Kingsthorpe College

Transition Work

Year 12 – Economics

Edexcel 9EC0

What Actually Is Economics?

"Economics is the study of how societies allocate scarce resources to satisfy unlimited wants."

— The definition. Everything else in this course is built on this one idea.

Microeconomics

The Small Picture

- How individual consumers decide what to buy
- How firms decide what to charge
- Why markets sometimes fail
- How wages are set

e.g. Why does Spotify charge £11/month but give students 50% off?

Macroeconomics

The Big Picture

- How entire national economies grow (or shrink)
- Why prices rise — inflation
- Why people lose jobs — unemployment
- How governments manage spending

e.g. Why did UK inflation hit 11% in 2022 — and how did the Bank of England respond?

What A-Level Economics Actually Demands

Honest expectations — not to scare you, but to set you up for success

It is a reading subject

You must engage with the news. Examiners expect you to reference real events — 2008 crash, post-Covid inflation, Brexit, rising interest rates. You need examples they didn't give you.

Diagrams are compulsory — and must be precise

Every question at A-Level can be answered using a diagram. Supply & demand, AD/AS, PPF, Lorenz curves — you'll draw these under exam pressure. They must be labelled, titled and explained.

The essay is your main weapon

25-mark questions test whether you can evaluate. That means two sides, a reasoned conclusion, and no sitting on the fence. A good answer is 4–5 paragraphs of sustained argument.

Maths is unavoidable

You will calculate percentage changes, elasticities, multipliers, Gini coefficients, index numbers, and real vs nominal values. It's not A-Level Maths — but it's precise and regular.

Abstract thinking is expected: You'll model imaginary economies with assumptions. You'll be asked 'what if' questions. Econom ics trains you to think in systems, not just memorise definitions.

Year 12: The Course Map

Edexcel Themes 1 & 2 — Microeconomics & Macroeconomics Introduction

Theme 1 — Introduction to Markets & Market Failure

1.1 Nature of Economics
Scarcity, choice, opportunity cost, economic methodology

1.2 How Markets Work
Supply, demand, price elasticities (PED, PES, YED, XED)

1.3 Market Failure
Externalities, public goods, information failure, inequality

1.4 Government Intervention
Taxes, subsidies, price controls, regulation and their limitations

Theme 2 — The UK Economy — Performance & Policies

2.1 Measures of Economic Performance
GDP, inflation, unemployment, balance of payments

2.2 Aggregate Demand
Components of AD, the multiplier, consumption, investment

2.3 Aggregate Supply
SRAS vs LRAS, supply-side shocks, capacity

2.4 Economic Policy
Fiscal policy, monetary policy, supply-side policy

Paper 1 (June Y12) — 2 hours — Themes 1 & 2 — 35% of A-Level — Multiple choice + data response + essays

Year 13: Going Deeper

Edexcel Themes 3 & 4 — Advanced Microeconomics & Global Macroeconomics

Theme 3 — Business Behaviour & Labour Markets

3.1 Business Behaviour & Market Structure
Perfect competition, monopoly, oligopoly, monopsony — how market power changes everything

3.2 Labour Markets
Wage determination, trade unions, discrimination, minimum wage debate

3.3 Market Failure & Government
Cost-benefit analysis, behavioural economics, nudge theory

Theme 4 — A Global Perspective

4.1 International Economics
Comparative advantage, trade patterns, WTO, protectionism

4.2 Poverty & Inequality
Lorenz curves, Gini coefficient, redistribution, development

4.3 Emerging & Developing Economies
Globalisation, FDI, aid vs trade debate, China, India

4.4 Financial Sector & Crisis
Role of banks, 2008 financial crisis, quantitative easing

Paper 2 (Themes 3&4) — 2 hours — 35% | Paper 3 (All Themes, synoptic) — 2 hours — 30%

BASELINE NUMERACY ASSESSMENT

Remember to **show your workings** for all the questions below.

1	*Milano's Pizza* is a large-scale frozen pizza manufacturer based in Newcastle. They have 4 pizza machines. 1 machine can make 500 margarita pizzas an hour OR 400 ham and pineapple pizzas per hour. The manager currently has 2 machines making margarita pizzas and 2 machines making ham and pineapple pizzas. **Assuming there are no defects or production problems, what is the maximum number of pizzas the firm can make in 12 hours?**

2	The regional demand for *Milano's* ham and pineapple pizzas increases after two prominent Newcastle footballers post a photo of themselves on Instagram eating them. To satisfy the extra demand, the manager at *Milano's* decides that she will use 3 machines to make ham and pineapple pizzas and 1 machine to make margarita pizzas. **Calculate the new maximum number of pizzas made in 12 hours.**

