

GCSE (9-1)

Examiners' report

ECONOMICS

J205

For first teaching in 2017

J205/01 Summer 2024 series

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Introduction

Our examiners' reports are produced to offer constructive feedback on candidates' performance in the examinations. They provide useful guidance for future candidates.

The reports will include a general commentary on candidates' performance, identify technical aspects examined in the questions and highlight good performance and where performance could be improved. A selection of candidate responses is also provided. The reports will also explain aspects which caused difficulty and why the difficulties arose, whether through a lack of knowledge, poor examination technique, or any other identifiable and explainable reason.

Where overall performance on a question/question part was considered good, with no particular areas to highlight, these questions have not been included in the report.

A full copy of the question paper and the mark scheme can be downloaded from OCR.

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Paper 1 series overview

J205/01 (Introduction to Economics) is one of two examinations components for GCSE Economics. This component focuses on:

- Introduction to Economics; including the main economic groups and factors of production and the basic economic problem.
- The role of markets and money, including demand, supply, price, competition, production, the labour market and the role of money and financial markets.

Most candidates found the paper to be accessible by attempting to answer all the questions. There were some candidates who appeared to run out of time, as some scripts showed evidence that later questions were left unanswered. Additionally, some candidates did not attempt all the questions with evidence showing that they might not have felt secure in their knowledge and understanding of some sections of the specification, including division of labour, opportunity cost and price elasticity of demand.

There was also some evidence that less successful candidates did not attempt one or more of the (d) (iii) questions.

Candidates who did well on this paper generally:	Candidates who did less well on this paper generally:
<ul style="list-style-type: none"> • understood what a trend is and could explain it • drew neat and accurate diagrams, which were clearly and correctly labelled • understood the command words employed and answered the questions accordingly • had read the contextual information in the extracts carefully and understood it and so were able to use any relevant elements within them to develop their responses • demonstrated good subject knowledge, which they showed by clear and concise responses to questions • showed good higher order thinking skills of analysis and evaluation, which were regularly employed in conjunction with a good grasp of the contextual material in the extracts to support their responses • understood that evaluation can take a variety of forms and so tailored their responses to match the specific requirements of the questions. 	<ul style="list-style-type: none"> • did not always appear to understand the meaning of the command word used in certain questions • had limited subject knowledge and were unable to explain key economic concepts such as labour productivity, scarce resources, division of labour, opportunity cost, supply, enterprise, product market and oligopoly • produced incorrect or inaccurate diagrams, which were poorly drawn and labelled • confused oil and petrol, price elastic and price inelastic demand, enterprise and entrepreneurs, and revenue and profit • did not answer the question asked and provided what seemed to be pre-prepared responses or a summary of topics that they had learnt with little or no link to the question • did not take note of key pieces of contextual information in the extracts • did not use the contextual information in the extracts to support their responses to the six mark questions • had limited analysis skills and so did not develop links and create clear chains of reasoning that addressed the question • had a limited understanding of how to evaluate • did not reach a fully supported judgement and simply summarised points made earlier in their responses to (d) (iii) questions.

Section A overview

Section A of this paper has twenty multiple choice questions and is intended to examine Assessment Objective (AO)1: *Demonstrate knowledge and understanding of economic concepts and issues* and AO2: *Apply knowledge and understanding of economic concepts and issues to a variety of contexts*.

Centres seemed to have prepared their candidates well for this multiple choice question section of the paper. However, many candidates found specific questions difficult (including Questions 4, 5, 8, 13 and 19) and this could account for the lower number of candidates who scored full marks, i.e. twenty marks.

While candidates may change their minds in attempting to answer certain questions, they need to be reminded that there is a danger in replacing one response with another, as this might make it very difficult for the examiner to determine exactly what the new response is, unless the candidate has been careful. Some candidates did not cross out one response and replace it with a separate new response but chose to write over an existing response with a new response. This can decrease the legibility of any response. Other candidates changed their mind, crossed out their first response (or sometimes their second or even their third response) and then tried to add another response letter into the box provided. This made it almost impossible to work out exactly what response the candidate was offering to that question. Therefore, as has been said in previous reports on this paper, it is recommended that, if a candidate changes their mind about a response provided, they should cross it out and write their replacement response on the right of the box provided.

Question 1

- 1 Money is widely accepted as a means of buying and selling products.

In this situation, money is acting as a

- A factor of production
- B medium of exchange
- C source of income
- D type of credit

Your answer

[1]

A very high percentage of candidates gave Option B as the correct response to this question.

Question 2

2 What is meant by the labour market?

- A The demand for labour by firms and the supply of labour by households
- B The free movement of labour between different jobs
- C The interaction between employers and workers about pay and conditions
- D The working population excluding those individuals retired or still in education

Your answer

[1]

A high percentage of candidates gave Option A as the correct response to this question.

