

**GCSE**

**Economics**

**J205/01: Introduction to economics**

General Certificate of Secondary Education

**Mark Scheme for June 2023**

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, Cambridge Nationals, Cambridge Technicals, Functional Skills, Key Skills, Entry Level qualifications, NVQs and vocational qualifications in areas such as IT, business, languages, teaching/training, administration and secretarial skills.

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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  
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 posted on the RM Cambridge Assessment Support Portal <http://www.rm.com/support/ca>
3. Log-in to RM Assessor and mark the **required number** of practice responses (“scripts”) and the **number of required** standardisation responses.

YOU MUST MARK 5 PRACTICE AND 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 RM Assessor 50% and 100% 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 the RM Assessor messaging system, 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 may 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).

*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 a tick to confirm that the work has been seen.
7. Award No Response (NR) if:
  - there is nothing written in the answer space

Award Zero '0' if:

- anything is written in the answer space and is not worthy of credit (this includes text and symbols).





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 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.** If you have any questions or comments for your team leader, use the phone, the RM Assessor messaging system, or e-mail – **do not refer to any confidential content in email.**

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 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:
- 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. Annotations

Annotation	Meaning
	Tick
	Cross
	Unclear
<b>BOD</b>	Benefit of the doubt
<b>IR</b>	Irrelevant
<b>L1</b>	Level one
<b>L2</b>	Level two
<b>L3</b>	Level three
<b>NAQ</b>	Not answered question
<b>OFR</b>	Own figure rule
<b>SEEN</b>	Noted but no credit given.
<b>TV</b>	Too vague
	Omission mark
<b>BP</b>	Blank page

**Highlighting** is also available to highlight any points on the script.

**BP** to be inserted on every blank page

**'SEEN'** to be inserted in every question space where NR is the mark.

## 12. Subject Specific Marking Instructions

Levels of response / Level descriptors	Knowledge and understanding	Application	Analysis	Evaluation
<b>Good</b>	<b>Good</b> knowledge and understanding of the theory stated or referred to in the question. All the terms/theoretical concepts are explicitly or implicitly understood.	<b>Good</b> application of knowledge to a given scenario. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario.	<b>Good</b> analysis of the effect of <b>xxxx</b> . There is correct analysis in the form of developed links. These links are developed through a chain of reasoning which addresses the question. Any relevant diagram(s) are predominantly correct and linked to the analysis.	<b>Good</b> evaluation with a fully supported judgement that is developed from a weighing up arguments/both sides/comparing alternatives.
<b>Reasonable</b>	<b>Reasonable</b> knowledge and understanding of the theory stated or referred to in the question. Most of the terms/theoretical concepts are explicitly or implicitly understood.	<b>Reasonable</b> application of knowledge to a given scenario. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is understanding of some the relevant elements of the scenario.	<b>Reasonable</b> analysis of the effect on <b>xxxx</b> . There is correct analysis largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be improperly labelled or not linked to the analysis.	<b>Reasonable</b> evaluation of <b>xxx</b> considering arguments/both sides/comparing alternatives. There may be a judgement, but this will not be fully supported.
<b>Limited</b>	<b>Limited</b> knowledge and understanding of the theory stated or referred to in the question. Some of the terms/theoretical concepts are explicitly or implicitly understood.	<b>Limited</b> application of knowledge to a given scenario. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.	<b>Limited</b> analysis of the effect on <b>xxxx</b> . There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.	<b>Limited</b> evaluation of <b>xxx</b> that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported statements.

