FOR OFFICIAL USE			

	KU	ES
Total		

## 0820/27/01

NATIONAL 2013

FRIDAY, 26 APRIL 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	er Number of seat
<ol> <li>Read each question carefully.</li> <li>Attempt all the questions.</li> <li>All answers are to be written in this answer book.</li> <li>Do not write in the margins.</li> <li>Before leaving the examination room you must give not, you may lose all the marks for this paper.</li> </ol>	e this book to the Invigilator. If you do





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

The Government ministers of Sandland are meeting to decide how to spend £100 million.



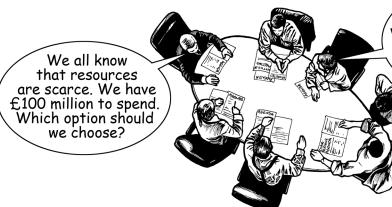
First choice
Healthcare



Second choice
Defence



Third choice
Education



We should choose healthcare.
We can give it to those who need it, not just those who can afford to buy it.

We could
use machinery to
build the hospitals
and labour to make
furniture for
them.

## GOVERNMENT OF SANDLAND

( <i>a</i> )	One Government minister said that "resources are scarce".
	Explain what is meant by the economic term "scarce".

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l. (co	ntinu	red)		KU	ES
( <i>b</i> )		m the picture, identify <b>one</b> example of each of the following sions:			
	(i)	What to produce;			
	(ii)	How to produce it;			
	(iii)	Who to produce it for.	2		
(c)	(i)	Identify which sector of the economy is shown in the picture.  Tick the correct box.	3		
		Public Sector Private Sector	1		
	(ii)	Explain your answer to $(c)(i)$			
			1		
( <i>d</i> )		Government of Sandland picks the <b>first choice</b> and spends the ey on healthcare.			
	(i)	From the picture, identify the opportunity cost of spending the money on healthcare.			
	(ii)	Explain your answer to $(d)(i)$ .	1		
			1		
		[Turn over			

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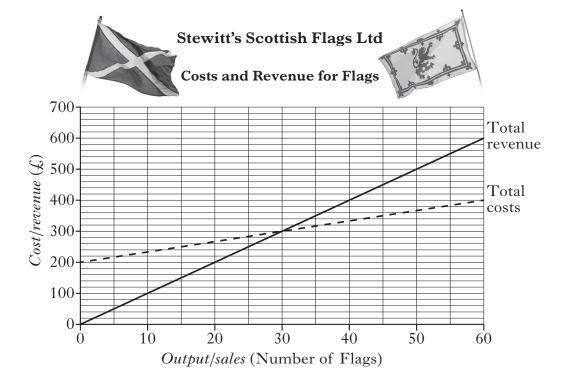
1

1

1

1

_	~		_		
2.	Study the graph	below and	answer the	questions	which follow.



( <i>a</i> )	At an output	level of 6	<b>60</b> , identify:

- (i) Total Revenue: £
- (ii) Total Cost: £,\_\_\_\_\_
- (iii) if Stewitt's Scottish Flags Ltd makes a profit or a loss.

Tick the correct box.

Profit		Loss	
--------	--	------	--

(iv) Explain your answer to (a)(iii).

(b) From the graph, calculate the selling price of one flag.

Answer: £\_\_\_\_\_

Show your working here.

2.	(co	ntinu	red)	Marks	MAR	RGIN
	(c)	(i)	From the graph, identify the value of fixed costs for Stewitt's Scottish Flags Ltd.	3	ICO	LS
			Answer: £	1		
		(ii)	Give <b>one</b> example of a possible fixed cost for Stewitt's Scottish Flags Ltd.	L		
	( <i>d</i> )		Commonwealth Games are being held in Scotland next year and <b>narket</b> for Scottish flags is expected to increase.	l		
		(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.	ı		
			1	-		
			2	2		
			[Turn over			

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

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San  PERSON LOANS 6 PER YEA	CAL S% AR The mon	Today the Government of Sandland announced that it was introducing a new form of moneysand! Many people were seen flocking to the beaches to collect large bags of sand. However, the nation's banks have said they will not accept sand as a form of money.  NOW OFFERING HOUSE INSURANCE FOREIGN CURRENCY COMMISSION  MACHINE AVAILABLE  BUSINESS ADVICE HERE  CASH MACHINE ACCEPTED AS MONEY!  Government of Sandland has decided to use sand as a form of ey.  er than not being accepted as money, give 2 reasons why sand would be a good form of money.		
2	2			
(1)			2	
(b)	(1)	In the UK, notes and coins are used to pay for goods and services.  Name 2 other ways to pay for goods and services.  1		
		2	2	
	(ii)	Choose one of the methods of payment suggested in (b)(i).  Explain why someone might prefer to use this form of money instead of notes and coins.		
			2	

