

Year 10

GCSE Economics Homework Booklet



Name _____
Form _____

- ✓ Skills to be developed and how you will be assessed throughout the course and in the exam

A01. Recall, select and communicate their knowledge and understanding of concepts, issues and terminology.

A02. Apply skills, knowledge and understanding in a variety of contexts .

A03. Analyse and evaluate evidence, make reasoned judgements and present appropriate conclusions

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Homework 1 Personal Finance

Nathan is a successful public relations (PR) consultant, thanks to an outgoing personality and sharp intelligence. At 35, he is near the height of his earnings potential, at around £100,000+ per year. He started his career with a student loan of £8,000. The interest on this loan was subsidised by the government, but his starting salary was also low. Ten years ago, he and his partner, Tracy, wanted to buy a £75,000 house in Norwich, and this meant borrowing money for a mortgage of £65,000 and using Tracy's savings of £10,000.

As Nathan's children were growing up, he received several promotions but has now left his firm to become a freelance PR consultant, and his income has greatly increased. He is developing an expensive taste for tailor-made suits, on the grounds of the image he needs to portray to clients. He is also weighing up the costs and benefits of buying a new 'people-carrier' vehicle for his family.

On leaving university, Nathan changed from spending money on parties to buying a house. His first house was very limited by what he could afford on a starting salary. As he got promotions, he could afford a wider selection of properties, more expensive holidays, clothes, and so on.

- 1. Make a list of 5 items that you consider to be 'wants' for a teenager and 5 items you think are 'needs'. (5 marks)**
- 2. What were the 'needs' and 'wants' of Nathan when he first started his job? (4 marks)**
- 3. Explain whether Nathan's habit of buying tailor-made suits is a 'need' or a 'want'. (2 marks)**
- 4. If Nathan goes on to become a millionaire, how might his 'needs' and 'wants' change? (4 marks)**
- 5. In which stage of the personal lifecycle do you think Nathan is now? (1 mark)**

Total : (16 marks)

Homework 2 Scarcity and Basic Economic Problem

Qu 1. Fill in the blanks using the following words.

Limited Land	wants needs	Opportunity cost Choice	unlimited alternatives	allocated
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THE BASIC ECONOMIC PROBLEM

The world's resources are because we have limited amount of, water, oil, food etc. Human are, there is always something else we want more of. We need basic..... to survive. The problem forces us to make _____, as scarce resources must be, Every choice will involve a range of When making a choice you rank them in terms of the benefit that will be gained. Once you make a choice, the benefit of the other potential alternatives is lost. The _____ is the benefit lost from the NEXT BEST alternative.

(9 marks)

QU 2.(a) Define the term opportunity cost. (2 marks)

(b) Explain how opportunity cost would be applied to a family deciding to go to Chessington. (2 marks)

Total: 13 marks

Homework 3 Demand, Supply and market price

Price	Quantity Demanded	Quantity Supplied
20p	20	4
25p	18	6
30p	16	7
35p	14	8
40p	12	9
45p	10	10
50p	8	12
55p	6	14
60p	4	16
65p	2	18
70p	1	20

Demand and Supply for Kit-Kat Chocolates

- 1. Using the above data, draw a fully labelled demand & supply diagram for chunky kit-kats (5 marks)**
- 2. Define equilibrium (2 marks)**
- 3. Describe what would happen, using the demand & supply diagram, if the price of kit-kats went up to 55p (5 marks)**
- 4. Explain 2 factors which will affect the demand and supply of Chocolates. (6 marks)**
- 5. Discuss the advantages and disadvantages of competition to consumers of chocolates. (12 marks)**

Total : (30 marks)

Homework 4 Savings : Which account?

Kwan is 16. He works every Saturday in a sports shop and he receives a monthly allowance from his parents to pay for travel to school. He has already saved £300, but he is aiming to get a bike for around £800.

Jess is 18. She has just got a Saturday job and her employers want her to open a bank account so that they can pay her wages directly into an account. She doesn't know where to start.

Tony is 14. He receives a small weekly allowance from his parents, and sometimes receives money on his birthday and at Christmas which he likes to use for special things. He thinks it might be a good idea to open an account.

Look at the details of the three different accounts:

One-plus	Saver-one	CurrentlyYou
4% gross interest. Cash withdrawal card. Internet, telephone and branch banking for over 16s. £1 minimum to open. £10 sports vouchers for opening the account.	4.75% gross interest, fixed for two years. Withdrawals by passbook. 30 day notice to withdraw without loss of interest. £100 minimum to open.	2% gross interest. Debit card if 18 or over, withdrawals by passbook if under 18. Internet, telephone and branch banking for over 16s. £1 minimum to open. Quarterly statements. Free Gift.

What advice would you give to Kwan, Jess and Tony? Give your reasons.

Kwan

I recommend that you open.....
Reasons:.....

Jess

I recommend that you open.....
Reasons:.....

Tony

I recommend that you open.....
Reasons:.....

Total : 12 marks

Homework 5 Borrowing

Becky is 21 and works in a restaurant. She can drive and wants to buy a car. She has done some research and worked out approximately how much it will cost to buy the car, insure it and run it for a year (including tax, petrol, servicing etc). The total cost of the car is £3000. She needs to borrow £2000 as she has already saved £1000 towards the cost.

She is considering the following options:

- (a) Borrow the money from her parents:
- (b) Take out a finance agreement to pay for the car in monthly instalments.
- (c) Talk to the bank about taking out a loan.
- (d) Pay for the car with a credit card.

What do you think Becky should do?

