

Paper Reference 9EB0/01
Pearson Edexcel
Level 3 GCE

Economics B
Advanced
Paper 1: Markets and how they work

Tuesday 5 June 2018 – Afternoon

Data Book

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

Surname					
Other names					
Centre Number					
Candidate Number					

INSTRUCTIONS

There may be spare copies of some data sheets in case you need them.

**THIS DATA BOOK *MUST* BE RETURNED WITH THE
QUESTION PAPER AT THE END OF THE EXAMINATION.**

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Question 1

Extract A

The gourmet confectionery brand launched by Made in Chelsea star Jamie Laing

Having dreamed of becoming a real-life Willy Wonka since he was a boy, it was almost inevitable that Jamie Laing's first entrepreneurial endeavour and
5 start-up firm would be in the confectionery market. Jamie is related to Sir Alexander Grant, the man credited with creating the first ever digestive biscuit when an employee of **McVitie's** in 1892.

Looking for a gap in the sweet market, Jamie saw an opportunity in the industry and started **Candy Kittens**, a producer of gourmet, premium priced,
10 real fruit-based, gluten free sweets.

Candy Kittens was launched in February 2014 using £500 000 in loans from family and friends. Sales revenue was £700 000 in 2015 and £1·5 million in 2016. It then launched a crowdfunding campaign to raise £300 000 for expansion.

15 **Candy Kittens** is currently stocked in more than 1,700 stores across the UK. Its range of natural sweets is now available in **Tesco**, **Waitrose**, **Sainsbury's**, **Topshop** and **Selfridges**, as well as several independent retailers and via its website.

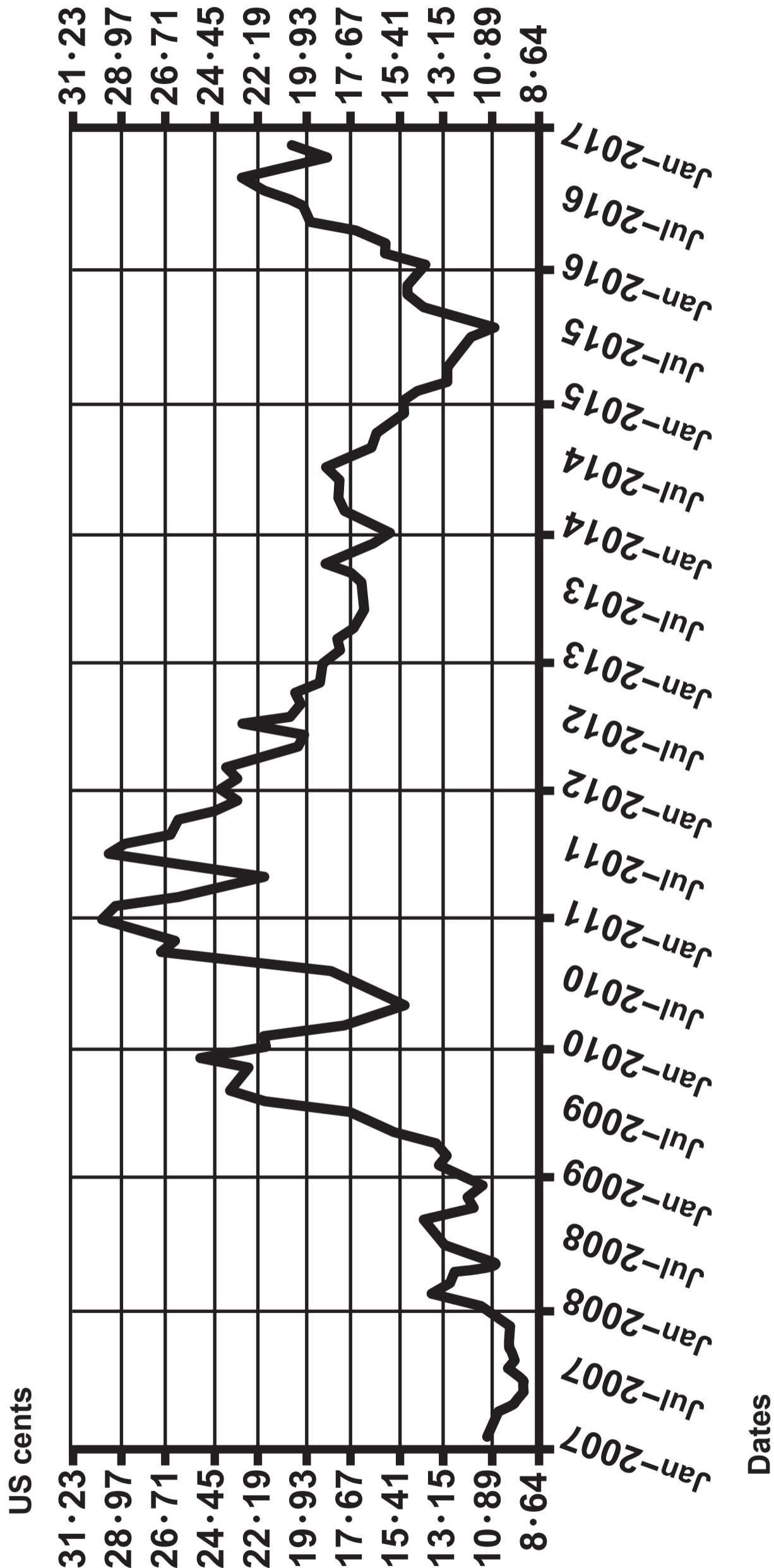
20 There were nearly two billion packs of sweets sold in the UK last year, the top selling brands being **Haribo** and **Maynards**. According to a new report, confectionery sales in the UK, which include chocolate and sweets, are predicted to grow 8·6% between 2016 and 2019, despite fears about the high levels of sugar in sweets.