Question 3

3 Kai had an idea to set up a printing business.
They rented a shop, employed staff and bought some printing equipment.

As a producer, what is Kai **not** responsible for?

- A Adding efficiency to the firm
- B Deciding how much VAT to pay
- C Making economic choices about production
- D Making use of scarce resources

Your answer

[1]

A very high percentage of candidates gave Option B as the correct response to this question.

Question 4

4 The table shows the total costs of a firm.

Output	Total cost (£)
1	24
2	36
3	48
4	56

If output increases from 1 to 4, what is the change in the firm's average cost?

- A + £32
- B + £14
- C – £14
- D – £10

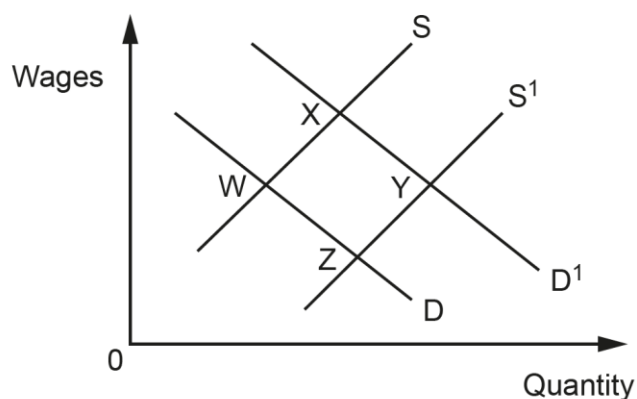
Your answer

[1]

The correct response to this question was Option D. However, many candidates gave Option A as they had not noticed the word 'average' within the stem of this question.

Question 5

5 The diagram shows changes in the supply and demand for labour.



The original equilibrium is at W.

Where is equilibrium after an increase in the productivity of labour?

- A W
- B X
- C Y
- D Z

Your answer

[1]

The correct response to this question was Option B. However, a considerable percentage of candidates gave Option D as their response to this question.

N.B. Where candidates provided a response of X, they were given one mark.

Question 6

- 6 A beekeeper has been invited to sell the honey produced by their bees at a charity event in the local village hall.

This charity event is an example of a

- A market
- B monopoly
- C primary sector activity
- D producer

Your answer ☐

[1]

A very high percentage of candidates gave Option A as the correct response to this question.

Question 7

- 7 A sports venue has a seating capacity of 90 000 people.

What is the price elasticity of supply of seats at this venue?

- A Greater than 1
- B Perfectly elastic
- C Perfectly inelastic
- D Unitary elastic

Your answer ☐

[1]

A high percentage of candidates gave Option C as the correct response to this question.

Question 8

- 8 Sam has started a new job. The table shows their monthly pay statement.

Item	£
Wage	2500
Bonus	500
Income tax	345
National Insurance	250
Pension contributions	225

What is Sam's monthly net pay?

- A £1680
- B £2180
- C £2405
- D £2655

Your answer

[1]

The correct response to this question was Option B. Incorrect responses ranged across the other three options and indicated a misunderstanding of how to calculate monthly net pay.

Question 9

- 9 The Bank of England has announced a large increase in the rate of interest.

What is the **most** likely effect on consumers?

- A Additional spending
- B Decreased borrowing
- C Increased demand for labour
- D Increased investment

Your answer

[1]

A very high percentage of candidates gave Option B as the correct response to this question.

Question 10

10 Which of these statements is **not** true?

- A Any firm may become an oligopoly
- B Governments produce services which the private sector will not
- C Households make decisions based on opportunity cost
- D Individuals cannot be producers of goods and services

Your answer

[1]

The correct response to this question was Option D. Incorrect responses ranged across the other three options and indicated some gaps in candidates' knowledge and understanding.

Question 11

11 Shops **usually** hold a 'cut price' sale of goods because the original price was

- A above the equilibrium price
- B at the equilibrium price
- C below the equilibrium price
- D causing excess demand

Your answer

[1]

A very high percentage of candidates gave Option A as the correct response to this question.

Question 12

- 12** Farmers have started to produce more organic vegetables.
They have found that many people are willing to pay a high price for organic vegetables.

This increased production of organic vegetables is a result of which role of price?

- A** Rationing
- B** Signalling
- C** Specialisation
- D** Substitution

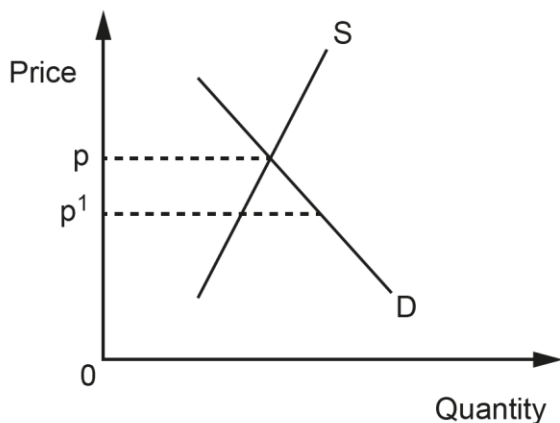
Your answer

[1]

A high percentage of candidates gave Option B as the correct response to this question.

