

Answer **all** questions.

1 UK railway operation

GNER is one of a number of companies that operate trains in the UK. GNER was formed in 1996 when the national rail company was privatised. GNER states that:

- it carried 40 % more passengers in 2005 than in 1996;
- in 2005, 10 % of the passengers bought tickets that were cheaper in real terms than the cheapest available in 1996;
- from each £1 of revenue, 50 % goes towards track costs and government charges, 46 % goes on operating costs and less than 4 % is profit;
- it subsidises the less profitable parts of some of the other UK railway companies by the money it pays to the government;
- since 1996 the company has faced increasingly fierce competition from domestic airlines, car and coach travel.

(a) Explain what is meant by a substitute good and identify an example from the information. [2]

(b) From the information given, was it cheaper to travel by train in 2005 than in 1996? [4]

(c) Explain what is meant by a fixed cost and analyse whether in 2005 the fixed cost of every journey on GNER was higher than the variable cost. [4]

(d) Explain what GNER means when it says it 'subsidises the less profitable parts of some of the other UK railway companies'. [2]

(e) Discuss whether it can be concluded from the information that GNER's profits are likely to have risen by 40 % between 1996 and 2005. [8]

2 (a) Explain what is meant by a trade union and describe its functions. [5]

(b) Trade unions are not often found in small enterprises. How significant might this be as a factor which influences someone in choosing to work for a small enterprise? [5]

3 In Ghana local farmers manage small plots of land for subsistence farming. However, some have benefited by selling pineapples at an agreed, fixed price to an exporter. The exporter provides finance, training, fertilizers and machinery and even building materials for the farmers' homes.

(a) Identify and explain which factors of production are mentioned above. [4]

(b) In 2005, European supermarkets changed their demand to a new, sweeter pineapple not grown in Ghana. Use demand and supply diagrams to explain what happened in the market for both types of pineapple. [6]