5		**The only correct answer is A** ***B** is not correct as this would affect the demand for labour* ***C** is not correct as this would increase the supply of labour* ***D** is not correct as this would affect the demand for labour*	**(1)**

4	**QS4: Construct and interpret a range of standard graphical forms** **QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.**	**The only correct answer is D** A is incorrect because average revenue would be greater than marginal cost B is incorrect because marginal revenue would be lower than average revenue C is incorrect because marginal revenue would be less than total cost	**(1)**

5	**QS4:** Construct and interpret a range of standard graphical forms **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is C** A is incorrect because supernormal profit and price will change B is incorrect because supernormal profit and price will decrease D is incorrect because the business supernormal profit and price will decrease	**(1)**

5	**QS4: Construct and interpret a range of standard graphical forms** **QS6: Calculate cost revenue and profit (marginal, average, totals)** **QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.**	**The only correct answer is C** A is incorrect because this is the AFC at 20 000 shirts B is incorrect because this is the AFC at 15 000 shirts D is incorrect because this is the AFC at 5 000 shirts	**(1)**

5	**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is A** **B** *is not correct because the profit motive and an increase in competition resulting from privatisation would increase productive efficiency* **C** *is not correct because an increase in competition resulting from privatisation would lead to greater consumer choice* **D** *is not correct because privatisation involves the sale of shares to individuals and institutions*	**(1)**

5	**QS8: Make calculations of elasticity and interpret the result.** **QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.**	The only correct answer is A B is incorrect because this would result in an elastic demand for construction workers C is incorrect because this would result in an elastic demand for construction workers D is incorrect because this would influence the supply of construction workers	**(1)**

6	**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	The correct answer is **A** **B** is incorrect because the number of employees would be lower **C** is incorrect because wages would be lower **D** is incorrect because wages and the number of employees would be lower	**(1)**

2	**QS4:** Construct and interpret a range of standard graphical forms **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is C** **A** is incorrect because this is when MR=0 **B** is incorrect because this is when MC=MR **D** is incorrect because the firm will make some supernormal profit to pay as dividends	**(1)**

Question	Quantitative skills assessed	Answer	Mark
1	**QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.**	The only correct answer is C A is incorrect because the firms are in the same industry B is incorrect because the firms are at the same stage of production D is incorrect because the firms are at the same stage of production	**(1)**

4	**QS4:** Construct and interpret a range of standard graphical forms **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is A** B is incorrect because supernormal profit will encourage market entry C is incorrect because normal profit will be made in the long-run D is incorrect because normal profit will be made in the long-run	**(1)**

4		**The only correct answer is C** **A** *is not correct because this will affect the supply of labour* **B** *is not correct as this will affect the supply of labour* **D** *is not correct because will affect the supply of labour*	**(1)**

3	**QS6:** Calculate cost, revenue and profit (marginal, average and total) **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	The correct answer is **C** **A** is incorrect because this is average fixed costs at 300 units **B** is incorrect because this is average variable costs at 400 units **D** is incorrect because this is average total costs at 300 units	**(1)**

5	**QS4:** Construct and interpret a range of standard graphical forms **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is A** B is incorrect because demand is more price elastic in the afternoon C is incorrect because supply is perfectly inelastic D is incorrect because supply is perfectly inelastic	**(1)**

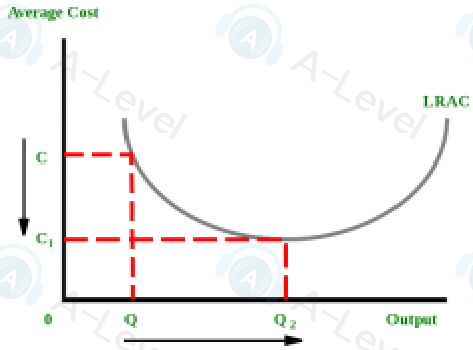
4	**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms **QS6:** Calculate cost, revenue and profit (marginal, average, totals)	**The only correct answer is B** ***A** is not correct as there are increasing returns to scale* ***C** is not correct as diminishing returns have already set in* ***D** is not correct as diminishing returns have already set in*	**(1)**

6	**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is C** **A** is incorrect because this would increase the occupational mobility of labour **B** is incorrect because this would increase the geographical mobility of labour **D** is incorrect because this would increase the geographical mobility of labour	**(1)**

2	**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is C** **A** is incorrect because Sony and Honda are two different companies **B** is incorrect because they are privately owned companies **D** is incorrect because the two companies are at different stages of production in different markets	**(1)**

4	**QS1:** Calculate, use and understand ratios and fractions **QS2:** Calculate, use and understand percentages, percentage changes and percentage point changes. **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms	The correct answer is **B** **A** is incorrect because this is the four-firm concentration ratio **C** is incorrect because this is the four-firm concentration ratio plus others **D** is incorrect because this is the six-firm concentration ratio	**(1)**

5	**QS9**: Interpret, apply and analyse information in written, graphical tabular and numerical forms.	D	**(1)**

Question	Evaluate the benefits of growth by takeover for a business in an industry of your choice. Illustrate your answer with an appropriate diagram(s). **Indicative content**
10	Indicative content guidance Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited. Quantitative skills assessed: **QS4:** Construct and interpret a range of standard graphical forms. **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. Growth by takeover occurs when one firm acquires another • A takeover may allow a firm to enter new markets e.g. WestJet selling more luxury holidays and flights. This will increase revenue and market share for the firm • A takeover may enable a firm to achieve economies of scale e.g. purchasing, technical, financial, managerial  Economies of scale occur as output increases from Q to Q_2 and long- run average costs fall from C to C_1

	• The firm may be able to reduce duplication e.g. where they both have a marketing department and so will be able to reduce costs • The firm may benefit from sharing expertise/research and development skills • A takeover may result in cost savings if the integration occurs with a supplier (backward vertical integration, fast food chain purchasing a farm) – • Takeover may create greater control over suppliers if backward integration which could increase barriers to entry in the industry • A takeover may enable a firm to spread its risk if moving into new markets/diversifying products (conglomerate integration) • If taking over a firm at a later stage of production (forward vertical integration, car manufacturer integrating with car show rooms), the firm may be able to increase revenue by selling directly to the consumer • Horizontal takeover would allow the firm to increase market share • A takeover enables a firm to expand quickly into new markets • A takeover may increase market power enabling the new firm to increase price/restrict output/ or allow an established firm to expand quickly **NB if no diagram candidate can achieve a maximum of level 3** **If no reference to an industry maximum level 3**

	Evaluation (8 marks) – indicative content • Takeovers can be expensive, increasing costs and decreasing profits • Culture clashes may occur between the firms if they were run differently, causing diseconomies of scale • The larger firm may cause communication problems • The takeover may cause concern for competition authorities and lead to government intervention • The firm may enter into new markets where they have little or no expertise • The firm may grow too fast raising costs and lowering profits • Many takeovers may end up being unsuccessful, resulting in demergers