CHELTENHAM COLLEGE

16+ Entrance Examination Paper

2015 - 2016

Economics and Business Studies

Time allowed: 1 hour

Instructions
- Use **black** ink or ball-point pen.
- Write your answers, in full English sentences, on this paper; remember to name your script.
- Spelling, punctuation, grammar and presentation are taken into account in the marking of this paper.
- Hand in all planning / rough work at the end of the exam.

Information
- The total mark for this paper is 50.
- The marks for **each** question are shown in brackets
  - use this as a guide as to how much time to spend on each question.
- You must answer **all** sections.

Advice
- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Candidate's name: _____

Section A – Answer all of the following questions (put a cross next to your answers) [10 marks]

1. Which of the following best describes the UK's position within Europe?

☐ **A** – A member of the European Union and of the Eurozone

☐ **B** – A member of the European Union but not of the Eurozone

☐ **C** – A member of the Eurozone but not of the European Union

☐ **D** – A member of neither the European Union nor the Eurozone

2. Which of the following businesses was recently privatised in the UK?

☐ **A** – Royal Mail

☐ **B** – Network Rail

☐ **C** – Barclays Bank

☐ **D** – Bank of England

3. For which of the following are central banks such as the Bank of England and the European Central Bank primarily responsible?

☐ **A** – Unemployment rate

☐ **B** – Growth rate

☐ **C** – Inflation rate

☐ **D** – Trade balance

4. McDonald's branches in the UK are largely which type of business?

☐ **A** – Private limited companies

☐ **B** – Public limited companies

☐ **C** – Nationalised companies

☐ **D** – Franchises

5. What is the cost of borrowing money?

- ☐ **A** – Interest rate
- ☐ **B** – Depreciation
- ☐ **C** – Inflation rate
- ☐ **D** – Exchange rate

6. Cinemas are in which type of industry?

- ☐ **A** – Primary
- ☐ **B** – Secondary
- ☐ **C** – Tertiary
- ☐ **D** – Export

7. Economic growth of a country refers to an increase in which of the following?

- ☐ **A** – Its population
- ☐ **B** – The general level of its prices
- ☐ **C** – Its government's spending
- ☐ **D** – The value of its output

8. Buying a product from abroad is known as what?

- ☐ **A** – Exporting
- ☐ **B** – Exchanging
- ☐ **C** – Importing
- ☐ **D** – Inventing

9. A public limited company (PLC) raises the money it needs to set up primarily from which of the following sources?

- ☐ **A** – Government
- ☐ **B** – Selling shares to the public
- ☐ **C** – Its founders
- ☐ **D** – Payday loan companies

10. Business investment refers to which of the following?

☐ **A** – Saving money in a bank

☐ **B** – Increasing the capacity of a business to produce output

☐ **C** – Replacing workers with machinery

☐ **D** – Selling more output

Section B – Answer all of the following questions (put a cross next to your answers) [5 marks]
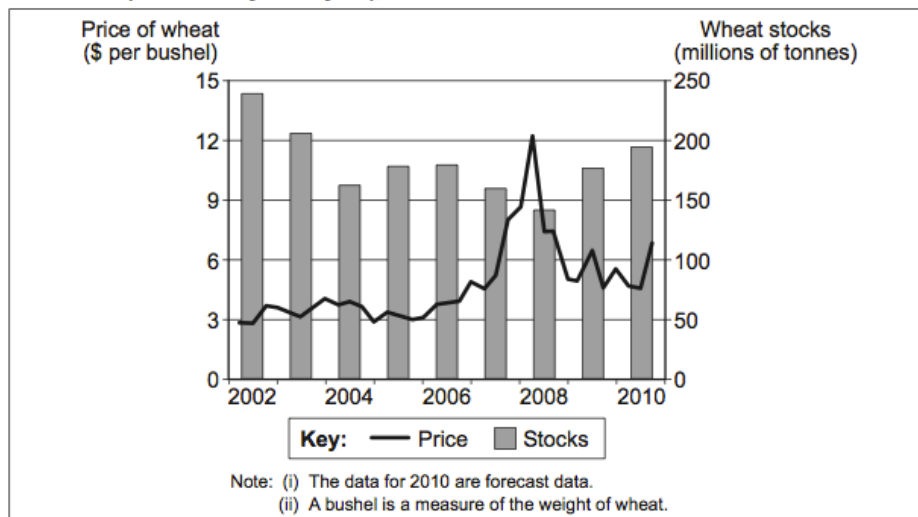
1. Which of the following can be inferred from the data in the table below?

