

Practice Papers

for GCSE AQA Economics

Paper 1: How Markets Work

zigzageducation.co.uk

POD
10852

Publish your own work... Write to a brief...
Register at publishmenow.co.uk

Follow us on Twitter [@ZigZagBusiness](https://twitter.com/ZigZagBusiness)

Contents

| | |
|---|-----|
| Product Support from ZigZag Education | ii |
| Terms and Conditions of Use | iii |
| Teacher's Introduction..... | 1 |
| Exam Paper Structure | 2 |
| Write-on Practice Papers | 4 |
| Practice Paper A | 4 |
| Practice Paper B | 14 |
| Practice Paper C | 25 |
| Practice Paper D | 36 |
| Non-write-on Practice Papers | 46 |
| Practice Paper A | 46 |
| Practice Paper B | 50 |
| Practice Paper C | 55 |
| Practice Paper D | 60 |
| Mark Schemes..... | 64 |
| Practice Paper A | 64 |
| Practice Paper B | 70 |
| Practice Paper C | 77 |
| Practice Paper D | 85 |

Teacher's Introduction

This resource consists of four Paper 1 practice papers and mark schemes that can be used by teachers to prepare learners to be examined at the end of their AQA GCSE in Economics (8136) course. The well-known saying suggests 'practice makes perfect' and hopefully the papers will help learners to perfect their exam skills, which will be particularly critical given the linear assessment requirements. The qualification is assessed via two exams which are sat at the end of the course, so consequently ensuring students are familiar with the style and content of the papers is essential to provide them with the best chance of securing pleasing results.

Remember!

Always check the exam board website for new information, including changes to the specification and sample assessment material.

The papers are written to cover all topics within the AQA specification. They have been produced after a thorough assessment of the specimen papers produced by the exam board to ensure that the questions are written in a similar format, tone and style to those students will face in the real exam.

Using this resource

This resource can be used in a number of ways to help students to prepare for their GCSE exam. It can be used independently by students or as a teacher-led exercise. Here are a few suggestions:

Homework: The papers could be completed by students as homework tasks. Students could be given one or two sections to complete in the run-up to the exam, or alternatively the questions could be divided up and given to students as they progress through the various topics to review their learning.

In-class exam: The practice papers make ideal mock exams to complete under timed exam conditions as they are based on the format of the final exam. There is a mark scheme and suggested answers to accompany every question. The mock exam will then enable teachers to pinpoint the topics that students find challenging, review their exam technique / time management and tailor any intervention activities appropriately. The benefit of using these practice papers as mock exams is that the mark schemes are not in the public domain (unlike past and specimen papers produced by the exam boards which are posted on their website) so they give teachers a true picture of how students perform when tackling an unseen paper.

In class: The papers could be 'walked-through' in their entirety or divided up into sections to give the students guidance related to the requirements of an exam. Using the mark schemes, teachers can inform learners how marks are awarded and the difference between the levels on the extended-mark questions.

Exam technique: The papers can be used to help students of all levels to enhance their exam technique. They can become familiar with what is required from an 'explain', 'calculate' and 'analyse' question so they are aware of the detail expected for each level of response. Students could complete a range of question styles and peer mark their responses to the practice questions to give them the opportunity to 'think like an examiner'.

Revision: When the students are approaching their final exams, a whole practice paper could be given to them to complete. This technique may be particularly appropriate for over a holiday period, e.g. Easter or half term. When the students return from their holiday the teacher can mark the entire paper and also share the mark scheme with the students so they can see how their responses compare.

March 2021

Exam Paper Structure

The AQA GCSE Economics (8136) exams run from 2019 onwards. The qualification sits both exams in the summer of their final year of study (Year 11).

The qualification is assessed via two papers which are equally weighted to determine the final grade.

| | |
|---------------------------------------|---|
| Paper 1: How markets work | <ul style="list-style-type: none"> Written exam – 1 hour 45 minutes 80 marks 50% of final GCSE grade |
| Paper 2: How the economy works | <ul style="list-style-type: none"> Written exam – 1 hour 45 minutes 80 marks 50% of final GCSE grade |

There are no optional papers in this qualification so all candidates must sit both papers. There are also no higher and foundation tiers so all candidates entered will include differentiated questions aimed at top and lower grades.

Students have 1 hour and 45 minutes to complete both papers, with a maximum of 80 marks available.

Each paper is divided into two sections: A and B. Section A starts with ten multiple choice questions followed by a range of short and extended response questions. Calculation questions are included in Section A. Section B consists of five questions, which are again a range of short and extended response questions. Section B includes one calculation question as well as an essay-style response question.

Some questions in Section A will be based on stimulus material. Section B is based on a real-world case study. Students should be reminded to read the case study carefully before planning any answer. Students who score the highest marks for the case study should apply their answers to the case study situation rather than offer generic responses. The examiner wants to see that candidates can demonstrate their in-depth economics knowledge.

