

FOR OFFICIAL USE

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0820/27/01

NATIONAL
QUALIFICATIONS
2013

FRIDAY, 26 APRIL
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

- 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.

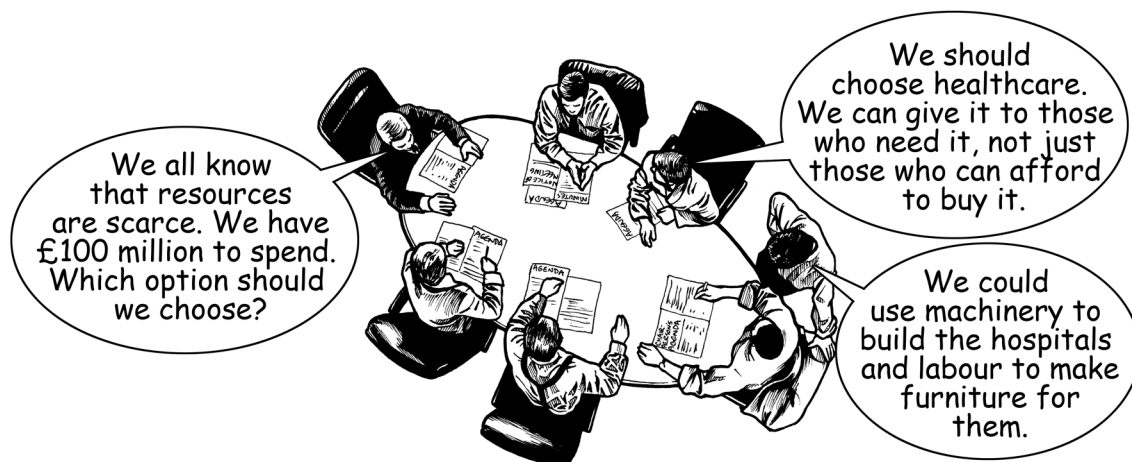


Marks

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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.



GOVERNMENT OF SANDLAND

- (a) One Government minister said that “resources are scarce”.

Explain what is meant by the economic term “scarce”.

2

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[Turn over

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- (iii) if Stewitt's Scottish Flags Ltd makes a profit or a loss.

Profit		Loss	
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- Answer: £_____

2

2. (continued)*Marks*

- (c) (i) From the graph, identify the value of fixed costs for Stewitt's Scottish Flags Ltd.

Answer: £ _____

1

- (ii) Give **one** example of a possible fixed cost for Stewitt's Scottish Flags Ltd.

1

- (d) The Commonwealth Games are being held in Scotland next year and the **market** for Scottish flags is expected to increase.

- (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 _____

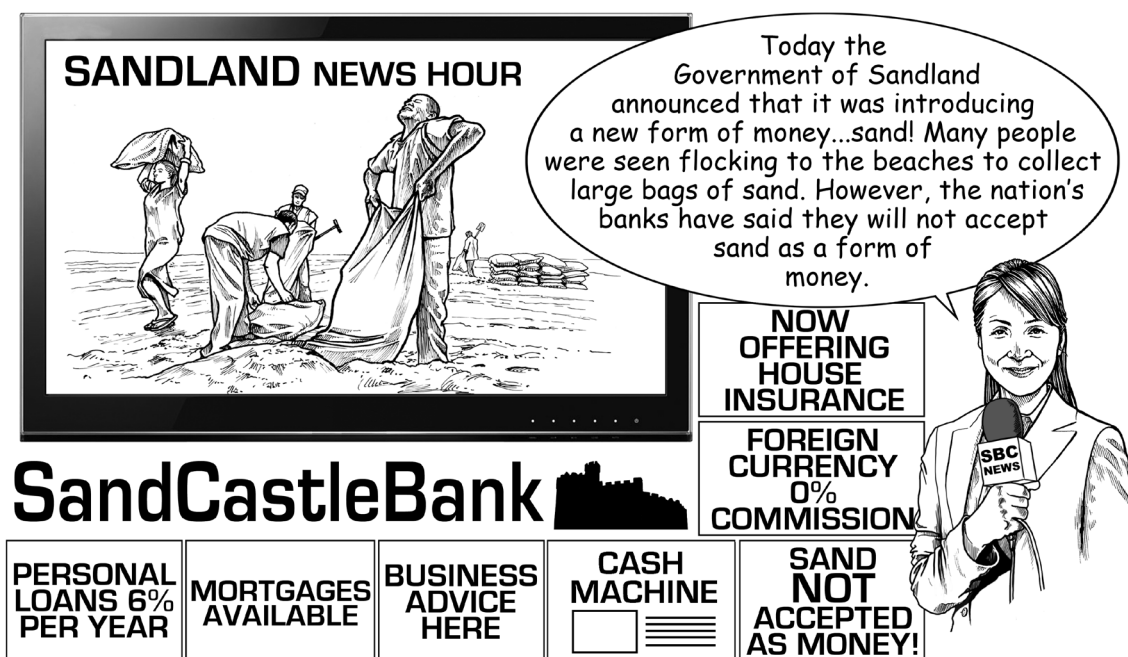
2 _____

2**[Turn over]**

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

Marks

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- (a) The Government of Sandland has decided to use sand as a form of money.

Other than not being accepted as money, give **2** reasons why sand would not be a good form of money.

1 _____

2 _____

2

- (b) (i) 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

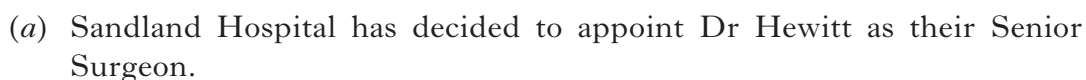
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[Turn over

[illegible]

Tick the correct box.

a natural resource	
a human resource	
a man-made resource	

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3

1

1

1

2

[Turn over

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3

3

[Turn over for Question 5 on *Page twelve*

[illegible]

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

- Tick the correct box**

Primary	
Secondary	
Tertiary	

1

- Tick the correct box.**

Capital intensive	
Labour intensive	

1

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1

1

1

1

2

1

2

Tick the correct box.

1

2

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(iii) State **one** advantage and **one** disadvantage of this merger for those using the nursery:

2

[Turn over for Question 6 on *Page sixteen*]

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

Marks



(a) Suggest 2 ways in which customers of Farrelly's Fashion Fix benefit from the shop buying clothes from abroad.

1 _____

2 _____

2

(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	

1

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

1

Marks

- 1

1

- 2

2

2

- 3

3

3

[Turn over

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.

Sandland Budget 2013

Tax on petrol increased by 2%



Excise duty increased by 10%



Corporation Tax increased by 2%



£100 million to be spent on new hospitals in Sandland





Income tax increased by 5%



VAT increased by 2%



a direct tax; _____

an indirect tax.

2

2

Tick the correct box.

Increase		Decrease	
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1

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2

4

	<i>Capital</i>	<i>Current</i>
Education		
Health		

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