***Educating Young People Who Will Be***



***Significantly Different!***

**90985 1.3 Evidence Statement**

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| Q | Evidence Statement |
| ONE | (a) (b)  **Q1**  **Q2**  **P2**  **P1** |
|  | (c)  As the price of cupcakes increases from $2.50 to $3.50 the quantity of cupcakes supplied by Kiri’s Cakes increases from 30 to 60 per day.  As the price of cupcakes rises, selling cupcakes becomes more profitable for Kiri since the revenue is higher and is more able to cover the costs/ difference between revenue and costs is higher. Therefore Kiri will want to increase the quantity of cupcakes supplied in order to maximise her profits by diverting resources/her time away from producing other goods (eg making coffee) as these other goods are now relatively less profitable.  Kiri will now need to purchase more cupcake ingredients to enable her to produce the 30 additional cupcakes. Kiri may need to hire more staff/employ staff for longer hours to enable her to increase her output of cupcakes. Kiri will now be earning more revenue from cupcakes. She earned $75 when the price was $2.50. Now she earns $210 at a price of $3.50. |

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| N1 | N2 | A3 | A4 | M5 | M6 | E7 | E8 |
| Shows partial understanding with **ONE** of:   * correctly drawn graph (allow one omission from title, axes, scale, points, and S label) * shows movement up the supply curve * states the law of supply * identifies an increase in quantity supplied at $3.50. | Shows partial understanding with **TWO** of:   * correctly drawn graph (allow one omission from title, axes, scale, points, and S label) * accurate movement up the supply curve * states the law of supply * identifies an increase in quantity supplied at $3.50. | Shows understanding with **THREE** of:   * correctly drawn graph (allow one omission from title, axes, scale, points, and S label) * accurate movement up the supply curve * states the law of supply * identifies an increase in quantity supplied at $3.50. | Shows breadth of understanding with **ALL** of:   * correctly drawn graph (allow one omission from title, axes, scale, points, and S label) * accurate movement up the supply curve * states the law of supply * identifies an increase in quantity supplied at $3.50. | Detailed explanation of the law of supply mostly using data and context.   * accurate movement up the supply curve   *AND*   * explains the increase in Quantity supplied of cupcakes with the law of supply and idea of more profitability   *OR*   * explains increased quantity supplied at $3.50 due to more profitability or increased ability to cover costs | Detailed explanation of the law of supply mostly using data and context.   * accurate movement up the supply curve   *AND*   * explains the increase in Quantity supplied of cupcakes with the law of supply and idea of more profitability   *AND*   * explains increased quantity supplied at $3.50 due to more profitability or increased ability to cover costs | Comprehensive explanation of the law of supply **in context** with correct data and **mostly** using economic terminology   * refers to the idea of profitability linking higher profitability to increased ability to cover production costs   *AND*   * explains increased quantity supplied at $3.50 due to more profitability and increased ability to cover costs   *AND*   * one flow-on effect explained. | Comprehensive explanation of the law of supply **in context** with correct data, and using correct economic terminology.   * refers to the idea of profitability linking higher profitability to increased ability to cover production costs   *AND*   * fully explains increased quantity supplied at $3.50 due to more profitability and increased ability to cover costs, **and** by diverting resources away from producing a related good   *AND*   * two flow-on effects explained. |

N0 = no response or no relevant evidence

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| Q | Evidence Statement |
| TWO | (a)  **S**  **S1**  Price ($)  Quantity |
|  | (b)  The new oven increases the productivity of capital of Kiri’s Cakes as the oven can cook twice as many cupcakes in the same time period. The cost of producing each cupcake has decreased (eg the cost of electricity per cupcake will be lower) so Kiri will produce more cupcakes at each and every price as they are more profitable.  This causes an increase in the supply of cupcakes and the supply curve shifts to the right/from S to S1.  Kiri will now need to purchase more ingredients to allow her to increase the supply of cupcakes. Kiri may now need to hire more staff to enable her to increase the supply of cupcakes. Kiri may now save money on electricity costs as she will not need the oven to be on for as long as before. |