Year	Percentage increase in the UK price level
2011	4.5
2012	2.8
2013	2.5

☐ **A** – The price level was at its highest in 2011

☐ **B** – The price level fell between 2012 and 2013

☐ **C** – Growth of the UK economy was lowest in 2013

☐ **D** – The price level grew at its slowest rate in 2013

2. Which of the following can be inferred from the data in the chart below?

Extract A: World price of wheat (quarterly) and world stocks of wheat (at 1 January each year), 2002 to 2010

Key: — Price ▨ Stocks

Note: (i) The data for 2010 are forecast data.
(ii) A bushel is a measure of the weight of wheat.

Source: news reports, 2010

☐ **A** – The price of wheat was at its highest in 2002

☐ **B** – The lowest price of wheat was $48 per bushel

☐ **C** – The stock of wheat was lowest in 2008

☐ **D** – The stock of wheat was larger in 2010 than in 2002

3. In 2010, 6% of road accidents that only involved cars resulted in a fatality, but that figure was 24% in the case of road accidents involving a motorbike. Which of the following can be inferred from this?

☐   **A** – More motorcyclists died in road accidents than car drivers

☐   **B** – There was a greater number of fatalities from road accidents involving motorbikes than there was from accidents that only involved cars

☐   **C** – Motorcyclists drive more dangerously than do drivers of cars

☐   **D** – The percentage of road accidents that resulted in a fatality was four times greater when a motorbike was involved than when only cars were involved

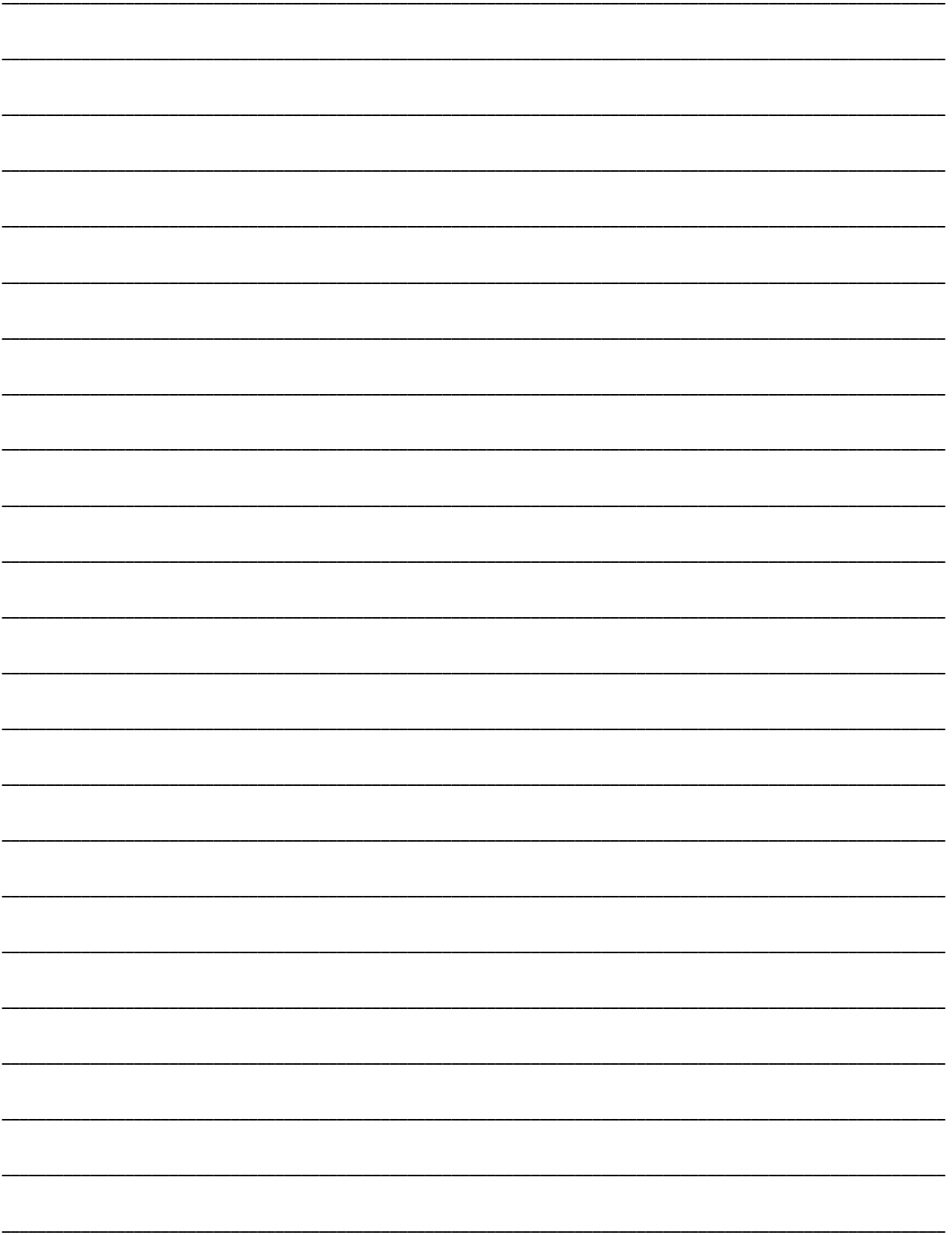4. What is the value of the missing figure X?

