OCR
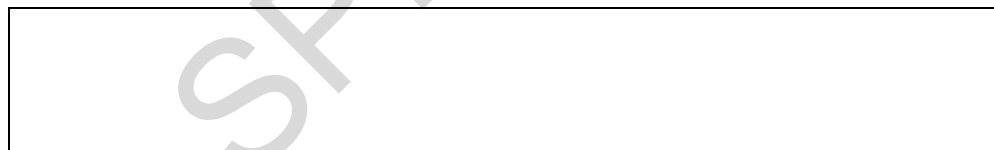Oxford Cambridge and RSA

…day June 20XX – Morning/Afternoon

GCSE (9–1) Economics

J205/01 Introduction to Economics

SAMPLE MARK SCHEME

Duration: 1 hour 30 minutes

SPECIMEN

MAXIMUM MARK   80

This document consists of 32 pages

PREPARATION FOR MARKING ON-SCREEN

1.   Make sure that you have accessed and completed the relevant and training packages for on-screen marking: *scoris assessor Online Training* and the *OCR Essential Guide to Marking*.

2.   Make sure that you have read and understood the Instructions for On-Screen Marking and the mark scheme and the question paper for this unit. These are posted on the RM Cambridge Assessment Support Portal http://www.rm.com/support/ca.

3.   Log-in to scoris and mark the **required number** of practice responses and the **required number** of standardisation responses.

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.

1. Always check the additional 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. The 'link page' check box should be used on scoris to link candidate responses in additional objects to the corresponding question number.
   a. Where additional objects are present, all pages must contain an annotation, or scoris will not allow you to submit the script. Where no response is given by a candidate on a whole page the 'BP' annotation **must** be applied.

   b. Where generic answer booklets are used, all pages must contain an annotation, or scoris will not allow you to submit the script. Where no response is given by a candidate on a whole page the 'BP' annotation **must** be applied.

   c. Where structured answer booklets are used, the 'BP' annotation **must** be applied to all pages where no response is given by a candidate.

2. There is a NR (No Response) option. Award NR (No Response)
   - if there is nothing written at all in the answer space
   - OR if there is a comment which does not in any way relate to the question (e.g. 'can't do', 'don't know')
   - OR if there is a mark (e.g. a dash, a question mark) which isn't an attempt at the question
   Note: Award 0 marks - for an attempt that earns no credit (including copying out the question)

3. The scoris **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 scoris messaging system, or e-mail.

4. For answers marked by levels of response:
   a. **To determine the level** – start at the highest level and work down until you reach the level that matches the answer
   b. **To determine the mark within the level**, consider the following:

Descriptor	Award mark
On the borderline of this level and the one below	At bottom of level
Consistently meets the criteria for this level	At top of level

5. These are the annotations, (including abbreviations), including those used in scoris, which are used when marking.
   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.**

Annotation	Meaning
TBC	TBC

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

'BP' to be inserted on every blank page and 'SEEN' in every question space where NR is the mark.

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	C	AO1 1b	
2	D	AO1 1a	
3	B	AO2	
4	C	AO2	✓
5	C	AO2	
6	A	AO1 1b	
7	A	AO1 1a	
8	B	AO1 1a	
9	B	AO2	
10	C	AO1 1b	
11	D	AO1 1b	
12	C	AO1 1a	
13	D	AO1 1a	
14	B	AO2	
15	C	AO1 1b	✓
16	C	AO1 1b	✓
17	A	AO2	
18	C	AO1 1b	✓
19	A	AO2	
20	B	AO1 1b	