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| N1 | N2 | A3 | A4 | M5 | M6 | E7 | E8 |
| Shows partial understanding with **ONE** of:   * shift supply curve correctly with arrow or appropriate labelling * states technology/new oven is more productive * states increase in supply of cupcakes * states a flow-on effect. | Shows partial understanding with **TWO** of:   * shift supply curve correctly with arrow or appropriate labelling * states technology/new oven is more productive * states increase in supply of cupcakes * states a flow-on effect. | Shows understanding with **THREE** of:   * shift supply curve correctly with arrow or appropriate labelling * states technology/new oven is more productive * states increase in supply of cupcakes * states a flow-on effect. | Shows breadth of understanding with **ALL** of:   * shift supply curve correctly with arrow or appropriate labelling * states technology/new oven is more productive * states increase in supply of cupcakes * states a flow-on effect. | Detailed explanation of the concepts of technology and productivity.   * shows the shift correctly with appropriate labelling (arrows and S)   *AND* ***ONE*** *OF*   * explains effect of technology on productivity and supply * explains effect of technology on production costs/profitability and supply * explains ONE flow-on effect linked to cupcakes . | Detailed explanation of the concepts of technology and productivity.   * shows the shift correctly with appropriate labelling (arrows and S)   *AND* ***TWO*** *OF*   * explains effect of technology on productivity and supply * explains effect of technology on production costs/profitability and supply * explains ONE flow-on effect linked to cupcakes . | Comprehensive explanation of the concepts of technology and productivity **in context** and **mostly** using correct economic terms.   * links the effect of the new oven to increased productivity and lower production costs/increased profitability of cupcakes to the shift in the supply curve   *AND*   * Explains ONE flow on effect linked to the increase in supply of cupcakes. | Comprehensive explanation of the concepts of technology and productivity **in context** using correct economic terms.   * clearly links the effect of the new oven to increased productivity and lower production costs/increased profitability of cupcakes to the shift in the supply curve   *AND*   * Explains ONE flow on effect linked to the increase in supply of cupcakes.   *AND*   * Refers to the graph to support the explanation. |

N0 = no response or no relevant evidence

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| Q | Evidence Statement |
| THREE | (a)  **S**  **S1**  Price ($)  Quantity |
|  | (b)  Explaining the effect of the environmental factor:  The environmental factor requires Kiri to use more environmentally friendly packaging or risk losing customers. This enviro-friendly packaging is more expensive so will increase Kiri’s costs of production and make cupcake production less profitable. This will decrease Kiri’s supply of cupcakes and shift the supply curve to the left/from S to S1.  Flow-on effects:  Kiri will now need to spend time sourcing a supplier of enviro-friendly packaging to find the cheapest price she can. Kiri may now look to advertise the fact that her packaging is environmentally friendly in the hope that it will attract more customers. Kiri may now need to lay off workers/cut worker hours as she will no longer be producing as many cupcakes as before/not be able to pay as high wages as before. Kiri may choose to switch resources towards producing a related good, eg spend more time making coffee, as that product is now relatively more profitable. |

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| N1 | N2 | A3 | A4 | M5 | M6 | E7 | E8 |
| Shows partial understanding with **ONE** of   * shift supply curve correctly with arrow or appropriate labelling * states a rise in cost of production * states a decrease in supply * states a flow-on effect. | Shows partial understanding with **TWO** of:   * shift supply curve correctly with arrow or appropriate labelling * states a rise in cost of production * states a decrease in supply * states a flow-on effect. | Shows understanding with **THREE** of:   * shift supply curve correctly with arrow or appropriate labelling * states a rise in cost of production * states a decrease in supply * states a flow-on effect. | Shows breadth of understanding with **ALL** of:   * shift supply curve correctly with arrow or appropriate labelling * states a rise in cost of production * states a decrease in supply * states a flow-on effect. | Detailed explanation of the effect of the environmental factor.   * shows the shift correctly with appropriate labelling   *AND*   * explains a cost factor or less profitable, for supply decreasing   *OR*   * explains a flow-on effect linked to the fall in supply. | Detailed explanation of the effect of the environmental factor.   * shows the shift correctly with appropriate labelling   *AND*   * explains a cost factor or less profitable, for supply decreasing   *AND*   * explains a flow-on effect linked to the fall in supply. | Comprehensive explanation of the effect of the environmental factor **in context** of Kiri’s supply of cupcakes **mostly** using correct economic terms   * explains why Kiri’s supply of cupcakes will fall with clear links to one of the factors in the resource box using a cost factor or less profitability   *AND*   * explains a flow-on effect clearly linked to the environmental factor affecting supply. | Comprehensive explanation of the effect of the environmental factor **in context** of Kiri’s supply of cupcakes using correct economic terms   * explains why Kiri’s supply of cupcakes will fall with clear links to one of the factors in the resource box using a cost factor or less profitability   *AND*   * explains a flow-on effect clearly linked to the environmental factor affecting supply   *AND*   * Refers to the graph to support the explanation. |

N0 = no response or no relevant evidence

Judgement statement

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|  | Not Achieved | Achievement | Achievement with Merit | Achievement with Excellence |
| Score range | 0 – 6 | 7 - 13 | 14 - 18 | 19 - 24 |