3	After a few weeks, the manager decides that the only way she can cope with the surging demand is to buy 2 more machines, so she has 6 in total. She uses 1 of her new machines to make margarita pizzas (2 in total) and the other new machine to make ham and pineapple pizzas (4 in total). **Calculate the percentage change in production in <u>both</u> types of pizza.**

4 Geoff sells a house for £650 000 in Harrogate. The estate agent is paid 1.5% of the selling price for her services.

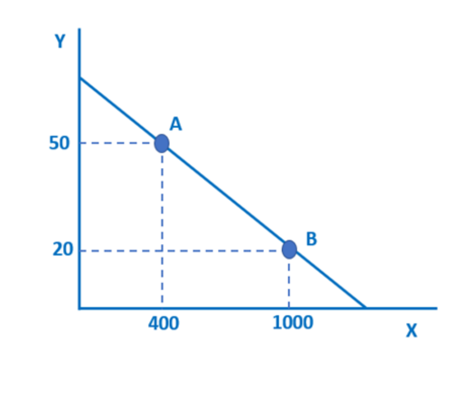
Calculate how much she is paid.

5 Geoff buys a new 1-bedroom apartment in London with the proceeds from his house sale in Harrogate. The apartment costs him £500 000 to buy. This time he has to pay Stamp Duty tax on his purchase. Stamp Duty tax at this price is 3%.

How much tax does he pay?

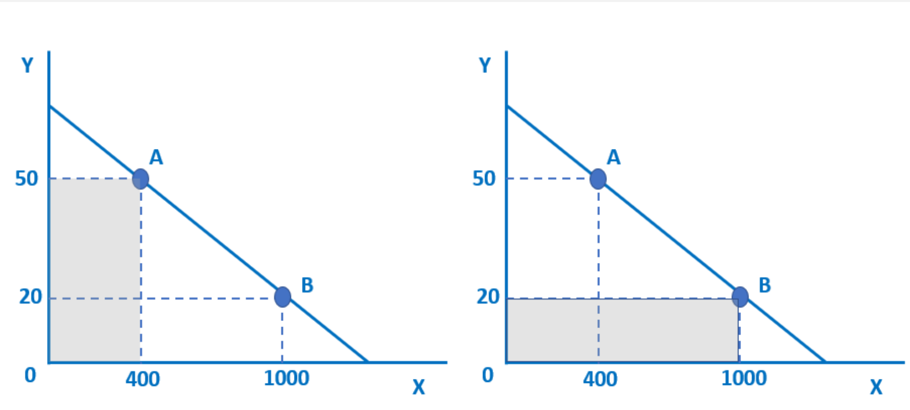
6	Over the next five years, London house prices go up by 45%. House prices in Harrogate decrease by 1.25%. **i) Calculate how much Geoff's London apartment is worth five years later.** **ii) Calculate how much his house in Harrogate would have been worth if he hadn't sold it.**

7 A and B are two points on a straight line.



If we move from A to B, how many X units do we gain <u>and</u> how many Y units do we lose?

8



Calculate the area of each of the shaded rectangles.

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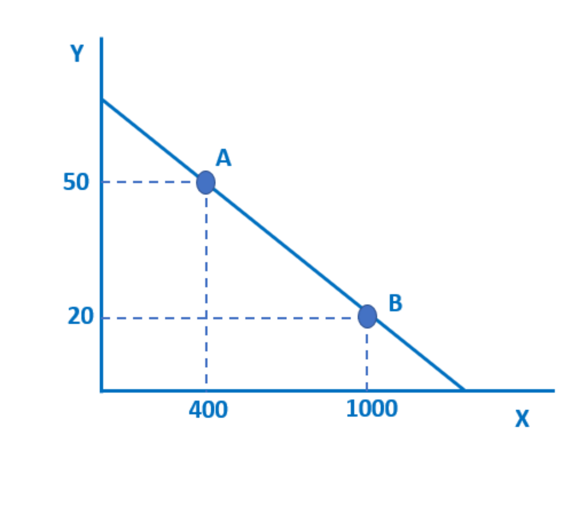
9 The graph below shows a relationship between X and Y.



The gradient does not change but the relationship between X and Y does change such that at each amount of Y there are now 400 more units of X.

Adapt the diagram above to illustrate the change. You can use the space below for any workings you need to carry out.

