

GCSE

Economics

J205/01: Introduction to economics

General Certificate of Secondary Education

Mark Scheme for June 2024

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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% (traditional 40% Batch 1 and 100% Batch 2) deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.
4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone 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:
- 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




These are the annotations, (including abbreviations), including those used in RM Assessor.

Please annotate **every** response, even if no credit is given. All non-levels Qs, the number of ticks must match the mark awarded.

For levels Qs the highest level must be annotated e.g. L3. For answers given L4, also annotate where L3 is within that answer.

Use ticks on levels answers if this aids your marking. **The number of ticks must never exceed the number of marks awarded.**

Annotations

Annotation	Meaning
	Tick
	Cross
	Unclear
BOD	Benefit of the doubt
K	Knowledge
APP	Application of knowledge
AN	Analysis
EVAL	Evaluation
L1	Level one
L2	Level two
L3	Level three
NAQ	Not answered question
OFR	Own figure rule
SEEN	Noted but no credit given
TV	Too vague
BP	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.

12. Subject Specific Marking Instructions

Levels of response / Level descriptors	Knowledge and understanding	Application	Analysis	Evaluation
Good	Good knowledge and understanding of the theory stated or referred to in the question. All of the terms/theoretical concepts are explicitly or implicitly understood.	Good 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.	Good analysis of the effect of xxxx . 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.	Good evaluation with a fully supported judgement that is developed from a weighing up arguments/both sides/comparing alternatives.
Reasonable	Reasonable knowledge and understanding of the theory stated or referred to in the question. Most of the terms/theoretical concepts are explicitly or implicitly understood.	Reasonable 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.	Reasonable analysis of the effect on xxxx . 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.	Reasonable evaluation of xxx considering arguments/both sides/comparing alternatives. There may be a judgement, but this will not be fully supported.
Limited	Limited knowledge and understanding of the theory stated or referred to in the question. Some of the terms/theoretical concepts are explicitly or implicitly understood.	Limited application of knowledge to a given scenario. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.	Limited analysis of the effect on xxxx . 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.	Limited evaluation of xxx that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported statements.

SECTION A

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

Question			Answer	Mark	Guidance
21	(a)		<p>Explain what is meant by a decrease in supply.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> A fall in the ability and willingness of firms to provide goods and services at each price in a given time period 	<p>2</p> <p>AO1a</p>	<p>Award 2 marks for a clear explanation of the term.</p> <p>Award 1 mark if answer only defines 'supply'.</p>
21	(b)		<p>Explain how an oligopoly, such as OPEC, differs from a competitive market.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> Oligopolies (normally) include large firms whereas competition are usually relatively small Only a few firms as against many Will try to set price or quantity whereas in competition price and quantity are set by market forces Normally seen as not being economically efficient whereas competition tends to lead to efficiency <p style="text-align: right;">ARA</p>	<p>2</p> <p>AO1b</p>	<p>Award 2 marks for a clear answer which makes a distinction between oligopoly and a competitive market.</p> <p>Award 1 mark for any correct statement about oligopoly.</p> <p>NB: No reward for a general reference to 'different outcomes for prices' as that is stated in the extract.</p>
21	(c)		<p>Using a diagram, analyse how the market forces of demand and supply can affect the price that consumers pay for petrol.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> An outward shift in demand and/or an inward shift of supply would lead to a higher price An outward shift in supply and/or an inward shift of demand would lead to a lower price The effects of price elasticity of supply The effects of price elasticity of demand Diagram <p>Either:</p>	<p>6</p> <p>1 AO1a 2 AO2 3 AO3a</p>	<p><i>All level descriptors describe the TOP of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p>Level 3 (5-6 marks) (AO1a – 1 mark, AO2 – 2 marks, AO3a – 3 marks = 6 marks)</p> <p>Reasonable knowledge and understanding. All of the terms/theoretical concepts are explicitly or implicitly understood.</p> <p>Reasonable application of how changes in demand and supply would shift the price. 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> <p>Good analysis of the likely impact of how changes in demand and supply would shift the price. There is correct analysis in the form of developed links. These links are</p>