(Source: adapted from © William Reed Business Media Ltd 2017)

Question 1

Extract B

Sugar price – US cents per pound of sugar



(Source: © 2017 – IndexMundi)

Question 1

Extract C

Half of UK start-ups fail within five years

Research suggests that survival rates for start-up firms are lower than before the **2008** financial crisis. A start-up is a young firm that is just beginning to develop. It is usually small and initially financed by a limited number of
5 founders or one individual.

More than half of new firms don't survive beyond five years. The top reasons given for failure include the UK tax system, a lack of bank lending and the cost of running a firm.

The biggest barrier to growth is the UK tax system, with **44%** of firms citing it
10 as their main concern; taxes include corporation tax and business rates. A further **38%** stated a lack of bank lending. Other major concerns included late payments and cash flow problems.

Once their firms are up and running, owners are also struggling to plan for the long term. Some **61%** of the **160** business owners surveyed said they lack
15 confidence in their ability to achieve three years' consecutive growth.

(Source: adapted from © Copyright of Telegraph Media Group Limited 2017)

Question 1

Extract D

Top five confectionery manufacturers in the UK 2015 – 2016

Confectionery manufacturer	Sales revenue (£)
Mondelēz	1 043·1 million
Mars	648·1 million
Nestlé	567·4 million
Lindt & Sprüngli	127·9 million
Ferrero	121·0 million

(Source: © William Reed Business Media Ltd 2017)

Question 2

Extract E

Cycling and walking investment strategy

5 The government's cycling and walking strategy aims to encourage people to cycle and walk more. The long-term goal, up to **2040**, is that cycling and walking should be the natural choice for shorter journeys such as the commute to school, college or work. It aims to tackle congestion and improve physical and mental health.

10 According to a study, traffic congestion is a negative externality and could cost the UK economy more than **£300** billion over the next **16** years. It predicts the annual cost of congestion in the UK will rise **63%** by **2030** to **£21** billion, with serious consequences for national and local economies, businesses and citizens. The findings from this study anticipate a significant increase in the demand for road travel across the country over the next **16** years and advises that cities need to be more innovative in their approach to tackling the gridlock.

15 Chris Boardman, the **1992** Olympic champion and policy adviser for British Cycling, said "far more ambition" was needed if the UK was to create a cycling and walking culture to rival countries like Denmark and Holland. Mr Boardman said: "The truth is that without sustained funding, this strategy won't be worth the paper it's written on."

20 Government strategy includes the ambition of doubling the number of people using bikes by **2025**. To promote healthier journeys to work, the government introduced the cycle-to-work scheme in **1999**, which allows employers to subsidise the purchase of bicycles by employees as a tax-free benefit. Since its introduction, over **1.1** million individuals have participated in the scheme. **2014** saw an **11.6%** increase in uptake compared with **2013**.