Section B
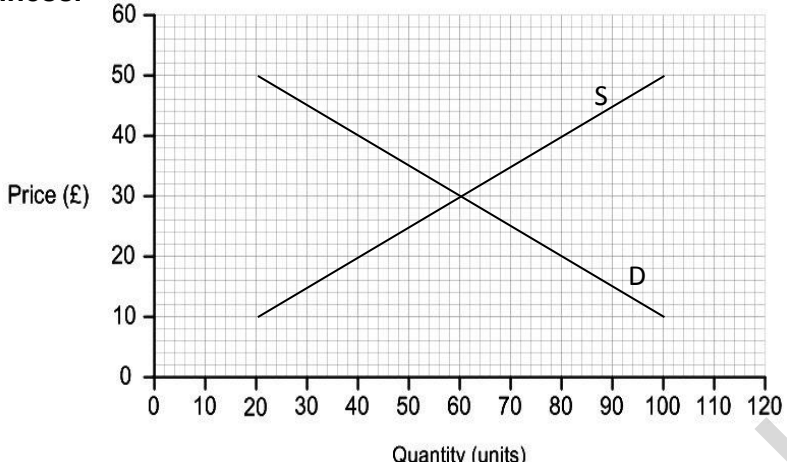
Question		Indicative content	Marks	Guidance
21	**(a)**	**State one characteristic of each of the following:** **A competitive market:** **Answers may include:** • many sellers • few barriers to entry/easier to enter the market • homogenous goods/substitutes • less control over price. **A monopolistic market:** **Answers may include:** • only one seller • large barriers to entry/very difficult to enter the market • lack of substitutes • more control over price.	**2** **AO1a**	1 mark for a correct characteristic of a competitive market. 1 mark for a correct characteristic of a monopolistic market. Any other reasonable answer to be credited.

	(b)	**Using the information in Table 1, draw and label a supply and demand diagram for Kasia and Ben's window cleaning business.**	**2** **AO2**	1 mark for correctly drawing and labelling the demand curve. 1 mark for correctly drawing and labelling the supply curve.
	(c)	**Kasia and Ben are thinking about offering their window cleaning services in the next village. Analyse factors that Kasia and Ben would need to consider when making this decision.** **Answers may include:** • Unlike current market, they would not be able to set price • Would have to set price at/close to market price • Amount sold would be dependent on market demand and supply • Would possibly need to give more attention to the quality of the product • May need to advertise (more).	**1** **AO1a** **2** **AO2** **3** **AO3a**	*All level descriptors describe the **TOP** of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.* **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 knowledge to the scenario of Kasia and Ben. 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. **Good** analysis of the factors that Kasia and Ben would need to consider. 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.

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 the scenario of Kasia and Ben. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.

Reasonable analysis of the factors that Kasia and Ben would need to consider. 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.

Level 1 (1-2 marks)

(AO1a – 1 mark, AO2 – 0 mark, AO3a – 1 mark = 2 marks)

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

No application of knowledge to the scenario of Kasia and Ben. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.

Limited analysis of the factors that Kasia and Ben would need to consider. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if

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				present) are unlikely to be correct and not linked to the analysis. **0 marks** No response or no response 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.**
	(d) (i)	**Explain what is meant by 'price elasticity of demand'.** **Answers may include:** • The responsiveness of quantity demanded to a change in price.	**2** **AO1b**	1 mark for responsiveness. 1 mark for the fact that it is quantity demanded affected by price (and not vice versa). Any other reasonable answer to be credited.
	(ii)	**If Kasia and Ben increase the price of window cleaning services from £10 to £20 then they estimate a price elasticity of demand of -0.2.** **Explain to Kasia and Ben what this estimate of price elasticity of demand means.** **Answers may include:** • -0.2 = inelastic response • The price has gone up by 100% and the demand should only decrease by 20% • Therefore Kasia and Ben should increase the price.	**2** **AO2**	1 mark for interpretation of -0.2 as being an inelastic response to a price rise. 1 further mark for explanation that this means Kasia and Ben would gain more revenue from this price rise.

| (iii)* | **Evaluate the importance of price elasticity of demand to Kasia and Ben's business. Use the information given in Extract 1 on page 9 and in Table 1 on page 10 and your own knowledge.**

Analysis may include:
• If PED is inelastic, then a price increase raises revenue (as sales volume drops less than proportionately)
• A price decrease, however, decreases revenue (as sales volume increases less than proportionately)
• In this case the PED gets more elastic as the price increases
• The optimum price is £30 as this brings in the highest revenue.

Evaluation may include:
• Is revenue/profit the most important objective for Kasia and Ben?
• With possible expansion into the next village, do Kasia and Ben want to increase sales even if revenue decreases?
• Would the price changes be short term or long term?
• Are there economies of scale that may not be reflected in the PED figures? | **1**
AO2

2
AO3a

3
AO3b | *All level descriptors describe the **TOP** of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.*

Level 3 (5-6 marks)

(AO2 – 1 mark, AO3a – 2 marks, AO3b – 3 marks = 6 marks)

Good application of knowledge to the scenario of Kasia and Ben. 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 effect on price elasticity of demand to Kasia and Ben's business. There is correct analysis largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be improperly labelled or not linked to the analysis.