Month	Revenue (£1,000)	Revenue as a percentage of that in January (%)
January	125	100
February	150	120
March	200	X

☐   **A** – 62.5

☐   **B** – 133

☐   **C** – 160

☐   **D** – 175

5. In 2013, the profit of a business was 35% higher than it had been in 2010. In 2010, the business made a profit of £250 million. How much profit did it make in 2013?

☐   **A** – £384.6 million

☐   **B** – £337.5 million

☐   **C** – £134.6 million

☐   **D** – £87.5 million

Section C – Examine the data and answer the question that follows
[10 marks]

The European Union (EU) is a group of 28 countries that have agreed to certain economic and political terms. Amongst these terms are the following:

- To have free trade between them, meaning that goods and services produced in one country can be sold without any barriers in the other countries.
- To have free movement of labour between them, meaning that workers from one country can freely move to live and work in the other countries.
- To have a barrier to goods and services produced in countries outside of the EU that is common to all member countries.
- To each pay monetary contributions (based on the wealth of the country) that can be redistributed to poor regions of the EU.
- To have common health and safety standards across them.

1. Using the information above **AND** your own knowledge, evaluate the economic/business case for a country being a member of the European Union.   (10 marks)

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Section D – Examine the data and answer the questions that follow

[15 marks]

The *Bybrook Budget Hotel* has 50 bedrooms, each of which it sells for £50 per night for each of the 365 nights of the year. In 2014 the hotel's room income amounted to £730,000. The total annual cost of running the hotel amounted to £500,000, of which 75% was the staffing costs.

1. How much profit did the hotel make in 2014?   (2 marks)

_____

_____

_____

_____

2. What was the average number of rooms the hotel sold each night in 2014?   (3 marks)

_____

_____

_____

_____

_____

3. How much revenue did the hotel make in 2014 as a percentage of the total revenue possible from selling each room for £50 per night for 365 nights of the year?   (3 marks)

