



Oxford Cambridge and RSA

**GCSE**

**Economics**

**J205/01: Introduction to economics**

General Certificate of Secondary Education

**Mark Scheme for June 2022**

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.

It is also responsible for developing new specifications to meet national requirements and the needs of students and teachers. OCR is a not-for-profit organisation; any surplus made is invested back into the establishment to help towards the development of qualifications and support, which keep pace with the changing needs of today's society.

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

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

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

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**MARKING INSTRUCTIONS****PREPARATION FOR MARKING  
SCORIS**

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 scoris 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.
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:

- a. **To determine the level** – start at the highest level and work down until you reach the level that matches the answer
- b. **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

Annotation	Meaning
	Tick
	Cross
	Unclear
<b>BOD</b>	Benefit of the doubt
<b>K</b>	Knowledge
<b>APP</b>	Application
<b>AN</b>	Analysis
<b>EVAL</b>	Evaluation
<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
<b>BP</b>	Blank page

**Highlighting** is also available to highlight any particular 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.

## Subject Specific Marking Instructions

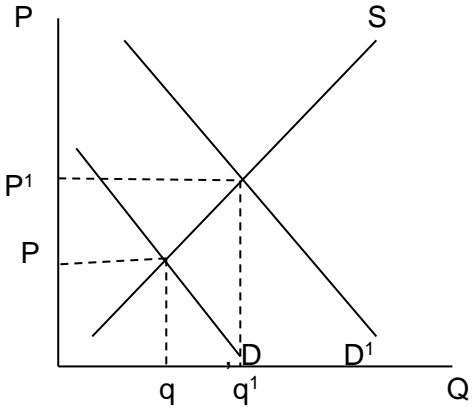
Levels of response / Level descriptors	Knowledge and understanding	Application	Analysis	Evaluation
<b>Good</b>	<b>Good</b> knowledge and understanding of the theory stated or referred to in the question. All of the terms/theoretical concepts are explicitly or implicitly understood.	<b>Good</b> application 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.

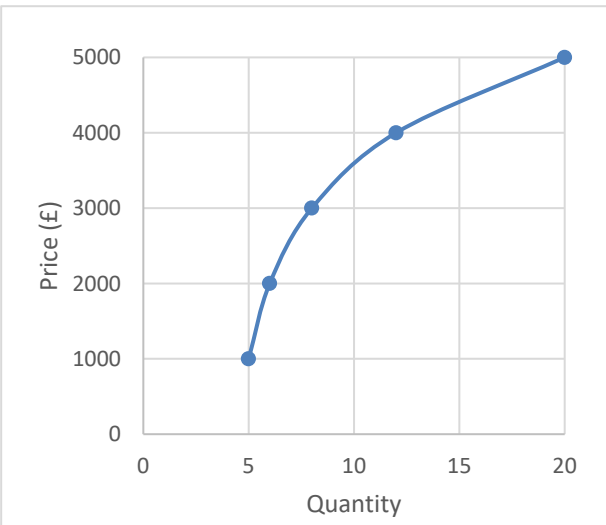
**Section A**

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



Question		Answer	Mark	Guidance
21	(a)	<p><b>Explain what is meant by a market.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• A method of bringing together buyers and sellers (1) to buy and sell goods &amp; services (1)</li> <li>• Where price is determined (1) by interaction of supply and demand (1)</li> <li>• Where price is determined (1) by how many buyers there are as compared to how many items for sale there are (1)</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1a</p>	<p>Give 2 marks if the answer shows clear understanding of a market.</p> <p>Give 1 mark if only a partial explanation of a market.</p>
21	(b)	<p><b>Explain which sector of the economy Periff Construction Ltd operates in.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Secondary</li> <li>• Involves the building/construction of houses and extensions</li> <li>• Makes use of primary materials and goods to build houses/extensions</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO2</p>	<p>Give 1 mark for secondary</p> <p>Give 1 more mark for a valid explanation</p> <p>Answers <b>MUST</b> be in context for 2 marks</p>