**Section A**

<b>Question</b>	<b>Key</b>	<b>AO</b>	<b>Quantitative skills</b>
1	<b>A</b>	AO1b	
2	<b>C</b>	AO2	
3	<b>D</b>	AO1a	
4	<b>D</b>	AO2	
5	<b>A</b>	AO1a	
6	<b>A</b>	AO1b	
7	<b>D</b>	AO2	Yes
8	<b>A</b>	AO2	
9	<b>B</b>	AO1b	
10	<b>C</b>	AO2	Yes
11	<b>A</b>	AO1a	
12	<b>C</b>	AO2	Yes
13	<b>C</b>	AO1b	
14	<b>C</b>	AO1b	
15	<b>B</b>	AO1b	
16	<b>A</b>	AO2	Yes
17	<b>D</b>	AO1b	
18	<b>D</b>	AO1b	
19	<b>C</b>	AO1b	
20	<b>A</b>	AO1b	



Question		Answer	Mark	Guidance
21	(a)	<p><b>Explain what is meant by demand.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>The willingness and ability to purchase a good or service (or good on its own or product on its own) at the given price in a given period of time</li> </ul>	<p><b>2</b></p> <p>AO1a</p>	<p>Award 2 marks if the answer mentions: willing and able; at the given/market price; and has the idea of time.</p> <p>Award 1 mark if reference to either price or time is missing.</p>
21	(b)	<p><b>Explain what happened to house prices between June 2021 and July 2021</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>Continued to rise</li> <li>Increased by a smaller percentage than the previous month</li> <li>Percentage increase fell by 6 percentage points (from nearly 14% to just under 8%)</li> <li>Rate of change in rising house prices fell</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO2</p>	<p>Award 1 mark for the idea that house prices still rose</p> <p>Award 1 more mark for explanation using the data correctly.</p> <p><b>NB:</b> no marks for saying that house prices fell</p>
21	(c)	<p><b>Using a diagram, analyse how growing demand for houses can lead to a large increase in house prices.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>Demand curve will shift to the right (will move up the supply curve)</li> <li>For the increase to be large either the PES needs to be inelastic or the rise in demand must be very large</li> <li>Diagram</li> </ul>	<p><b>6</b></p> <p>1xAO1a 2xAO2 3xAO3a</p>	<p><i>All level descriptors describe the <b>TOP</b> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p><b>Level 3 (5-6 marks)</b> (AO1a – 1 mark, AO2 – 2 marks, AO3a – 3 marks = 6 marks) <b>Reasonable</b> knowledge and understanding. All of the terms/theoretical concepts are explicitly or implicitly understood. <b>Reasonable</b> application of how the demand curve would shift. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is understanding of some of the relevant elements of the scenario. <b>Good</b> analysis of the likely impact of how the demand curve would shift when supply is inelastic. There is correct analysis in the form of developed links. These links are developed through a chain of reasoning which addresses the question.</p>

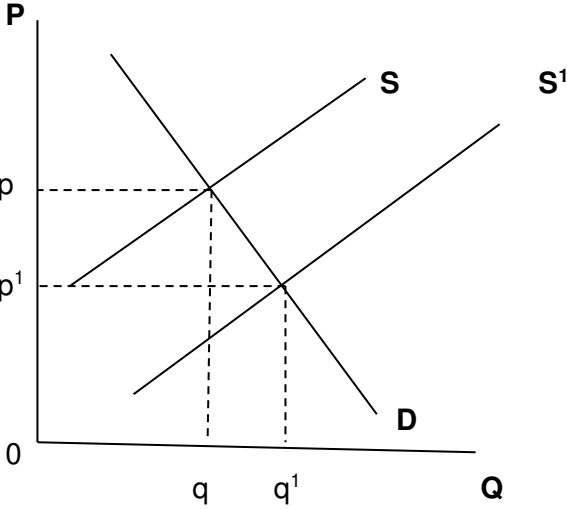
Question	Answer	Mark	Guidance
	<div data-bbox="347 199 1041 758"> </div> <p data-bbox="336 877 963 917">A maximum of 4 marks if no correct diagram</p> <p data-bbox="1142 981 1209 1021">ARA</p>		<p data-bbox="1350 172 2072 236">The diagram is predominantly correct and <b>linked to the analysis</b>.</p> <p data-bbox="1350 271 2128 335"><b>Level 2 (3-4 marks)</b> (AO1a – 1 mark, AO2 – 1 mark, AO3a – 2 marks = 4 marks) <b>Reasonable</b> knowledge and understanding. Most of the terms/theoretical concepts are explicitly or implicitly understood. <b>Limited</b> application of knowledge to how the demand curve would shift. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. <b>Reasonable</b> analysis of the likely impact of how the demand curve would shift when supply is inelastic. There is correct analysis, largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be improperly labelled or not linked to the analysis.</p> <p data-bbox="1350 782 2128 845"><b>Level 1 (1-2 marks)</b> (AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks) <b>Reasonable</b> knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood. <b>No</b> application of knowledge of how the demand curve would shift. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. <b>Limited</b> analysis of the likely impact of how the demand curve would shift. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.</p> <p data-bbox="1350 1260 1881 1324"><b>0 marks</b> No response or no work worthy of credit.</p> <p data-bbox="1350 1356 2128 1452"><b>N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.</b></p>