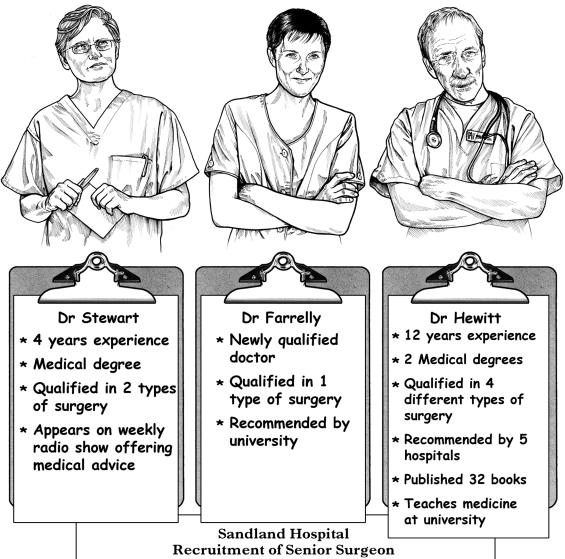
[0820/27/01] Page six

				MAR	GIN
3.	(co	ntinued)	Marks	KU	ES
	(c)	From the picture, identify <b>3</b> services offered by The SandCastle Bank.			
		1			
		2	-		
		3	. 3		
		[Turn over	•		

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KU ES

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



- We will pay the Senior Surgeon £150,000 per year
- \* Bonuses will amount to £50,000 per year
- \* Income tax will be £,75,000 per year
- \* National Insurance will be £4,000 per year
- (a) Sandland Hospital has decided to appoint Dr Hewitt as their Senior Surgeon.
  - (i) What type of resource is Dr Hewitt?

## Tick the correct box.

a natural resource	
a human resource	
a man-made resource	

DO NOT WRITE IN THIS

1	(a)	(000	tinued)	Marks	MAR	
╅.	<i>(a)</i>		From the picture, identify <b>3</b> reasons why Sandland Hospital selected Dr Hewitt.	Marks	KU	ES
			1			
			2			
			3			
				. 3		
	(b)	(i)	How much money will Dr Hewitt receive in <b>salary</b> each year?			
			Answer: £	1		
		(ii)	How much money will Dr Hewitt earn in <b>total</b> each year?			
			Answer: £	1		
		(iii)	Calculate Dr Hewitt's "take home pay".			
			Answer: £	1		
	(c)	-	y 5 people applied for the job of Senior Surgeon at Sandland pital.			
			gest <b>2 economic</b> reasons why so few people decided to apply for ob of Senior Surgeon.			
		1				
		2				
				. 2		
			[Turn over			
			[Turn over			

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4.	(continued)	Marks	KU	ES

,		71.07	MAR	THIS
(co	ntinued)	Marks	KU	ES
( <i>d</i> )	Suggest 3 non-financial rewards which Sandland Hospital might have offered Dr Hewitt to encourage him to take the job at the hospital.			
	1	-		
		-		
	2			
	3			
		3		

[Turn over for Question 5 on Page twelve

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



Hartlands Children's Nursery to merge with Kardan Nursery

Due to rising staff pay, nursery fees will rise

by 5% per annum in August to £500

Join the Hartlands Christmas Savings Scheme - £50 per month

(a) The nursery belongs to which sector of the economy?

## Tick the correct box

Primary	
Secondary	
Tertiary	

(b) (i) From the picture, identify whether Hartlands Children's Nursery is capital intensive or labour intensive.

Tick the correct box.

Capital intensive	
Labour intensive	

1

5.	(b)	(con	tinued)	Marks	KU	ES
		(ii)	Explain your answer to $(b)(i)$ .			
				-		
				. 1		
	(c)	Fron	n the picture, identify:			
		(i)	an example of money being used as a <b>measure of value</b> ;			
				. 1		
		(ii)	an example of money being used as a <b>store of value</b> ;			
				. 1		
		(iii)	evidence of <b>inflation</b> .			
				. 1		
		(iv)	Explain the effect inflation might have on the number of people bringing their children to the nursery.			
				_		
				_		
				_ 2		
	(d)		lands Children's Nursery is going to merge with Kardan Nursery come one business.			
		(i)	Which type of integration is this?			
			Tick the correct box.			
			Horizontal Integration			
			Vertical Integration	1		
				•		
		(ii)	Explain your answer to $(d)(i)$			
				-		
				-		
				_		
				_ 2		

