FOR OFFICIAL USE			

	KU	ES
Total		

# 0820/401

NATIONAL 2007

TUESDAY, 22 MAY QUALIFICATIONS 9.00 AM - 10.00 AM **ECONOMICS** STANDARD GRADE Foundation Level

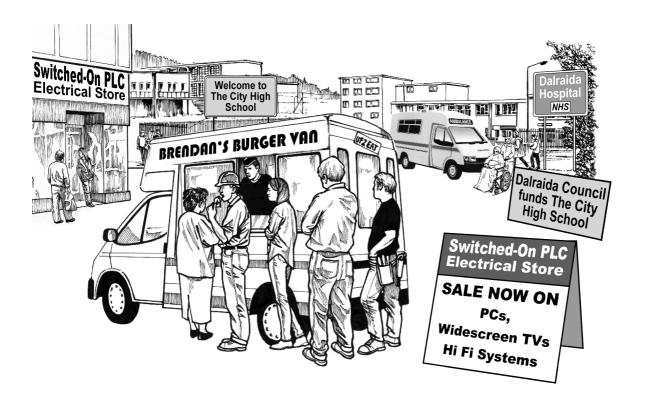
Fill in these boxes and read what is printed below.	
Full name of centre	Town
Forename(s)	Surname
Date of birth  Day Month Year Scottish candidate number	Number of seat
1 Read each question carefully.	
2 Attempt all the questions.	
3 All answers are to be written in this answer book.	
4 Do <b>not</b> write in the margins.	
5 Before leaving the examination room you must give not, you may lose all the marks for this paper.	e this book to the invigilator. If you do





Marks

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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	

(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.


2

1

[0820/401] Page two

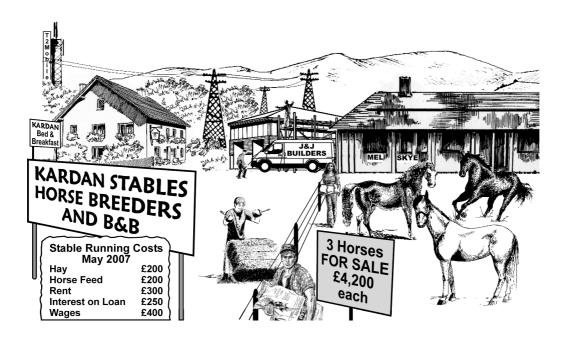
(con	tinu	ed)	Marks	KU	ES
		ortunity cost exists in every type of economy. Explain what is nt by the term "opportunity cost" and give an example.			
(c)	(i)	From the picture, identify <b>one</b> example of an organisation in:	2		
		1 the Public sector;			
		2 the Private sector.	2		
	(ii)	Explain your answers to $(c)$ (i).	L		
		1 The Public sector			
		2 The Private sector			
			2		
		[Turn over	•		
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Marks

3

3

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- (a) From the picture above, identify **one** example of each of the following:
  - (i) a natural resource;
  - (ii) a human resource;
  - (iii) a man-made resource.

(b) From the picture, identify **one** activity in each of the following sectors:

- (i) Primary;
- (ii) Secondary;
- (iii) Tertiary.

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# 2. (continued)

(c)

Marks KII FS

	month.	
	Answer: £,	
	Show your working here.	
	1	
ii)	Kardan Stables' Total Costs for this month.	
	Answer: £,	
	Show your working here.	
	1	
ii)	Profit made this month.	
	Answer: £	
	Show your working here.	
	1	