Students should always look at the number of marks awarded for each question to determine the amount of depth a student should include within a response.

Time management is a critical skill for GCSE Economics students to master. It is advised that candidates divide their 105 minutes across the 80 marks offered throughout the exam. The first section is worth 48 marks and, therefore, approximately 63 minutes should be spent reading and answering questions within this section. The remaining time, approximately 42 minutes, should be spent on the second section.

Time allocation



Being disciplined with the time available is critical. Spending extra time answering one question can disadvantage the time available for another. There is a risk that the marks gained on a particular question are less than what could have been achieved by starting a substitution question.

INSPECTION COPY

**COPYRIGHT
PROTECTED**



Command words

The following table outlines some of the commonly used command words for the face when completing these papers.

| Command word | Overview |
|------------------|---|
| Analyse | Divide information into separate parts and identify their features. |
| Assess | Make a judgement based on the available evidence. |
| Calculate | Complete a numerical calculation to work out an answer to avoid simply giving the answer to 'calculation' questions but marks if the final answer is wrong. The examiner is able to use it even if the final answer is wrong. |
| Define | Explain the meaning of a term or phrase. |
| Draw | Create a diagram. |
| Explain | Present reasons or arguments. |
| Justify | Propose an answer supported by evidence. |
| State | Express in clear and concise terms. |

Assessment objectives

Assessment objectives (AOs) are set by Ofqual and are the same for all exam board qualifications. Here are the AOs and their weightings.

| | |
|------------|---|
| AO1 | <ul style="list-style-type: none"> Demonstrate knowledge and understanding of economic concepts. 35% of marks available. |
| AO2 | <ul style="list-style-type: none"> Apply knowledge and understanding of economic concepts and issues. 35% of marks available. |
| AO3 | <ul style="list-style-type: none"> Analyse and evaluate economic information and issues to demonstrate economic activity, make judgements and draw conclusions. 30% of marks available. |

Exam technique

Many students rush straight into writing their answer. This is inadvisable as rushing do not address the question asked and at best may lead to poorly structured responses. Often helps to improve the quality of answers composed; however, it is important as it may leave candidates insufficient time to actually write their answer.

Candidates should spend a few minutes planning their answer. They could use a point list to outline the basic structure and key points.

Activity – Planning

Ask your students to consider some of the practice questions within this resource and come up with a basic plan for their response to each question.

**COPYRIGHT
PROTECTED**



ZigZag Practice Exam

Supporting GCSE AQA

INSPECTION COPY

PAPER 1A

GCSE AQA Economics

Paper 1: How markets work

Name

Time allowed

1 hour 45 minutes

Instructions

Answer **all** of the questions and use the space provided.

Information

The total number of marks available for this paper is **80**. The number of marks available for each question is displayed to the right of the question.

Use of an electronic calculator is permitted.

**COPYRIGHT
PROTECTED**



Section A

For multiple-choice questions, provide only **one** answer.
For calculation questions, you are advised to show your working.

- 01 Which of the following best describes the fundamental economic problem?
- ☐ A Reducing costs and inefficiency
 - ☐ B Allocating scarce resources to meet demand
 - ☐ C Maintaining revenue to pay workers
 - ☐ D Implementing policies to achieve economic growth
- 02 Which of the following firms is part of the secondary sector of the economy?
- ☐ A Restaurant
 - ☐ B Supermarket
 - ☐ C Car manufacturer
 - ☐ D Internet service provider
- 03 Which of the following factors determines the supply of goods and services?
- ☐ A Declining average incomes
 - ☐ B A change in the cost of production
 - ☐ C The quantity of a product produced
 - ☐ D Changing demographics
- 04 Which of the following is not a factor of production?
- ☐ A Labour
 - ☐ B Land
 - ☐ C Markets
 - ☐ D Capital

- 05 What is the equilibrium price after a rise in demand of 20 units at all prices?

| Price (£) | Quantity Demanded | Quantity Supplied |
|-----------|-------------------|-------------------|
| 25 | 40 | 20 |
| 20 | 30 | 30 |
| 15 | 20 | 40 |
| 10 | 10 | 50 |

- ☐ A £10
 - ☐ B £15
 - ☐ C £20
 - ☐ D £25
- 06 What is the effect of an oligopoly on market competition?
- ☐ A No competition between firms
 - ☐ B Competition between a large number of small firms
 - ☐ C Competition between a small number of large firms
 - ☐ D Competition between firms of all sizes
- 07 What does a rightward shift in the supply curve indicate?
- ☐ A An increase in price and quantity
 - ☐ B An increase in price and a decrease in quantity
 - ☐ C A decrease in price and quantity
 - ☐ D A decrease in price and an increase in quantity

INSPECTION COPY

**COPYRIGHT
PROTECTED**



- 08 Which of the following would cause the demand curve for meat products to shift?
- ☐ A Increasing farming costs
 - ☐ B Increasing incomes
 - ☐ C Increasing vegetarianism
 - ☐ D Increasing food prices

- 09 Which of the following is an externality?

