NAME:			



### **SHREWSBURY SCHOOL**

# SIXTH FORM ENTRANCE EXAMINATION 2014

## ECONOMICS (1 hour)

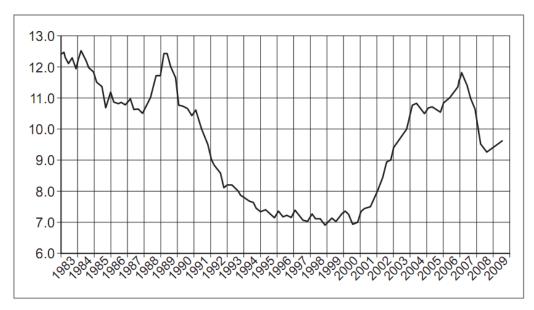
#### Instructions to candidates:

- Answer all questions.
- Total marks: 50

#### Part A

#### Question I: Housing

Fig 1: UK house price affordability indicator\* 1983 to 2009



<sup>\*</sup> The house price affordability indicator is calculated by dividing the average price of houses by average income. The lower the number, the greater the affordability of housing.

Source: news reports, 2010

a) If in 2009 the average price of a UK house was £190,000 calculate the average income.
(2)
b) Using Fig I and referring to the data identify two significant features of the UK house price affordability indicator over the period shown.
Significant feature 1:
(4)

Significant feature 2:
(4)
Question 2: Markets for Alcoholic Drinks
Fig 2 Percentage of different age groups consuming alcoholic drinks, 2006
Key   Light drinking   Moderate drinking   Heavy drinki
Source: official statistics
a) Using fig 2 and referring to the data identify two significant points of comparison between the alcohol consumption of the different age groups shown.
Significant comparison 1:

.....

.....(4)

Significant comparison 2:	
	(4)

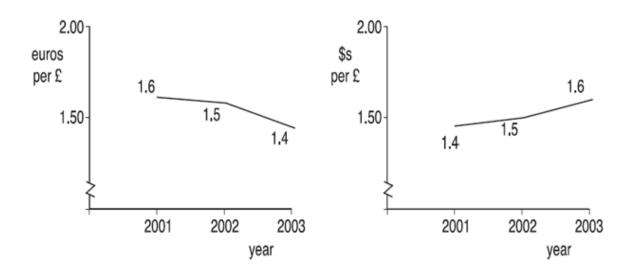
#### **Question 3: Airlines**

BudgetAir PLC makes most of its revenue from flights between the UK and Europe and conducts most of its business in £ sterling. However:

- It buys all of its aviation fuel priced in US \$'s, purchasing 100,000 litres a week at \$2 per litre.
- It buys its aircraft from American plane maker Boeing. It buys on average I new plane a year at \$52m each.
- It has to pay its expenses at European airports in euros. The average airport charge is €2000 and there are an average of 50 landings a day.

Changes in the  $\pounds$  sterling exchange rate can have major effects on its costs and revenues.

Fig 3: The exchange rate of £ sterling 2001-3.



<ul> <li>a) What is the equivalent weekly cost of buying</li> </ul>	g a plane in 2002 in £ sterling?
	(2)

b) Create and use a table to decide whether changes to the exchange rate from 2002 to 2003 will have had an impact on BudgetAir's <b>weekly costs</b> . Show all workings below the table (10 marks).
Space for Table:
Conclusion: Overall costs have
Workings:

#### Part B

#### Question 4: The standard of living in the UK

Figure 4

\* projection

	1952	2002	2022*
UK population	50m	60m	70m
Numbers in work	23m	28.4m	32m
Average weekly income (manual worker)	£7	£300	£550
Average working week (hours)	48	42	39
Life expectancy (years) men	66.1	75.8	86.2
women	70.9	80.6	88.6
Average house price	£2,028	£109,218	£302,600
Number of overseas holidays	150,000	36m	45m
Car ownership	3m	26.5m	29m
Average price of a car	£470	£13,555	£18,300
Price of a litre of petrol	5p	75p	£2.20
Prison population	24,000	69,850	90,000
Divorce rates	2 in 10	4 in 10	5 in 10
	marriages	marriages	marriages

Use figure 4 to discuss whether the UK's standard of living is growing from 1952 to 2022. (20 marks)





If you use the following lined page to complete any question, the question number must be clearly shown.