A1 Teacher marking exercise

IQM3005 Economics Assessment 1 Controlled response to data

INTERNAL ONLY | Updated selections aligned to current synthetic responses

Use the approved assessment and marking guidance with these selected extracts. Record evidence and criterion judgements independently before consulting the separate commentary. A selected extract does not establish a whole-script, whole-presentation or whole-submission mark. Marks remain documentary proposals pending subject review.

Selected task Q1 c

Revenue arithmetic, elasticity-revenue reasoning, journeys versus unique passengers.

S01 full analysis

Weekly fare revenue before the trial was £2.50 × 80,000 = £200,000. During the trial it was £2.00 × 88,000 = £176,000, so weekly revenue fell by £24,000, or 12%. Journeys rose by 8,000, which is 10%. The fare fell by a larger percentage than journeys increased, so the rise in quantity did not make up for the lower fare; this is consistent with the relatively inelastic demand calculated above. Each journey also cost less.

Evidence and proposed judgement: _____

Reason: _____

S02 partial analysis

Journeys increased from 80,000 to 88,000, which is an increase of 8,000 or 10%. Revenue before was £200,000 and after was £176,000, so it fell by £24,000. The fare reduction brought in less revenue even though more journeys were made. More journeys were made at a lower cost per journey.

Evidence and proposed judgement: _____

Reason: _____

S03 unsupported inference

There were 8,000 more journeys during the trial. This means more people used the buses and the council's trial was successful.

Evidence and proposed judgement: _____

Reason: _____

Selected task Q2 b

Diagram, LRAC explanation, source application and per-unit mechanism.

S01 developed

As Lydon Transit increases its scale in the long run, average cost can fall over the downward part of the LRAC curve. A larger fleet could make a specialist maintenance team worthwhile. This could allow maintenance work to be organised more efficiently as output grows.

Evidence and proposed judgement: _____

Reason: _____

S02 partial

As the company gets bigger, its average cost goes down. It can buy spare parts in bulk, which could reduce the price it pays.

Evidence and proposed judgement: _____

Reason: _____

S03 limited

If the company gets bigger, it might have lower costs.

Evidence and proposed judgement: _____

Reason: _____

Selected task Q4

S01 developed

The proposal pays operators £0.40 for each eligible journey. This lowers operators' effective cost of providing journeys and may let them charge lower fares or run more services. Lower fares and better availability could increase bus journeys. If some extra journeys replace peak-time car trips, other road users could face less congestion and residents could experience less pollution, so the increase can include benefits that bus users do not take into account. One limitation is that operators may keep some of the subsidy rather than pass the full amount to passengers.

Evidence and proposed judgement: _____

Reason: _____

S02 partial

The council would pay bus companies £0.40 for each passenger journey. This could reduce their costs and make them lower fares, so more people might use the bus. Some drivers may switch to buses, reducing congestion and pollution for other people. The subsidy could help increase bus use closer to the socially efficient level. However, firms might keep the money instead of lowering fares. It would then not help passengers as much.

Evidence and proposed judgement: _____

Reason: _____