Question 13

- 13** The diagram shows the market for houses in Plumgarth in 2023.



If the price of houses decreases from p to p^1 which of these statements is correct?

- A** Buyers will find it easier to purchase a house
- B** Buyers will find it more difficult to save money to purchase a house
- C** Sellers will be less willing to put their house on the market
- D** Sellers will not be able to sell their house

Your answer

[1]

The correct response to this question was Option C. Incorrect responses frequently gave Option A or, to a lesser extent, Option D and indicated a lack of knowledge and understanding of the implications of falling prices in a local housing market.

Question 14

14 Apples and plums are substitute goods.

The demand curve for plums will shift to the right if there is

- A** a fall in the price of apples
- B** a fall in the price of plums
- C** a rise in the price of apples
- D** a rise in the price of plums

Your answer

[1]

A high percentage of candidates gave Option C as the correct response to this question.

Question 15

15 The government has decided to rebuild the main road near Carwod, as the present road is too dangerous. The new road will be nearer to the village of Carwod.

This is an example of which type of sustainability?

- A** Economic
- B** Environmental
- C** Renewable
- D** Social

Your answer

[1]

A high percentage of candidates gave Option D as the correct response to this question.

Question 16

16 The town of Barrow-in-Furness specialises in the manufacturing industry.

This is an example of

- A** a bigger market
- B** efficient use of resources
- C** improved standards of living
- D** time saving

Your answer

☐

[1]

A high percentage of candidates gave Option B as the correct response to this question.

Question 17

17 If the price of olive oil increases consumers are likely to demand less.

This shows

- A** an efficient working of the market as consumers respond to price signals
- B** equilibrium price and quantity will not be restored after a price change
- C** opportunity cost as the supplier increases price to the consumer
- D** the transmission of preferences from consumers to producers

Your answer

☐

[1]

A high percentage of candidates gave Option A as the correct response to this question.

Question 18

18 Price competition typically leads to firms in the market reducing their prices.

What is **most** likely to happen to a firm which does not reduce its price? It will

- A** continue to be successful if its demand is price elastic
- B** employ more economies of scale to gain customers
- C** improve its efficiency to find ways to reduce costs
- D** lose customers and may go eventually go out of business

Your answer

☐

[1]

A very high percentage of candidates gave Option D as the correct response to this question.

Question 19

19 Charlie has increased the production of their business by 10%.
Gabi has increased the productivity of their business by 10%.
The prices of their products have not changed.

What is the **most** likely outcome?

- A** Charlie has decreased the costs of production more than Gabi
- B** Charlie has increased the economies of scale more than Gabi
- C** Gabi has decreased the average revenue of their business compared to Charlie's
- D** Gabi has increased the competitiveness of their business compared to Charlie's

Your answer

☐

[1]

The correct response to this question is Option D. Incorrect responses ranged across the other three options and indicated a misunderstanding of the difference between production and productivity and the possible implications of changes in both.

Question 20

- 20** A large firm wants to expand its output.
It needs to borrow £100 000 for 10 years.

Which financial institution is the firm **most** likely to go to for this loan?

- A** A commercial bank
- B** An insurance company
- C** The central bank
- D** The local building society

Your answer

[1]

A high percentage of candidates gave Option A as the correct response to this question. However, Option C was popular and showed a misunderstanding of the role of the central bank.

Section B overview

Section B of this paper consists of three questions, with a short case study (Extracts 1, 2 and 3) and related short and medium response questions, as well as the opportunity for extended responses. Each of the three questions is broken down into six questions ranging in mark allocation – 4 two mark questions and 2 six mark questions making twenty marks in total. In addition to examining AO1 and AO2, Section B also examines AO3: *Analyse and evaluate economic evidence and issues to demonstrate understanding of economic behaviour, make judgements and draw conclusions*.

Even though it was highlighted in Extract 1, some candidates did not take note of the relationship between oil and petrol. Consequently, there was often a tendency for these candidates to use the terms interchangeably or as if they were both the same thing. This could have hindered their responses to Questions 21 (c), 21 (d) (ii) and 21 (d) (iii).

The ability to draw accurate and correctly labelled diagrams was tested in four different questions in this series, which accounted for up to 10% of the marks for this paper. Unfortunately, some candidates did not provide such diagrams, which hindered their overall performance.