- ☐ A Inequality
- ☐ B Loss of profits
- ☐ C Government intervention
- ☐ D Bankruptcy

- 10 Which of the following best describes business expenses that are dependent on the level of output?

- ☐ A Total costs
- ☐ B Fixed costs
- ☐ C Average costs
- ☐ D Variable costs

- 11 State two different methods of calculating wages.

1.
2.

- 12 Explain why demand for cars is likely to be price elastic.

.....

.....

.....

.....

- 13 Explain **one** possible effect of a monopoly on the cost of production.

.....

.....

.....

.....

- 14 Figure 1 shows costs and output relating to a company that makes computers.

Figure 1

| | |
|-----------------------------|---------|
| Fixed costs | £15,000 |
| Variable costs per computer | £200 |
| Current output level | 100 |

- (i) Using Figure 1, calculate the average cost of a computer based on the current output level.

.....

.....

.....

.....

COPYRIGHT
PROTECTED



(ii) Explain **one** possible way in which the computer company could reduce

.....

.....

.....

.....

15

Figure 2

EasyReader Co. is a company that publishes books. The latest book it has market for cookbooks is heavily saturated, with many different publishers the last year. The previous book it published was about gardening. The smaller, with only a few competitors. The quantity and price of each book

| | Quantity | Price |
|----------------|----------|-------|
| Gardening book | 2,000 | £5 |
| Cookbook | 1,000 | £2.50 |

Using **Figure 2**, analyse which of these books recently published by EasyReads are more profitable, and why.

NON COPY

16 State the way in which increasing profit.

1. _____
2. _____

**COPYRIGHT
PROTECTED**



- 17 Explain **one** disadvantage of economies of scale.

.....

.....

.....

- 18 Explain **one** benefit of increased productivity.

.....

.....

.....

- 19 Figure 3 shows a retail worker's hourly wage over the last five years.

Figure 3

| Year | Annual hourly wage |
|------|--------------------|
| 2016 | £7.60 |
| 2017 | £7.85 |
| 2018 | £7.95 |
| 2019 | £8.10 |
| 2020 | £8.25 |

- (i) Using **Figure 3**, calculate the percentage change in wages between 2016 and 2020. Give your answer to one decimal place.

.....

.....

.....

- (ii) Explain how the value of wages is determined.

.....

.....

.....

**COPYRIGHT
PROTECTED**

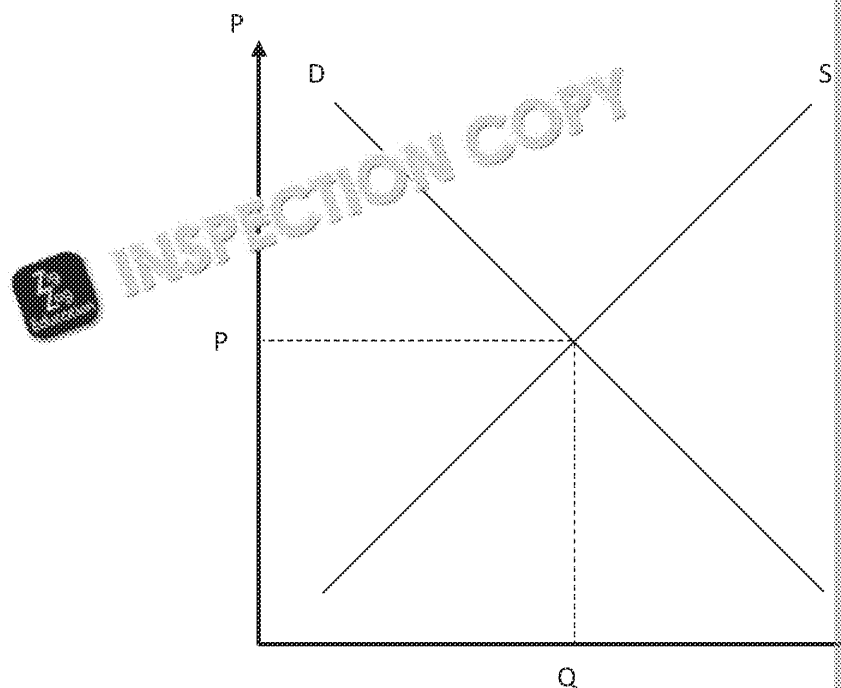


- 20 Isobel runs a firm that sells watermelons. Due to poor weather conditions, watermelons this year.

