

Mark Scheme for June 2012

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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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Annotations

Annotation	Meaning
	Tick
	Cross
	Unclear
	Benefit of the doubt
	Irrelevant
	Level one
	Level two
	Level three
	Level four
	Not answered question
	Own figure rule
	Noted but no credit given.
	Too vague
	Omission mark

Quality of Written Communication**Level 4:**

Complex ideas have been expressed clearly and fluently using a style of writing appropriate to the subject matter. There may be few, if any, errors of spelling, punctuation and grammar

Level 3:

Relatively straight forward ideas have been expressed with some clarity and fluency. There may be some errors of spelling. Punctuation and grammar, but these are to be obtrusive or obscure marking.

Level 2:

Some simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar, which may be noticeable and obtrusive

Level 1:

May be in the form of a list. Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar, of which some may be noticeable and obtrusive.

Question		CBT Question No	Answer	Marks	Guidance	
1	(a)	1	<ul style="list-style-type: none"> Controls the price at which goods/services are sold Reduces the choice available to consumers 	2	<p>One mark for each correct identification up to a maximum of two identifications</p> <p>Accept the first two ticks only i.e. if all four answers are ticked then the first tick is wrong, but the second one correct – one mark</p>	
	(b)	(i)	2.1	<p>Total Revenue £800</p> <p>Total Cost £240</p> <p>Profit £560</p>	2	<p>Up to two marks</p> <p>Give one mark for the correct figures in a subtraction sum, but the incorrect answer.</p> <p>Give two marks for (£)560, even if no working shown. £ sign not required</p>
		(ii)	2.2	<ul style="list-style-type: none"> Total Revenue - £800 Rooms - 4 Average Revenue - £200 	2	<p>Up to two marks</p> <p>Give one mark for the correct figures for the division sum, but incorrect answer</p> <p>Give two marks for £200 even if no working shown. £ sign not required</p> <p>Candidates may try to work out AR per room per night i.e. £66.67 – award one mark for this. Allow .60 or.07</p>

Question		CBT Question No	Answer	Marks	Guidance
(c)	(i)	3	Perfectly inelastic supply is when the increase in price leads to no change in supply.	2	Give one mark for each correct word in the right place. These are the only acceptable answers.
	(ii)	4.1	price <p>One mark for a completely inelastic supply line and one more mark for labelling it S.</p>	2	Up to two Marks If the supply line is not labelled then max one mark. Labelling 'S'/'supply'/'S ¹ '/etc is worth one mark. Give one mark if the supply curve is incorrect, but it has been correctly labelled. Each mark awarded must be shown by a tick, ie the sum of the ticks must be same as the total mark awarded.
	(iii)	4.2	One mark for the price has risen/increased One mark for the quantity has stayed the same/is unchanged.	2	OFR applies to the supply line if it is not vertical in part (ii) if applicable, this must be shown on the script. The change in P and Q must relate to the supply line drawn on the diagram. Each mark awarded must be shown by a tick, ie the sum of the ticks must be the same as the total marks awarded No mark for price could have risen or fallen.

Question		CBT Question No	Answer	Marks	Guidance	
					Content	Levels of response
	(d)	5	<p>'Clearly if more tourists start to visit an area then they are likely to demand more accommodation. This increase in tourism may have come about because the area is offering more attractions such as Kenfest in Cumberwest. Festivals, however, are only short term so the area would need either to have many such events or offer a wide range of extra attractions. In addition, the tourist board might improve its promotion of the area so that tourists are attracted from both the UK and abroad. Thus, the UK could also become a more attractive place for foreigners to visit. The most important factor, however, is the amount of money the tourists spend and the length of time they stay. The more they are willing to spend and the longer they stay the greater will be the demand for accommodation. All the other factors are just pointers to this.'</p>	8	<ul style="list-style-type: none"> Income/profit from tourism Increase in tourism/tourists visiting the area Successful promotion of the area Change in the price of alternatives – candidates may be aware of increase in 'staycations' as the £ falls in value Improvement of tourist attractions Special attractions eg Kenfest <p>Allow any other valid idea, eg:</p> <ul style="list-style-type: none"> rise in real incomes – people can afford more holidays fall in real incomes – people substitute UK for foreign holidays UK becomes a more attractive holiday destination for foreigners. <p>An answer which consists of factors affecting demand with no application to tourism or Cumberwest cannot gain more than top L1. Allow focus on B&B as against other accommodation.</p>	<p>Levels 3 & 4 - AO3 Level 2 - AO2 Level 1 - AO1</p> <p>Level 4 [7-8 marks] Candidates give a fully supported answer which clearly considers a number of factors and comes to a supported conclusion/offers comment. Answers at the bottom may have a conclusion which is not clearly supported.</p> <p>Level 3 [5-6 marks] Candidates are able to analyse a number of factors. At the top this analysis is either in depth, minimum two factors, or covers a wide range.</p> <p>Level 2 [3-4 marks] Candidates are able to apply a number of factors. At the bottom application in terms of 'tourist area' is likely to be limited. Answers may be brief.</p> <p>Level 1 [1-2 marks] Candidates offer knowledge of factors that could be considered, but makes no reference to tourism.</p>