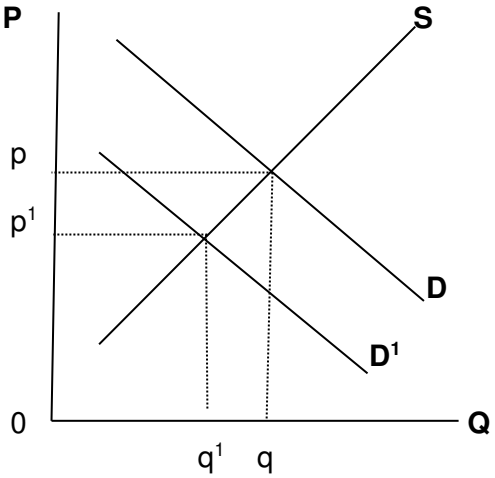
Question			Answer	Mark	Guidance
21	(d)	(i)	<p><b>Explain one factor that can cause more resources to be allocated to a particular market.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• What consumers are willing and able to buy</li> <li>• The forces of supply and demand</li> <li>• Higher prices</li> <li>• Government intervention/policy</li> <li>• Higher profits – leading to producers expanding or new firms entering the market</li> <li>• Increased competition</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1b</p>	<p>Award 2 marks for explanation of a correct factor</p> <p>Award 1 mark for a correct factor</p>
21	(d)	(ii)	<p><b>Explain how house builders act as producers in the housing market.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Producers supply goods and services</li> <li>• House builders are the people who supply new houses</li> <li>• They make choices about what houses to supply and how to build them</li> <li>• They exercise influence over quantity, price and quality of the houses</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO2</p>	<p>Award 2 marks for an answer that recognises that house builders supply new houses and decide what to supply, quality, etc.</p> <p>Award 1 mark for an answer which does not go beyond supplying houses.</p>
21	(d)	(iii)*	<p><b>Evaluate the extent to which consumers, producers and the government are interdependent in the housing market.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• This is where one group responds to the actions of another</li> <li>• Consumers respond to what properties house builders are building, the quality, the location, and the price</li> <li>• Producers respond to consumer demands and to requirements of governments</li> <li>• Producers respond to local government development plans</li> <li>• Governments respond to demands by consumers and those of producers</li> </ul>	<p><b>6</b></p> <p>1xAO2 2xAO3a 3xAO3b</p>	<p><i>All level descriptors describe the <b>TOP</b> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p><b>Level 3 (5-6 marks)</b> (AO2 – 1 mark, AO3a – 2 marks, AO3b – 3 marks = 6 marks) <b>Good</b> application of knowledge of the likely effect of interdependence on the three economic groups. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario.</p>