Figure 4 is a supply and demand diagram for watermelons in a normal year.

Draw and label the diagram to show the effects of the shortage on the market.

Figure 4



See overleaf for next question

INSPECTION COPY

COPYRIGHT
PROTECTED



Figure 5

Jeremy owns a local electronics shop that has been struggling for some time. Because many of his customers have started shopping online, his sales have gone down, and he has had to raise prices to cover his costs.

Jeremy employs three people in his shop and has been unable to increase sales as a result of the declining sales. As a result of the difficulties, he is considering converting his business into an online-only service.

Using **Figure 5**, assess whether replacing his shop with an online-only service is a good idea for Jeremy's business.

INSPECTION COPY

2025

INSPECTION COPY

INSPECTION COPY

**COPYRIGHT
PROTECTED**



Section B

Figure 6

The market for energy in the UK – providers of electricity and gas – has been dominated by a few suppliers for years. In 2019, they had a combined market share of 70% of UK energy. This market is considered to be an oligopoly.

Market Share in 2019

| | |
|----------------|-----|
| British Gas | 19% |
| EDF Energy | 11% |
| E.ON | 12% |
| Npower | 7% |
| Scottish Power | 9% |
| SSE | 12% |

Over recent years, the 'Big Six' energy companies have frequently been accused of market failure. It has been noted that all six charge almost exactly the same for household energy. If the price is too high, the energy companies could artificially increase the price, which is dictated by supply and demand. It has been noted that traditionally consumers have no choice, which puts the Big Six at an advantage over any potential competitors.

In 2018 the government passed a law introducing a price cap on energy providers. This limits the maximum amount the Big Six could charge consumers. The energy companies have to stay within the maximum amount allowed. The government has also passed laws making it easier for new energy providers to enter the market. Energy provision was previously owned and run by the government, but was handed to private companies in the 1980s.

Although the Big Six energy companies currently control 70% of the market, this has changed in previous decades. In 2004, the Big Six had a combined market share of 100%. Over the years, other energy producers and green renewable energy providers have been gradually gaining market share. Most of the Big Six providers source less than 20% of their energy from renewable sources, compared to a 100% guarantee among many smaller producers.

Figure 7

The table below shows the annual cost of an electricity and gas bill from each of the Big Six for an average household.

| | |
|----------------|--------|
| British Gas | £1,194 |
| EDF Energy | £1,183 |
| E.ON | £1,186 |
| Npower | £1,187 |
| Scottish Power | £1,190 |
| SSE | £1,176 |

22 Give a definition of market failure.

.....

.....

.....

.....

INSPECTION COPY

COPYRIGHT
PROTECTED



- 23 Using **Figure 7**, calculate the mean average annual cost of an electricity and Big Six energy providers.

.....

.....

.....

.....

.....

.....

- 24 Explain **two** possible reasons why the market share of the Big Six might be

1.



.....

.....

.....

.....

2.

.....

.....

.....

.....

.....

.....

- 25 Using **Figure 6**, analyse the reasons why an oligopoly might have formed in the energy market.

.....

.....

.....



.....

.....

.....

.....

.....

.....

**COPYRIGHT
PROTECTED**



26 Do you think the government should intervene any further in the UK energy

Use Figure 6, Figure 7 and your own knowledge to justify your view.

INSPECTION COPY

**COPYRIGHT
PROTECTED**



Preview of Questions Ends Here

This is a limited inspection copy. Sample of questions ends here to avoid students previewing questions before they are set. See contents page for details of the rest of the resource.

Practice Paper D

Note: Although some questions have one correct answer, most of the answers below are exhaustive.

Section A

All AO1, 1 mark each

| | | | |
|---|---|----|---|
| 1 | B | 6 | B |
| 2 | D | 7 | C |
| 3 | A | 8 | D |
| 4 | D | 9 | B |
| 5 | A | 10 | C |

| Q. | Marking |
|--------|--|
| 11 | <p>AO1</p> <ul style="list-style-type: none"> • Greater ease • High level of competitors • Level of profits • Dominant firms • Low prices <p>Award 1 mark for each correct answer, up to a maximum of 2 marks.</p> |
| 12 | <p>AO1</p> <ul style="list-style-type: none"> • Soft drinks are not a necessity and are easily substitutable. • There is a high level of consumer choice of soft drinks. • For these reasons, it is likely that changes in price will have a relative quantity demanded. <p>Award 1 mark for explaining a reason. Award 1 mark for demonstrating understanding that price elasticity means a substantial effect on the quantity demanded.</p> |
| 13 | <p>AO1</p> <ul style="list-style-type: none"> • Expansion of a business is likely to require an increase in one or more factors of production usually involve fixed costs, such as wages for staff and capital for investment. • Therefore, expansion is likely to increase fixed costs. <p>Award 1 mark for identifying a likely increase in fixed costs. Award 1 mark for explaining why.</p> |
| 14(i) | <p>AO2</p> <p>$250 \times 5 = 1250$ (Gross Pay)</p> <p>$1,250 - 250 = 1,000$</p> <p>$1,000 - 60 = 940$</p> <p>Answer: £940</p> <p>Award 2 marks for correct answer. Award 1 mark for some correct calculations but an incorrect answer.</p> |
| 14(ii) | <p>AO1</p> <ul style="list-style-type: none"> • The supply of labour will determine price. • The level of skill of specialisation will determine price. • Either of these will make a worker's labour more and less easily replaceable value of the work. <p>Award 1 mark for identifying a factor in wage determination. Award 1 mark for explaining why.</p> |

