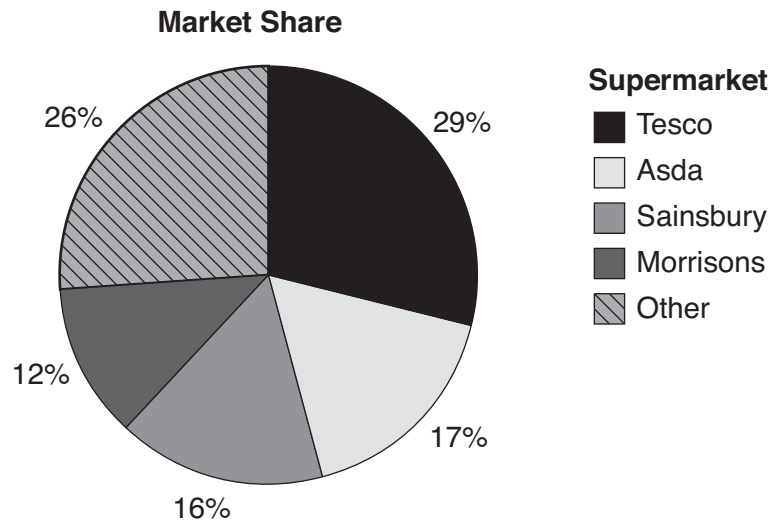


Question 1

Fig. 1 shows the percentage share of the UK food retailing market of the four largest supermarkets.



- (a) Which supermarket has the largest market share?

_____ [1]

- (b) Calculate the total percentage market share of the four largest supermarkets. Show your working.

_____ [2]

- (c) (i) Explain what is meant by opportunity cost.

[2]

- (ii) What might be the opportunity cost to a consumer of spending £20 on food?

[1]

- (d) Put a tick in **two** boxes to show which two organisations are responsible for carrying out competition policy in the UK.

| | |
|------------------------|---|
| | ✓ |
| Bank of England | |
| Competition Commission | |
| Office of Fair Trading | |
| Stock Exchange | |

[2]

- (e) To what extent do supermarkets operate in a competitive market? Use Fig. 1 to help explain your answer.

[4]

[illegible]

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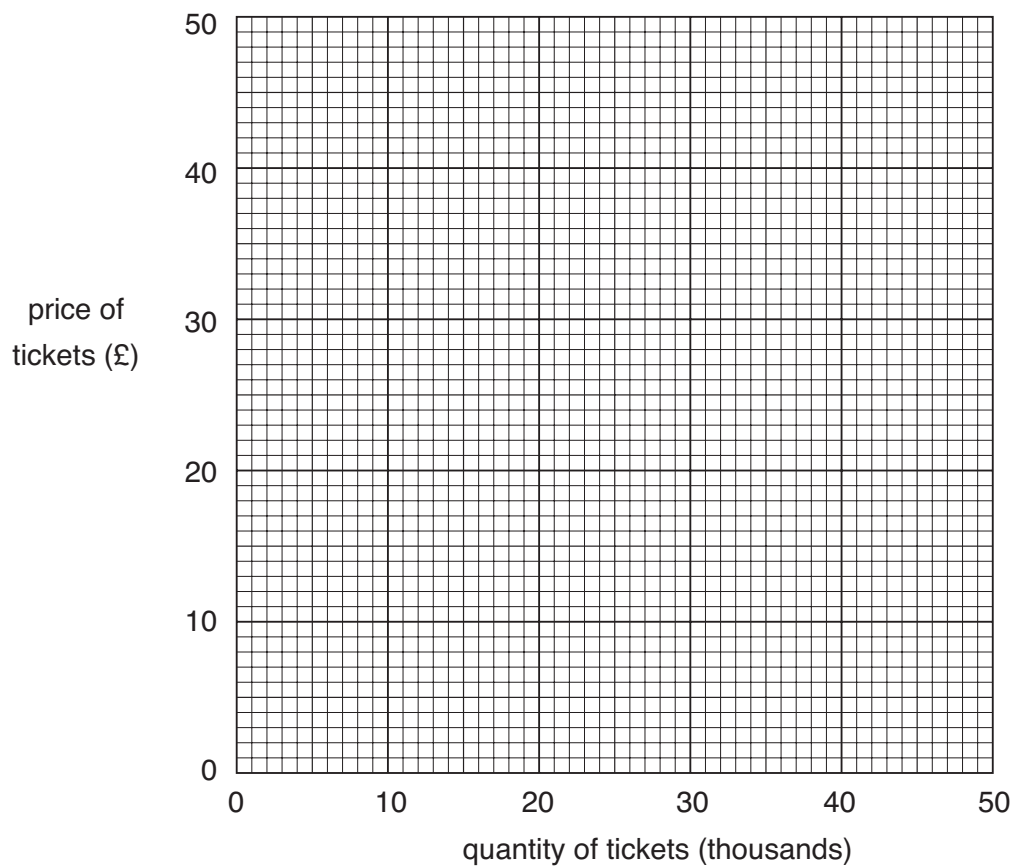
Question 2