Question	Answer	Mark	Guidance
	<p data-bbox="367 225 920 651"> </p> <p data-bbox="338 687 383 715">Or:</p> <p data-bbox="338 751 898 1129"> </p> <p data-bbox="338 1193 1016 1225">Allow any correct shifts of demand and supply</p> <p data-bbox="338 1262 1211 1326">A maximum of 4 marks if no correct diagram [quantity labels are not required]</p> <p data-bbox="1144 1331 1211 1362">ARA</p>		<p data-bbox="1375 193 2141 288">developed through a chain of reasoning which addresses the question. The diagram is predominantly correct and linked to the analysis.</p> <p data-bbox="1375 325 1648 357">Level 2 (3-4 marks) (AO1a – 1 mark, AO2 – 1 mark, AO3a – 2 marks = 4 marks) Reasonable knowledge and understanding. Most of the terms/theoretical concepts are explicitly or implicitly understood. Limited application of knowledge to how changes in demand and supply would shift the price. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p data-bbox="1375 671 2141 863">Reasonable analysis of the likely impact of how changes in demand and supply would shift the price. 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="1375 906 1648 938">Level 1 (1-2 marks) (AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks) Reasonable knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood. No application of knowledge of how changes in demand and supply would shift the price. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis of the likely impact of how changes in demand and supply would shift the price. 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
					0 marks 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.
21	(d)	(i)	Explain the trend in the price of petrol between January 2022 and July 2022 Answers may include: <ul style="list-style-type: none"> Prices rose/upward or positive trend Prices fell in April Prices increased by around 45p (approx. 30%) 	2 AO2	Award 2 marks for an answer which includes <u>both</u> the upward trend and <u>either</u> the fluctuation <u>or</u> quantitative change. E.g. Between January and July 2022 the price of petrol rose (1) with a slight fall in April 2022 (1). Or: Between January and July 2022 the price of petrol increased (1) by approximately 45 pence (1). Award 1 mark for reference to just an upward trend. N.B. No mark for simply repeating the data or describing sections of the data.
21	(d)	(ii)	Explain how the price fluctuations of petrol in Extract 1 show that oil is a scarce resource. Answers may include: <ul style="list-style-type: none"> Oil is required as a raw material in the production of petrol There is an insufficient amount of oil to satisfy all wants Demand exceeds the available supply so leading to a price increase Oil has inelastic supply so small changes in demand cause relatively large price changes Demand is also inelastic so small changes in supply cause relatively large price changes 	2 AO2	Award 2 marks for an answer that clearly explains how petrol price fluctuations occur because of the relative scarcity of oil. Award 1 mark for an answer which does not go beyond the definition in terms of scarce resources.

