

FOR OFFICIAL USE

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**F**

	KU	ES
Total		

**0820/401**

NATIONAL TUESDAY, 22 MAY  
QUALIFICATIONS 9.00 AM – 10.00 AM  
2007

**ECONOMICS**  
**STANDARD GRADE**  
Foundation Level

**Fill in these boxes and read what is printed below.**

Full name of centre

Town

Forename(s)

Surname

Date of birth

Day Month Year

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Scottish candidate number

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Number of seat

- 1 Read each question carefully.
- 2 Attempt **all** the questions.
- 3 All answers are to be written in this answer book.
- 4 Do **not** write in the margins.
- 5 Before leaving the examination room you must give this book to the invigilator. If you do not, you may lose all the marks for this paper.



1. Study the picture below and answer the questions which follow.

Marks

KU ES



The picture above shows the economy of “Dalraida” which has both public and private sector organisations.

(a) (i) What type of economy is Dalraida?

**Tick the correct box.**

Free Market Economy	
Mixed Economy	
Planned Economy	

1

(ii) Select **one** of the answers you did **not** choose in (a) (i) above and describe how resources are allocated in that type of economy.

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2

KU	ES
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2

2

2



*Marks*

**1**

- 1**

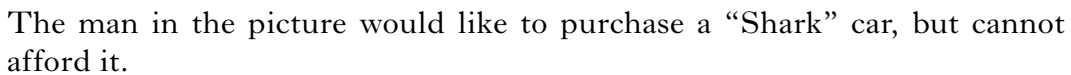
**1**

**[Turn over**



**[Turn over for Question 3 on *Page eight***

*Marks*



**Tick the correct box.**

**1**

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2



**3. (continued)**

*Marks*

- (b) From the picture, identify **3** methods which Donald Shark Autos has used to encourage people to buy Shark Cars.

1 \_\_\_\_\_

\_\_\_\_\_

2 \_\_\_\_\_

\_\_\_\_\_

3 \_\_\_\_\_

\_\_\_\_\_

- (c) Suggest **2** reasons why cars sold on the Internet might be cheaper than cars sold in a showroom.

1 \_\_\_\_\_

\_\_\_\_\_

2 \_\_\_\_\_

\_\_\_\_\_

- (d) (i) Identify evidence of inflation in the picture.

\_\_\_\_\_

- (ii) Explain the effect inflation might have on sales of cars at Donald Shark Autos.

\_\_\_\_\_

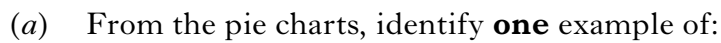
\_\_\_\_\_

**[Turn over]**

	KU	ES
<b>3</b>		
<b>2</b>		
<b>1</b>		
<b>2</b>		

## HARVEY FAMILY MONTHLY SPENDING

INCOME £800 PER MONTH  
YEAR 2



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2

Answer: £ \_\_\_\_\_

2

**4. (continued)**

*Marks*

KU	ES
2	
2	
1	
1	

- (c) (i) The Harvey family saved a lower percentage of its income in Year 2. Suggest **2** reasons for this.

1 \_\_\_\_\_

\_\_\_\_\_

2 \_\_\_\_\_

\_\_\_\_\_

- (ii) Suggest **2** financial organisations in which the Harvey family could save their money.

1 \_\_\_\_\_

\_\_\_\_\_

2 \_\_\_\_\_

\_\_\_\_\_

- (d) The percentage spent on Food and Drink increased between Year 1 and Year 2.

- (i) Does this mean that the Harvey family bought more Food and Drink in Year 2?

**Tick the correct box.**

Yes ☐

No ☐

- (ii) Explain your answer to (d) (i).

\_\_\_\_\_

\_\_\_\_\_

**[Turn over]**

KU	ES
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- 
- KUMITE KARATE CAVE**
- Personalised Black Belts  
£10 EACH
- Gloves  
£8
- Credit/Debit Cards Accepted
- VISA
- MasterCard
- AMERICAN EXPRESS
- Cheques Welcome
- KICK MAN  
£200
- Join the KUMITE Christmas Savings Scheme £10 per Month
- Karate Kit For Sale
- KUMITE Gift Vouchers Available

- 

- 

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2

5. (continued)

Marks

KU	ES
1	
2	
2	

- (c) The owner of the local Marx Ryu Karate shop merges his business with Kumite Karate Cave to become the Ryu Karate Cave.

- (i) Identify this type of integration.

Tick the correct box.

Horizontal Integration	
Vertical Integration	

- (ii) Explain your answer to (c) (i).

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- (iii) Suggest **one** advantage and **one** disadvantage to customers using the Ryu Karate Cave.

