC with justification for the choice. Award 14 marks for suggesting the best option with contextual justification for the choice. Award 15 marks for a detailed <i>or</i> specific contextual judgement of the most suitable option. Award 16 marks for a detailed <i>and</i> specific contextual judgement of the most suitable option.</p>
	Option 1: Community Cinema	Option 2: Wedding reception venue																			
Capital cost	£31 000	£15 000																			
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Question	Answer	Marks	Guidance
	because financially it offers the highest ARR (L4) and it helps CTC to meet its objectives and to support both the local community and the environment (CONT). This is despite its use of most cash reserves because the profitability will help to increase the size of the reserves in the future (L4).		

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