INSPECTION COPY

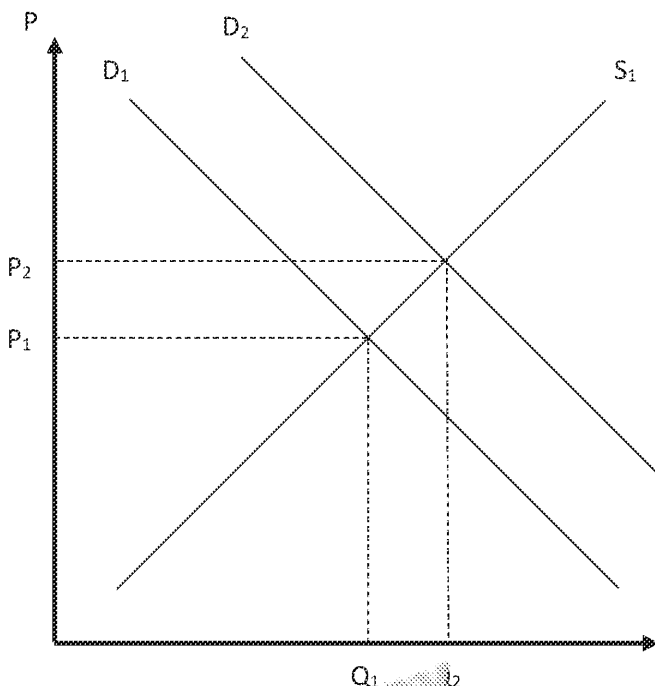
COPYRIGHT
PROTECTED



| Q. | Marking | | | | | | | | | | | | | | | |
|-------|--|--|-------|-------------|---|-----|--|---|-----|---|---|-----|--|--|---|--|
| 15 | <p>AO2, AO3</p> <ul style="list-style-type: none">• In a perfect market, with all things being equal, it would be expected that Richard would benefit from charging lower prices than his competitors. There are a number of reasons why this may not be the case under these circumstances, however.• Firstly, jewellery is a highly expensive luxury item and so is relatively insensitive to price. This means that meaning demand is less likely to be affected by price rises.• Secondly, the market for jewellery in this town could be considered as an oligopoly with only two suppliers, meaning there is greater room to increase prices without the threat of competition from each other.• For both of these reasons, it is unlikely that reducing prices or keeping prices low will radically improve the performance of Richard's business.• In contrast, Richard would probably benefit from increasing his costs as the only two suppliers that they face will pass on prices between them to stand to gain from further price increases which could improve their profit margins and cover their additional costs.• The likelihood of this being a successful strategy is increased by the fact that this is a small market. Because jewellery is so expensive, it is extremely rare in the market, and so the risk of competition is further reduced.• Overall, Richard probably stands to benefit from increasing prices and becoming a price setter alongside Anna, as price setters. <table><tr><th>Level</th><th>Marks</th><th>Description</th></tr><tr><td>3</td><td>5-6</td><td>A complete analysis of economic concepts which demonstrates a high level of based knowledge successfully and presents a coherent and well structured argument.</td></tr><tr><td>2</td><td>3-4</td><td>A partial analysis of economic concepts which demonstrates some relevant knowledge and follows a logical structure.</td></tr><tr><td>1</td><td>1-2</td><td>Some analysis of economic concepts which fails to demonstrate a coherent argument.</td></tr><tr><td></td><td>0</td><td>Student produced no material worthy of a mark.</td></tr></table> | Level | Marks | Description | 3 | 5-6 | A complete analysis of economic concepts which demonstrates a high level of based knowledge successfully and presents a coherent and well structured argument. | 2 | 3-4 | A partial analysis of economic concepts which demonstrates some relevant knowledge and follows a logical structure. | 1 | 1-2 | Some analysis of economic concepts which fails to demonstrate a coherent argument. | | 0 | Student produced no material worthy of a mark. |
| Level | Marks | Description | | | | | | | | | | | | | | |
| 3 | 5-6 | A complete analysis of economic concepts which demonstrates a high level of based knowledge successfully and presents a coherent and well structured argument. | | | | | | | | | | | | | | |
| 2 | 3-4 | A partial analysis of economic concepts which demonstrates some relevant knowledge and follows a logical structure. | | | | | | | | | | | | | | |
| 1 | 1-2 | Some analysis of economic concepts which fails to demonstrate a coherent argument. | | | | | | | | | | | | | | |
| | 0 | Student produced no material worthy of a mark. | | | | | | | | | | | | | | |
| 16 | <p>AO1</p> <ul style="list-style-type: none">• Uncompetitive markets such as oligopolies or monopolies• Market failure or misallocation of resources• Negative externalities associated with economic activity <p>Award 1 mark for each correct answer, up to a maximum of 2 marks. No extra marks available for correctly identifying more than two types of cost.</p> | | | | | | | | | | | | | | | |
| 17 | <p>AO1</p> <ul style="list-style-type: none">• A firm can charge higher prices as it faces less competition or risk of loss of market share on price.• A firm can plan its long-term costs more effectively and may find it easier to achieve a larger size as it has a more reliable source of revenue. <p>Award 1 mark for identifying a benefit. Award 1 mark for explaining why.</p> | | | | | | | | | | | | | | | |
| 18 | <p>AO1</p> <ul style="list-style-type: none">• Increased delegation to a larger number of specialists could result in poor communication or clashing managerial practices.• Specialisation could lead to lower worker morale as workers are further separated from the production process.• Managerial positions receive higher salaries, which could lead to increased costs. <p>Award 1 mark for identifying a disadvantage. Award 1 mark for explaining why.</p> | | | | | | | | | | | | | | | |