Good evaluation with a fully supported judgement that is developed from a weighing up arguments/both sides/comparing alternatives.

There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.

Level 2 (3-4 marks)

(AO2 – 1 mark, AO3a – 1 mark, AO3b – 2 marks = 4 marks)

Good application of knowledge to the scenario of Kasia and Ben. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all |

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J205/01   Mark Scheme   June 20XX

the relevant elements of the scenario.

Limited analysis of the on price elasticity of demand to Kasia and Ben's business. 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.

Reasonable evaluation of the importance of price elasticity of demand to Kasia and Ben's business considering arguments/both sides/comparing alternatives. There may be a judgement but this will not be fully supported.

There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.

Level 1 (1-2 marks)

(AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks)

No application of knowledge to the scenario of Kasia and Ben. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.

Limited analysis of the on price elasticity of demand to Kasia and Ben's business. 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 the importance of price elasticity of demand to Kasia and Ben's business that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported statements.

Information presented is basic and may be ambiguous or

13

				unstructured. The information is supported by limited evidence.
				0 marks
				No response or no response 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.

Question		Indicative content	Marks	Guidance
22	(a)	**State what is meant by 'the basic economic problem'.** **Answers may include:** • There is only a limited/finite number/volume of resources (such as land/labour) in an economy/world • These must be allocated among competing/unlimited wants/uses.	2 AO1a	1 mark for a reference to finite/limited. 1 mark for a reference to competing/unlimited wants/uses. Any other reasonable answer to be credited.
	(b)	**Explain, using an example, what is meant by 'opportunity cost'.** **Answers may include:** • Opportunity cost is the value of the next best alternative that has been forgone • Any correct example (e.g. a firm investing in machinery rather than labour).	2 AO2	1 mark for a correct definition. 1 mark for a correct example.
	(c)	**Analyse one benefit and one cost to a Rwandan farmer of choosing to join the government scheme.** **Benefits may include:** • Higher output • Larger market (from increased trade) • Access to better technology. **Costs may include:** • Loss of local knowledge/skills • Reliance on worldwide demand • Exhausting scarce resources/reduce quality of soil • Possible environmental damage.	1 AO1a 2 AO2 3 AO3a	*All level descriptors describe the **TOP** of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.* **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 knowledge to the scenario of the Rwandan farmer 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

Question	Indicative content	Marks	Guidance
			scenario.
			Good analysis of the effect of the costs and benefits to a Rwandan farmer. 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.
			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 the scenario of the Rwandan farmer. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.
			Reasonable analysis of the effect of the costs and benefits to a Rwandan farmer. 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.
			Level 1 (1-2 marks)
			(AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 marks = 2 marks)
			Reasonable knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood.
			No application of knowledge to the scenario to the scenario of the

Question		Indicative content	Marks	Guidance
				Rwandan farmer. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.

Limited analysis of the effects of the costs and benefits to a Rwandan farmer. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.

0 marks

No response or no work worthy of credit.

N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited. |
| (d) (i) | | **Explain what is meant by the term 'specialisation'.**

Answers may include:
• Specialisation is when workers/firms/economies concentrate on one particular task/service/product. | 2 AO1b | 1 mark for a reference to a specific task/action/product etc.

1 mark for reference to the organisation of workers/resources/production etc.

Any other reasonable answer to be credited. |
| (ii) | | **Explain how specialisation can 'increase the use of scarce resources in the Rwandan economy'.**

Answers may include:
• Scarce resources in the economy are land/labour/capital input into production
• Specialisation can lead to more crops being grown using these scarce resources. | 2 AO2 | 1 mark for identification of scarce resources in the Rwandan economy.

1 mark for reference to an increase in crop production through specialisation.

