Cambridge Technicals

Business

Unit 3: Business decisions

Level 3 Cambridge Technical in Business

05834 - 05837 & 05878

Mark Scheme for June 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.

MARKING INSTRUCTIONS

PREPARATION FOR MARKING

RM ASSESSOR

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: *RM Assessor Online Training: OCR Essential Guide to Marking*.

2. Make sure that you have read and understood the mark scheme and the question paper for this unit. These are available in RM Assessor

3. Log-in to RM Assessor and mark the **required number** of practice responses (“scripts”) and the **required number** of standardisation responses.

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 RM Assessor 50% and 100% (traditional 40% 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, email or via the RM Assessor messaging system.

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 may give candidates the benefit of the doubt and mark the crossed-out response where legible.

Rubric Error Responses – Optional Questions

Where candidates have a choice of question across a whole paper or a whole section and have provided more answers than required, then all responses are marked and the highest mark allowable within the rubric is given. Enter a mark for each question answered into RM Assessor, which will select the highest mark from those awarded. *(The underlying assumption is that the candidate has penalised themselves by attempting more questions than necessary in the time allowed.)*

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).
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 (and additional objects if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there, then add the annotation 'SEEN' to confirm that the work has been seen and mark any responses using the annotations in section 11.

7. There is a NR (**No Response**) option. Award NR (No Response):

   - if there is nothing written at all in the answer space
   - OR if there is a comment which does not in any way relate to the question (e.g., 'can't do', 'don't know')
   - OR if there is a mark (e.g., a dash, a question mark) which is not an attempt at the question.

   Note: Award 0 marks – for an attempt that earns no credit (including copying out the question).

8. The RM Assessor **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 will send a brief report on the performance of candidates to their Team Leader (Supervisor) via email by the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.*

10. For answers marked by levels of response: Not applicable in F501
    To determine the level – start at the highest level and work down until you reach the level that matches the answer
    To determine the mark within the level, consider the following

Descriptor	**Award mark**
On the borderline of this level and the one below	At bottom of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Consistently meets the criteria for this level	At top of level

11. For answers marked by levels of response: See subject-specific marking instructions **item 1, below**.
For annotations: See subject-specific marking instructions item **2, below**.

12. 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 (ofk impact) is required before L4 can be accessed.

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	Taylore point repeated	BP	Blank page
OFR	Own figure rule		Highlight

Question			Answer	Marks	Guidance
1	**(a)**		Indicative content: • High quality (physiotherapy) • A relaxed environment • A safe environment • Flexible (in responding to the needs of each client)	2	One mark for each of two valid core competencies of AL Physio taken from paragraph 3 of the extract. Do not accept any changes that Taylor would bring as Taylor is not (yet) contributing to the business. Mark the first two responses only (e.g. ‘maximises profits, is a partnership, offers high quality care in a relaxed environment” = 0).

<table>
<tr><th colspan="3">Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>1</td><td>(b)</td><td></td><td>Indicative content:
How ethical issues might influence the decision:
• might restrict ability to pursue legally-allowed options
• might override other business interests (e.g. financial)
• impact of poor ethical decisions on business reputation

Examples of ethical issues (contextual):
• children are too young to be clients
• not inclusive (e.g. to non-football fans)

Example response:
Concerns about advertising to children (1) is likely to mean that AL Physio do not decide to sponsor a youth football team because it might damage the business’ reputation (1+CONT).

Example response:
It would be better to spend the money helping an environmental cause (1) as sponsoring a football team is just helping an entertainment activity (1 + CONT)</td><td>3</td><td>1 mark (max) for either:
identifying one valid way that ethical issues might influence this decision
or
an example of an ethical issue
or
an understanding of how ethical issues differ from legal constraints

Plus:

2 marks for a valid contextual development (annotate as CONT)
OR
1 mark for a valid non-contextual development

For context look for: conflict with (maximising) profits, other sports, expansions of the scenario (e.g. the league might be specific to boys or girls only), impact on parents.