Question		CBT Question No	Answer	Marks	Guidance	
2	(a)	6	<ul style="list-style-type: none"> Labour Capital One mark each	2	One mark for each correct identification up to a maximum of two identifications. These are the only acceptable answers.	
	(b)	(i)	7.1	<ul style="list-style-type: none"> September 1.6% February -1.6% There is no need for the % sign.	2	One mark for each correct identification up to a maximum of two identifications. September: allow 1.5 to 1.7 February allow -1.5 to -1.7. The minus sign must be present
		(ii)	7.2	House prices have risen [1] at a declining rate [1] 'The percentage change in price dropped from 1.3% to 0.4% in January 2010' (one mark for two references to declining rate: any one of these would achieve one mark).	2	Give one mark for a month by month account supported by figures. Give one mark for figures showing reduction in price rise, but no direct statement. There are no marks for house prices have fallen
	(c)	8	Possible reasons include: <ul style="list-style-type: none"> Supply exceeded demand Lack of mortgages Fall in demand Increase in supply Fall in real incomes People preferring to rent [substitute] Many Eastern Europeans had left the UK [fall in population], etc Government subsidies Higher interest rates Recession/high unemployment Environmental issues/pollution/new building 	6	Allow any valid reason. One mark for each correct identification up to a maximum of two identifications, plus up to a further two marks (one for application and one for analysis) for an explanation. This is about house prices in general, NOT specific properties. For each: Give one mark for the reason Give one mark for some development – application Give one mark for analysis. Reason 1: fall in demand (1), unemployment rose leading to fall in incomes (1), people could not afford to buy homes (1). Reason 2: Supply exceeded by demand (1), lots of houses had been built (1) but there was no demand for them (1)	

Question		CBT Question No	Answer	Marks	Guidance	
					Content	Levels of response
	(d)	9	<p>'With the increase in demand firms would need to buy more resources which means that they may need to borrow money as it takes a long time to build before you can sell a property. Workers may be hired easily, but if suppliers have gone bankrupt then other supplies such as bricks may be difficult to obtain or only at high prices.</p> <p>Workers will find themselves in demand and skilled ones may be able to demand high pay, but unskilled ones may be in excess supply. Overall though wages and employment should rise. It is likely that workers will gain most in the short run, but once houses have been built the biggest winners will be the construction firms as their profits will rise sharply.' [L4]</p>	8	<p>Workers:</p> <ul style="list-style-type: none"> • More employed if working part-time/laid-off • depends on size of increase in demand • depends on stock of houses for sale <p>Wages:</p> <ul style="list-style-type: none"> • increase • depends on number seeking jobs as against demand • relevant mention of price elasticity of supply. 	<p>Levels 3 & 4 - AO3 Level 2 - AO2 Level 1 - AO1</p> <p>Level 4 [7-8 marks] Candidates give a fully supported answer which clearly considers both construction workers and their wages and comes to a conclusion/offers comment. Answers at the bottom will be one sided in terms of the two elements.</p> <p>Level 3 [5-6 marks] Candidates are able to analyse one or more factors. To reach the top both elements must be considered. A diagram correctly explained is analysis.</p> <p>Level 2 [3-4 marks] Candidates are able to apply ideas to construction workers and wages. Both elements are needed to reach the top. Answers may be brief.</p> <p>Level 1 [1-2 marks] Candidates offer knowledge of relevant ideas. Demand for workers has risen, and wages have risen.</p>