Question	Answer	Mark	Guidance
	<ul style="list-style-type: none"> <li>Governments may have plans (for new towns/green zones etc.) which affect where consumers can live, and where producers build</li> </ul> <p><b>Evaluation may include [NB: the extent to which]:</b></p> <ul style="list-style-type: none"> <li>In the UK, governments cannot force consumers to buy certain types of properties or producers to build.</li> <li>Consumers and producers are also affected by economic forces such as the supply of workers</li> <li>Producers who do not build what consumers want will not last very long</li> <li>Consumers may depend on government to ensure houses are built where they are needed</li> </ul> <p style="text-align: right;"><b>ARA</b></p>		<p><b>Reasonable</b> analysis of the extent of interdependence on the economic groups. There is correct analysis, largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be improperly labelled or not linked to the analysis.</p> <p><b>Good</b> evaluation of the extent of independence between the economic groups with a fully supported judgement that is developed from a weighing up arguments/both sides/comparing alternatives.</p> <p><i>There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.</i></p> <p><b>Level 2 (3-4 marks)</b> (AO2 – 1 mark, AO3a – 1 mark, AO3b – 2 marks = 4 marks) <b>Good</b> application of knowledge of the likely effect of interdependence on the economic groups. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario.</p> <p><b>Limited</b> analysis of the likely effect of interdependence on the economic groups. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.</p> <p><b>Reasonable</b> evaluation of the extent of interdependence on the economic groups considering arguments/both sides/comparing alternatives. There may be a judgement, but this will not be fully supported.</p> <p><i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i></p> <p><b>Level 1 (1-2 marks)</b></p>

Question			Answer	Mark	Guidance
					<p>(AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks)</p> <p><b>No</b> application knowledge of the likely effect of interdependence on the economic groups. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Limited</b> analysis of the likely effect of interdependence on the economic groups. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.</p> <p><b>Limited</b> evaluation of the extent of interdependence on the economic groups that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported statements.</p> <p><i>Information presented is basic and may be ambiguous or unstructured. The information is supported by limited evidence.</i></p> <p><b>0 marks</b> No response or no work worthy of credit.</p> <p><b>N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.</b></p>

Question		Answer	Mark	Guidance
22	(a)	<p><b>Explain what is meant by demand is price inelastic.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>Quantity demanded is relatively unresponsive to a change in price</li> <li>Percentage change in quantity demanded is less than the percentage change in price</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1a</p>	<p>Award 2 marks for an accurate explanation (definition) of price inelastic demand.</p> <p>Award 1 mark for a partially correct explanation.</p> <p>Award 1 mark for an answer which refers to perfectly/completely inelastic demand or just gives a numerical answer, e.g., PED is less than -1.</p>
22	(b)	<p><b>Explain what Nina and Leo mean by equilibrium price and quantity.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>Where the quantity supplied (exactly) matches the quantity demanded</li> <li>The point at which price is unlikely to change given existing supply and demand conditions</li> <li>Where demand for their services/goods equals the supply of these services/goods</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1b</p>	<p>Award 2 marks for an answer which shows understanding of equilibrium price and quantity</p> <p>Award 1 mark for a basic definition of equilibrium price and quantity, e.g. where the supply and demand curves meet.</p>
22	(c)	<p><b>Using a diagram, analyse the effect of increased competition from new cafés in Voreda on the prices Nina and Leo can charge for their products.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>Fall in quantity demanded leading to Nina/Leo having to reduce prices</li> <li>How much quantity demanded falls may depend on the quality of Nina/Leo's food/service/customer loyalty</li> <li>Competition will normally result in lower prices</li> <li>The fall in price will depend on how elastic/inelastic is the demand for using café services</li> </ul>	<p><b>6</b></p> <p>1xAO1a 2xAO2 3xAO3a</p>	<p><i>All level descriptors describe the <b>TOP</b> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p><b>Level 3 (5-6 marks)</b></p> <p>(AO1a – 1 mark, AO2 – 2 marks, AO3a – 3 marks = 6 marks)</p> <p><b>Reasonable</b> knowledge and understanding. All of the terms/theoretical concepts are explicitly or implicitly understood.  <b>Reasonable</b> application of competition and how it can affect prices. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is understanding of some of the relevant elements of the scenario.</p>