<p>21</p>	<p>(c)</p>	<p><b>Using a diagram, analyse how a rise in consumer income could affect the market price and quantity of Periff Construction Ltd’s products.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Demand would increase</li> <li>• Rise in income would give consumers more money to spend</li> <li>• Would lead to a rightward shift of the demand curve</li> <li>• Demand curve is more likely to respond to an increase in income rather than a cut in income tax (unless it was substantial)</li> <li>• Depends on PES</li> <li>• Diagram</li> </ul> <p><b>A maximum of 4 marks if no correct diagram</b></p> <div style="text-align: right;"><b>ARA</b></div> 	<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. There is correct analysis in the form of developed links. These links are developed through a chain of reasoning which addresses the question. The diagram is predominantly correct and <b>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 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. 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> (AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks)</p>
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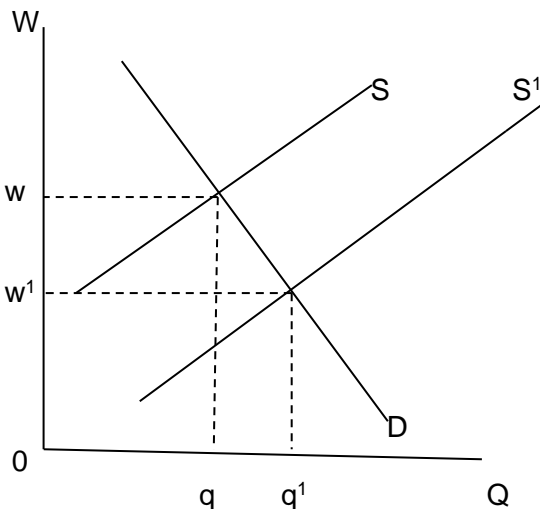
					<p><b>Reasonable</b> knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood.</p> <p><b>No</b> application of knowledge of how the demand curve would shift. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><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><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>
21	(d)	(i)	<p>Using the information in Extract 1 on page 8 draw a supply curve showing the supply of equipment at the next auction.</p> 	2 AO2	<p>2 marks for correctly plotting the supply curve, i.e. 1 mark for correctly plotting the points + 1 mark for joining them up (either with a ruler <b>or</b> freehand).</p> <p>Maximum 1 mark if the points are not joined up.</p> <p>Maximum 1 mark if any one point is plotted incorrectly.</p> <p>Zero marks if more than one point is plotted incorrectly.</p> <p>The information in Extract 1 must be used for any marks to be gained.</p> <p>Ignore any extensions which may have been drawn, e.g. to zero.</p>

21	(d)	(ii)	<p><b>Explain one way in which a business could increase productivity.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Increase the specialisation of workers/employ more specialists/division of labour</li> <li>• Improve workers skills by training</li> <li>• Investment in new technology</li> <li>• Increase in the use of capital equipment</li> <li>• Improve employee motivation by: <ul style="list-style-type: none"> <li>➢ team building activities</li> <li>➢ increasing employee rewards, e.g. performance related pay/bonuses</li> </ul> </li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p style="text-align: center;"><b>2</b></p> <p>AO1b</p>	<p>Give 1 mark for stating a way to improve productivity</p> <p>Give 1 mark for a clear explanation</p>
21	(d)	(iii)*	<p><b>Evaluate the likely effect of increased competition on Periff Construction Ltd.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Lower prices thus decrease in profits</li> <li>• Reduced sales so lower profits</li> <li>• Try to increase productivity/efficiency</li> <li>• Look to innovate</li> <li>• Look to introduce new technology/ways of working</li> <li>• May be driven out of the market by more efficient competitors</li> <li>• If resources are in short supply, e.g. specialist labour, then may have to pay higher wages</li> <li>• More competition at auction could lead to higher prices</li> </ul> <p><b>Evaluation may include:</b></p> <ul style="list-style-type: none"> <li>• Could result in lower profits due to lower prices/sales</li> <li>• Could lead to higher profits due to increased efficiency etc</li> <li>• Competition could lead to the growth of the construction sector so that sales/prices increase leading to higher profits</li> <li>• Competition could drive Periff out of business if it cannot keep up with competitor(s)</li> </ul>	<p style="text-align: center;"><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)</p> <p><b>Good</b> application of knowledge of the likely effect of competition on Periff Ltd. 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 likely effect of competition on Periff Ltd. 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 likely effect of competition on Periff Ltd 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 style="text-align: right;"><b>ARA</b></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 competition on Periff Ltd. 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>Limited</b> analysis of the likely effect of competition on Periff Ltd. 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>Reasonable</b> evaluation of the likely effect of competition on Periff Ltd 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> (AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks) <b>No</b> application knowledge of the likely effect of competition on Periff Ltd. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. <b>Limited</b> analysis of the likely effect of competition on Periff Ltd. 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 the likely effect of competition on Periff Ltd that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported statements.</p>
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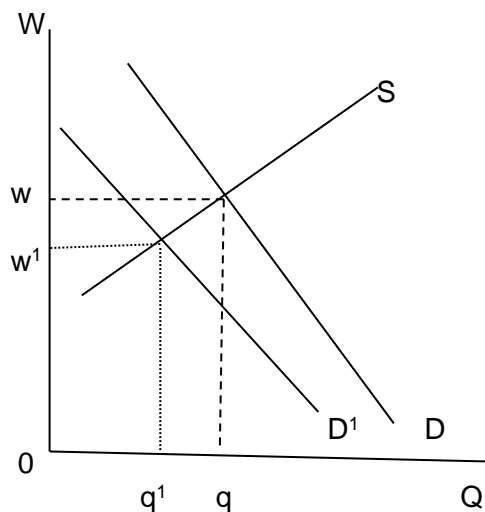
				<p><i>Information presented is basic and may be ambiguous or unstructured. The information is supported by limited evidence.</i></p> <p><b>0 marks</b> No response or no work worthy of credit.</p> <p><b>N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.</b></p>
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Question		Answer	Mark	Guidance
22	(a)	<p><b>Explain one way in which a labour market may lack perfect mobility.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Cannot move freely between jobs</li> <li>• Non-transferability of skills</li> <li>• Unwillingness/inability to relocate</li> <li>• Family ties prevent mobility</li> <li>• Lack of information</li> <li>• Lack of necessary qualifications</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1a</p>	<p>Give 1 mark for an appropriate reason for a lack of mobility.</p> <p>Give 1 mark for some development into an explanation.</p>
22	(b)	<p><b>Explain how Mia, looking for her first job, will be part of a factor market.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Factor market is where the services of factors of production are bought and sold</li> <li>• Factors are used to make goods or services</li> <li>• Demand for factors is a derived demand</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1b</p>	<p>Give 2 marks for a clear explanation linking Mia, as a factor of production [labour] to a factor market where she is selling her labour.</p> <p>Give 1 mark for a definition of a factor market or where there is no clear link</p>