Do not accept untenable sponsorship methods (e.g. those that could apply to sponsoring a specific team, but could not apply to sponsoring a whole league e.g. providing free-of-charge physiotherapy to players).</td></tr>
</table>

Question			Answer	Marks	Guidance
2	**(a)**		Indicative content: • Gross Profit ratio reflects Gross Profit (which measures revenue less cost of sales) • Net Profit ratio reflect Net Profit (which measures Gross Profit less business expenses) • Net Profit has all expenses deducted (not just those related to producing goods/services sold) Example response: Gross Profit ratio has cost of sales deducted from revenue (1) but Net Profit ratio also deducts business expenses (1). Net profit ratio has all costs deducted (1) but Gross Profit only deducts some (TV).	2	One mark for knowledge of either gross profit or net profit (e.g. by stating what the measure includes). One mark for knowledge comparing this with the other measure (e.g. by stating what is different about the two measures). Do not credit references to revenue.
2	**(b)**		Indicative content: Analysis: • Profit (both ratios) has fallen • Net Profit has fallen at a faster rate than Gross Profit Evaluation: • Overall performance has worsened • Possible causes e.g. rising overheads • Possible consequences e.g. low income for the partners Example response: Both Net Profit and Gross Profit margins have fallen (1) however Net Profit has fallen much faster (1). Overall, the performance has worsened (1) possibly because overheads have increased (1). Performance has worsened (1) because profits have fallen (1) putting the future of the business at risk (1)	4	Max 3 Marks for data interpretation: 1 mark for stating that profits are lower +2 marks for stating that net profit has fallen at a much faster rate than gross profit Max 2 marks for judgement/justification – **only award if at least 1 data interpretation mark has been awarded:** 1 mark for a possible cause for the declining profitability e.g. rising overheads/falling revenue. 1 mark for possible impact of falling profitability e.g. declining income for the partners, impact on cash-reserves, future sustainability etc. 1 mark for concluding that they should be concerned (as an additional mark only if a previous judgement/justification has been awarded).

Question			Answer	Marks	Guidance
3	(a)	(i)	Indicative content: • Up-to-date • Easily-available (as recent clients to be used) • Relevant (as all are recent clients) • Specific (to the business) • Results can be kept confidential/not seen by competitors	2	One mark for each of two valid advantages to AL Physio. Accept relevant contextualised examples. Do not credit knowledge of primary research (e.g. it is first-hand/original/new). Do not credit: cheap, easy to collect, accurate, reliable etc. as these are determined by the type/quality of research. Do not credit confusion between market research and marketing.
3	(a)	(ii)	Indicative content: • Time-consuming e.g. to produce • Time consuming e.g. to analyse • Expensive to obtain • Intrusive for current clients/potentially low response rate • Poor research methods might yield misleading results (accept specific examples e.g. biased results) • Different target market. • Option 1 will have a different customer profile (athletes etc) to those currently using the business Example response: It will be time consuming for Li to write specific questions (1). It could be expensive (1).	2	One mark for each of two valid disadvantages. Mark first two responses only. Must be drawbacks of primary research

Question			Answer	Marks	Guidance
3	(b)		Indicative content: Causes of change: • Sales revenue has flatlined (is constant) • Market share is falling (the market is growing but AL Physio isn't) • Changing market trends (e.g. growth of sports rehabilitation sector) • Profit is falling • Costs are increasing • Neither partner is working at full capacity • Alex has seen a gap in the market • Alex has a <u>new</u> friend (Taylor) Example response: Cause: Sales revenue has remained constant (1). Explanation: Offering sports rehabilitation services will target a growing market segment (CONT) leading to more revenue (1).	3	1 mark for identifying one valid cause of change (must be correctly stated in the 'Cause' response space). Plus: 2 marks for a valid contextual explanation of how this might affect Alex's preference for Option 1. (annotate as CONT) OR 1 mark for a valid non-contextual development Explanation must provide a reason linking the identified cause to the case for or against Option 1. For context look for: links to Option 1's investment appraisal, sports-rehabilitation sector. Do not credit consequences/impact of change e.g. acquiring a new partner/equipment.
3	(c)		Indicative content: • Alex is friends with Taylor • Option 1 is Alex's idea • If Option 1 is chosen Alex will spend more time with Taylor. • Alex might want to spend more time with Taylor by having them as a partner. • By voting together Alex and Taylor can outvote Li. Example response: Alex is friends with Taylor (1) so if Option 1 is chosen they will spend more time together (1) Alex likes Taylor (1) so will want to spend more time with them (1).	2	One mark for a valid reason plus one mark for development. Do not credit discussion of the benefits of choosing Option 1.