Question	Answer	Mark	Guidance
	<ul style="list-style-type: none"> <li>As the services of cafés is likely to be non-essential price will only fall by a small amount, but there will be a much larger increase in the quantity</li> <li>The effect of competition can depend on the type of competition               <ul style="list-style-type: none"> <li>Increased marketing can push prices up</li> <li>A café that can be innovative may be able to charge higher prices</li> </ul> </li> <li>Diagram related to analysis</li> </ul> 		<p><b>Good</b> analysis of the effects of competition on prices. There is correct analysis in the form of developed links. These links are developed through a chain of reasoning which addresses the question. Any relevant diagram(s) are predominantly correct <b>and linked to the analysis</b>.</p> <p><b>Level 2 (3-4 marks)</b> (AO1a – 1 mark, AO2 – 1 mark, AO3a – 2 marks = 4 marks) <b>Reasonable</b> knowledge and understanding. Most of the terms/theoretical concepts are explicitly or implicitly understood. <b>Limited</b> application of competition and how it can affect prices. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Reasonable</b> analysis of the effects of competition on prices. There is correct analysis, largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. Any relevant diagram(s), if present, may be improperly labelled or not linked to the analysis.</p> <p><b>Level 1 (1-2 marks)</b> (AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks) <b>Reasonable</b> knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood. <b>No</b> application of competition and how it can affect prices. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Limited</b> analysis of the effects of competition on prices. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.</p> <p><b>0 marks</b> No response or no work worthy of credit.</p> <p><b>N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.</b></p>

Question		Answer	Mark	Guidance
		<p><b><u>Alternative response</u></b></p> <p>From Nina/Leo's café perspective</p>  <p>A maximum of 4 marks if no correct diagram</p> <p style="text-align: right;"><b>ARA</b></p>		
22	(d) (i)	<p><b>Using an example from Extract 2, explain what is meant by opportunity cost.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• The next best alternative given up/foregone (when making a choice)</li> <li>• Extract 2 mentions: repaint the outside of the café; replace the tables and chairs; and expand the outdoor eating area</li> </ul>	<p><b>2</b></p> <p>AO2</p>	<p>Award 2 marks for a correct explanation of opportunity cost with a correct example <b>from Extract 2</b>.</p> <p>Award 1 mark for an example from Extract 2.</p> <p><b>NB:</b> No reward for a purely theoretical answer <b>or</b> an example not from Extract 2.</p>



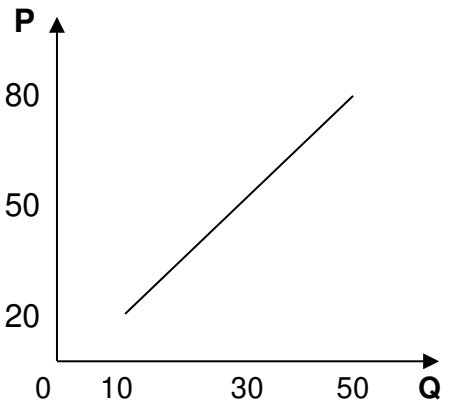
Question			Answer	Mark	Guidance
			<b>ARA</b>		
22	(d)	(ii)	<p><b>Calculate the change in the interest payment if Nina and Leo pay 3.5% interest instead of 2.5% on a £10,000 loan.</b></p> <p><b>Show your working.</b></p> <p><b>Either</b> 1% of £10,000 [1] = £100 [1]</p> <p><b>Or</b> 3.5% of £10,000 = £350 2.5% of £10,000 = £250 [1] Difference £100 [1]</p> <p style="text-align: right;"><b>OFR</b></p>	<p><b>2</b></p> <p>AO2</p>	<p>Award 2 marks for the correct answer (with or without workings).</p> <p>OFR applies for a maximum of 1 mark.</p>
22	(d)	(iii)*	<p><b>Evaluate the costs of the economic choices that Nina and Leo must make on their economic sustainability.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>Economic sustainability of an economic choice ensures the best use of resources so that Nina and Leo's café can continue to grow over time</li> </ul> <p><b>Costs</b></p> <ul style="list-style-type: none"> <li>£10,000 loan and the interest payable/time scale of repayment</li> <li>Use of their reserves of money</li> <li>Cost of either painting or replacing tables/chairs or expanding outdoor area</li> <li>How much might this enable them to increase prices to consumers?</li> </ul> <p><b>Evaluation</b></p> <ul style="list-style-type: none"> <li>No guarantee that any improvements will bring in more customers or retain existing ones, especially with more cafés opening</li> <li>Monetary costs involved may outweigh any increase in revenue</li> </ul>	<p><b>6</b></p> <p>1xAO2 2xAO3a 3xAO3b</p>	<p><i>All level descriptors describe the <b>TOP</b> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p><b>Level 3 (5-6 marks)</b></p> <p>(AO2 – 1 mark, AO3a – 2 marks, AO3b – 3 marks = 6 marks)</p> <p><b>Good</b> application of knowledge of the costs of the economic choices on economic sustainability. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario.</p> <p><b>Reasonable</b> analysis of the costs of the economic choices. There is correct analysis, largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be improperly labelled or not linked to the analysis.</p> <p><b>Good</b> evaluation of the costs of the economic choices in relation to economic sustainability with a fully supported judgement that is developed from a weighing up arguments/both sides/comparing alternatives.</p>

