SHREWSBURY SCHOOL

SIXTH FORM ENTRANCE EXAMINATION 2014

ECONOMICS
(1 hour)

Instructions to candidates:

- Answer all questions.
- Total marks: 50
Part A

Question 1: Housing

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

a) If in 2009 the average price of a UK house was £190,000 calculate the average income.

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

b) Using Fig 1 and referring to the data identify two significant features of the UK house price affordability indicator over the period shown.

Significant feature 1:

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Question 2: Markets for Alcoholic Drinks

Fig 2 Percentage of different age groups consuming alcoholic drinks, 2006

![Bar chart showing percentage of different age groups consuming alcoholic drinks](chart.png)

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)
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 1 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 £ 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 weekly cost of buying a plane in 2002 in £ sterling?
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 **weekly costs**. Show all workings below the table (10 marks).

**Space for Table:**

**Conclusion:** Overall costs have .................................................................
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**Workings:**
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Part B

Question 4: The standard of living in the UK

Figure 4

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

* projection

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.