1 Advantage

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2 Disadvantage

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[Turn over

6. Study the diagrams below and answer the questions which follow.

Marks

KU ES

Diagram 1

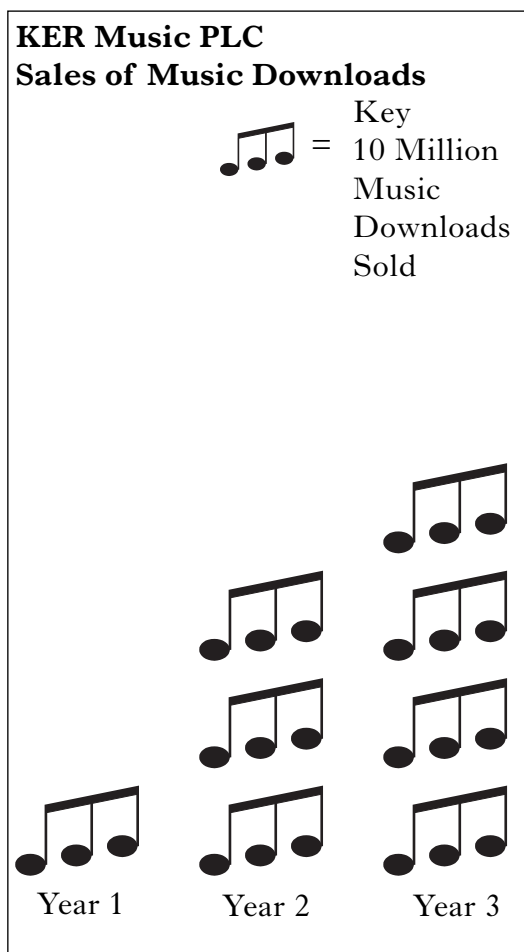
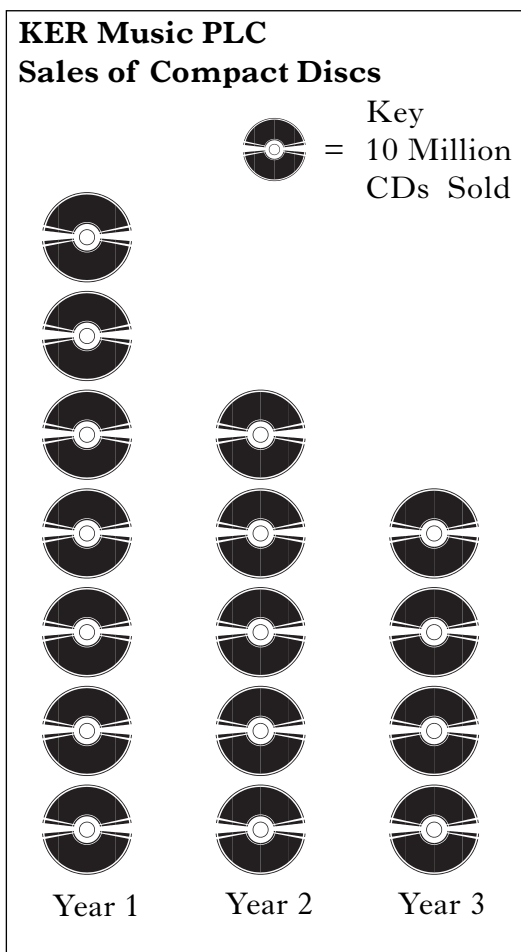


Diagram 2



- (a) Using the information from Diagram 1, calculate how many music downloads KER Music PLC sold in Year 2.

Answer: \_\_\_\_\_

Show your working here.

1

**6. (continued)***Marks*

- (b) (i) Using information from Diagram 2, state what happens to sales of compact discs between Year 1 and Year 3.

**Tick the correct box.**

Increase in sales	
Decrease in sales	

**1**

- (ii) Using your answer to (b) (i) identify what is likely to happen to the demand for workers making compact discs.

**Tick the correct box.**

Increase	
Decrease	

**1**

- (iii) Explain your answer to (b) (ii).

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**2**

- (c) (i) If the trends shown in Diagram 1 and Diagram 2 continue, will KER Music PLC allocate more resources to producing music downloads or compact discs?

**Tick the correct box.**

Music Downloads	
Compact Discs	

**1**

- (ii) Explain your answer to (c) (i).

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**2****[Turn over]**

**6. (continued)**

*Marks*

(d) The “market” for music downloads is increasing.

(i) Explain what is meant by the term “**market**”.

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**1**

(ii) The Internet is one example of a market. Give **2** other examples of a market.

1 

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2 

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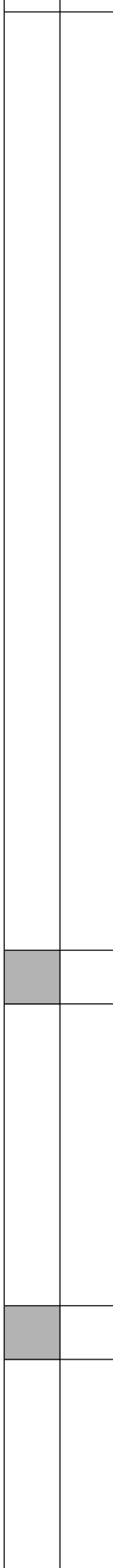
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**2**



**[Turn over for Question 7 on *Page eighteen***

*Marks*



- 1 \_\_\_\_\_
- \_\_\_\_\_
- 2 \_\_\_\_\_
- \_\_\_\_\_

- 1 \_\_\_\_\_

\_\_\_\_\_

2 \_\_\_\_\_

\_\_\_\_\_

**7. (continued)**

*Marks*

(c) The man going into the job centre is currently unemployed.

- (i) Suggest **one** economic disadvantage to the man of being unemployed.

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**1**

- (ii) Suggest **one** social disadvantage to the man of being unemployed.

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**1**

- (iii) From the picture, identify **2** items of evidence which suggest that the man may now be able to find employment in Glenshoogle.

1 

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2 

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**2**

**[Turn over for Question 7(d) on Page twenty]**



## ACKNOWLEDGEMENTS

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