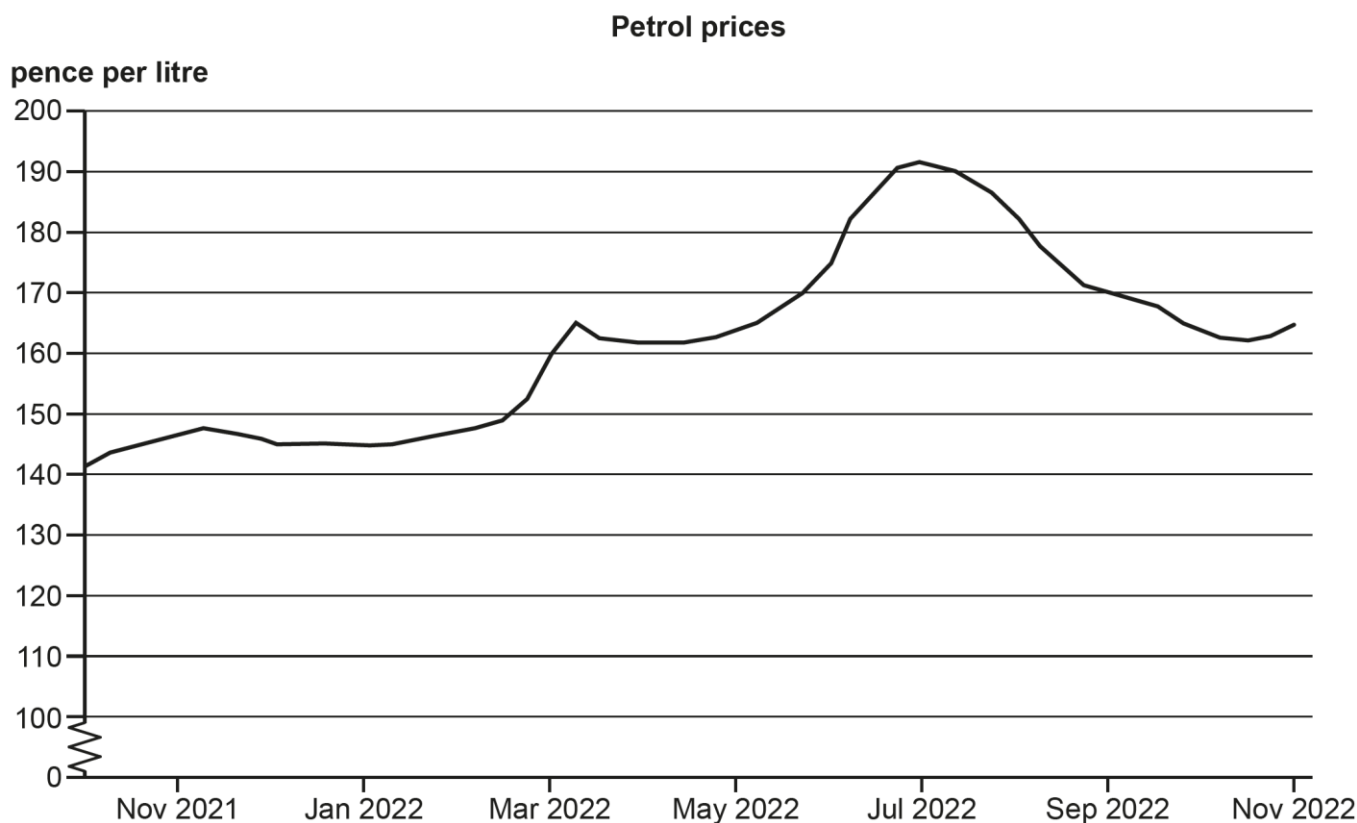
Some parts of the specification are more difficult for candidates than others, but they need to be tested regularly. This includes topics such as price elasticity of demand. Unfortunately, some candidates were confused between price elastic demand and price inelastic demand and therefore, the respective consequences when supply alters, for example. Also, the use of imprecise language and terminology was often a sign of a lack of understanding, which led to confused analysis and inconsistent evaluation.

A further example of confusion for some candidates occurred when they used the terms 'revenue' and 'profit' incorrectly and in some cases interchangeably.

Question 21 (a)

21 Extract 1 The oil market

Oil is a scarce resource. An important use of oil is to produce petrol. Over a 12-month period between 2021 and 2022 the price of petrol fluctuated significantly. One of the reasons for this was the decrease in the supply of oil to the world market.



Many of the largest producers of oil are members of the Organisation of Petroleum Exporting Countries [OPEC]. This is a form of oligopoly which leads to a different outcome for prices than would be expected in a competitive market. The effectiveness of this oligopoly partly depends on the price elasticity of supply of oil.

Currently, the price elasticity of demand of petrol is price inelastic. However, with the increased use of electric vehicles it is expected to become more price elastic.

