

Paper Reference 9EB0/01
Pearson Edexcel
Level 3 GCE

Total Marks

Economics B

Advanced

Paper 1: Markets and how they work

Tuesday 5 June 2018 – Afternoon

Time: 2 hours plus your additional time allowance.

In the boxes below, write your name, centre number and candidate number.

Surname					
Other names					
Centre Number					
Candidate Number					

X52318RA

You do not need any other materials.

YOU WILL BE GIVEN

Data Book

INSTRUCTIONS

Answer ALL questions

Answer the questions in the spaces provided in this Question Paper or in the Data Book – there may be more space than you need.

INFORMATION

The total mark for this paper is 100

The marks for EACH question are shown in brackets – use this as a guide as to how much time to spend on each question.

Calculators may be used.

Turn over

ADVICE

Read each question carefully before you start to answer it.

Try to answer every question.

Check your answers if you have time at the end.

Answer ALL questions.

SECTION A

Read Extract A, Extract B, Extract C and Extract D in the Data Book before answering Question 1.

Write your answers in the spaces provided.

1. **Candy Kittens' sales revenue in 2016 was £1.5 million. Jamie Laing is planning for an increase in sales revenue of 12% by 2019.**

- (a) **Calculate the planned sales revenue for Candy Kittens in 2019.**

You are advised to show your working.

(4 marks)

Answer lines continue on the next page.

Turn over

1. (a) continued.

(continued on the next page)

Turn over

1. continued.

According to a new report, confectionery sales in the UK are predicted to grow, despite fears about the high levels of sugar in sweets. (Extract A)

(b) Explain ONE external cost caused by the consumption of sweets.

(4 marks)

Answer lines continue on the next page.

[illegible]

1. (b) continued.

(continued on the next page)

Turn over

1. (c) Using Extract B, explain ONE supply factor that may have caused fluctuations in the price of sugar.

(4 marks)

Answer lines continue on the next page.

[illegible]

1. (c) continued.

(continued on the next page)

1. (d) Research suggests that the biggest growth barrier for UK start-up firms is the UK tax system. (Extract C)

Using a supply and demand diagram, analyse the likely impact on the UK confectionery market of an increase in indirect taxes.

(6 marks)

Answer lines are on the next page.

1. (d) continued.

[illegible]

(continued on the next page)

Turn over

- 1. (e) Discuss the benefit that adding value brings to Candy Kittens.**

(8 marks)

Answer lines continue on the next two pages.

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1. (e) continued.

[illegible]

Turn over

1. (e) continued.

[illegible]

(continued on the next page)

Turn over

1. continued.

Jamie Laing used loans to start his firm. (Extract A)

(f) Assess the benefits of this source of finance for a new firm such as Candy Kittens.

(10 marks)

Answer lines continue on the next four pages.

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Turn over

1. (f) continued.

[illegible]

Turn over

1. (f) continued.

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Turn over

1. (f) continued.

[illegible]

Turn over

1. (f) continued.

(continued on the next page)

Turn over

- 1. (g) Assess the extent to which barriers to entry may restrict the growth of Candy Kittens.**

(12 marks)

Answer lines continue on the next four pages.

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1. (g) continued.

[illegible]

Turn over

1. (g) continued.

[illegible]

Turn over

1. (g) continued.

[illegible]

Turn over

1. (g) continued.

(continued on the next page)

Turn over

1. (h) Using Extract C, assess the extent to which cash flow forecasting is important to the survival of a new start-up business such as Candy Kittens.

(12 marks)

Answer lines continue on the next four pages.

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Turn over

1. (h) continued.

[illegible]

Turn over

1. (h) continued.

[illegible]

Turn over

1. (h) continued.

[illegible]

Turn over

1. (h) continued.

(Total for Question 1 = 60 marks)

TOTAL FOR SECTION A = 60 MARKS

Turn over

SECTION B

Read Extract E and Extract F in the Data Book before answering Question 2.

Write your answer in the space provided.

- 2. Evaluate the extent to which the government's cycling and walking strategy may impact the UK economy.**

(20 marks)

Answer lines continue on the next six pages.

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2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

Turn over

SECTION C

Read Extract G, Extract H, Extract I and Extract J in the Data Book before answering Question 3.

Write your answer in the space provided.

- 3. Using a suitable diagram, evaluate the importance of demand side policies in stimulating growth in the UK.**

(20 marks)

Answer lines continue on the next six pages.

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

3. continued.

[illegible]

Turn over

3. continued.

[illegible]

Turn over

3. continued.

[illegible]

Turn over

3. continued.

[illegible]

Turn over

3. continued.

[illegible]

Turn over

3. continued.

(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS

TOTAL FOR PAPER = 100 MARKS

END OF PAPER

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