<table>
<tr><th colspan="3">Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>4</td><td>(a)</td><td></td><td>Indicative content:
• Specialised training provider can be used
• Does not disrupt AL Physio
• Alex or Li can continue to work whilst Taylor receives training
• Less disruption to the business

Example response:
A specialist training provider can be used (1) so Taylor can be more effective at work which will increase the satisfaction of clients (1+CONT).</td><td>3</td><td>1 mark for identifying one valid advantage of off-the-job training.

Plus:

2 marks for a valid contextual development (annotate as CONT)
OR
1 mark for a valid non-contextual development

Development must address business impact.

For context look for: impact on clients, impact on AL Physio's operations, impact on Option 1's viability.</td></tr>
<tr><td>4</td><td>(b)</td><td></td><td>Indicative content:
• Training costs need to be funded
• Taylor unable to work whilst being trained
• Training may lack relevance

Example response:
Training may lack relevance to the business (1) so Taylor may be less productive at work (1, no CONT)

Example response:
Training could be expensive (1) so increasing AL Physio's costs which will make Option 1 less financially viable (1+CONT).</td><td>3</td><td>1 mark for identifying one valid disadvantage of off-the-job training.

Plus:

2 marks for a valid contextual development (annotate as CONT)
OR
1 mark for a valid non-contextual development

Development must address business impact.

For context look for: impact on clients, impact on AL Physio's operations, AL Physio's current financial position, impact on Option 1's viability.</td></tr>
</table>

5			**Use level of response criteria** • More discussion needed • More research needed • Slower decision-making • More time consuming • Opportunity cost • More disagreements • More balanced decisions • Safe options that may lead to success but low reward could be overlooked by Alex • High risk options that may lead to failure or high reward could be overlooked by Li • More likely to choose a medium-risk option (less likely to choose safe/high risk options) • Likely to make fewer mistakes • Damage to working relationship of partners • Risk taker partner (Alex) may get frustrated • Risk-averse partner (Li) may become worried • Each partner may feel their opinions are ignored • Risk-averse partner (Li) less likely to want to relinquish control of the business from taking on a new partner • Risk taker (Alex) more likely to favour the higher risk option of taking on a new partner Example response: Li will want to do more research (L1) because he does not want to rush into a decision (L2) so this may slow-down the decision-making process (L3). Also, Alex might get frustrated (L1) because Li wants to check everything carefully (L2) and this may cause conflict which makes it harder for them to agree on the best option for them both (L3) On the other hand having different attitudes to risk means that	12	Levels of response: Level 4 (10 – 12 marks) Candidate evaluates likely impact on AL Physio's decision-making process of the partners' differing attitudes to risk. Level 3 (7 – 9 marks) Candidate analyses likely impact(s) on AL Physio's decision-making process of the partners' differing attitudes to risk. Level 2 (4 – 6 marks) Candidate explains likely impact(s) on AL Physio's decision-making process of the partners' differing attitudes to risk. Level 1 (1 – 3 marks) Candidate identifies the two partners' differing attitudes to risk and/or their potential impacts on AL Physio's decision-making process. 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. L3 analysis: analysis must discuss the impact on decision-making, not the choice of option. 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).

			they will need to see things from each other's viewpoint (L1) leading to more balanced discussions (L2) potentially resulting in a better decision being made (L3). Overall, having two different attitudes to is likely to improve the partners' decision-making process because Alex and Li's opinions can counterbalance each other (L4), leading to a more considered decision which is more likely to strengthen the partnership as they can combine their two personalities to make more effective decisions (L4+ and CONT).		
6	**(a)**		Indicative content: It might improve because: • AL Physio seen as more successful/creditable due to the backing of a major health-provider. • AL Physio seen as more caring/inclusive It might worsen because: • Some clients might prefer the exclusivity of having only fee-paying clients • Some clients might fear it will dilute their ability to offer a specialised service Example response: Existing clients may feel the business will become less exclusive (1) if it works with the public sector so may not want to pay the high fees (1 + CONT). Some clients might be impressed by the endorsement of a big customer (1+1 no CONT).	3	1 mark for a non-contextual reason why corporate image might change OR 2 marks for a valid, contextual reason why corporate image might change. PLUS 1 mark for a logically consistent impact on corporate image. For context look for: existing wealthy clients/impact on their perceptions of quality of care/exclusivity/£40 compared with £80, reputation of the health authority/NHS, public/private sectors. Do not credit discussion that assumes existing customers will benefit from a cheaper price (as £40 will only be charged to the health-authority/per-patient). Do not credit discussion that does not address corporate image (e.g. why a specific customer might make a complaint/be unhappy).