_____

_____

_____

_____

4. If the hotel employed 25 staff in 2014, what was the average wage it paid to its workers that year? (4 marks)

_____

_____

_____

_____

_____

5. With 25 staff employed in 2014, what was the average revenue generated by each worker? (3 marks)
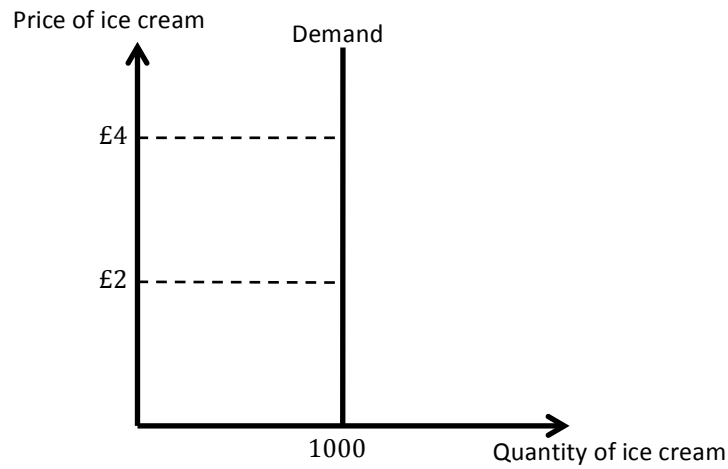
_____

_____

_____

_____

_____

Section E – Examine the diagrams and answer the questions that follow
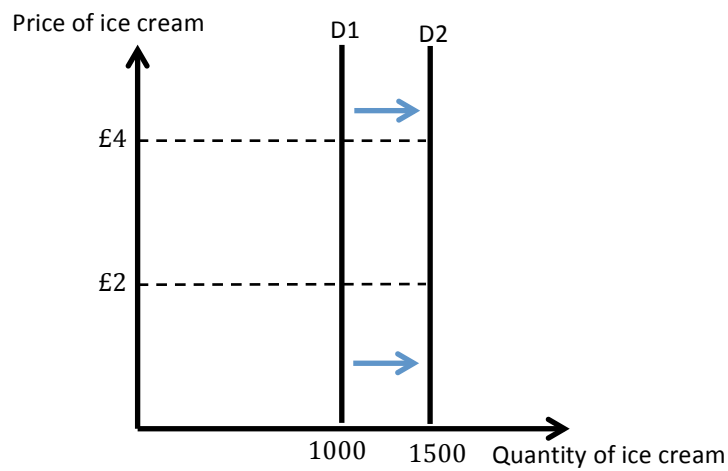## [10 marks]

1.

Explain what is shown in the diagram above. (2 marks)

_____

_____

_____

2.

Which of the following could cause the change in the diagram above? (3 marks)

☐ **A** – A reduction in the incomes of consumers

☐ **B** – An increase in the cost of ice cream production

☐ **C** – A successful advertising campaign by ice cream producers

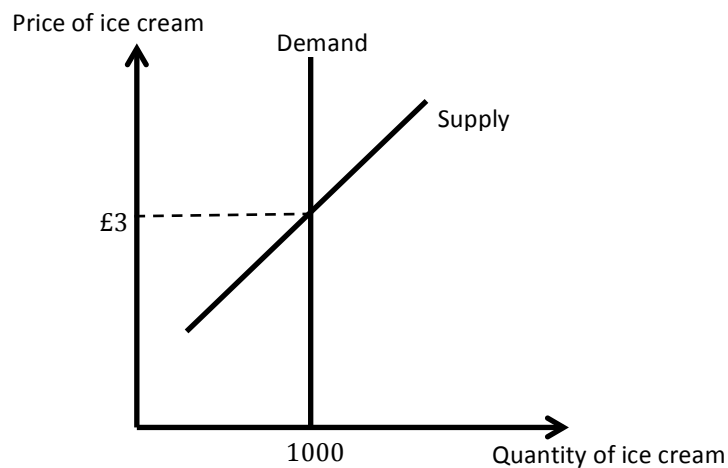☐ **D** – An increase in the price of ice creams

Explain why:

_____

_____

_____

_____

3.

Price of ice cream

The price of ice cream will be that at which the quantity that consumers demand is equal to the quantity that suppliers sell. This is shown in the diagram above.

(a) Explain why a price lower than £3 will not last for long.   (2 marks)

_____

_____

_____

_____

(b) Which of the following could cause the price of ice cream to fall?   (3 marks)

☐   **A** – An increase in the incomes of consumers

☐   **B** – A reduction in the cost of milk

☐   **C** – A successful advertising campaign by ice cream producers

☐   **D** – An increase in the price of ice creams

Explain why:

_____

_____

_____

_____

<u>End of Questions</u>