Question		CBT Question No	Answer	Marks	Guidance
3	(a)	10	<p>The two acceptable choices are:</p> <ul style="list-style-type: none"> • increase in productivity • lower average costs 	2	<p>One mark for each correct identification up to a maximum of two identifications.</p> <p>Accept the first two ticks only i.e. if all four answers are ticked then the first tick is wrong, but the second one correct – one mark</p>
	(b)	11	<p>Effects:</p> <ul style="list-style-type: none"> • price rise • further fall in sales • decline in profits/their income • could go bankrupt • need to be more competitive • need to find other products to sell, etc. <p>Give one mark for each effect and one more mark for some development of that effect.</p> <p>Be aware of answers which see VAT as a differential tax which it is not. These answers carry zero marks.</p>	4	<p>Allow any other valid effect.</p> <p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two explanations.</p> <p>The second mark is for application to Pots4U – no mark for a general point of development eg 'Further fall in sales [1] as Joseph and Adam will have to put prices up [1].'</p> <p>It is possible to run the two parts together where basically the answer is the same or the second part follows logically from the first part and as a result can gain max two marks.</p> <p>Do not accept productivity or unable to compete</p>

Question		CBT Question No	Answer	Marks	Guidance	
	(c)	(i)	12.1	Explanation: <ul style="list-style-type: none"> • Scarcity of resources • Lack of capital • Insufficient expertise 	2	Up to two marks Candidates can gain two marks by <ul style="list-style-type: none"> • either developing one point eg 'they have to make a choice because resources are scarce [1] which means that there are not enough resources to do everything [1] or linking two points eg resources are scarce [1] so they do not have enough capital to do both [1]'
		(ii)	12.2	'The first factor is opportunity cost. Joseph and Adam cannot do everything so they have to make the choice of opening a farm shop when they cannot at the same time run the existing business and a gift shop' 'The second is that the existence of competition. If there are lots of other gift shops, then they would do better to open a farm shop as they could get more sales.' 'Costs of production [1 mark]. The choice with the lowest cost of production would generate more revenue and more profit' [0 - because this is not necessarily the case]	4	One mark for each correct identification, plus a further one mark for each of two explanations of those identified factors. Factors: <ul style="list-style-type: none"> • scarcity of resources • opportunity cost • profit • competition/lack of competition. Application: <ul style="list-style-type: none"> • Lack of sufficient resources – may refer to lack of money or space/land, etc. Application of opportunity cost • Only two of them and cannot do everything – no evidence either way. • Need for specialisation so they do whatever they choose well, etc • likely popularity of the options leading into differences in profit. • Degree of competition – better to go for the one with less competition. Allow any other valid points Do not allow productivity or location.

Question		CBT Question No	Answer	Marks	Guidance	
					Content	Levels of response
	(d)	13	<p>An increase in productivity by the workforce would enable Pots4U to produce more pots and to lower the average cost of each. This would mean that it's prices could fall making it more competitive. At the same time, the increase in output could mean that it would be in a better position to supply customers and thus increase market share.</p> <p>It is no good producing more, however, if the quality is poor or if the market is small. In both cases it might just be left with pots or find itself a vicious price war which it might lose. Equally, productivity will only rise if Pots4U can afford to improve training and/or buy better equipment.</p> <p>If all of this is possible, then increased productivity would have a great effect on Pots4U's ability to compete. Customers want not only lower prices, but also good quality. The extent will depend on Pots4U being able to achieve this. [Level 4]</p>	8	<ul style="list-style-type: none"> • Definition of competitive markets: large numbers of buyers and sellers • Definition of productivity: increase in output per factor of production • Productivity could reduce costs making Pots4U's prices cheaper • Lead to rise in output • Could force out less efficient competitors • Depends on the size of the market • May not be easy to increase – need for better capital; training; etc <p>Answers which focus on economies of scale or specialisation can gain a max of 4 marks if the link with productivity is clearly made.</p> <p>Answers which confuse productivity with production can get a max of three marks.</p>	<p>Levels 3 & 4 - AO3 Level 2 - AO2 Level 1 - AO1</p> <p>Level 4 [7-8 marks] Candidates give a fully supported answer which clearly shows they understand the extent to which increased productivity could help Pots4U and come to a conclusion. Answers at the bottom are likely to ignore the extent to which..</p> <p>Level 3 [5-6 marks] Candidates are able to analyse a number of factors. To reach the top candidates must clearly show how increased productivity would make Pots4U more competitive</p> <p>Level 2 [3-4 marks] Candidates are able to apply ideas to Pots4U. To reach the top it must be clear that they understand either competitive markets or productivity. Answers may be brief.</p> <p>Level 1 [1-2 marks] Candidates offer knowledge of relevant ideas, or they may define competition or productivity.</p>

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