	(b)		Indicative content • A contingency plan is a substitute plan for if the original plan does not work • Helps the business identify potential problems/solutions • Helps personnel know what to do if a problem occurs • It can help the business respond quicker to any problems • It can reduce financial/non-financial impact of problems. Example response: An advantage is reduced risk (1) because if something goes wrong they will be able to recover quickly (1) causing less disruption to the business (not CONT). Example response: A contingency plan would enable them to quickly respond (1) if the demand for sports rehabilitation is less than expected by knowing in advance what Taylor could do instead (1+ CONT).	3	1 mark for identifying one advantage of contingency planning. Plus: 2 marks for a valid contextual development (annotate as CONT) OR 1 mark for a valid non-contextual development For context look for: impact on AL Physio's operations/financial performance/quality of care.

7			<table><tr><td></td><td>**Option 1: Sports rehabilitation service**</td><td>**Option 2: Strategic partnership with local health authority**</td><td>**Option 3: Promotional campaign**</td></tr><tr><td>Capital cost</td><td>£50k</td><td>£20k</td><td>None</td></tr><tr><td>Payback</td><td>24 months</td><td>20 months</td><td>35 months</td></tr><tr><td>ARR over four years</td><td>25%</td><td>35%</td><td>12%</td></tr><tr><td>Capital cost financed by:</td><td>£40,000 loan (6%/5 years) plus £10,000 cash reserves</td><td>£10,000 loan (7%/18 months) plus £10,000 cash reserves</td><td>Cash reserves</td></tr><tr><td>Revenue expenditure p.a.</td><td>£15,000</td><td>£5,000</td><td>£7,000 +(£1400x12) = £23,800</td></tr><tr><td>Ansoff</td><td>Product development</td><td>Market development</td><td>Market penetration</td></tr></table>	16	NB: This question can be answered from a general business perspective or from the perspective of a specific pathway/function (or a hybrid of both). In all cases the same level of response criteria apply. **Levels of response** **Level 4 (13 – 16 marks)** Candidate recommends and justifies which option AL Physio should take, based on analysis. **Level 3 (9 – 12 marks)** Candidate analyses one or more options under consideration at AL Physio. **Level 2 (5 – 8 marks)** Candidate explains issue(s) relating to one or more options under consideration at AL Physio. **Level 1 (1 – 4 marks)** Candidate identifies issue(s) relating to one or more options under consideration at AL Physio. **L4 evaluation:** Award 13 marks for suggesting the most beneficial option for AL Physio with non-contextual justification for the choice. Award 14 marks for suggesting the best option with contextual justification for the choice. Award 15 marks for a detailed *or* specific non-contextual judgement of the most suitable option. Award 16 marks for a detailed *and* specific contextual judgement of the most suitable option.

7			(continued) Example response: Option 3 is market penetration (L1) because it aims to increase customers in the existing market (L2). It has no capital cost (L1) but the highest revenue expenditure (L1). For Li it is probably the safest option (L1) because it does not require a new partner, unlike Option 1 (L2) so there is less chance of him being outvoted by the other two partners (L2) meaning that Li retains some control over the business' strategic direction (L3). Option 1 is product development (L1) because the business currently does not offer sports rehabilitation (L2). This should bring in new customers (L1) who may be willing to pay more for specialist care (L2) resulting in increased revenue and profits for the business (L3). However there is a danger that Alex and the new partner will join together and outvote Li (L1) because the partnership agreement allows for majority voting (L2) and this could result in serious conflict, leading to Li quitting the partnership (L3). Option 2 could be better as it is involves a long-term arrangement with the local health authority which will enable the partners to resume full-time working (L1) because of the guaranteed increase in clients (L2). However this option will result in earning less per hour than at present (L1) because the health authority has strong bargaining power (L2) so profit margins would fall (L3). Overall I would choose Option 2 as there is minimal risk due to the guarantee of additional clients (L4) so Li should be happy (CONT) and both partners will work full-time. It has the highest ARR so makes good financial sense (L4+).		

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