(a) Explain what is meant by a decrease in supply.

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.....

..... [2]

Candidates who scored well on this question had learnt how to define the term 'supply' and then adapted their definition to cover 'a decrease'. Less successful responses tended to either re-phrase the question or gave generic responses that referred to falling production.

Question 21 (b)

(b) Explain how an oligopoly, such as OPEC, differs from a competitive market.

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..... [2]

There was considerable evidence that some candidates did not understand what an oligopoly is. There was confusion with monopoly or responses that focused on OPEC. While many other candidates were able to define an oligopoly, many did not consider how it might differ from a competitive market. The best responses were based on differences including the number and/or the size of firms, the ability to affect prices and the height of barriers to entry within each type of market.

The need for precision

When answering questions like 21 (b), it is important that candidates use precise language. For example, a response that stated that 'An oligopoly is made up of a few large firms, but a competitive market consists of smaller firms' would only be considered worthy of one mark. However, a response that stated that 'An oligopoly is made up of a few large firms, but a competitive market consists of many small firms' would be considered worthy of two marks.

Question 21 (c)

- (c) Using a diagram, analyse how the market forces of demand and supply can affect the price that consumers pay for petrol.

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.....

..... [6]

This question was clearly accessible to nearly all candidates with the majority able to include an appropriately drawn and labelled diagram. However, there was evidence to suggest that some candidates did not read the question carefully enough, as they did not refer to 'the market forces of demand and supply' but focused on only one of these.

The best responses started with a diagram or diagrams that included shifts of both supply and demand and/or reflected information contained within Extract 1 relating to the price elasticity of demand and supply. These were then followed by written responses that applied the candidates' knowledge and understanding by including either references to the price of petrol in the chart in Extract 1 or to the actions of OPEC or PED and/or PES. Such responses referred explicitly to their diagram(s) in their analysis of impacts of shifting demand and/or supply curves on petrol prices and, crucially, kept the focus on petrol prices and not oil prices.

Less successful responses often did not link the written analysis to the diagram(s) drawn or only referred to one of the market forces or did not consider the impact of PED and/or PES on the price of petrol or – despite the wording in the question – focused on the impact on quantity demanded and/or supplied of a change in the price of petrol or oil.

Question 21 (d) (i)

(d)

(i) Explain the trend in the price of petrol between January 2022 and July 2022.

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..... [2]

It is important to understand that a trend refers to 'the general direction in which something is developing or changing over time'. So, for this question, the trend of the price of petrol is upward or increasing or positive. However, the trend was not consistently upward as the price of petrol fell slightly in April 2022.

Less successful responses tended to describe or repeat the graphical data contained within the chart for all seven months or particularly significant months, without actually addressing the requirements of the question.

The best responses were able to compare the values at the start and end of the period; to state that the trend was upward; and then quantified the amount by which the price of petrol had increased in pence.

Question 21 (d) (ii)

(ii) Explain how the price fluctuations of petrol in **Extract 1** show that oil is a scarce resource.

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..... [2]

This question was not well-answered. Many candidates did not seem to understand the concept of scarce resources and focused on oil as being limited in supply but did not link this to the price fluctuations of petrol. The best responses started with a definition or explanation of the term 'scarce resource' or 'scarcity' and then went on to link the impact of the scarcity of oil to petrol prices.

Exemplar 1

Since oil is a scarce resource, there is not a guaranteed supply of it. Which means that when there is limited oil, there is limited petrol. This means that producers will increase prices to allow the good wanted by the consumers who need it most to be purchased. [2]

Exemplar 1 was given two marks as, while it did not define scarcity, it did link the situation with regards to the supply of oil to petrol and then to prices charged to consumers.

Question 21 (d) (iii)*

(iii)* Evaluate the importance of price elasticity of demand for petrol for consumers.

Use the information given in **Extract 1** and your own knowledge.

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..... [6]

Many candidates found this question very challenging. While candidates were able to analyse the impact of price inelastic demand on consumers and were able to link the increased usage of electric vehicles to falling demand for petrol and changes in the PED of petrol over time, there was considerable confusion between price elastic and price inelastic demand. In addition, many candidates did not evaluate effectively, as they often provided generic evaluation as opposed to considering importance as part of their evaluation. To reach Level 3 in a question like this, a candidate is required to provide good evaluation of the extent of the importance of PED to consumers together with a fully supported judgement that weighs up arguments/both sides/compares alternatives. All too regularly, judgements were often concluding statements or summaries of previous issues within the response and so added nothing new to the response.

The need for precision

When writing about price elasticity of demand and/or supply, it is important that candidates understand the need to be precise in their use of economic terminology. For example, the demand for petrol is not inelastic, but it is price inelastic; oil is not inelastic, but the demand for oil is price inelastic; and electric vehicles are not elastic, but the demand for petrol is expected to become more price elastic due to the increased usage of electric vehicles.