A pop singer named Rocky Starr is going to play a concert at the Asten Arena. Fig. 2 shows the demand for and supply of tickets for this concert.

| Price of tickets (£) | Demand for tickets | Supply of tickets |
|----------------------|--------------------|-------------------|
| 10 | 45 000 | 30 000 |
| 20 | 40 000 | 30 000 |
| 30 | 35 000 | 30 000 |
| 40 | 30 000 | 30 000 |
| 50 | 25 000 | 30 000 |

Fig. 2

- (a) Using the information in Fig. 2, draw and label the demand curve and the supply curve for concert tickets.



[4]

- (b) (i) On your graph, draw a line to show the equilibrium price of tickets.

[1]

- (ii) State the equilibrium price of tickets.

£ _____

[1]

- (c) Put a tick in the box which best describes the elasticity of supply of tickets in Fig. 2.

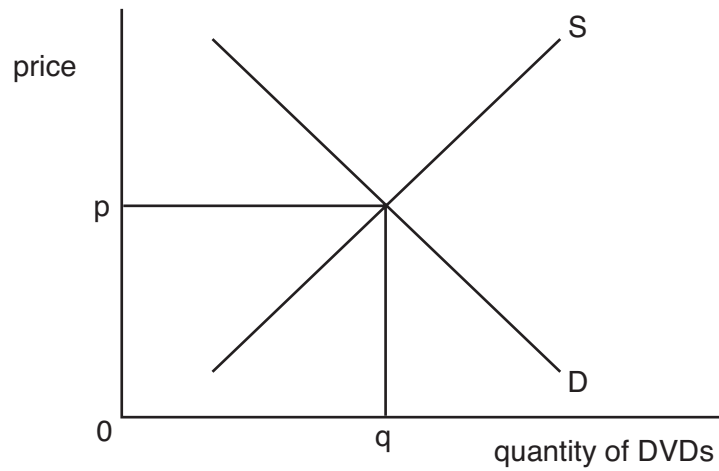
| | |
|---------------------|---|
| | ✓ |
| Elastic | |
| Perfectly elastic | |
| Inelastic | |
| Perfectly inelastic | |

[1]

- (d) The promoters of Rocky Starr's concert at the Astor Arena have fixed the official price of tickets at £20. Using Fig. 2, explain how this would affect the market for tickets.

[4]

- (e) (i) Concerts, films and TV programmes are available on DVDs. The diagram below shows the demand for and supply of DVDs. On the diagram, show the effect on the market for DVDs of a rise in the tax on DVDs.



[2]

- (ii) State what happens to the market price _____

the quantity sold _____

[2]

- (f) The price of DVD players falls. With the help of a demand and supply diagram, explain the effect of this on the price of DVDs and the quantity sold.

[6]

[illegible]

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[Turn over

Question 3

Fig. 3 shows the price of a packet of 20 cigarettes in four countries of the European Union.