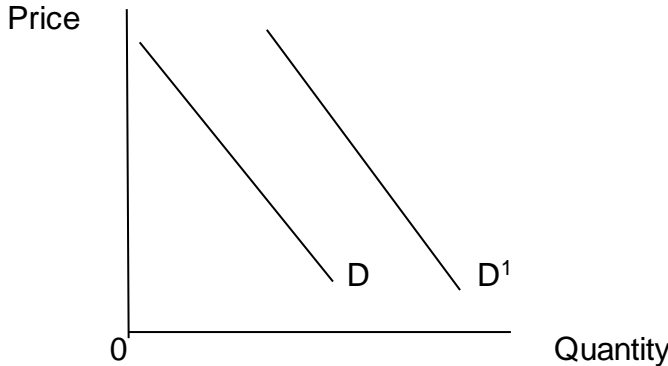
ARA

21	(d)	(iii)*	<p>Evaluate the importance of price elasticity of demand for petrol for consumers.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> Helps them plan expenditure: know how a small change in price will affect them Consumers can try to change their elasticity by changing their pattern of demand/use of cars Allows comparison with other transport methods Diagram <p>Evaluation may include [NB: the importance of]:</p> <ul style="list-style-type: none"> May depend on their use of petrol, e.g., those who need it for work/to commute as against those who use their cars for leisure May depend on the number of electric vehicles owned and used May have declined in importance with 'working from home' Problems of knowing the value of PED <p style="text-align: right;">ARA</p>	<p>6</p> <p>1 AO2 2 AO3a 3 AO3b</p>	<p><i>All level descriptors describe the TOP of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p>Level 3 (5-6 marks) (AO2 – 1 mark, AO3a – 2 marks, AO3b – 3 marks = 6 marks) Good application of knowledge of the likely importance of PED for consumers. 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. Reasonable analysis of the importance of PED for consumers. 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. Good evaluation of the extent of the importance of PED for consumers 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>Level 2 (3-4 marks) (AO2 – 1 mark, AO3a – 1 mark, AO3b – 2 marks = 4 marks) Good application of knowledge of the likely importance of PED for consumers. 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. Limited analysis of the importance of PED for consumers. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if</p>
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				<p>present) are unlikely to be correct and not linked to the analysis.</p> <p>Reasonable evaluation of the importance of PED for consumers 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>Level 1 (1-2 marks) (AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks)</p> <p>No application knowledge of the likely importance of PED for consumers. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p>Limited analysis of the importance of PED for consumers. 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>Limited evaluation of the importance of PED for consumers 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>0 marks No work worthy of credit.</p> <p>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.</p>
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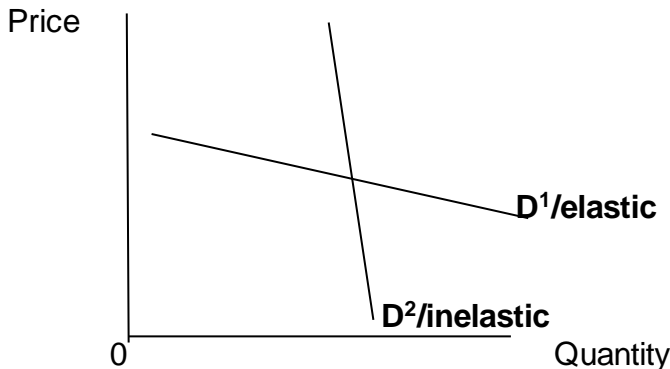
Question			Answer	Mark	Guidance
22	(a)		<p>Explain what is meant by division of labour.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> Tasks are divided up between the workers with each specialising in one part. 	<p>2</p> <p>AO1a</p>	<p>Award 2 marks if the answer mentions: tasks divided up; specialising in one part.</p> <p>Award 1 mark if reference to the idea of specialisation or dividing up the work is missing.</p> <p>No reward for repeating the example of division of labour from the extract – this is not explaining the term.</p>
22	(b)		<p>Calculate the profit or loss Amir and Nina would make if they accepted the work to redesign and build all five gardens.</p> <p>Revenue = 5 x £8,000 = £40,000 Cost = £11,400 + (£4,000 + £9,000 + £11,750) = £36,150 [1 mark] Profit = £40,000 - £36,150 = £3,850 [1 mark]</p>	<p>2</p> <p>AO2</p>	<p>A correct answer of £3,850 (with or without workings) is 2 marks.</p> <p>Award 1 mark for correct calculation of total cost.</p> <p>OFR applies, e.g., incorrectly calculates revenue or costs, but then works out the profit correctly using these figures = 1 mark.</p>
22	(c)		<p>Analyse the advantages for Amir and Nina of their business making a profit.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> Allows them to stay in business Allows them to attract more scarce resources to the business Signals success to consumers, suppliers, etc Profits are a source of investment Allows them to grow the business and so, for example, increase market share Makes it easier to borrow money or raise finance Profit as a reward to Amir and Anna <p style="text-align: right;">ARA</p>	<p>6</p> <p>1 AO1a 2 AO2 3 AO3a</p>	<p><i>All level descriptors describe the TOP of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p>Level 3 (5-6 marks) (AO1a – 1 mark, AO2 – 2 marks, AO3a – 3 marks = 6 marks) Reasonable knowledge and understanding. All of the terms/theoretical concepts are explicitly or implicitly understood. Reasonable application of the advantages of making a profit for Amir and Nina. 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. Good analysis of the advantages of making a profit for Amir and Nina. There is correct analysis in the form of developed links. These links are developed through a chain of reasoning which addresses the question.</p>