Assessment for learning



Evaluation as a higher order thinking skill is often difficult for students to understand and carry out. As a result, teachers often spend a good amount of time educating their students in precisely how to evaluate and providing opportunities to practise this skill.

However, it is also important that students are provided with the same for differing forms or types of evaluation. For example, the evaluation required in Q21 (d) (iii) differs from the evaluation required in Q22 (d) (iii) and from that required in Q23 (d) (iii).

It was not always clear that candidates understood these distinctions.

Question 22 (a)

22 Extract 2
A garden business

Amir and Nina run a business which designs and builds gardens. Nina is responsible for the design work, and Amir organises the building work. This is an example of division of labour. They have recently been asked by the Hesthwaite Trust, a local charity, to redesign and build five gardens. The Trust will pay a fixed price of £8000 for each garden. Nina has calculated the total design and plant costs to be £11 400. In addition, she has estimated the costs of the building work for each garden.

	Cost of building work (£)
Gardens 1 and 4	2000 each
Gardens 2 and 3	4500 each
Garden 5	11 750

Amir and Nina realise how important it is that they earn a profit on the work, especially as they operate in the product market. They expect that if people visiting the gardens like their work this will change their demand. This would mean they could compete more effectively with their rivals.

(a) Explain what is meant by division of labour.

.....

.....

.....

..... [2]

It was good to see responses that could accurately define the term 'division of labour'. Many candidates, however, gave vague responses, which were often only given one mark for referring to the idea of specialisation but not relating this to the splitting up of a process into distinct tasks.

Exemplar 2

..... Division or labour is the splitting of a work ^{task} ~~area~~ in a
 firm into smaller ~~labor~~ ^{work} units so that each focuses on a
 specific part of production, therefore all the smaller workers
 of labour do different parts of production to increase efficiency. [2]

Exemplar 2 was given two marks as it clearly explained how the division of labour occurs and its link to specialisation.

Question 22 (b)

- (b)** Calculate the profit or loss Amir and Nina would make if they accepted the work to redesign and build all five gardens.

Show your working.

Answer = £ [2]

Performance on the numerical questions improved this year and, as a result, many candidates scored full marks for this question. The most common mistake (where they were made) was to not include the fixed costs of design and plant costs in the total costs. However, even with such an error, candidates could still be given one mark (under the Own Figure Rule) for a response using the correct calculation for the total revenue (£40,000) and then subtracting their incorrect total cost figure – as long as this calculation was carried out correctly.

Question 22 (c)

(c) Analyse the advantages for Amir and Nina of their business making a profit.

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..... [6]

While many candidates were able to define or explain what 'profit' means, it was often clear that many candidates simply did not understand what profit can be used for. So, examiners saw many scripts suggesting that Amir and Nina could use any profit made to pay for extra employees or to train employees or to cover the cost of marketing and advertising. Better responses, however, focused on the use of profit to improve efficiency by providing a source of finance for new capital and so help the business to expand and/or as a reward and income to the owners of the business to improve their material wellbeing.

However, it was the issue of the use of contextual information, which was the most significant discriminator between those with marks in Level 1 or at the bottom of Level 2 and those with marks at the top of Level 2 or in Level 3. To be given four marks out of the six marks available, candidates had to apply their knowledge and understanding of the advantages of making a profit for Amir and Nina. While to progress to five or six marks, they needed to also demonstrate an understanding of some of the relevant elements of the scenario in Extract 2.

Some responses that contained some good analysis on how profits could be used and their impact on being competitive and ensuring economic sustainability, were unable to reach the top half of the mark scheme due to a lack of application of knowledge and understanding.

OCR support



OCR has published a Teacher Support Guide for GCSE Economics (Units J205/01 and J205/02) entitled '[A guide to 6-mark questions – key points and examples to support teaching and learning](#)'. This can be downloaded from Teach Cambridge.

Question 22 (d) (i)

(d)

(i) Explain why Amir and Nina's business is part of the product market.

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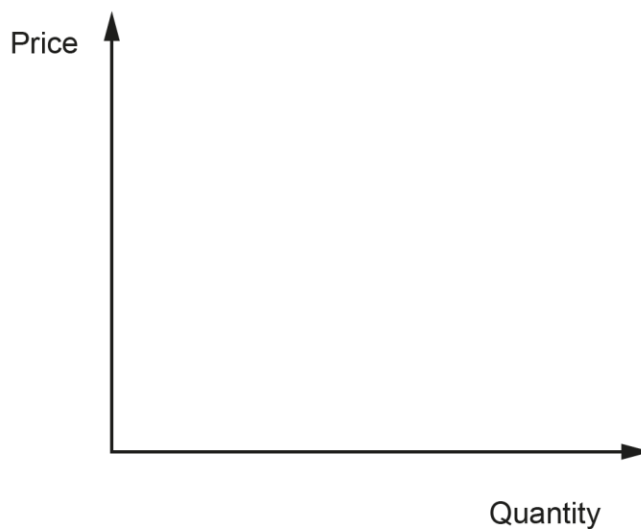
..... [2]

Candidates who clearly understood that the product market is where final goods and services are offered to consumers and how Amir and Nina's business is a part of it were able to score full marks. However, a significant number of candidates did not appear to understand what a product market is and offered rather vague responses relating to the production of goods and/or services or did not include reference to consumers or buyers.