COPYRIGHT
PROTECTED



| Q. | Marking |
|--------|---|
| 19(i) | <p>A02</p> <p>$3 - 2 = 1$</p> <p>$1 / 2 = 50$</p> <p>Price increase of 50%</p> <p>$40 - 60 = -20$</p> <p>$-20 / 60 = -33.3$</p> <p>Quantity demanded decrease of 33.3%</p> <p>$50 / -33.3 = -1.5$</p> <p>Answer: -1.5</p> <p>Award 2 marks for a correct answer. Correct answer must be in the negative</p> <p>Award 1 mark for some correct calculations but an incorrect answer.</p> |
| 19(ii) | <p>A01</p> <ul style="list-style-type: none"> • They have a price elasticity of demand above 1, meaning they are elastic • This means that the change in demand for Emma's chips is more than the change in price <p>Award 1 mark for identifying that the chips are elastic due to a PED of more than 1</p> <p>Award 1 mark for identifying that the change in demand is more than the change in price</p> |
| 20 | <p>A02</p>  <p>Award 1 mark for drawing and labelling the new D curve to the right of the original D curve</p> <p>Award 1 mark for labelling the new equilibrium price.</p> <p>Award 1 mark for labelling the new equilibrium quantity.</p> |

COPYRIGHT
PROTECTED



| Q. | Marking | | | | | | | | | | | | | | | |
|-------|---|---|-------|-------------|---|-----|---|---|-----|---|---|-----|---|--|---|--|
| 21 | <p>A02, A03</p> <p>Would be beneficial</p> <ul style="list-style-type: none">• Graham's staff would be able to focus on specific parts of the products they are stronger at, and not have to complete tasks they are weaker at or less skilled at than other members of staff.• This may have the effect of increasing the output produced per hour as staff specialise in certain parts of the process. More productivity would allow the company to serve more customers and the business would be more able to meet demand.• An increased level of training for staff may make them more highly skilled, increasing the value of their labour.• Greater efficiency and productivity could lead to other benefits for the company, such as lower prices, making the company's products more competitive, or lower costs through less labour worked, leading to greater profit margins. <p>Would not be beneficial</p> <ul style="list-style-type: none">• Graham's staff may become less motivated due to the more repetitive nature of the work, which could have the adverse effect of further decreasing productivity.• Specialisation of labour could create the possibility of more communication problems as different parts of the production process are handled by different people, requiring more managerial intervention, which could slow the production process and demotivate staff.• The extra costs of training staff or the greater impact of a staff member leaving the company or expertise leaving the company could outweigh the benefits of increased productivity.• Some staff may be at greater risk of automation or structural unemployment if the tasks they perform become more limited.• Specialisation may make the workforce less flexible and lead to an imbalance in certain areas of the business due to issues such as sickness, rather than bottlenecks currently holding up production. <p>Conclusion</p> <ul style="list-style-type: none">• It is unusual for a manufacturing job not to operate a division of labour. For a company the size of Graham's there are possible benefits in terms of staff satisfaction and giving employees more autonomy at work. Graham needs to ensure any changes he introduces has the full support of his staff; otherwise, altering his production process could be counterproductive and further decrease productivity. Another option would be to simply be to hire more staff to deal with the demand. <table><tr><th>Level</th><th>Marks</th><th>Description</th></tr><tr><td>3</td><td>7-9</td><td><ul style="list-style-type: none">• Knowledge of relevant economic concepts is accurate and is presented using a logical structure and appropriate vocabulary.• A complete analysis of ideas and concepts with evidence-based knowledge in a manner well suited to the context.• A thorough conclusion which uses relevant evidence appropriately, displaying a high level of evaluation.</td></tr><tr><td>2</td><td>4-6</td><td><ul style="list-style-type: none">• Shows reasonable knowledge of relevant concepts, which are presented in a logical manner.