

2. Study the diagrams below and answer the questions which follow.

Marks

Diagram 1
The Demand for Hyscot Trainers

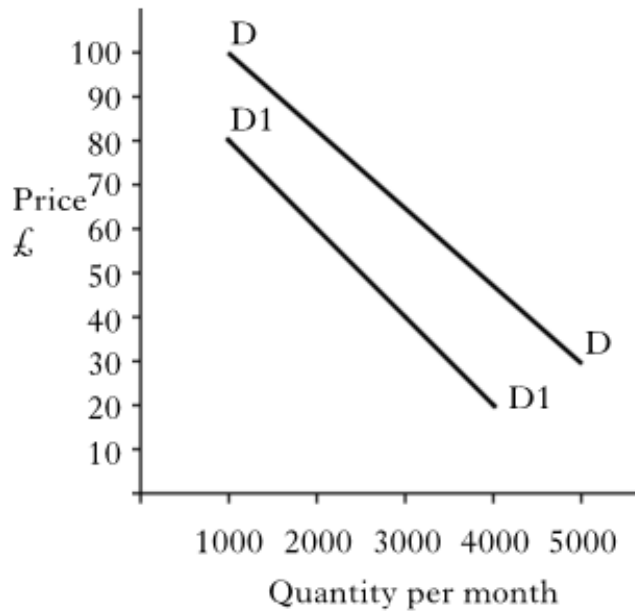
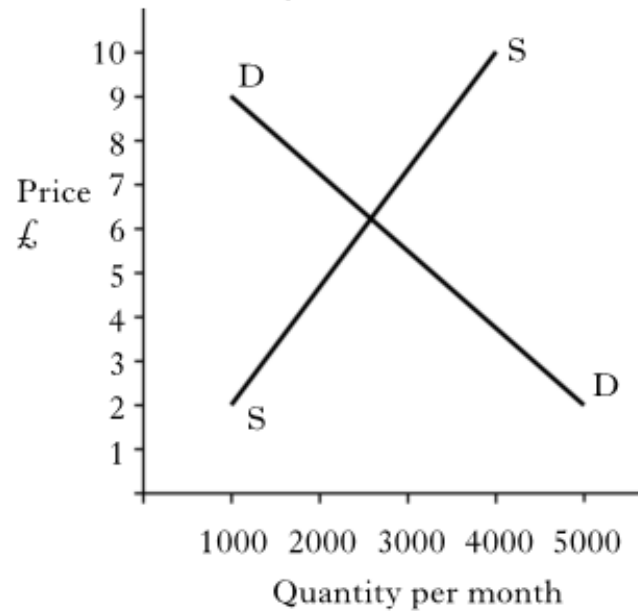


Diagram 2
The Demand and Supply for Hyscot Trainer Socks



(a) State the Law of Demand.

1

Using Diagram 1:

(b) (i) The price of Hyscot Trainers changes from £60 to £50. Using Demand Curve DD, calculate the change in quantity demanded.

Answer: _____

Show your working here.

2

2. (b) (continued)

Marks

- (ii) Give 2 possible reasons why the demand curve has shifted from DD to D1D1.

1 _____

2 _____

2

- (c) What is the equilibrium price and quantity of Hyscot Trainer Socks in Diagram 2?