Question			Answer	Mark	Guidance
			<ul style="list-style-type: none"> <li>Will any changes at least meet what the competition is offering?</li> <li>Would it be better to improve the value of what they offer as against cosmetic changes?</li> <li>How economically sustainable are the choices?</li> </ul> <p style="text-align: right;"><b>ARA</b></p>		<p><i>There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.</i></p> <p><b>Level 2 (3-4 marks)</b></p> <p>(AO2 – 1 mark, AO3a – 1 mark, AO3b – 2 marks = 4 marks)</p> <p><b>Good</b> application of knowledge of the costs of the economic choices on economic sustainability. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario.</p> <p><b>Limited</b> analysis of the costs of the economic choices. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.</p> <p><b>Reasonable</b> evaluation of the costs of the economic choices in relation to economic sustainability considering arguments/both sides/comparing alternatives. There may be a judgement, but this will not be fully supported.</p> <p><i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i></p> <p><b>Level 1 (1-2 marks)</b></p> <p>(AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks)</p> <p><b>No</b> application of the costs of the economic choices on economic sustainability. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Limited</b> analysis of the costs of the economic choices. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.</p>

Question			Answer	Mark	Guidance
					<p><b>Limited</b> evaluation of the costs of the economic choices in relation to economic sustainability that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported statements</p> <p><i>Information presented is basic and may be ambiguous or unstructured. The information is supported by limited evidence.</i></p> <p><b>0 marks</b> No response or no work worthy of credit.</p> <p><b>N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.</b></p>
23	(a)		<p><b>Explain one other role fulfilled by prices in an economy.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• As a reflection of worth or value – to indicate to a consumer the benefit that might be received</li> <li>• Transmission of preferences – producers can send information to suppliers about their changing needs</li> <li>• Rationing – to reduce demand for scarce resources</li> <li>• Incentivising – price changes provide incentives to producers</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1a</p>	<p>Award 2 marks for a role fulfilled by price along with an explanation.</p> <p>Award 1 mark for identifying a role fulfilled by price</p> <p><b>NB:</b> No reward for any reference to the signalling role of prices</p>
23	(b)		<p><b>Explain how a free market can respond to excess supply.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Reduce the price until demand equals supply</li> <li>• Increase demand until demand equals supply</li> <li>• Decrease supply until supply equals demand</li> <li>• Increase advertising so consumers feel that they need the product</li> </ul>	<p><b>2</b></p> <p>AO1b</p>	<p>Award 2 marks for a clear idea of how excess supply is dealt with</p> <p>Award 1 mark for a statement with no explanation.</p>