(12 marks)

Homework 6 Methods of borrowing



Jim wants to buy a pair of shoes that cost £60, but he doesn't have the cash. The shop offers him a store card, but he thinks he may as well use his credit card. He thinks he can pay off the debt by the end of the month.



STORE CARD	CREDIT CARD
<ul style="list-style-type: none"> • Buy now pay later. Interest free period of one month. 	<ul style="list-style-type: none"> • Interest free credit period of one month
<ul style="list-style-type: none"> • Discount on goods purchased 	<ul style="list-style-type: none"> • Cash back service
<ul style="list-style-type: none"> • No interest if you repay balance within one month 	<ul style="list-style-type: none"> • Protection against fraud
<ul style="list-style-type: none"> • Interest of 24.9% charged from date of purchase 	<ul style="list-style-type: none"> • Insurance against damages to purchases
	<ul style="list-style-type: none"> • Typical APR 14.9%

Table 1

1. State two other ways that Jim can use to buy a pair of shoes. (2)
2. Explain the difference between a Store Card and a Credit card (6)
2. Recommend to Jim which option mentioned in Table 1 he should use. Give reasons for your recommendation. (12)

Total : 20 marks

Homework 7 Financial Planning

Jessica works for a design company and believes that a laptop would be helpful in her job. She can't afford one on her salary so decides that she'd like to borrow £1,400 to buy one.

Jessica goes to the bank to ask for the loan of £1,400. She has to fill in a loan application form.

She has to answer some questions, which include banking details, information about other credit cards, her financial status and any assets or liabilities.

The bank uses a credit scoring system to make its lending decisions. After processing her application and checking her credit score the bank turns Jessica's loan application down.

Jessica spends the evening searching the Internet for other ideas. She finds a website with advice for young people that suggest that she can consider these options which are:

- 1. Go for the doorstep lender loan and worry about the repayments later.**
- 2. Give up on the idea of buying a laptop.**
- 3. Borrow the money from her mum.**
- 4. Wait a year and try to save for the laptop.**
- 5. Buy the laptop from a company offering hire purchase.**

Which is the best option for Jessica? Explain your answer.

Total : 12 marks

Homework 8 Managing Money

John is 24. He has a low-paid job and is always in debt. He owes the bank £1000 but is struggling to pay it back. His car has failed its MOT and he needs a new one. The cheapest one he can find is £500, but the bank will not lend him any more money.

He could:

- a) Borrow the £500 from a loan shark, who charges an APR of 100 %.
- b) Go a different bank and get a loan for £500 on an APR of 12 %.
- c) Forget the car and use the bus until he has paid back the £1000 he owes.

Discuss the best option for John.

(12 marks)

Homework 9 Debt



- (a) What is debt?
(b) Debt is always bad. Discuss.

(2 marks)
(12 marks)

Homework 10 Work

Why do people work?

Ali is 17 and works in his father's Indian restaurant. He is working part-time for eight hours a week. The money he earns is used to run his second-hand car. He doesn't expect to work in his current job for long as he is going to university next year.

Helen is 35. She works full-time as a nurse. She and her partner have two young children and a mortgage to pay. As a result, both she and her partner work full-time.

Harold has recently taken early retirement. He is 63 but misses the social environment of work. He has taken a job working in the local DIY chain. The money doesn't motivate Harold and he doesn't want to work more than a few hours per week.

Questions

1. **Why does Ali choose to work only eight hours per week?** (3 marks)
2. **Why do both Helen and her partner choose to work full-time?** (3 marks)
3. **Explain two reasons why Harold is not motivated by the money he receives from working.** (4 marks)
4. **The school leaving age should be raised to 18. Discuss?** (5 marks)
5. **Describe the different reasons why people may choose not to work during various stages of their lives.** (6 marks)
6. **Describe the trends in UK employment by industrial sector over The last 20 years.** (4 marks)

Total **(25 marks)**

Homework 11 Joe Smith's payslip

Payslip		Name: Joe Smith		
Joe Smith, 685 Hatfield Road, Hatfield AL8 BK				
Employee No	Tax Code	N.I. Code	Week/ Month	National Insurance No
062	568LR	A	3	KT 66 99 88 D
Gross Pay:		£830 per month (or 10,000 per year)		
Annual Income Tax:		£80 per month		
National Insurance Contribution:		£45 per month		
Pension Contribution:		£45 per month		
Net Pay:		£660 per month (or £7,920 per year)		

Look at Joe Smith's pay slip and explain the following terms:

- Tax code
- NI Code
- National Insurance number
- Gross pay
- Annual Income tax
- National Insurance contribution
- Pension Contribution
- Net pay

Total : 16 marks

Homework 12 Exchange rate and Power of consumer

Going abroad for a holiday

Rachel decided to go to France for her holiday. She decided to travel there by train after her friend, Graham, warned her of the damage that air travel is causing to the environment. Graham is a member of a group that is protesting against the building of a third runway at London Heathrow airport. This group says that the growth in demand for air travel is causing an increase in greenhouse gases.

When Rachel arrived in France she needed to change some of her money into euros. She was disappointed how few euros she received for her money. She was told that the value of the pound had fallen against the euro.

Questions

- 1. Explain what is meant by the ‘value of the pound had fallen against the euro’.**
(2 marks)
- 2. Explain how the lower value of the pound against the euro might affect holidaymakers, like Rachel, when planning their holidays.** (6 marks)
- 3. Rachel decided to travel by train to France because she is concerned about the effects of air travel on the environment.**

How might the spending decisions of people, like Rachel, affect businesses that supply transport? Give reasons for your answer.

(12 marks)

Total : 20 marks