5.	( <i>d</i> )	(con	atinued)	Marks	KU	
		(iii)	State <b>one</b> advantage and <b>one</b> disadvantage of this merger for those	:		

con	atinued)	Marks	KU	ES
ii)	State <b>one</b> advantage and <b>one</b> disadvantage of this merger for those using the nursery:			
	advantage;			
	disadvantage.			
		2		

[Turn over for Question 6 on Page sixteen]

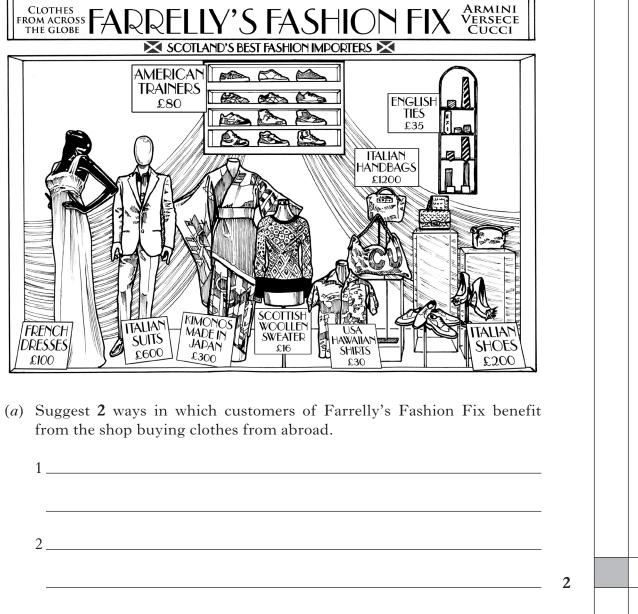
**6.** Study the picture below and answer the questions which follow.

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- (b) UK clothes shops increase the amount they spend on clothing from abroad.
  - (i) Identify the effect of this action.

Tick the correct box.

Imports will rise	
Exports will rise	

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

					WR In '	NOT RITE THIS RGIN
(co	ntinued)			Marks		Т
(c)	Name the currency which the be paid in.	producer of the kimon	os would expect to			
( <i>d</i> )	Scottish firms import 10,000 s American firm charges 20 Do £1 = \$2, what will be the total	ollars per shirt. If th	e exchange rate is			
	Answer: £					
	Show your working here.					
				2		
(e)	Identify in what way each of the of Scottish sweaters to Farrelly	_	y affect the <b>supply</b>			
(e)	Identify in what way each of the of Scottish sweaters to Farrelly  Tick the correct box. The fi	's Fashion Fix.				
(e)	of Scottish sweaters to Farrelly	's Fashion Fix.	ou.			
(e)	of Scottish sweaters to Farrelly  Tick the correct box. The fi	's Fashion Fix.  rst one is done for yo	ou.			
(e)	of Scottish sweaters to Farrelly  Tick the correct box. The fi  Events  The cost of transporting	's Fashion Fix.  rst one is done for yo	ou.			
(e)	of Scottish sweaters to Farrelly  Tick the correct box. The fi  Events  The cost of transporting wool falls.	's Fashion Fix.  rst one is done for yo	ou.			
(e)	Tick the correct box. The fine the correct box. The fine the correct box. The fine the cost of transporting wool falls.  The price of wool rises.  Foot and mouth disease kills	's Fashion Fix.  rst one is done for yo	ou.			

Marks

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

SANDLAND NEWS HOUR  Budget news: The Government of Sandland today announced increases in both direct and indirect taxes. They also announced plans to spend £100 million on new hospitals in Sandland.  Excise duty increased by 10%  Lincome tax increased by 5%  Corporation Tax increased by 2%  Lincome tax increased by 5%  VAT increased by 2%		
(a) From the picture identify:		
a direct tax;		
an indirect tax	2	
<ul> <li>(b) Identify 2 ways the Government of Sandland intends to raise the money needed to pay for the building of the new hospitals.</li> <li>1</li></ul>		
	2	
<ul> <li>(c) (i) What effect might the changes in taxation have on the standard of living of workers in Sandland?</li> <li>Tick the correct box.</li> </ul>	~	
Increase Decrease		
Increase Decrease	1	

7	(-)	(	4: 4\			7. <i>1 1</i>	MAR	
1.	<i>(c)</i>		tinued)	( )(')		Marks	KU	ES
		(11)	Explain y	vour answer to $(c)(i)$				
						-		
						_		
						-		
						_ 2		
	( <i>d</i> )			item of capital expenditure each of the following areas	re and <b>one</b> item of current of Government spending.	t		
				Capital	Current			
		Edu	cation			-		
		Hea	lth			4		
						J <b>4</b>		
				[END OF QUESTION	N DADEDI			
				[END OF QUESTION	VI AI EKJ			