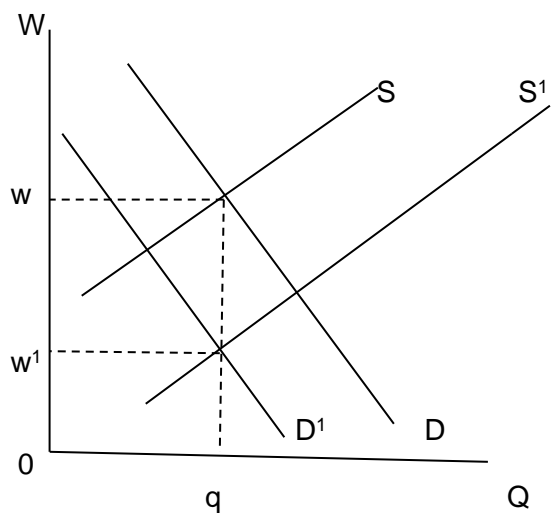
<p>22</p>	<p>(c)</p>	<p><b>Using a diagram, analyse why Mia ‘should not expect to earn as much as someone similar did last year’.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Fall in demand for people like Mia this year so wages are lower</li> <li>• Increase in supply of people like Mia thus depressing wages</li> <li>• Demand and supply of workers like Mia may have become more wage elastic</li> <li>• Diagram related to analysis</li> </ul> <p style="text-align: right;"><b>ARA</b></p> <p><b>Either</b></p> 	<p>6</p> <p>1xAO1 a 2xAO2 3xAO3 a</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)</p> <p><b>Reasonable</b> knowledge and understanding. All of the terms/theoretical concepts are explicitly or implicitly understood. <b>Reasonable</b> application of why earnings could be lower this year. 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 why earnings could be lower this year. 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> (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 why earnings could be lower this year. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. <b>Reasonable</b> analysis of why earnings could be lower this year. 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)</p>
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Or



Or



A maximum of 4 marks if no correct diagram

**Reasonable** knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood.

**No** application of why earnings could be lower this year. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.

**Limited** analysis of why earnings could be lower this year. 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.

**0 marks**

No response or no work worthy of credit.