• A coherent but partial analysis of ideas and concepts which address some of the issues raised by the question.• Conclusion is mostly supported by appropriate evidence, though may display incomplete evaluative skills.</td></tr><tr><td>1</td><td>1-3</td><td><ul style="list-style-type: none">• An understanding of relevant economic concepts but these concepts are presented in a disjointed manner.• Some analysis of ideas which fails to produce a coherent argument.• Conclusion is lacking in supporting evidence and has limited relevance to the context.</td></tr><tr><td></td><td>0</td><td>Student produced no material worthy of a mark.</td></tr></table> | Level | Marks | Description | 3 | 7-9 | <ul style="list-style-type: none">• Knowledge of relevant economic concepts is accurate and is presented using a logical structure and appropriate vocabulary.• A complete analysis of ideas and concepts with evidence-based knowledge in a manner well suited to the context.• A thorough conclusion which uses relevant evidence appropriately, displaying a high level of evaluation. | 2 | 4-6 | <ul style="list-style-type: none">• Shows reasonable knowledge of relevant concepts, which are presented in a logical manner.• A coherent but partial analysis of ideas and concepts which address some of the issues raised by the question.• Conclusion is mostly supported by appropriate evidence, though may display incomplete evaluative skills. | 1 | 1-3 | <ul style="list-style-type: none">• An understanding of relevant economic concepts but these concepts are presented in a disjointed manner.• Some analysis of ideas which fails to produce a coherent argument.• Conclusion is lacking in supporting evidence and has limited relevance to the context. | | 0 | Student produced no material worthy of a mark. |
| Level | Marks | Description | | | | | | | | | | | | | | |
| 3 | 7-9 | <ul style="list-style-type: none">• Knowledge of relevant economic concepts is accurate and is presented using a logical structure and appropriate vocabulary.• A complete analysis of ideas and concepts with evidence-based knowledge in a manner well suited to the context.• A thorough conclusion which uses relevant evidence appropriately, displaying a high level of evaluation. | | | | | | | | | | | | | | |
| 2 | 4-6 | <ul style="list-style-type: none">• Shows reasonable knowledge of relevant concepts, which are presented in a logical manner.• A coherent but partial analysis of ideas and concepts which address some of the issues raised by the question.• Conclusion is mostly supported by appropriate evidence, though may display incomplete evaluative skills. | | | | | | | | | | | | | | |
| 1 | 1-3 | <ul style="list-style-type: none">• An understanding of relevant economic concepts but these concepts are presented in a disjointed manner.• Some analysis of ideas which fails to produce a coherent argument.• Conclusion is lacking in supporting evidence and has limited relevance to the context. | | | | | | | | | | | | | | |
| | 0 | Student produced no material worthy of a mark. | | | | | | | | | | | | | | |

COPYRIGHT
PROTECTED



| Q. | Marking |
|----|--|
| 22 | <p>A01</p> <ul style="list-style-type: none"> Measures the cost of any choice in terms of the next best alternative for <p><i>Award 2 marks for a correct answer.</i> <i>Award 1 mark for a partially correct answer.</i></p> |
| 23 | <p>A02</p> <p>$1795 - 1768 = 27$ $27 / 1795 = 0.015 \times 100 = 1.5$</p> <p>ITV: 1.5% decrease</p> <p>$854 - 791 = 63$ $63 / 894 = 0.070 \times 100 = 7.0$</p> <p>Channel 4: 7% decrease</p> <p><i>Award 3 marks for a correct answer.</i> <i>Award 2 marks for a partially correct answer.</i> <i>Award 1 mark for a correct answer but not rounded to one decimal place or percentage.</i></p> |
| 24 | <p>A02</p> <ul style="list-style-type: none"> Technological innovation means that consumers are increasingly accessing and information online rather than via television. Online video content gives the consumer far greater choice in terms of what they are interested in and when they want to view it. In this regard, television offers a consumer experience and offer an inferior service. <p><i>Award 3 marks for an applied reason with a full explanation.</i> <i>Award 2 marks for an applied reason which offers a partial explanation.</i> <i>Award 1 mark for a relevant reason.</i></p> |

