

NAME:



Shrewsbury School

# SHREWSBURY SCHOOL

## SIXTH FORM ENTRANCE EXAMINATION 2014

### ECONOMICS (1 hour)

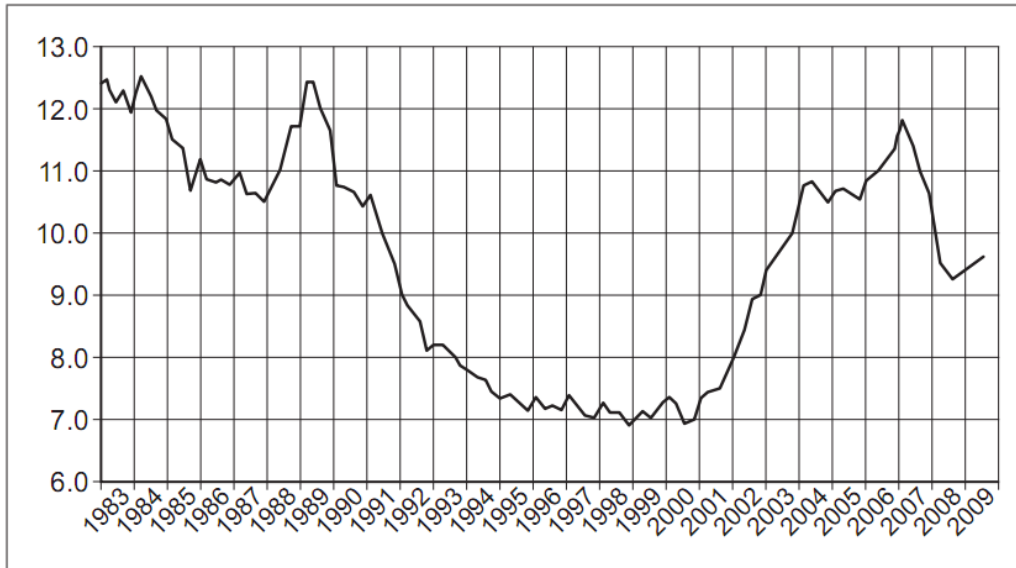
#### Instructions to candidates:

- Answer all questions.
- Total marks: 50

**Part A**

**Question 1: Housing**

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



\* 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 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:

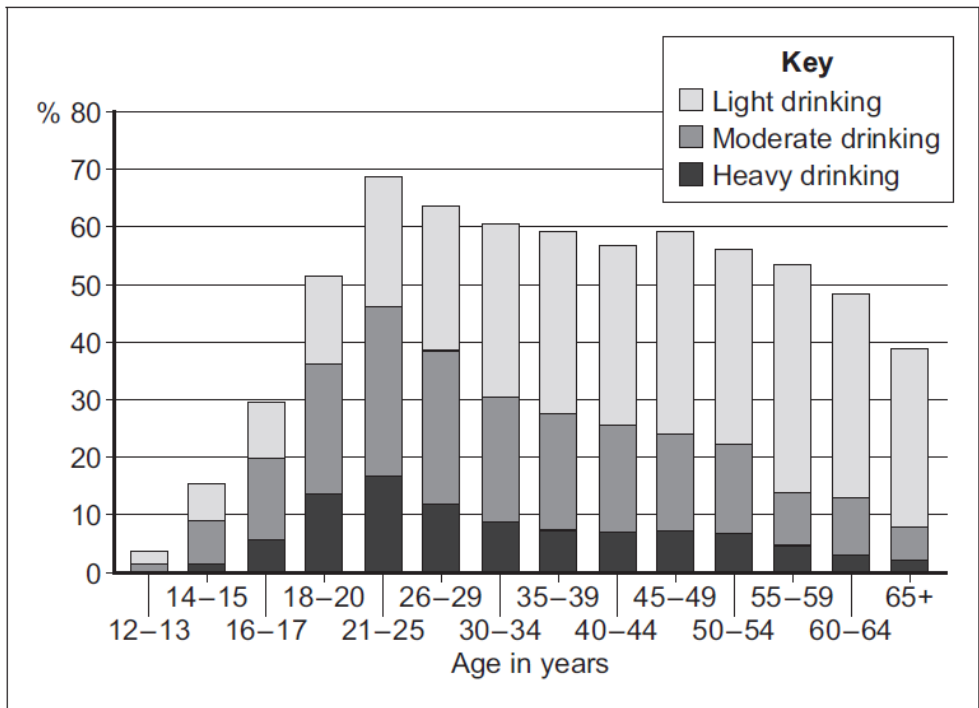
.....  
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..... (4)

Significant feature 2:

.....  
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**Question 2: Markets for Alcoholic Drinks**

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



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:

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.....  
.....  
.....  
.....(4)

Significant comparison 2:

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.....(4)

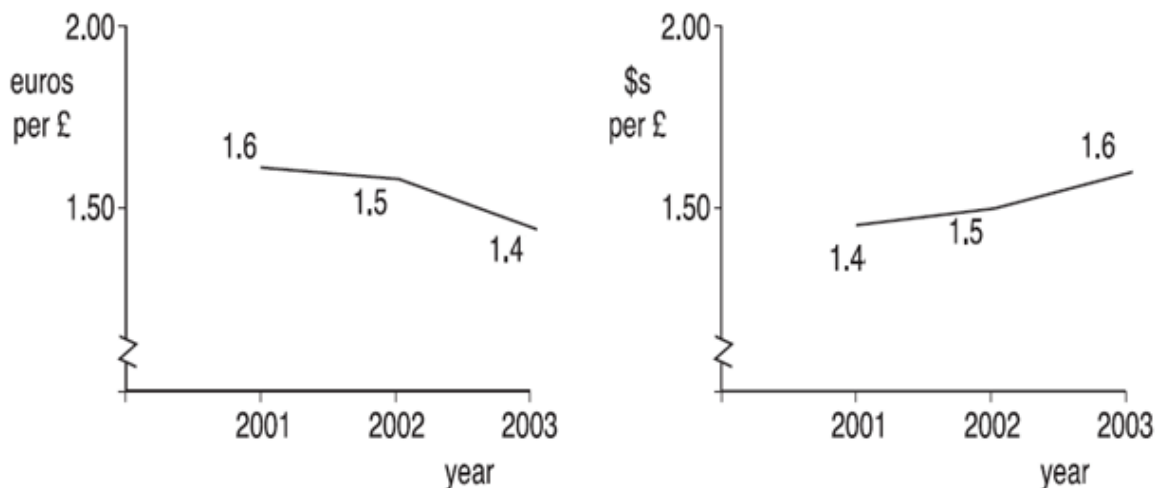
### Question 3: Airlines

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?

.....

.....(2)