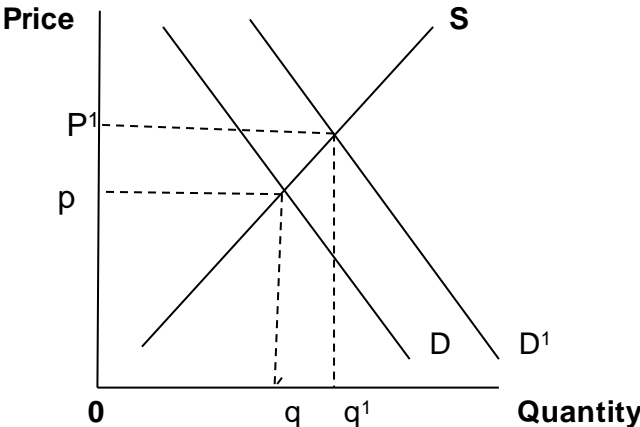
Question			Answer	Mark	Guidance
					<p>Level 2 (3-4 marks) (AO1a – 1 mark, AO2 – 1 mark, AO3a – 2 marks = 4 marks) Reasonable knowledge and understanding. Most of the terms/theoretical concepts are explicitly or implicitly understood. Limited application of knowledge of the advantages of making a profit for Amir and Nina. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Reasonable analysis of the advantages of making a profit for Amir and Nina. 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.</p> <p>Level 1 (1-2 marks) (AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks) Reasonable knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood. No application of knowledge of the advantages of making a profit for Amir and Nina. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis of the advantages of making a profit for Amir and Nina. There is an attempt at analysis which may include a single effect that has some link to the question.</p> <p>0 marks No work worthy of credit.</p> <p>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.</p>

Question			Answer	Mark	Guidance
22	(d)	(i)	<p>Explain why Amir and Nina's business is part of the product market.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> Market where (final) goods and services are offered to the consumer [businesses and the public sector] Amir and Nina sell final goods/services to the buyer Households, other firms, and the public sector are the buyers Hesthwaite Trust is buying a final good/service <p style="text-align: right;">ARA</p>	<p>2</p> <p>AO1b</p>	<p>Award 2 marks if there is a clear understanding of what a product market is and why Amir and Nina's business is part of it.</p> <p>Award 1 mark if there is some understanding of what a product market is and why Amir and Nina's business is part of it.</p> <p>Or:</p> <p>Award 1 mark if there is a clear idea of a product market, but this is <u>not linked to Amir and Nina's business.</u></p>
22	(d)	(ii)	<p>Draw and label a diagram showing this change in demand for their business.</p> 	<p>2</p> <p>AO2</p>	<p>Give 2 marks for correctly drawing and labelling two demand curves and indicating the shift to the right (by labelling is enough).</p> <p>Give 1 mark if only one demand curve is correctly drawn and labelled.</p> <p>If the demand curve is shifted to the left, then 1 mark for a correctly drawn and labelled original line.</p> <p>No marks if the demand curve is unlabelled or slopes upwards.</p>
22	(d)	(iii)*	<p>Evaluate why it would be important for Amir and Nina to compete more effectively with their rivals.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> Lead to increase in demand Enable them to reduce costs per unit Lead to increase in profit Greater market share 	<p>6</p> <p>1 AO2 2 AO3a 3 AO3b</p>	<p><i>All level descriptors describe the TOP of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p>Level 3 (5-6 marks) (AO2 – 1 mark, AO3a – 2 marks, AO3b – 3 marks = 6 marks)</p> <p>Good application of knowledge of the likely importance of effective competition for Amir and Nina. The terms/theoretical</p>

Question	Answer	Mark	Guidance
	<ul style="list-style-type: none"> Successful businesses more likely to attract scarce resources <p>Evaluation may include [NB: why it would be important]:</p> <ul style="list-style-type: none"> If they do not compete effectively, they could be forced out of business/lose market share More effective competition will increase their market share at the expense of competitors, which could improve their long-term financial future <p>NB: the focus of an answer should be about 'effective competition'</p> <p style="text-align: right;">ARA</p>		<p>concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario. Responses include actual reference to gardens/garden services (designing and/or building) or other aspects of the scenario.</p> <p>Reasonable analysis of the importance of effective competition for Amir and Nina. 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.</p> <p>Good evaluation of the extent of the importance of effective competition for Amir and Nina 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>Level 2 (3-4 marks) (AO2 – 1 mark, AO3a – 1 mark, AO3b – 2 marks = 4 marks)</p> <p>Good application of knowledge of the likely importance of effective competition for Amir and Nina. 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. Responses include actual reference to gardens/garden services (designing and/or building) or other aspects of the scenario.</p> <p>Limited analysis of the importance of effective competition for Amir and Nina. 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>Reasonable evaluation of the importance of effective competition for Amir and Nina considering arguments/both sides/comparing alternatives. There may be a judgement, but this will not be fully supported.</p>