10 The owner of a small carpet cleaning business looks at the annual salaries of his five employees.

Employee 1 (duty manager)	£32 000
Employee 2	£14 000
Employee 3	£14 000
Employee 4	£16 000
Employee 5	£18 000

i) **Calculate the total expenditure on labour costs**

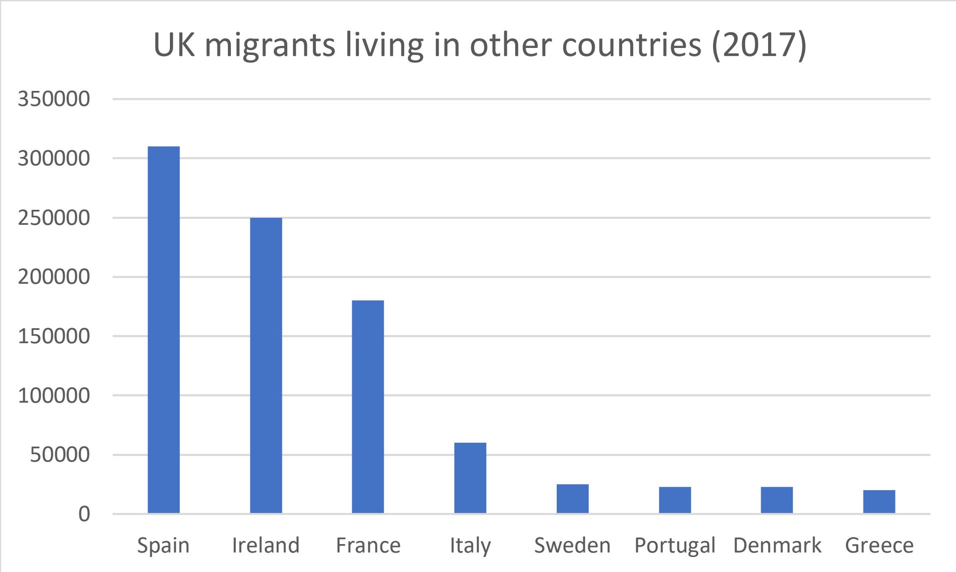
ii) **Calculate mean average and median average salary for the five employees.**

11	The boss hires a sixth employee to the business. The employee is highly experienced and very skilled. As a result, she commands a relatively high salary of £26 000. **i) Calculate the extra cost of the additional employee.** **ii) Calculate the change in the mean average salary in the business.** **iii) Calculate the new median average salary for the employees of the carpet cleaning business.**

12	A British-made car costs £20 000. The current exchange rate is £1 (UK pound) to $1.30 (US dollars). 6 months ago, the exchange rate was £1 to $1.50. **Calculate how much the £20,000 car costs in US dollars i) now and ii) 6 months ago.**

13	The exchange rate of UK pounds (£) to Euros (€) changes from £1 = €1.10 to £1 = €1.25. **i) Calculate the percentage increase of €1.1 to €1.25.** **ii) Calculate the UK price (£) of a €500 washing machine made in Italy, after the exchange rate change.**

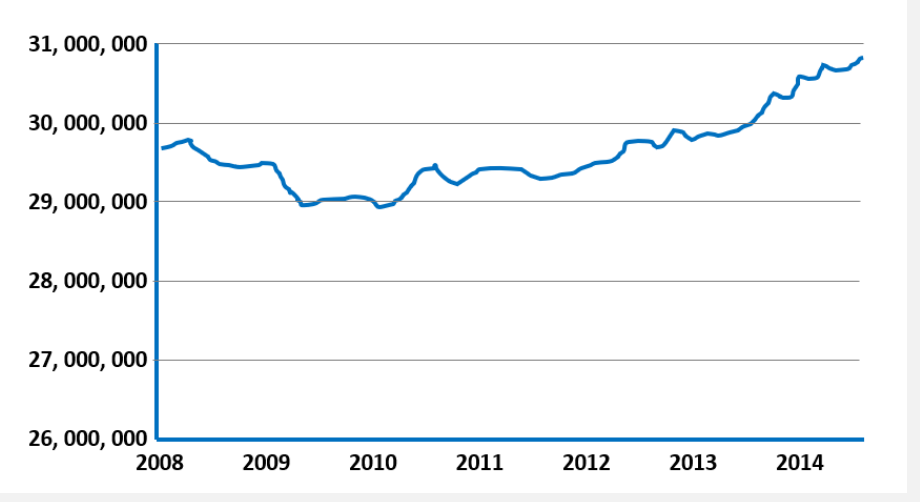
14 The chart below provides data on UK migrants living in other countries.



i) **Of the selected countries above, what percentage of UK migrants live in Spain?**

ii) **Compare the number of UK migrants living in Ireland compared to the number living in Portugal.**

15 The graph shows the number of people in work in the UK over time.



i) **Calculate the percentage change from the lowest point to the highest point.**

ii) **Assuming the UK population was constant at 63m throughout this period (it wasn't, but assume it was!), calculate the number of people in work as a percentage of the population in both 2008 and 2014.**

END OF QUESTIONS