

FOR OFFICIAL USE

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Total	KU	ES

0820/401

NATIONAL
QUALIFICATIONS
2011

TUESDAY, 3 MAY
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

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Scottish candidate number

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Number of seat

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- 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.



(a) From the picture, identify **one** example of each of the following:

- (i) a consumer single use good;

- (ii) a capital good;

- (iii) a service.

3

Marks		
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1		
1		
2		
1		
1		
1		
	[Turn over	

1. (continued)

- (b) (i) From the picture, identify **one** example of specialisation.

1

- (ii) State **2** benefits of specialisation to the **customers** of Wylie's Wedding World.

1 _____

2 _____

2

- (c) The customer in the picture has a limit of £3000 to spend, but wants to buy the £6000 wedding dress.

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

Tick the correct box.

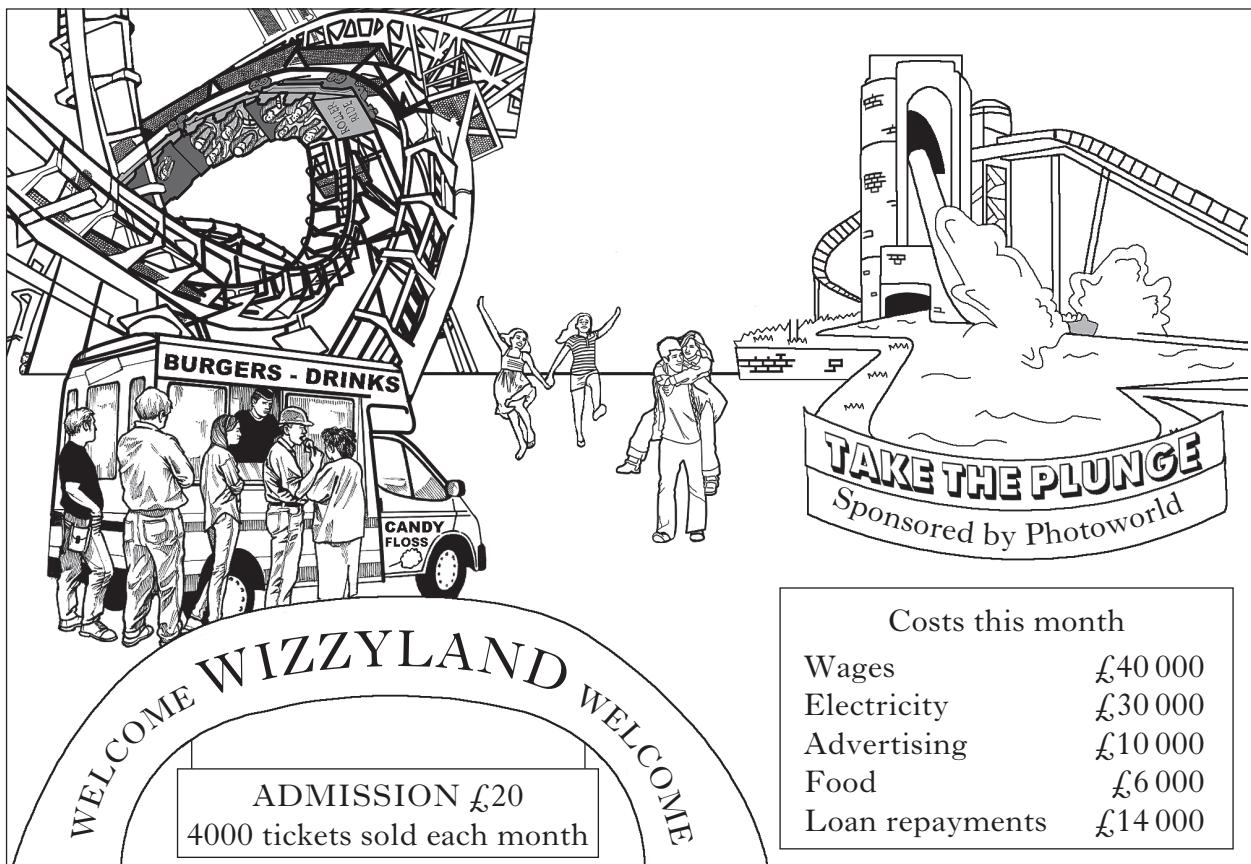
Yes		No	
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1

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

1

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



(a) Using the information in the picture:

- (i) calculate Total Revenue per month from admission tickets;

Answer: £ _____

Show your working here.

1

- (ii) calculate Total Costs per month.