(Sources: adapted from © Crown copyright, Copyright © CTC 2017, 2017 © institute for employment studies and © 2017 Hemming Group)

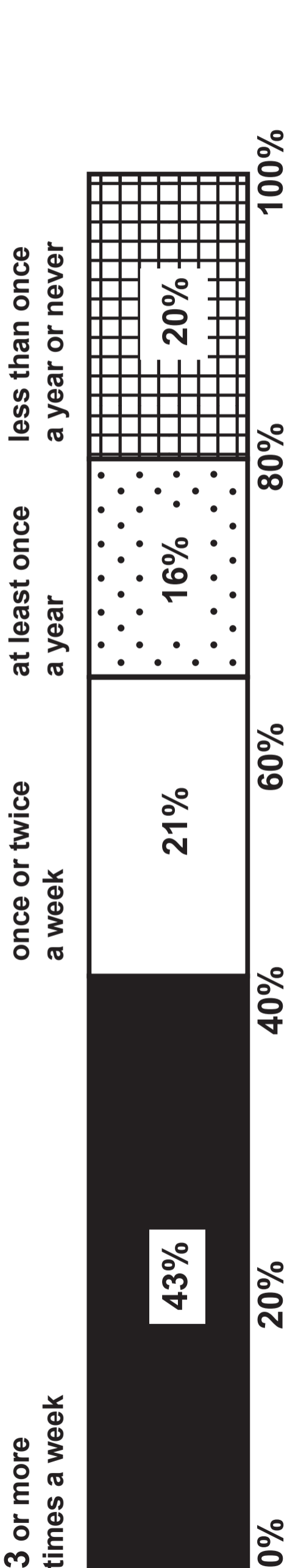
Question 2

Extract F

Cycling and walking statistics (National Travel Survey, 2015)

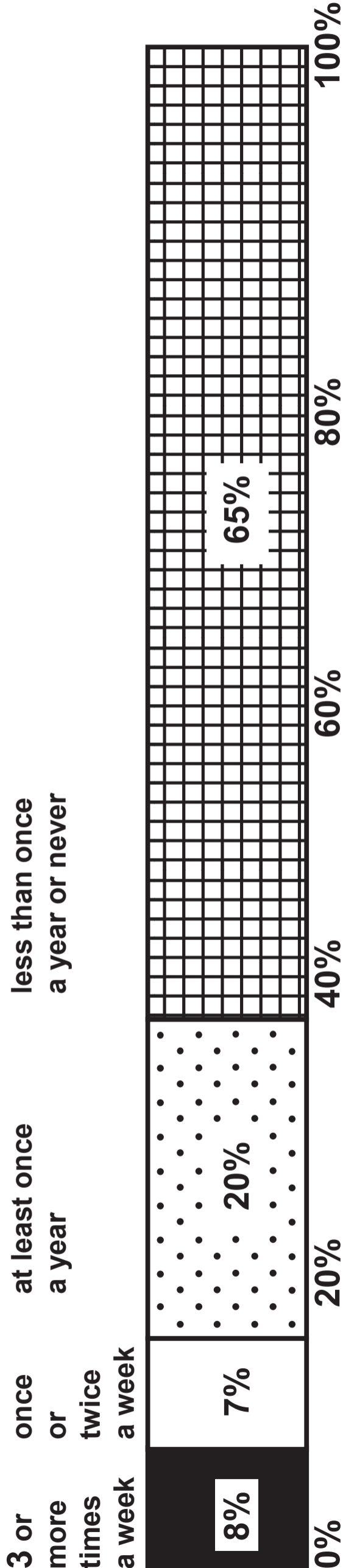
Frequency of walking

64% of people aged 2+ walk for 20 minutes at least once a week.



Frequency of cycling

65% of people aged 5+ use a bicycle less than once a year or never.



(Source: © Crown copyright)

Question 3

Extract G

Brexit and the UK economy

When the first economic data following the June 2016 Brexit referendum was published, it showed no immediate signs of an economic collapse and the data was reassuring.

- 5 Britain's retail sales increased throughout 2016, which helped support growth and reassure businesses that were worried by the referendum result.