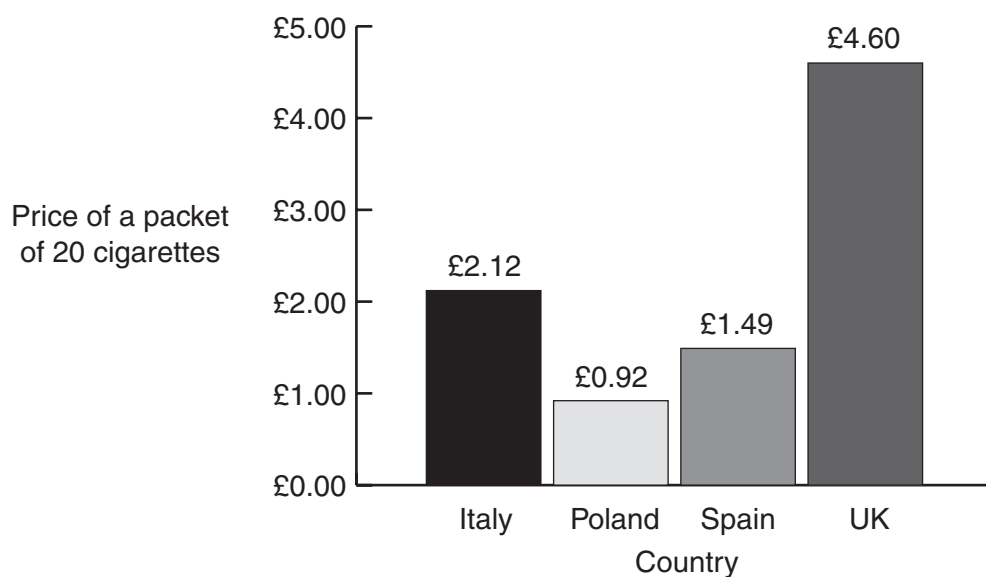


Fig. 3

- (a) From Fig. 3, name the country in which cigarettes are the most expensive.

_____ [1]

- (b) Calculate how many times more expensive cigarettes are in the UK than in Poland. Show your working.

_____ [2]

(c) The main reason for the high price of cigarettes in the UK is the high level of taxation.

(i) Name **one** tax on cigarettes in the UK.

_____ [1]

(ii) Circle the **two** words below which best describe the features of a tax on cigarettes.

Direct

Indirect

Progressive

Regressive

[2]

(iii) Explain **two** reasons why the UK government puts high taxation on cigarettes.

1 _____

2 _____

_____ [6]

(iv) Explain **one** possible argument against high taxation of cigarettes in the UK.

_____ [2]

(v) Would a ban on smoking in public places be more effective than high taxation in reducing smoking? Give reasons for your answer.

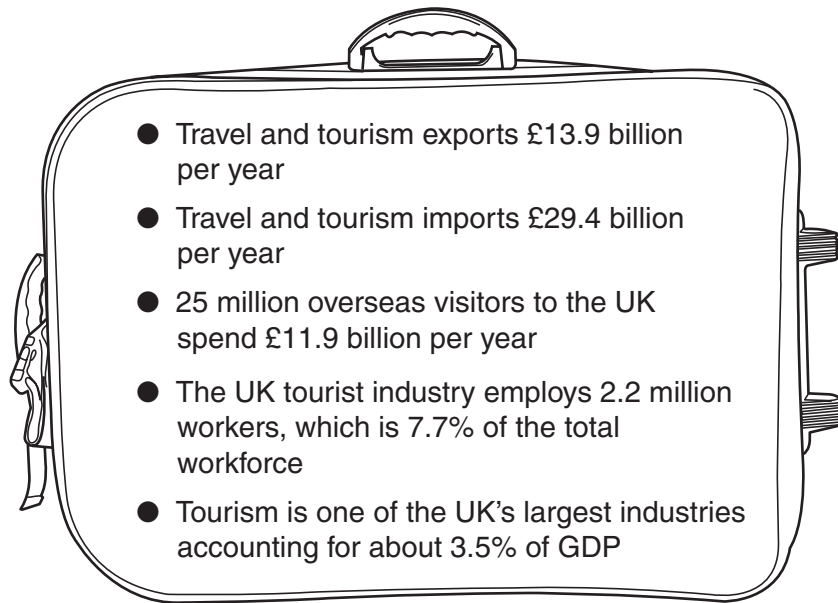
_____ [4]

[illegible]

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Question 4

Fig. 4 gives some information about recent travel and tourism to and from the UK.



(source: www.statistics.gov.uk)

Fig. 4

(a) Calculate the balance of trade in travel and tourism. Show your working.

[3]

(b) If the £ falls in value against the euro, explain how this will affect:

(i) UK tourists who visit Spain;

[2]

(ii) Italian tourists who visit the UK.

[2]

(c) Name **two** countries, other than Spain and Italy, which use the euro as their currency.

1 _____

2 _____ [2]

(d) Would it help tourists visiting the UK if the UK adopts the euro as its currency? Give reasons for your answer.

_____ [4]

15

- (e)** Tourists visiting the UK bring both benefits and costs to the economy. Do you agree that the benefits are greater than the costs? Give reasons for your answer.

[illegible]**TOTAL MARK 21**

If you use the following lines to complete the answer to any question, the question number **must** be clearly shown.

[illegible]

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