Answer: £ _____

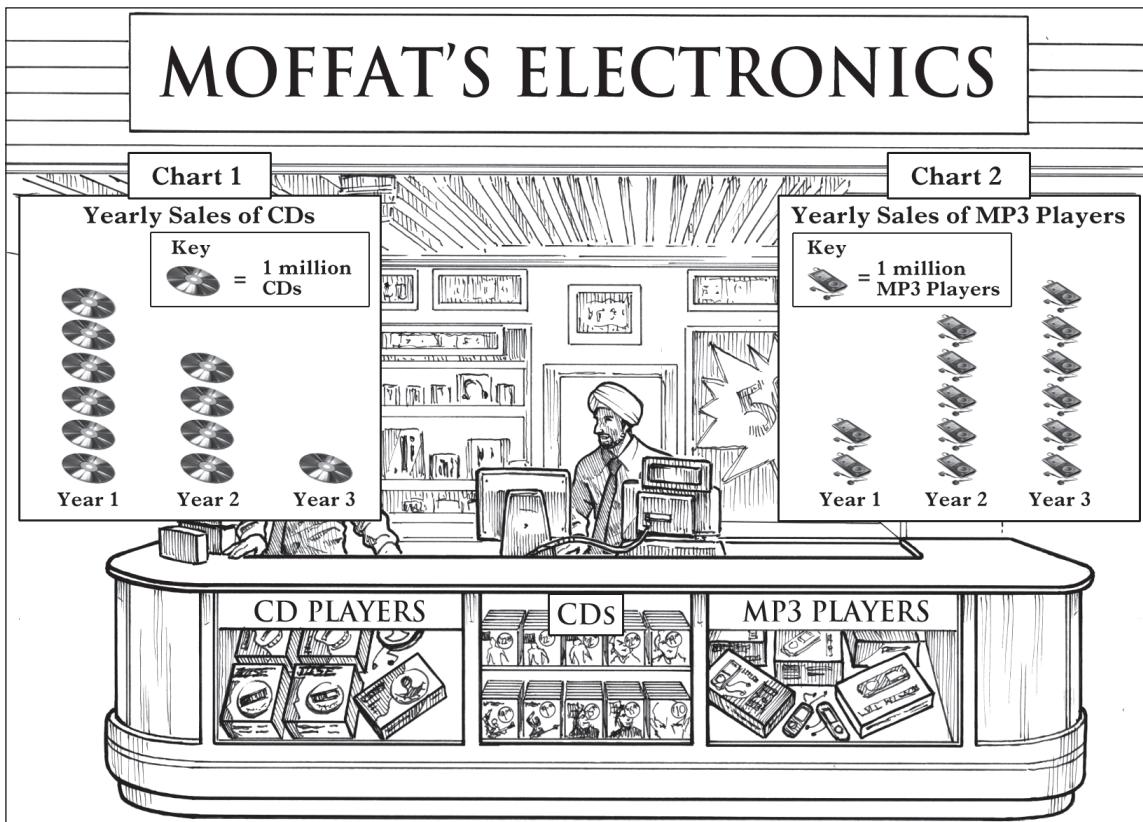
Show your working here.

1

	Marks	KU	ES				
2. (a) (continued)							
(iii) Does the theme park make a profit or loss this month?							
Tick the correct box.							
<table border="1"><tr><td>Profit</td><td></td><td>Loss</td><td></td></tr></table>	Profit		Loss		1		
Profit		Loss					
(iv) Explain your answer to (a)(iii).							
	1						
(b) From the picture, identify:							
(i) one variable cost;							
(ii) one fixed cost.							
	2						
(c) The owner of Wizzyland Theme Park has noticed that costs have started to rise.							
(i) State one action which Wizzyland could take to reduce costs.							
	1						
(ii) Explain in what way the action you chose in (c)(i) would be expected to work.							
	2						

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2. (continued)	(d) From the picture, identify one example of private sector sponsorship and give one benefit of this to the sponsor.			

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



(a) Use **Chart 1** for this question.

Calculate how many Compact Discs (CDs) Moffat's Electronics sold in Year 1.

Answer: _____

Show your working here.

1

(b) Use **Chart 2** for this question.

(i) What happened to sales of MP3 players between Year 1 and Year 3?

Tick the correct box.

Increase in sales	<input type="checkbox"/>
Decrease in sales	<input type="checkbox"/>

1

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3. (b) (continued)

- (ii) Using your answer to (b)(i), what might happen to the demand for workers making MP3 players?

Tick the correct box.

Increase	<input type="checkbox"/>
Decrease	<input type="checkbox"/>
No change	<input type="checkbox"/>

1

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

2

- (c) (i) If the trends shown in **Chart 1** and **Chart 2** continue, what might happen to the number of **CD players** that Moffat's Electronics orders from their suppliers?

Tick the correct box.

Rise	<input type="checkbox"/>
Fall	<input type="checkbox"/>
No change	<input type="checkbox"/>

1

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

2

[Turn over

	Marks	MARGIN
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3. (continued)		
(d) Recent surveys indicate that the market for music downloads is increasing.		
(i) Explain what is meant by the term “ market ”.		
	1	
(ii) A shop is one example of a market. Give 2 other examples of a market .		
1	_____	

2	_____	
	_____	2

[Turn over for Question 4 on *Page twelve*

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



- (a) Jenny and Paulo have decided to borrow money.