- The pattern of growth continued to be broadly unaffected throughout 2016 but whilst service industries increased by 0·8%, in contrast output decreased in the other three main industrial groups of construction, agriculture and
10 manufacturing.

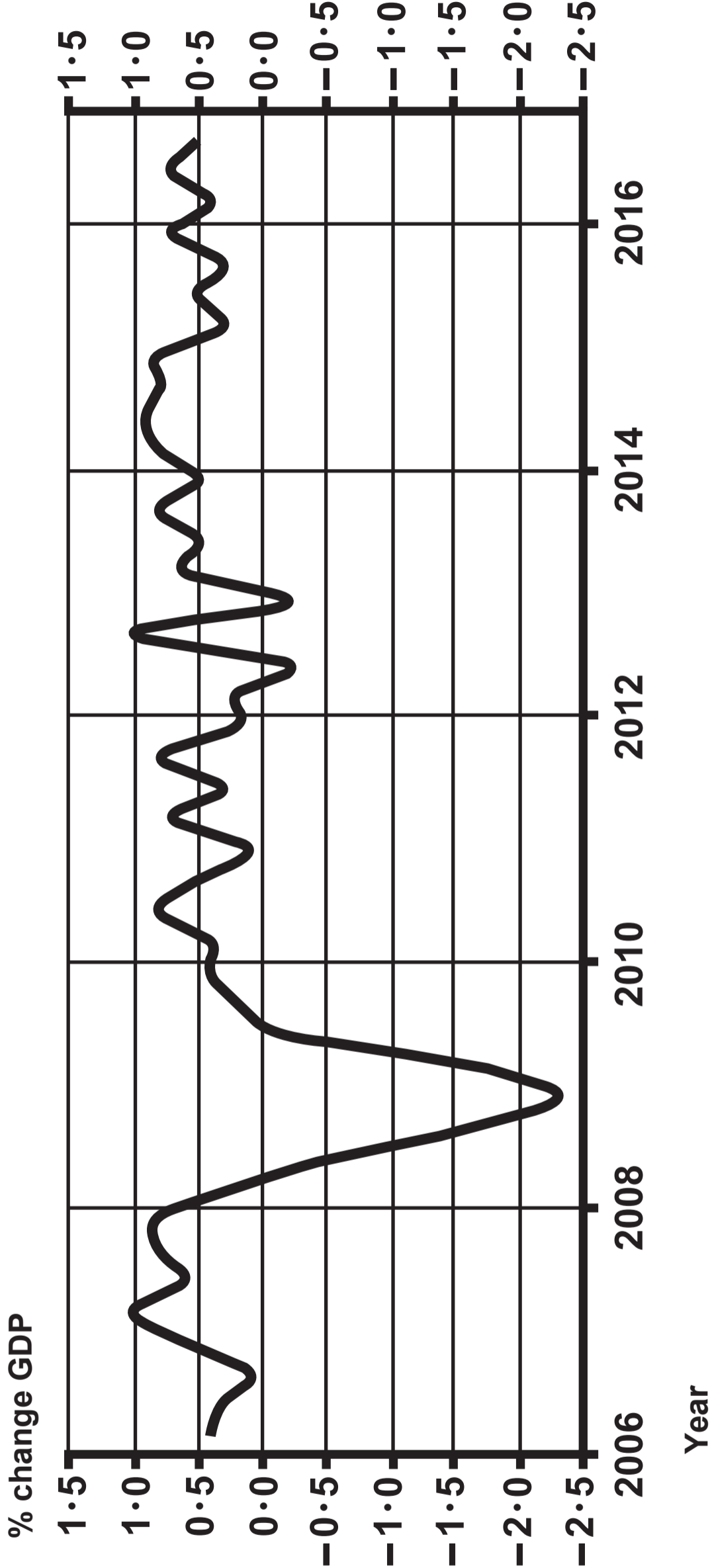
- “Uncertainty around the future of the UK economy outside the European Union will continue to dampen business investment and consumer spending, as businesses hold back on hiring and making long-term investments, and as consumers postpone large spending decisions,” said senior analyst Madhavi
15 Bokil.