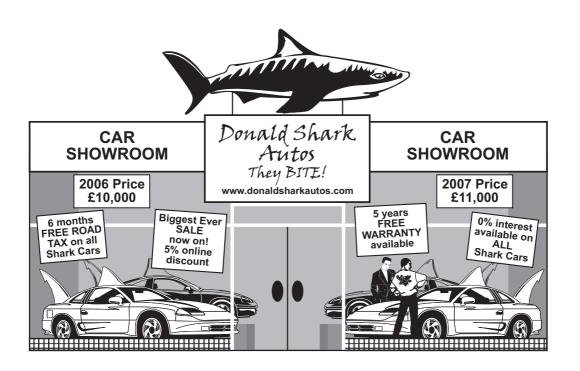
[0820/401] Page five

2.	(con	tinu	Marks	KU		
						ES
		1 a	variable cost;			
		2 a i	fixed cost.			
				2		
	( <i>e</i> )	The	owner of Kardan Stables would like to reduce costs.			
		(i)	Suggest <b>one</b> action that the owner of Kardan Stables could take to reduce costs.			
				. 1		
		(ii)	Explain how the action you chose in (e) (i) would reduce costs.			
				2		
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[0820/401] Page six [Turn over for Question 3 on Page eight

Marks

ks KU ES



The man in the picture would like to purchase a "Shark" car, but cannot afford it.

(a) (i) Is this an example of "Effective Demand"?

No

Tick the correct box.

Yes

(ii)	Explain your answer to (a) (i).

2

1

# MARGIN **3.** (continued) Marks KU | ES From the picture, identify 3 methods which Donald Shark Autos has used to encourage people to buy Shark Cars. 3 Suggest 2 reasons why cars sold on the Internet might be cheaper than (c) cars sold in a showroom. 2 (*d*) (i) Identify evidence of inflation in the picture. 1 Explain the effect inflation might have on sales of cars at Donald Shark Autos. 2 [Turn over

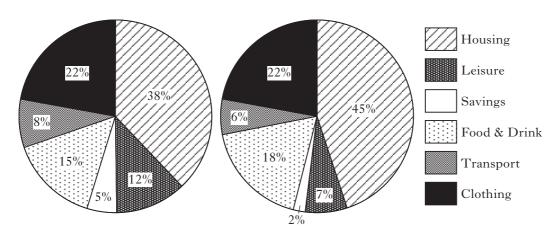
[0820/401] Page nine

M

Iarks	KU	ES

### HARVEY FAMILY MONTHLY SPENDING

INCOME £1000 PER MONTH INCOME £800 PER MONTH YEAR 1 YEAR 2



(*a*) From the pie charts, identify **one** example of:

4		1 .		
1	a	basic	need	:
1	а	Dasic	nccu	

2 a want.

(*b*)

Calculate	how	much	the	Harvey	family	spent	on	"basic	needs"	per

month in Year 1.

Answer: £ \_\_\_\_\_

Show your working here.

2

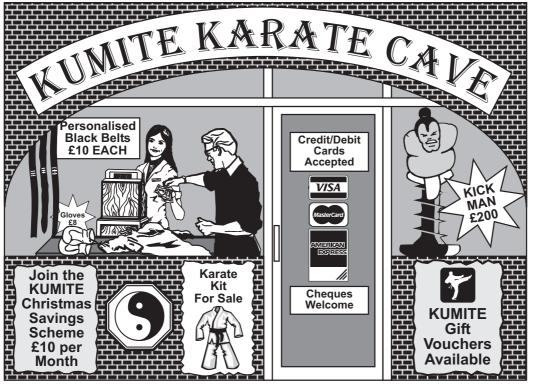
2

[0820/401] Page ten

. (co	ontinu	ed)	Marks	KU	ES
(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.	2		
		1			
		2			
			2		
( <i>d</i> )		percentage spent on Food and Drink increased between Year 1 Year 2.			
	(i)	Does this mean that the Harvey family bought more Food and Drink in Year 2?			
		Tick the correct box.			
		Yes No	1		
	(ii)	Explain your answer to $(d)$ (i).			
			. 1		
		[Turn over	,		
9 <b>2</b> 07/	1017	Dama alastras			

Marks

KU ES



(a) From the picture, identify an example of money being used as each of the following:

(i) a	measure	of	val	lue;
` /				,

(ii) a store of value.

(b) From the picture, name 2 ways which consumers might use to pay for the goods bought in the Kumite Karate Cave.