Apart from a bank loan, suggest **2** other forms of borrowing.

1 _____

2 _____

2

- (b) Give **2** reasons why a business might need to borrow money.

1 _____

2 _____

2

		Marks	KU	ES	MARGIN
4.	(continued)				
(c)	Apart from lending money, name 2 other services offered by a bank.				
1	_____				
2	_____	2			
(d) (i)	Notes and coins are used to pay for goods and services. From the picture, identify 2 other ways to pay for goods and services.				
1	_____				
2	_____	2			
(ii)	Choose one of the methods of payment suggested in (d)(i) and explain why someone might prefer to use this method of payment instead of notes and coins.				

	_____	2			
[Turn over					

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



DO NOT
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MARGIN

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(a) From the picture, identify:

(i) **one** unemployed man-made resource;

(ii) **one** unemployed natural resource.

2

(b) From the picture, identify **one** example of:

(i) technological unemployment;

(ii) structural unemployment.

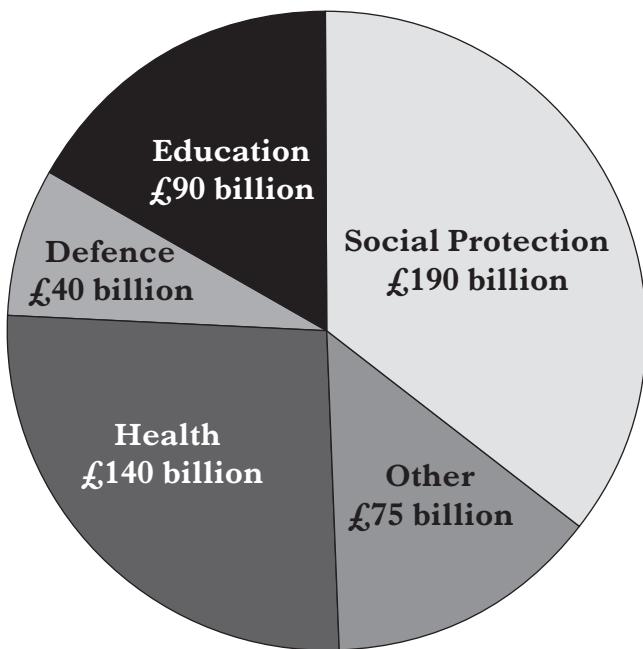
2

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5. (continued)		
(c) (i) Give one economic effect of unemployment on an individual.		
		1
(ii) Give one social effect of unemployment on an individual.		
		1
(iii) Give one economic effect of unemployment on the Government.		
		1
(d) State 2 actions unemployed people might take to improve their chances of getting a job.		
1		
2		
		2

[Turn over]

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

Scotopia Government Spending by Category 2011



- (a) Using the information from the chart, which is the largest category of Scotopian Government Spending?

1

- (b) In which category would the following items of Scotopian Government Spending be included?

Complete the table. The first one has been done for you.

Item	Category of Government Spending
HOSPITAL BEDS	HEALTH
TEACHERS' WAGES	
ARMY HELICOPTERS	
JOB SEEKER'S ALLOWANCE	

3

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6. (continued)		
(c) Give 2 economic reasons why the Government of Scotopia spends money on education.		
1 _____		

2 _____		

(d) Scotopia has a mixed economy . Explain what is meant by the term “mixed economy”.		

(e) The Scotopian Government is concerned about the increase in consumer demand in the economy. Explain how the Scotopian Government might decrease consumer demand using:		
(i) VAT; _____		

(ii) Income tax. _____		

[Turn over		

[Turn over

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

TOMMY'S TRAVEL AGENTS
www.TTA.org

Las Vegas Package Deal
USA £2500

Flights to Las Vegas were only £800 last year.

COME TO JAPAN
£4000

Today's Exchange Rates
£1 = \$1.75
£1 = €1.50

EXCHANGE RATES COMMISSION FREE

TOMMY'S TRAVEL SAVINGS SCHEME
Save £50 a month towards your next holiday

CHILDREN TRAVEL FREE
On all trips to USA

10% DISCOUNT ON ALL HOLIDAYS BOOKED THIS MONTH

- (a) Karim and Brenda are considering booking a holiday to the USA or Japan.

Name the currency which Karim and Brenda would need to buy goods in Japan.

Answer: _____

1

- (b) (i) Karim and Brenda decide to book a holiday to Las Vegas in the USA.

If the exchange rate is £1 = \$1.75, how many US dollars will Karim and Brenda get for £200?

Answer: \$ _____

Show your working here:

1

- (ii) Is Karim and Brenda's holiday an example of an import or an export for the USA?

Tick the correct box.

Import		Export	
--------	--	--------	--

1

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1		
1		
1		
3		
2		
2		
[END OF QUESTION PAPER]		

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