(Sources: adapted from © Telegraph Media Group Limited 2017 and © Crown copyright)

Question 3

Extract H

UK GDP growth rate



(Source: © 2017 TRADING ECONOMICS)

Question 3

Extract I

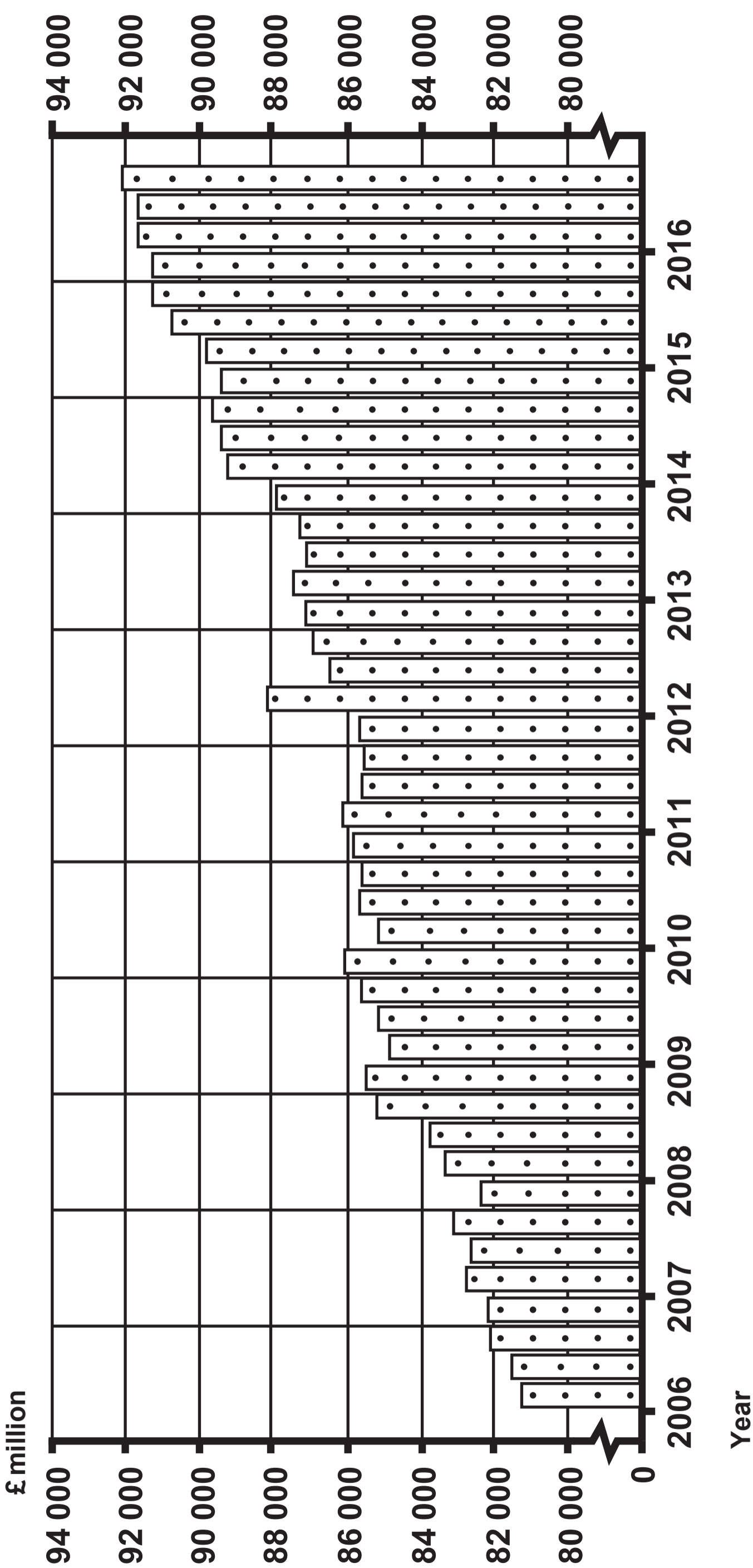
UK Bank of England interest (base) rates 2006 – 2016

Year	Interest (base) rate at end of year %
2006	5·0
2008	2·0
2010	0·5
2012	0·5
2014	0·5
2016	0·25

(Source: adapted from <http://www.bankofengland.co.uk/boeapps/iadb/Repo.asp>)

Question 3

Extract J
UK government spending



(Source: © 2017 TRADING ECONOMICS)