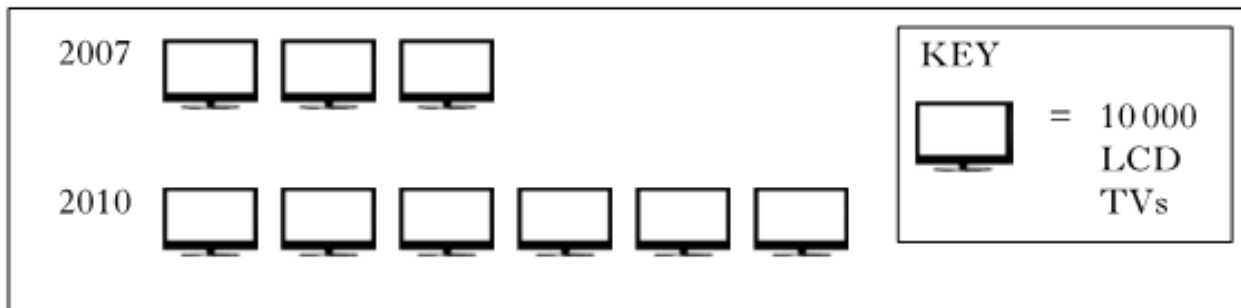
1

- (d) Describe the effect the shift from DD to D1D1 shown in Diagram 1 might have on the **market** for Hyscot Trainer Socks.

3

4. Study the diagram below and answer the questions which follow.

DEMAND FOR SEETHRU FLAT SCREEN TELEVISIONS



- (a) Calculate the change in demand for Seethru flat screen televisions between 2007 and 2010.

Answer: _____

Show your working here.

2

- (b) Seethru televisions will only be sold to people with **effective demand**. Explain what is meant by the term **effective demand**.

2

6. (continued)

Marks

- (c) Using Diagram 1, suggest **2** reasons why Blue Monday's City Centre Restaurant would not set the price of a meal at £30.

1 _____

2 _____

2

- (d) During the year, the following situations occur.

Using Diagram 2, identify whether the demand curve will shift to D1D1 or D2D2 by putting a tick in the appropriate box. The first answer has been provided for you.

		D1D1	D2D2
(i)	A competitive restaurant closes down.		✓
(ii)	The Good Restaurant Guide gives Blue Monday's City Centre Restaurant a bad report.		
(iii)	100 new luxury flats are built in the city centre.		
(iv)	City centre parking charges are increased.		
(v)	Average income levels in the city rise.		

4

[Turn over

6. (continued)

(d) PC Universe plc is planning a takeover of Drive Hard Ltd, a retail firm selling computers.

(i) What type of integration is this?

1

(ii) Suggest **one** reason PC Universe plc might decide to take over a computer retailer.

1

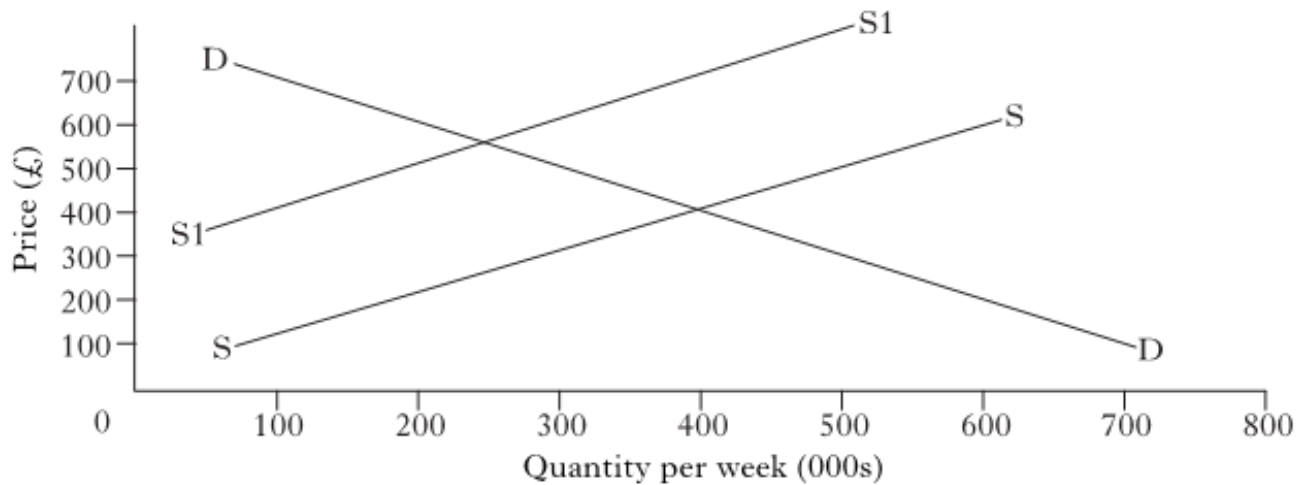
(iii) State **one** reason why consumers of laptop computers might be in favour of this proposed takeover.