Question			Answer	Mark	Guidance
			ARA		

Question		Answer	Mark	Guidance
23	(c)	<p><b>Analyse the consequences for small businesses in Westumbria of a fall in demand.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Reduction in sales and thus in revenue and profit</li> <li>• Could result in some small businesses leaving the market</li> <li>• This could lead to a competitive market becoming an oligopoly (possibly a monopoly)</li> <li>• For those surviving this might be greater control over prices or possibility of collusion</li> <li>• Reduction in economies of scale leading to higher prices/higher average costs</li> </ul> <p style="text-align: right;"><b>ARA</b></p> <p><b>NB:</b> A diagram is not necessary to gain full marks</p>	<p><b>6</b></p> <p>1xAO1a 2xAO2 3xAO3a</p>	<p><i>All level descriptors describe the <b>TOP</b> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p><b>Level 3 (5-6 marks)</b></p> <p>(AO1a – 1 mark, AO2 – 2 marks, AO3a – 3 marks = 6 marks)</p> <p><b>Reasonable</b> knowledge and understanding. All of the terms/theoretical concepts are explicitly or implicitly understood. <b>Reasonable</b> application of the effect of a fall in demand on small businesses. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is understanding of some of the relevant elements of the scenario. <b>Good</b> analysis of the likely effect of a fall in demand on small businesses. There is correct analysis in the form of developed links. These links are developed through a chain of reasoning which addresses the question. Any relevant diagram(s) are predominantly correct and linked to the analysis.</p> <p><b>Level 2 (3-4 marks)</b></p> <p>(AO1a – 1 mark, AO2 – 1 mark, AO3a – 2 marks = 4 marks)</p> <p><b>Reasonable</b> knowledge and understanding. Most of the terms/theoretical concepts are explicitly or implicitly understood. <b>Limited</b> application of knowledge to the likely effect of a fall in demand on small businesses. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. <b>Reasonable</b> analysis of the effect of a fall in demand on small businesses. There is correct analysis, largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be improperly labelled or not linked to the analysis.</p> <p><b>Level 1 (1-2 marks)</b></p> <p>(AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks)</p> <p><b>Reasonable</b> knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood.</p>

Question			Answer	Mark	Guidance
					<p><b>No</b> application of knowledge to the likely effect of a fall in demand on small businesses. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Limited</b> analysis of the likely effect of a fall in demand on small businesses. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis or have ignored the Extract.</p> <p><b>0 marks</b> No response or no work worthy of credit.</p> <p><b>N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.</b></p>
23	(d)	(i)	<p>Using the information in Extract 3, draw the supply curve for Firm A.</p> 	<p><b>2</b> AO2</p>	<p>Award 2 marks for a correctly drawn line for Firm A (no need to label the line)</p> <p>Award 1 mark for a line with at least one correct point plotted for Firm A</p> <p>Maximum 1 mark if the points are not joined up</p> <p>The information in Extract 3 must be used for marks to be gained.</p> <p>Ignore any extensions which may have been drawn.</p> <p>If the candidate correctly draws a line for Firm B then OFR for 1 mark.</p>

Question			Answer	Mark	Guidance
23	(d)	(ii)	<p><b>Explain one possible cost for a small business of specialisation by its workers.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Labour turnover increases as workers become bored</li> <li>• Boredom/demotivation reduces productivity</li> <li>• Rising costs of supplies/factors of production</li> <li>• Increased dependency on parts working</li> <li>• Increased wages</li> <li>• De-skilling by workers makes business less flexible</li> <li>• Less adaptable as workers' skills are task-specific</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO2</p>	<p>Award 1 mark for the identification of a cost <u>for a business</u> of specialisation by workers</p> <p>Award 1 further mark for development <u>applied to a (small) business</u></p> <p><b><u>Do not award further mark if answer is clearly referring to a large business.</u></b></p> <p><b>NB:</b> No reward for answers about specialisation in terms of product or market.</p>
23	(d)	(iii)*	<p><b>Evaluate the advantages that an increase in production by small businesses can have for Westumbria.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Greater external economies of scale</li> <li>• Increase in employment and/or employment opportunities</li> <li>• Higher profits for firms</li> <li>• Rise in standard of living</li> <li>• Attracts other new firms to the area</li> </ul> <p style="text-align: right;"><b>ARA</b></p> <p><b>Evaluation could include:</b></p> <ul style="list-style-type: none"> <li>• External economies depend on other organisations responding</li> <li>• Small businesses may have to spend money on training if the skills needed are not available</li> <li>• Increase in living standards will be important to attract people with the right skills</li> <li>• Will small businesses be large enough collectively to make a real difference?</li> </ul>	<p><b>6</b></p> <p>1xAO2 2xAO3a 3xAO3b</p>	<p><i>All level descriptors describe the <b>TOP</b> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p><b>Level 3 (5-6 marks)</b></p> <p>(AO2 – 1 mark, AO3a – 2 marks, AO3b – 3 marks = 6 marks)</p> <p><b>Good</b> application of knowledge of the advantages of an increase in production by small business for the area. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario.</p> <p><b>Reasonable</b> analysis of the advantages of an increase in production by small business for the area. Correct analysis, largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be improperly labelled or not linked to the analysis.</p> <p><b>Good</b> evaluation of the importance of the advantages of an increase in production by small business for the area with a fully supported judgement that is developed from a weighing up some of the arguments for as well as at least one issue.</p>