COPYRIGHT
PROTECTED



| Q. | Marking |
|----|--|
| 25 | <p>AO2, AO3</p> <ul style="list-style-type: none"> Figure 7 highlights that most original UK programming is made by broadcast production companies or, in the case of YouTube, uploaded by users. This is obviously much higher costs associated with producing television programmes than purchasing already-made content, or simply hosting user-generated content. Similarly, live broadcasts are expensive to produce and tend to be a feature of broadcast television rather than online streaming services. In addition, other expenses relating to running a television channel are extensive, while the technical costs of maintaining a television channel are extensive, while the costs associated with broadcasting are also high due to the large number of people required to produce television content. In contrast, the technical and staffing costs of online streaming services are far lower, with the market significantly easier to enter. In addition to the much higher costs of broadcast television, we can also see that the revenue for online streaming services may be higher as well. This is evident from Figure 7, which explains that advertising revenue for broadcast television is declining, while at the same time increasing for online streaming services. Online streaming services are performing far better among the lucrative youth market due to fewer financial commitments and, as such, more disposable income. In addition, the uncertain future of broadcast television makes the industry less attractive to potential investors, while the business model of subscription services provides the service with a reliable and substantial stream of revenue compared to free-to-air broadcast television. |

| Level | Marks | Description |
|-------|-------|---|
| 3 | 5-6 | A complete analysis of economic concepts which demonstrates a deep understanding of the relevant knowledge and presents a coherent and structured argument. |
| 2 | 3-4 | A partial analysis of economic concepts which demonstrates a good understanding of the relevant knowledge and follows a logical structure. |
| 1 | 1-2 | Some analysis of economic concepts which fails to demonstrate a coherent argument. |
| | 0 | Student produced no material worthy of a mark. |



INSPECTION COPY

COPYRIGHT
PROTECTED



| Q. | Marking |
|----|--|
| 26 | <p>A02, A03</p> <p>It was right</p> <ul style="list-style-type: none"> • Yes, it is right and proper that the government intervenes to prevent the formation of oligopolies or monopolies. The combined market share of the broadcasters is so large that they have no other choice. • The Kangaroo service could have led to higher prices for consumers as broadcasters working together could have acted as price setters. It also creates further barriers to entry in an industry that is already extremely difficult to enter. • Just because the market has changed now does not mean the decision was wrong. The Competition Commission can rule only on the basis of the facts as they are at the time it comes to a decision, and it is not responsible for predicting future market changes. Decisions cannot be made with the benefit of hindsight. • By preventing the formation of a monopoly, the Competition Commission protects the industry as a whole by preventing market failure and a misallocation of resources. • The BBC already has a huge advantage over its competitors due to the fact that it is a public service. It would have been wrong to allow any further advantages. • It cannot be guaranteed that the broadcasters would have been successful in launching a service. It may have been too early for such a service, or consumers may not have been ready to pay for something they could watch for free on television. The point in paying for something they could watch for free on television. The broadcasters' current problems are due to a multitude of reasons and not just the fact that their subscription service was blocked. <p>It was wrong</p> <ul style="list-style-type: none"> • The government body should not have intervened as it failed to anticipate the direction the industry was heading in. It is better to leave the direction of the market to those who know best, which in this case was the broadcasters, who had correctly anticipated the direction the industry was heading in. • The decision can be said to have stalled innovation within the industry. If broadcasters were to operate freely could have ensured that together the broadcasters would have developed a secure funding model for decades to come. This could have allowed them to invest more thoroughly in the industry and in original programming, and prevented the problems the broadcasters now face due to declining viewership and a loss of advertising revenue. More profitable companies in the industry are now those which make content for the internet, which is not in the public interest. • The online streaming services such as Netflix and YouTube are both US-based and pay far less tax in the UK than the UK-based broadcasters do. By blocking the entry of the Kangaroo service and instead allowing foreign companies to take their place in the market, the government's tax take is reduced and jobs are lost in the UK. The government should have been more concerned with protecting a domestic industry. <p>Conclusion</p> <ul style="list-style-type: none"> • There are strong arguments to be made on either side. A conclusion must be reached. The government should have sought to protect a domestic industry, which is under threat from foreign competition which contributes less to the country's economy. It can be argued that the Competition Commission's job is not to predict future market changes. The Kangaroo service would have been detrimental to consumer choice and to the industry by creating further barriers to entry. |

COPYRIGHT
PROTECTED





Preview of Answers Ends Here

This is a limited inspection copy. Sample of answers ends here to stop students looking up answers to their assessments. See contents page for details of the rest of the resource.