1

6. Study the diagram below and answer the questions which follow.

PC Universe plc is a firm manufacturing laptop computers.

The Demand and Supply of Laptop Computers for one week



- (a) What is the equilibrium price and quantity of laptop computers when the supply is SS?

Price: _____ Quantity: _____ **1**

- (b) What problem will some consumers of laptop computers face when the supply is SS and the price is £150?

1

- (c) Suggest **2** reasons for the change in supply of laptop computers from SS to S1S1.

1 _____

2

2

6. Study the diagrams below and answer the questions which follow.

Marks

**The Demand and Supply for meals per week in
Blue Monday's City Centre Restaurant**

Diagram 1

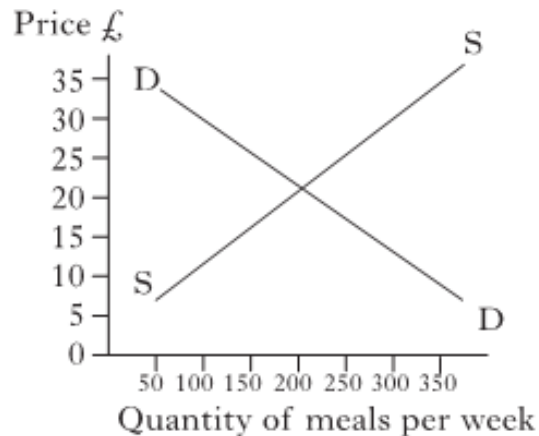
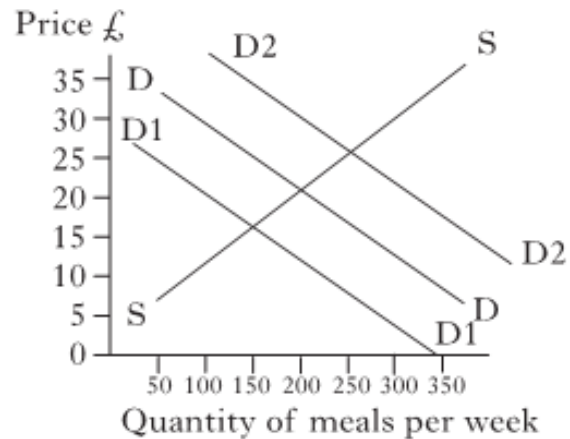


Diagram 2



- (a) Why does a normal demand curve slope downwards from left to right?

1

- (b) (i) Using Diagram 1, identify the equilibrium price and quantity in Blue Monday's City Centre Restaurant.

2

- (ii) Calculate the total revenue per week at the equilibrium price and quantity.

Answer £ _____

Show your working here.

1. The demand and supply schedule for a given commodity in a competitive market is shown in the table below.

Price (\$)	Quantity Demanded (units)	Quantity Supplied (units)	(b)
5	140	40	
6	120	60	
7	100	100	
8	80	120	
9	60	150	
10	40	170	

- A.** Plot the information given in the schedule on the graph sheet provided. [3]
- B.** If demand increase 25% at all prices, show the new demand curve on the same graph constructed for (a). Show the new quantities in the column labeled (b) in the table above. [3]
- C.** From the initial schedule, calculate the total revenue earn at the equilibrium price. [3]
- D.** State and explain **THREE** possible reasons for the movement of the new demand curve as drawn in (b).

[6]

E. Calculate price elasticity of demand when the price rise from \$5 to \$6. (Show all workings)

[4]

F. State the type of elasticity. _____

[1]

Total Marks [20]