Question 22 (d) (ii)

(ii) "They expect that if people visiting the gardens like their work this will change their demand."

Draw and label a diagram showing this change in demand for Amir and Nina's business.



[2]

While this question proved to be quite straightforward to the majority of candidates, there were some instances where candidates drew and labelled two demand curves but indicated that demand would shift left. While in a very small number of cases candidates thought that demand curves sloped upwards from left to right.

Question 22 (d) (iii)*

(iii)* Evaluate why it would be important for Amir and Nina to compete more effectively with their rivals.

Use the information given in **Extract 2** and your own knowledge.

..... [6]

Unlike Q21 (d) (iii) which asked for evaluation of the importance of an economic concept for consumers, this question is asking for evaluation of why it would be important for the owners of a business to compete more effectively. Therefore, it is crucial from the perspective of candidates to consider why effective competition is important to the owners of a business before they start to answer the question. This might include issues such as the ability to grow and gain economies of scale, the potential for increased profitability, improving their long-term viability as a business, etc.

There was some evidence of effective evaluation within responses to this question, relating to issues such as long-term sustainability and expanding the firm.

Less successful responses often seemed pre-prepared on the topic of competition and its impact or focused heavily on how to compete rather than why it is important. Some candidates did not correctly interpret the reference in the question to competing more effectively and their responses focused on exploring the impact on Amir and Nina of their business competing, and so did not perform as well.

Once again, many candidates could not access any more than three marks out of the six marks available as they included no link to the contextual information within Extract 2.

Question 23 (a)

23 Extract 3 The Celandine Hotel

The Celandine Hotel won the 'Business Enterprise of 2022 Award' for the county of Cummorland. Although there are many hotels in Cummorland, The Celandine has increased its number of customers. This has been achieved by hosting a wide range of events including conferences, lunches for local businesses, murder mystery evenings, and weddings. This has helped to change the demand for its services from being price elastic to price inelastic.

Ben and Eve, the owners, are concerned by recent increases in the rate of interest. Five years ago they borrowed £500 000 to help them buy the hotel. At that time, they were paying 3% interest which was £1250 a month. The bank has told them from the start of next month they need to pay 7.5% interest.

Eve has suggested that they could save money on wages if she gave up her teaching job. She could then manage the business finances and run some of the hotel's events. Ben wondered whether a better option would be to specialise in weddings and conferences in the future.

(a) Explain, using an example, what is meant by enterprise.

.....

.....

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..... [2]

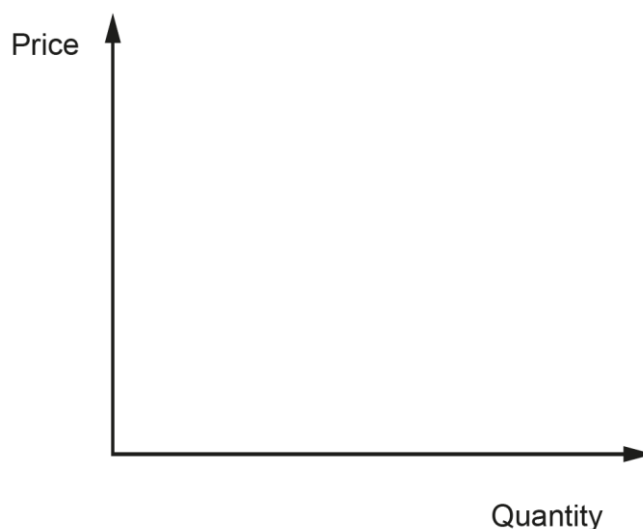
The responses to this question were, in the main, less successful. This was due to the inability of most candidates to provide a response that included a suitable example of enterprise. The main issue was an apparent confusion between 'enterprise' and 'entrepreneurs'. This led to many candidates including either the names of individual entrepreneurs such as Elon Musk, Bill Gates or Jeff Bezos or the names of individual business organisations such as Tesla, Microsoft or Amazon rather than providing an example of how they demonstrate enterprise.

Better responses referred to enterprise as a factor of production that takes a risk in organising the other factors of production and supported this with a simple example, such as setting up a coffee shop.

It is worth noting that this question had one of the highest 'No response' figures for this paper.