**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.**

22	(d)	(i)	<p><b>Using the information in Extract 2 on page 12, calculate Mia's gross wage for her first year at Ricomo Ltd. Show your working.</b></p> <p>£30 000 + [200x12] + 10% of 30 000 [1]</p> <p>£30 000 + £2,400 + £3 000 = <b>£35 400</b> [1]</p>	2 AO2	<p>Give 2 marks for the correct answer (with or without workings).</p> <p>Give 1 mark for the correct calculation of <b>either</b> £2 400 <b>or</b> £3 000.</p> <p>OFR applies for a max of 1 mark.</p> <p>E.g.</p> <p>£30 000 + [200x12] + 10% of 3 000 (error)</p> <p>£30 000 + £2 400 + £300 = £32 700 [1 mark under OFR]</p>
22	(d)	(ii)	<p><b>Explain, using an example, how the total revenue of a firm could be increased if its supply curve was perfectly price elastic.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Perfectly elastic supply means that for any shift in demand price stays the same.</li> <li>• By increasing demand Q increases while P is the same leading to a greater TR</li> <li>• A valid numerical <b>or</b> diagrammatic example</li> <li>• A valid example of a shift in demand to the right, e.g. advertising</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	2 AO2	<p>Give 2 marks for a clear example showing how a perfectly elastic supply curve means that any increase in demand will lead to an increase in TR because price is constant.</p> <p>Examples can be either numerical or diagrammatic or descriptive of a cause of demand shifting to the right.</p> <p>Give 1 mark for a limited example with some validity.</p> <p>Give 1 mark for a clear explanation without an example.</p>
22	(d)	(iii)*	<p><b>Evaluate the extent to which an increase in total revenue will lead to more profit.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• If costs are constant and TR increases, then so will profit</li> <li>• If TR increases by more than the increase in TC, then profit will rise</li> <li>• Increase in TR could mean more money for inventions/innovations leading to more profit and/or supply</li> </ul> <p><b>Evaluation [NB: the extent to which]</b></p>	6 1xAO2 2xAO3 a 3xAO3 b	<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 extent to which an increase in total revenue could lead to more profits. The terms/theoretical concepts are used/adapted/changed in the</p>

		<ul style="list-style-type: none"> <li>Increasing TR will only lead to greater profits if it rises more than or faster than TC</li> <li>Increasing TR may come about through higher prices which may in the long-term lead to lower sales and TR</li> <li>Increasing TR from more demand requires more supply, but PES may be inelastic</li> <li>Inventions and innovations may not be successful, so supply does not increase.</li> <li>Greater profits may be used to pay shareholders and not for investment</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p>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 extent to which an increase in total revenue could lead to more profits. 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 to which an increase in total revenue could lead to more profits 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></p> <p>(AO2 – 1 mark, AO3a – 1 mark, AO3b – 2 marks = 4 marks)</p> <p><b>Good</b> application of knowledge of the extent to which an increase in total revenue could lead to more profits. 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 extent to which an increase in total revenue could lead to more profits. 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 to which an increase in total revenue could lead to more profits 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>
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				<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 extent to which an increase in total revenue could lead to more profits. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Limited</b> analysis of the extent to which an increase in total revenue could lead to more profits. 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 to which an increase in total revenue could lead to more profits 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>
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Question		Answer	Mark	Guidance
23	(a)	<p><b>State what is meant by ‘money’.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Money is anything that is generally accepted as a means of payment for goods and services</li> <li>• Money consists of notes, coins and bank deposits (both current and savings)</li> <li>• Money eliminates the need for barter</li> <li>• Money is the medium of exchange that is used</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1a</p>	<p>Give 2 marks for a clear statement along the lines of those given.</p> <p>Give 1 mark for a general idea, e.g. a form of payment.</p>
23	(b)	<p><b>Explain why people have a life insurance policy.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• To provide money for the family [when they die] to replace loss of income</li> <li>• As a form of saving</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1b</p>	<p>Give 2 marks for a suitable reason explained.</p> <p>Give 1 mark if there is a reason, but it lacks valid development.</p>
23	(c)	<p><b>Analyse the effect of market forces on the price and quantity sold at Tom’s business.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Market forces consist of demand and supply</li> <li>• Increase in demand would lead to a rise in price and an increase in quantity sold</li> <li>• The extent of the increase in price and the quantity sold would depend on the PES</li> <li>• Increase in the number of competitors could result in fall in demand</li> <li>• Fall in demand for Tom (as a result of increased substitutes) would result in lower prices and fewer sales</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.</p> <p><b>Reasonable</b> application of the effect of market forces on the price and quantity at Tom’s business. The terms/theoretical</p>