Question			Answer	Mark	Guidance
					<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>Level 1 (1-2 marks) (AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks) No application knowledge of the likely importance of effective competition for Amir and Nina. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis of the importance of effective competition for Amir and Nina. There is an attempt at analysis which may include a single effect that has some link to the question. Limited evaluation of the importance of effective competition for Amir and Nina 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>0 marks No work worthy of credit.</p> <p>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.</p>

Question			Answer	Mark	Guidance
23	(a)		<p>Explain, using an example, what is meant by enterprise.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> The factor that takes a risk in organising the other factors of production E.g. setting up a new business 	<p>2</p> <p>AO1a</p>	<p>Award 1 mark for a reference to risk and/or organising/bringing factors of production together.</p> <p>Award 1 mark for a correct example.</p>
23	(b)		<p>Draw and label a diagram showing the original price elastic demand curve and the new price inelastic demand curve for The Celandine Hotel.</p> 	<p>2</p> <p>AO1b</p>	<p>Award 1 mark for correctly drawing and labelling an elastic demand curve.</p> <p>Award 1 mark for correctly drawing and labelling an inelastic demand curve.</p> <p>Allow 'original' and 'new' for the labels.</p> <p>Allow the label for the price elastic demand curve to be D and the label for the price inelastic demand curve to be D₁ <u>or</u> D₀ and D₁ <u>or</u> D₁ and D₂ as the question asks for the two demand curves in this order.</p> <p>If two correct demand curves are drawn, but with no appropriate labels (such as above), award 1 mark.</p>
23	(c)		<p>Using a diagram, analyse the consequences for Ben and Eve of an upwards movement along their supply curve.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> Demand has increased so the demand curve shifts to the right This means they can charge a higher price while gaining more customers and, therefore, more revenue Relative rise in price and quantity will depend on the PES Increase in TC Outcome on profit will depend, also, on whether the rise in TR > TC or not May attract more competition which could reduce 	<p>6</p> <p>1 AO1a 2 AO2 3 AO3a</p>	<p><i>All level descriptors describe the TOP of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p>Level 3 (5-6 marks) (AO1a – 1 mark, AO2 – 2 marks, AO3a – 3 marks = 6 marks) Reasonable knowledge and understanding. All of the terms/theoretical concepts are explicitly or implicitly understood. Reasonable application of how movement along the supply curve would affect Ben and Eve. The terms/theoretical concepts are used/adapted/changed in the context of the</p>

Question	Answer	Mark	Guidance
	<p>demand/profits longer term, etc.</p> <ul style="list-style-type: none"> Diagram (accept as correct if no demand curves are shown)  <p>A maximum of 4 marks if no correct diagram.</p> <p style="text-align: right;">ARA</p>		<p>given scenario. There is understanding of some of the relevant elements of the scenario.</p> <p>Good analysis of the likely effects of a movement along the supply curve on Ben and Eve. 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 linked to the analysis.</p> <p>Level 2 (3-4 marks) (AO1a – 1 mark, AO2 – 1 mark, AO3a – 2 marks = 4 marks) Reasonable knowledge and understanding. Most of the terms/theoretical concepts are explicitly or implicitly understood. Limited application of knowledge to how movement along the supply curve would affect Ben and Eve. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p>Reasonable analysis of the effects of a movement along the supply curve on Ben and Eve. 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>Level 1 (1-2 marks) (AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks) Reasonable knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood. No application of knowledge of how movement along the supply curve would affect Ben and Eve. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p>Limited analysis of the effects of a movement along the supply curve on Ben and Eve. There is an attempt at analysis which may include a single effect that has some link to the</p>