Question			Answer	Mark	Guidance
			<ul style="list-style-type: none"> <li>Impact may be dependent on the price elasticity of supply</li> </ul>		<p><i>There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.</i></p> <p><b>Level 2 (3-4 marks)</b></p> <p>(AO2 – 1 mark, AO3a – 1 mark, AO3b – 2 marks = 4 marks)</p> <p><b>Good</b> application of knowledge of the advantages of an increase in production by small business for the area. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario.</p> <p><b>Limited</b> analysis of the advantages of an increase in production by small business for the area. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.</p> <p><b>Reasonable</b> evaluation of the advantages of an increase in production by small business for the area weighing up some of the arguments. There may be a judgement, but this will not be fully supported.</p> <p><i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i></p> <p><b>Level 1 (1-2 marks)</b></p> <p>(AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks)</p> <p><b>No</b> application knowledge of the advantages of an increase in production by small business for the area. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Limited</b> analysis of the advantages of an increase in production by small business for the area. There is an attempt at analysis which may include a single effect that has some link to the question.</p>



Question			Answer	Mark	Guidance
					<p>Diagrams (if present) are unlikely to be correct and not linked to the analysis.</p> <p><b>Limited</b> evaluation of the advantages of an increase in production by small business for the area that may include an incomplete consideration of arguments with unsupported statements.</p> <p><i>Information presented is basic and may be ambiguous or unstructured. The information is supported by limited evidence.</i></p> <p><b>0 marks</b></p> <p>No response or no work worthy of credit.</p> <p><b>N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.</b></p>

J205/01 Assessment Objective (AO) grid

Question	AO1a	AO1b	AO2	AO3a	AO3b	Total	Quantitative skills
Questions 1–20	3	10	7			20	4
Q21 Marks:	AO1a	AO1b	AO2	AO3a	AO3b	Total	Quantitative Skills
(a)	2					2	
(b)			2			2	2
(c)	1		2	3		6	
(d) (i)		2				2	
(ii)			2			2	
(iii)			1	2	3	6	
<b>Total:</b>	<b>3</b>	<b>2</b>	<b>7</b>	<b>5</b>	<b>3</b>	<b>20</b>	
Q22 Marks:	AO1a	AO1b	AO2	AO3a	AO3b	Total	Quantitative Skills
(a)	2					2	
(b)		2				2	
(c)	1		2	3		6	
(d) (i)			2			2	
(ii)			2			2	2
(iii)			1	2	3	6	
<b>Total:</b>	<b>3</b>	<b>2</b>	<b>7</b>	<b>5</b>	<b>3</b>	<b>20</b>	

Q23 Marks:	AO1a	AO1b	AO2	AO3a	AO3b	Total	Quantitative Skills
(a)	2					2	
(b)		2				2	
(c)	1		2	3		6	
(d)(i)			2			2	2
(ii)			2			2	
(iii)			1	2	3	6	
<b>Total:</b>	<b>3</b>	<b>2</b>	<b>7</b>	<b>5</b>	<b>3</b>	<b>20</b>	
<b>Section B total:</b>	<b>9</b>	<b>6</b>	<b>21</b>	<b>15</b>	<b>9</b>	<b>60</b>	<b>6</b>
<b>Paper Total</b>	<b>12</b>	<b>16</b>	<b>28</b>	<b>15</b>	<b>9</b>	<b>80</b>	<b>10</b>

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