Question	Answer	Mark	Guidance
	<ul style="list-style-type: none"> <li>• The extent of the fall in price and quantity would depend on the PES</li> <li>• Diagram based on the text</li> </ul> <p style="text-align: right;"><b>ARA</b></p> <p><b>NB:</b> Accept answers which consider the effect on the whole market of increased competition (by considering an increase in supply) leading to a fall in price for Tom and all businesses in the market.</p> <p><b>NB:</b> A diagram is not necessary to gain full marks.</p>		<p>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> <p><b>Good</b> analysis of the likely effect of market forces on the price and quantity at Tom's business. 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> (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 the likely effect of market forces on the price and quantity at Tom's business. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Reasonable</b> analysis of the effect of market forces on the price and quantity at Tom's business. 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> (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 to the likely effect of market forces on the price and quantity at Tom's business. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. <b>Limited</b> analysis of the likely effect of market forces on the price and quantity at Tom's business. There is an attempt at analysis which may include a single effect that has some link</p>

Question			Answer	Mark	Guidance
					<p>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><b>Tom has £6000 in another savings account with RNC Bank.</b></p> <p><b>Using the information in Extract 3 on page 16, calculate the increase in interest he would receive by moving this money from RNC Bank to VBS. Show your working.</b></p> <p>RNC = 0.01% of £6 000 = £0.60 <u>or</u> 60p</p> <p>VBS = 0.2% of £6 000 = £12</p> <p>Increase = £12 - £0.60p = <b>£11.4</b></p>	<p><b>2</b></p> <p>AO2</p>	<p>Give 2 marks for the correct answer (with or without workings).</p> <p>Give 1 mark for the correct calculation of <b>either</b> 60p <b>or</b> £12</p> <p>RNC = 0.01% of £6 000 = £0.60 or 60p [1]</p> <p><b>OR</b></p> <p>VBS = 0.2% of £6 000 = £12 [1]</p> <p>OFR applies for a max of 1 mark.</p> <p>E.g.</p> <p>RNC = £6 000 x 0.01 = £60 (error due to omitting %)</p> <p>VBS = £6 000 x 0.2 = £1200 (repeat of % omission error)</p> <p>Increase = £1200 - £60 = £1140 (1 mark under OFR)</p>
23	(d)	(ii)	<p><b>Explain why an overdraft facility might be useful for Tom.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>Allows Tom to buy supplies (baked potatoes, etc.) without having the money in his account</li> <li>Allows Tom to pay bills (rent for street location, etc.) without having the money in his account</li> </ul>	<p><b>2</b></p> <p>AO2</p>	<p>Give 2 marks for a clear explanation of why an overdraft facility might be useful to Tom with contextual reference(s).</p> <p>Give 1 mark for a basic contextual reference.</p> <p>Answers <b>MUST</b> be in context.</p>

Question		Answer	Mark	Guidance
		<ul style="list-style-type: none"> <li>Provides a lifeline when demand is low, but expenses do not fall/he has to pay costs such as insurance for mobile unit</li> </ul> <p style="text-align: right;">ARA</p>		
23	(d) (iii)*	<p><b>Evaluate the importance of the financial sector for small producers, such as Tom.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>Provision of loans to Tom so he can buy equipment</li> <li>Provision of credit to Tom's customers</li> <li>Offer overdrafts to tide Tom over periods when costs exceed revenue</li> <li>Insurance of property &amp; equipment</li> <li>Safe keeping of his revenue/money</li> <li>Can help Tom's savings increase</li> </ul> <p style="text-align: right;">ARA</p> <p><b>Evaluation [ NB 'importance of' ] could include:</b></p> <ul style="list-style-type: none"> <li>The rate of interest on his savings is very important</li> <li>Insurance for his car etc allows him to drive and work so must be very important</li> <li>Life insurance provides safety for the future so of some importance</li> <li>Provision of loans may have been important initially, but less important now – could argue that if the equipment was funded by Tom then it was not important</li> <li>As his business deals in cash, credit provision for customers is not important</li> </ul>	<p style="text-align: center;"><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 importance of the financial sector for small producers such as Tom. 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>Reasonable</b> analysis of the importance of the financial sector. 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>Good</b> evaluation of the importance of the financial sector 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> <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 importance of the financial sector for small producers such as Tom. 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
			<p><b>Limited</b> analysis of the importance of the financial sector. 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 importance of the financial sector 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> (AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks)</p> <p><b>No</b> application knowledge of the importance of the financial sector for small producers such as Tom. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Limited</b> analysis of the importance of the financial sector. 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 importance of the financial sector 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>

Question	AO1a	AO1b	AO2	AO3a	AO3b	Total	Quantitative skills
Questions 1–20	3	10	7			20	2
Q21 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>	
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	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>	
Question	Answer			Mark	Guidance		
					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.		

J205/01 Assessment Objective (AO) grid

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>8</b>

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