Question			Answer	Mark	Guidance
					<p>question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.</p> <p>0 marks No work worthy of credit.</p> <p>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.</p>
23	(d)	(i)	<p>Calculate how much interest per month Ben and Eve will be paying after the interest rate increases.</p> <p>$£500,000 \times 7.5\% = £37,500$ [1 mark]</p> <p>$\frac{£37,500}{12} = \underline{£3,125}$ [1 mark]</p> <p>Or:</p> <p>$£500,000 \times 3\% = £15,000$</p> <p>$\frac{£15,000}{12} = £1,250$</p> <p>$\frac{£1,250}{3} = £416.67$</p> <p>$£416.67 \times 7.5 = \underline{£3,125}$ [2 marks]</p>	<p>2</p> <p>AO2</p>	<p>A correct answer of £3,125 (with or without workings) is 2 marks.</p> <p>Award 1 mark for the correct calculation of the yearly interest payment.</p> <p>OFR [e.g., if the result of the initial calculation is incorrect, but this is then correctly divided by 12, 1 mark can be awarded.]</p>

23	(d)	(ii)	<p>Explain what the opportunity cost will be if Eve decides to, ‘manage the business finances and run some of the hotel’s events.’</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • The next best alternative given up • Eve would give up teaching, so loss of her salary • Actual cost would depend if Eve’s doing the finances saved on someone else’s cost <p style="text-align: right;">ARA</p>	<p>2</p> <p>AO2</p>	<p>Award 2 marks for a clear explanation of the opportunity cost involved, making clear use of the context.</p> <p>Award 1 mark for a theoretical answer.</p> <p>Award 1 mark if the answer is just ‘Eve’s teacher’s salary’, i.e. no explanation.</p>
23	(d)	(iii)*	<p>Evaluate the benefits of increased specialisation for The Celandine Hotel.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Made demand more inelastic so can raise price to increase revenue • Could increase demand as the hotel gains a reputation • Higher productivity of the workforce • Time saved not trying to provide a wide range of services • Higher output of their services • Service offered may be of a higher quality attracting even more demand • Economies of scale <p>Evaluation may include:</p> <ul style="list-style-type: none"> • Benefits may depend on what other hotels do • Providing fewer services may not benefit them if the market changes • Problems of knowing the value of PED – how inelastic is it? <p style="text-align: right;">ARA</p>	<p>6</p> <p>1 AO2 2 AO3a 3 AO3b</p>	<p><i>All level descriptors describe the TOP of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p>Level 3 (5-6 marks) (AO2 – 1 mark, AO3a – 2 marks, AO3b – 3 marks = 6 marks) Good application of knowledge of the likely benefits of specialisation for the hotel. 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. Reasonable analysis of the likely benefits of specialisation for the hotel. 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. Good evaluation of the likely benefits of specialisation for the hotel 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>Level 2 (3-4 marks) (AO2 – 1 mark, AO3a – 1 mark, AO3b – 2 marks = 4 marks) Good application of knowledge of the likely benefits of specialisation for the hotel. The terms/theoretical concepts are used/adapted/changed in the context of the given</p>

				<p>scenario. There is good understanding of all the relevant elements of the scenario.</p> <p>Limited analysis of the likely benefits of specialisation for the hotel. There is an attempt at analysis which may include a single effect that has some link to the question.</p> <p>Reasonable evaluation of the likely benefits of specialisation for the hotel 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>Level 1 (1-2 marks) (AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks)</p> <p>No application knowledge of the likely benefits of specialisation for the hotel. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p>Limited analysis of the likely benefits of specialisation for the hotel. There is an attempt at analysis which may include a single effect that has some link to the question.</p> <p>Limited evaluation of the likely benefits of specialisation for the hotel 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>0 marks No work worthy of credit.</p> <p>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.</p>
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ASSESSMENT OBJECTIVE GRID (AO)

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	
Total:	3	2	7	5	3	20	2
Q22 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	
Total:	3	2	7	5	3	20	2

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	
Total:	3	2	7	5	3	20	2
Section B total:	9	6	21	15	9	60	6
Paper Total	12	16	28	15	9	80	8

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