Any other reasonable answer to be credited. |

Question	Indicative content	Marks	Guidance
(iii)*	**Evaluate the costs and benefits of specialisation to Rwanda. Use the information given in Extract 2 on page 14 and your own knowledge.** **Benefits may include:** • Increase the production of crops – to meet current demand • More to trade on the worldwide market • Increased GDP through exports • Ability to meet domestic demand and become self sufficient • Economies of scale • Less reliant on imports (of specialised goods). **Costs may include:** • Loss of diversity in the production of Rwandan crops • Economy is more reliant on worldwide trade. • Loss of skills of farming a variety of crops • Diseconomies of scale • More reliant on imports (of other goods). **Evaluation may include:** • Time it takes to change • Weather conditions • Changes in demand • Changes in supply of substitutes.	1 AO2 2 AO3a 3 AO3b	*All level descriptors describe the __TOP__ of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.* <u>**Level 3 (5-6 marks)**</u> (AO2 – 1 mark, AO3a – 2 marks, AO3b – 3 marks = 6 marks) **Good** application of knowledge to the scenario of Rwanda. 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 effect on of the costs and benefits to Rwanda. 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 costs and benefits to Rwanda of specialisation with a fully supported judgement that is developed from a weighing up arguments/both sides/comparing alternatives. *There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.* <u>**Level 2 (3-4 marks)**</u> (AO2 – 1 mark, AO3a – 1 mark, AO3b – 2 marks = 4 marks) **Good** application of knowledge to the scenario of Rwanda. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all

Question	Indicative content	Marks	Guidance
			the relevant elements of the scenario.
			Limited analysis of the effect on of the costs and benefits to Rwanda. 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.
			Reasonable evaluation of the costs and benefits to Rwanda of specialisation considering arguments/both sides/comparing alternatives. There may be a judgement but this will not be fully supported.
			There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.
			<u>**Level 1 (1-2 marks**</u>)
			(AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks)
			No application of knowledge to the scenario of Rwanda. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.
			Limited analysis of the effect on of the costs and benefits to Rwanda. 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 the costs and benefits to Rwanda of specialisation that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported

Question		Indicative content	Marks	Guidance
				statements.
				Information presented is basic and may be ambiguous or unstructured. The information is supported by limited evidence.
				0 marks
				No response or no work worthy of credit.
				N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.

Question		Indicative content	Marks	Guidance
23	(a)	**Explain what 'interest rates' are.** **Answers may include:** • The costs of borrowing money • The return for lending money.	2 AO1b	1 mark for an explanation that interest rates are the cost of borrowing 1 mark for understanding that interest rates are the return or lending money Any other reasonable answer to be credited.
	(b)	**Calculate the increase in the annual amount of interest paid by SANEC if the bank were to increase the rate of interest on the loan to 6% per year. You must show your working.** $\frac{£2\,000\,000}{100} \times 5 = £100\,000$ $\frac{£2\,000\,000}{100} \times 6 = £120\,000$ $120\,000 - 100\,000 = £20\,000$	2 AO2	1 mark for correct working. 1 mark for correct answer. Correct answer on its own is worth 1 mark only.

Question	Indicative content	Marks	Guidance
(c)	**Analyse the likely impact of an increase in the rate of interest on the level of investment within an economy.** **Answers may include:** • Firms are less likely to invest as the cost of borrowing funds for investment has increased • Returns from investment will need to be higher to cover the increased cost of borrowing • Some consumers (e.g. those with mortgages) will have less money to spend and are likely to buy fewer goods and services: thus as demand decreases, investment will decrease • Some consumers (e.g. those with savings) are likely to have more money to spend and may buy more goods and services: thus as demand increases, investment will decrease • Some reallocation of resources.	1 AO1a 2 AO2 3 AO3a	*All level descriptors describe the __TOP__ of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.* **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 likely impact in the rate of interest. 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 likely impact of an increase in the rate of interest on the level of investment within an economy. 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. **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 the likely impact in the rate of interest. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.

Question		Indicative content	Marks	Guidance
				Reasonable analysis of the effect on the likely impact of an increase in the rate of interest on the level of investment within an economy. 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. **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 to the likely impact in the rate of interest. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. **Limited** analysis of the on the likely impact of an increase in the rate of interest on the level of investment within an economy. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis. **0 marks** No response or no work worthy of credit. **N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.**

Question		Indicative content	Marks	Guidance
	(d) (i)	**Give two examples of financial institutions other than banks.** **Answers may include:** • Insurance companies • Building societies • Investment companies.	**2** **AO1a**	1 mark for each correct example to a maximum of 2 marks. Any other reasonable answer to be credited.
	(ii)	**Explain the role of the financial sector in the UK economy.** **Answers may include:** • Primarily involves lending and borrowing • This is accomplished through banks and other financial institutions • These provide a link between households, firms and governments in transferring funds from savers to borrowers, for consumption and investment purposes • Enables people to save/borrow money • Provides advice • Facilitates the exchange of goods and services.	**2** **AO2**	1 mark for each correct point of explanation up to a maximum of 2 marks.

