

Surname:

First Name:

Current School:



SHREWSBURY SCHOOL

SIXTH FORM ENTRANCE EXAMINATION 2024 ENTRY

ECONOMICS (1 Hour)

Instructions to candidates:

- Please answer all questions.
- Calculators may be used.

Question 1: Living standards

Table 1 compares three countries.

GDP (Gross Domestic Product) is a measure of a countries total output and is often referred to as national income.

Table 1

Country	GDP per head (dollars)	Life expectancy at birth
A	25,000	70
B	21,000	75
C	16,000	60

a) If the population of country C is 30 million. Calculate its total GDP in \$billion.

.....
..... (2)

b) State and explain one additional indicator which could be used to compare living standards.

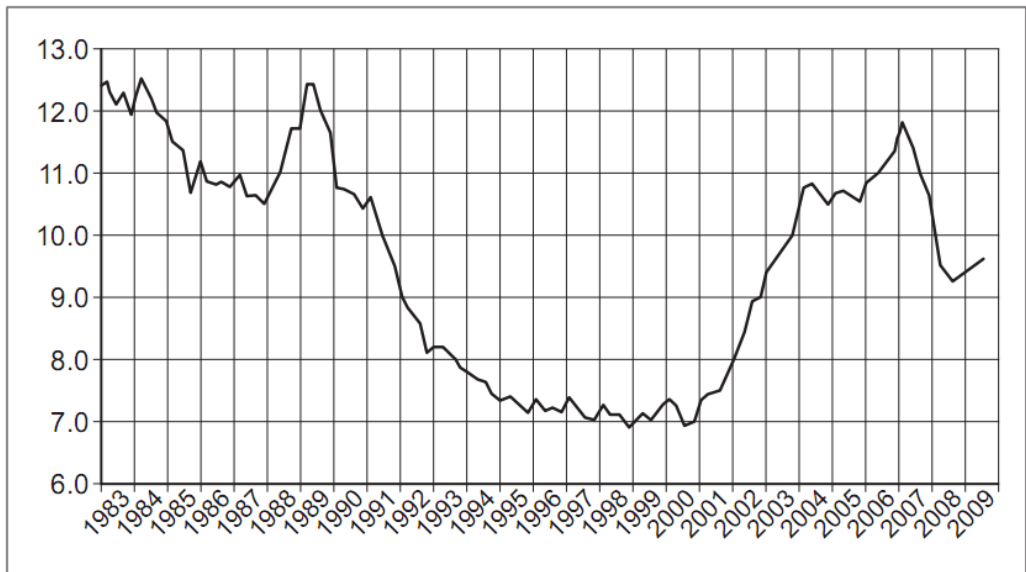
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..... (4)

c) Using the table discuss whether country A, B or C has the highest living standards

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..... (5)

Question 2: Housing

Fig 2: UK house price affordability indicator* 1983 to 2009



* 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.

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.....(2)

b) Using the graph explain the impact of the UK recession in 1990-2 on house prices and house price affordability.

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.....(5)

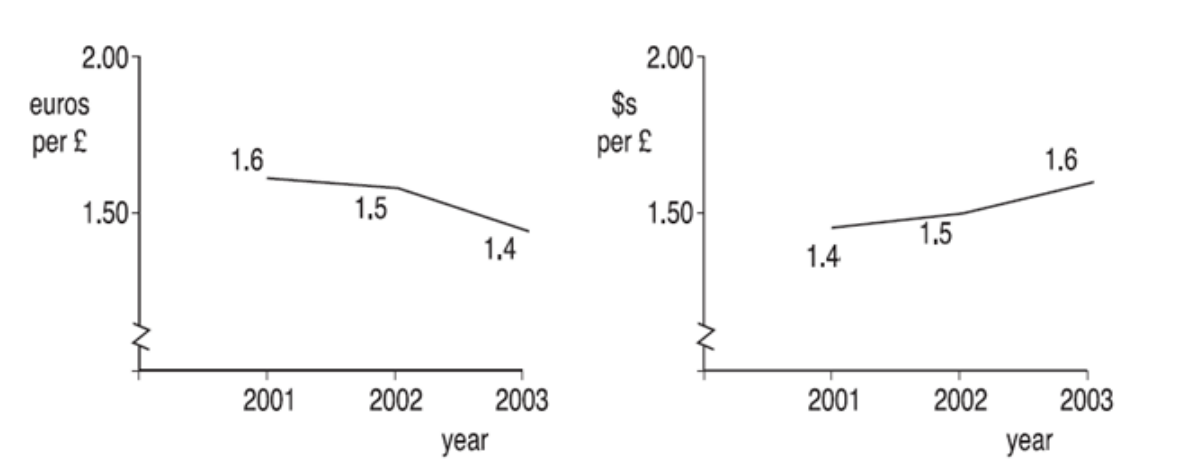
Question 3: Airlines

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 month at \$2 per litre.
- It buys its aircraft from American plane maker Boeing. It buys on average one new plane a year at \$50m each.
- It has to pay its expenses at European airports in euros. The average airport charge is €2000 per landing and there are an average of 200 landings a month.

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

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



a) What is the equivalent cost of buying a plane in 2002 in £ sterling?

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..... (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 **annual costs**. Show all workings on the next page (**10 marks**). Space for Table:

Workings:

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Conclusion: Overall annual costs have

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Essay Question (20 marks)

Answer either Question 4 **OR** Question 5. Do not answer both questions. **You will be marked on your ability to discuss (argue and judge both sides) not on any specific use of economic terms.**

Question 4

In recent years the UK Steel industry has suffered from increased foreign competition especially from China. Discuss whether governments should intervene to help industries such as Steel.

Question 5

Universities in the UK first introduced tuition fees in 1998 at £1000 per student per annum. Since then they have increased to £9250 per annum. Discuss whether student fees are the best way to pay for further education.

Answer to Question 4/5 (State the question you are answering)

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