1 \_\_\_\_\_

2

2

2

5.	(cor	ntinue	ed)	Marks	KU	ES
	(c)		owner of the local Marx Ryu Karate shop merges his business Kumite Karate Cave to become the Ryu Karate Cave.			
			Identify this type of integration.			
			Tick the correct box.			
			Horizontal Integration			
			Vertical Integration	1		
		(ii)	Explain your answer to $(c)$ (i).			
				2		
		(iii)	Suggest <b>one</b> advantage and <b>one</b> disadvantage to customers using the Ryu Karate Cave.			
			1 Advantage			
			2 Disadvantage			
				2		
			[Turn over			

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Diagram 1

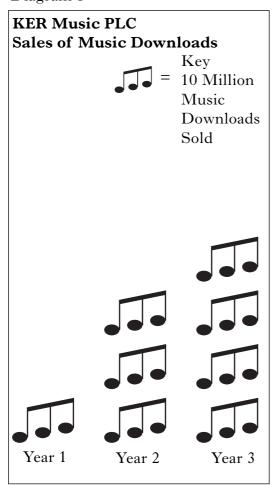
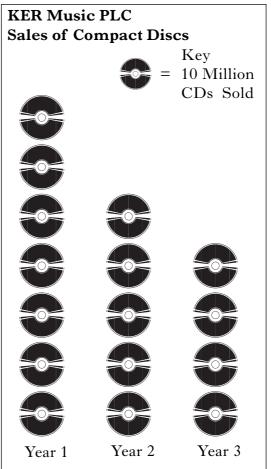


Diagram 2



(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.	(cor	ntinu	ed)	Marks	KU	ES
	<i>(b)</i>	(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).	_		
				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).	_		
				2		
			[Turn over	<b>p</b>		
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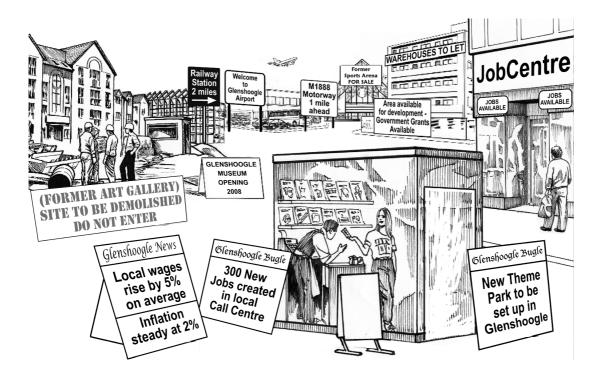
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6.	(cor	tinu	ad)	7.4. 1	MARGIN		
0.				Marks	KU	ES	
	( <i>d</i> )		"market" for music downloads is increasing.				
		(i)	Explain what is meant by the term "market".				
				1			
				. •			
		(ii)	The Internet is one example of a market. Give <b>2</b> other examples of a market.				
			of a market.				
			1				
			2				
				. 2			
				. <b>2</b>			

[Turn over for Question 7 on Page eighteen

Marks

KU ES



(a) From the picture, suggest 2 reasons why firms might be attracted to set up in Glenshoogle.

1 \_\_\_\_\_

2

(b) From the picture, identify **2** examples of **unused** man-made resources in Glenshoogle.

2

\_\_\_\_\_

2

7.	(cor	tinu	7. <i>1</i> . 1		RGIN	
7.	(601	continue	ed)	Marks	KU	ES
	(c)	The	man going into the job centre is currently unemployed.			
		(i)	Suggest <b>one</b> economic disadvantage to the man of being unemployed.			
				1		
		(ii)	Suggest <b>one</b> social disadvantage to the man of being unemployed.			
				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			
				. 2		
			[Turn over for Question 7(d) on Page twenty			

DO NOT WRITE IN THIS

			MAR	GIN		
7.	(cont	inue	ed)	Marks	KU	ES
	( <i>d</i> )	(i)	Is the standard of living in Glenshoogle likely to be rising or falling?			
			Tick the correct box.			
			Rising Falling	1		
		(ii)	Identify $2$ pieces of evidence from the picture to support your answer to $(d)$ (i).			
			1			
			2			
				. 2		
			CHAID OF CHIEGRAL AND ADDROIS			
			$[END\ OF\ QUESTION\ PAPER]$			

### ACKNOWLEDGEMENTS

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