Question		Indicative content	Marks	Guidance
	(iii)*	**Evaluate the importance of the financial sector to pharmaceutical companies in the UK. Use the information given in Extract 3 on page 17 and your own knowledge.** **Banking/building societies:** • To move money between producers and consumers • To lend money to consumers and allow the purchase of products/services – this includes healthcare in many economies • To lend money to producers to allow for the development and production of products and services, especially important in the pharmaceutical industry with long development times • As a source of employment in the economy. **Insurance:** • To mitigate against losses that might be incurred • This can protect pharmaceutical companies and encourage risky developments that may have unforeseen effects • To increase consumer confidence and make them more likely to purchase goods and not save – in an economy where healthcare is purchased this may be particularly important • In many economies insurance companies are the customer of pharmaceutical businesses due to the purchase of healthcare insurance • As a source of employment in the economy. **Evaluation may include:** • Depends on demand for certain pharmaceutical products • The rate of interest has major impact on the cost of finance • Availability of alternative forms of finance • The general state of the economy influences demand and supply as well	1 AO2 2 AO3a 3 AO3b	*All level descriptors describe the **TOP** of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.* **Level 3 (5-6 marks)** (AO2 – 1 mark, AO3a – 2 marks, AO3b – 3 marks = 6 marks) **Good** application of knowledge of the likely impact in the rate of interest. 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 effect on importance of the financial sector to pharmaceutical companies in the UK. 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 importance of the financial sector to pharmaceutical companies in the UK with a fully supported judgement that is developed from a weighing up arguments/both sides/comparing alternatives. *There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.*

Question	Indicative content	Marks	Guidance
	• Other factors such as subsidies to encourage research and development or support from charities.		**Level 2 (3-4 marks)** (AO2 – 1 mark, AO3a – 1 mark, AO3b – 2 marks = 4 marks) **Good** application of knowledge of the likely impact in the rate of interest. 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 the financial sector to pharmaceutical companies in the UK. 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. **Reasonable** evaluation of importance of the financial sector to pharmaceutical companies in the UK considering arguments/both sides/comparing alternatives. There may be a judgement but this will not be fully supported. *There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.* **Level 1 (1-2 marks)** (AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks) **No** application knowledge of the likely impact in the rate of interest. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.

Question			Indicative content	Marks	Guidance
					Limited analysis of the importance of the financial sector to pharmaceutical companies in the UK. 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 the importance of the financial sector to pharmaceutical companies in the UK. that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported. *Information presented is basic and may be ambiguous or unstructured. The information is supported by limited evidence.* **0 marks** No response or no work worthy of credit. **N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.**

Section B Assessment Objective grids

Q21 Marks:	AO1a	AO1b	AO2	AO3a	AO3b	Total	Quantitative Skills
(a)	2						
(b)			2				✓
(c)	1		2	3			
(d) (i)		2					
(d) (ii)			2				✓
(d) (iii)			1	2	3		
Total:	3	2	7	5	3	20	

Q22 Marks:	AO1a	AO1b	AO2	AO3a	AO3b	Total	Quantitative Skills
(a)	2						
(b)			2				
(c)	1		2	3			
(d) (i)		2					
(d) (ii)			2				
(d) (iii)			1	2	3		
Total:	3	2	7	5	3	20	

Q23 Marks:	AO1a	AO1b	AO2	AO3a	AO3b	Total	Quantitative Skills
(a)	2						
(b)			2				✓
(c)	1		2	3			
(d) (i)		2					
(d) (ii)			2				
(d) (iii)			1	2	3		
Total:	**3**	**2**	**7**	**5**	**3**	**20**	
Section B total:	**9**	**6**	**21**	**15**	**9**	**60**	

J205/01 Assessment Objective (AO) grid

Question	AO1	AO2	AO3	Total	Quantitative skills
Section A					
Questions 1–20	13	7		20	4
Section A sub-total	13	7		20	4
Section B					
21a	2				
21b		2			2
21c	1	2	3		
21d (i)	2				
21d (ii)		2			2
21d (iii)		1	5		
22a	2				
22b		2			
22c	1	2	3		
22d (i)	2				
22d (ii)		2			
22d (iii)		1	5		
23a	2				
23b		2			2
23c	1	2	3		
23d (i)	2				
23d (ii)		2			
23d (iii)		1	5		
Section B sub-total	15	21	24		6
Total	28	28	24	80	10

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J205/01   **Mark Scheme**   June 20XX

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