Question 23 (b)

- (b)** Draw and label a diagram showing the original price elastic demand curve and the new price inelastic demand curve for The Celandine Hotel.

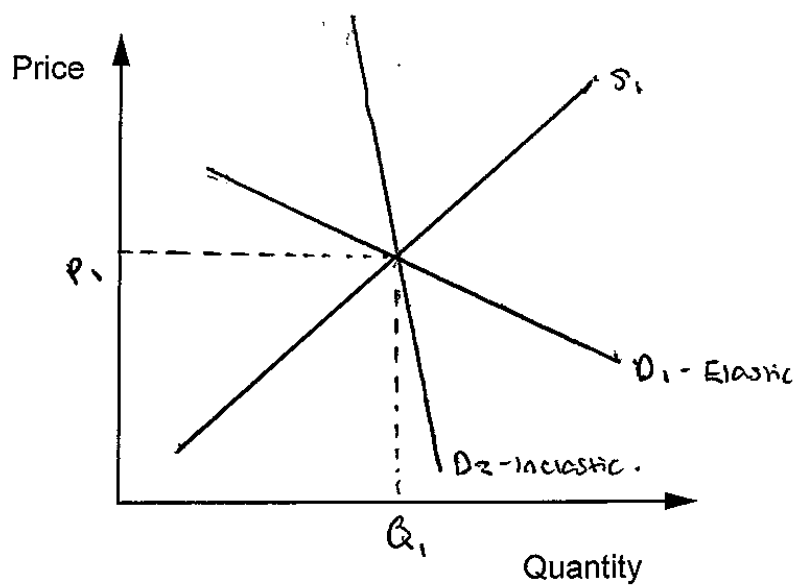


[2]

While a large majority of candidates gained two marks for their response to this question, it was evident that some candidates may not have understood either the question or the concepts involved as they either drew and labelled two parallel demand curves or drew two demand curves and left them unlabelled.

It is important that candidates leave no doubt in the mind of the examiner as to which demand curve is which by clear and appropriate labels being included in their response.

Exemplar 3



Exemplar 3 was given two marks for drawing and correctly labelling a price elastic demand curve and a price inelastic demand curve.

N.B. There was no need for a supply curve to be drawn or for the equilibrium price and quantity to be shown on the diagram.

Question 23 (c)

- (c) Using a diagram, analyse the consequences for Ben and Eve of an upwards movement **along** their supply curve.

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..... [6]

The better responses to this question recognised that an upwards movement along a supply curve must have been caused by the demand curve having shifted to the right and so included this in their diagram and linked their written analysis of the impacts of this back to the diagram. These impacts usually related to higher revenue for the business and the possibility of higher profits if costs rose by less than the additional revenue.

Less successful responses got the diagram incorrect by showing a shift in supply to the right or left, which meant that most of the written analysis was incorrect too. Another misconception was that the upwards movement along the supply curve led to an excess of supply over demand and so would lead to lower prices, the firm making a loss and the potential closure of the business.

Question 23 (d) (i)

(d)

- (i) Calculate how much interest per month Ben and Eve will be paying after the interest rate increases.

Show your working.

Answer = £ [2]

Most candidates were given both marks for this question. Where full marks were not given, this was mainly due to the failure of some candidates to work out the monthly interest payment as opposed to the total of interest yearly.

Question 23 (d) (ii)

- (ii) Explain what the opportunity cost will be if Eve decides to, “manage the business finances and run some of the hotel’s events.”

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..... [2]

Less successful responses to this question did not seem to understand the term ‘opportunity cost’ and/or did not identify that Eve would lose her teaching salary if she took on the specified roles in the hotel. The best responses provided a clear definition of the term and linked their understanding to the loss of pay.

Question 23 (d) (iii)*

(iii)* Evaluate the benefits of increased specialisation for The Celandine Hotel.

Use the information given in **Extract 3** and your own knowledge.

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..... **[6]**

Of the three (d) (iii) questions on this paper, this was probably the most accessible for candidates and many seemed well prepared for a question such as this one. Consequently, there were many responses which referred to issues such as higher quality, improved worker productivity, lower average costs, increased reputation of the business, demotivated workers and overdependence.

In this instance, many candidates found it far easier to gain marks for evaluation of the benefits of increased specialisation for the hotel. Although, in some cases, this did not progress beyond the 'boredom' factor and what this meant for the hotel. Once again, less successful responses did not relate points made back to the context of Extract 3. Also, some candidates focused their response on the benefits of specialisation for the workers themselves.

Many limited responses often ended with a conclusion that was a summary rather than a supported judgement.

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Question 21 (a): Extract 1, Weekly Road Fuel Prices over a Year to October 2022;
<https://www.gov.uk/government/statistics/weekly-road-fuel-prices>

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