



Please write clearly in block capitals.

Centre number

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Candidate number

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Surname

Forename(s)

Candidate signature

I declare this is my own work.

GCSE ECONOMICS

Paper 1 How Markets Work

Wednesday 14 May 2025 Afternoon Time allowed: 1 hour 45 minutes

Materials

- You may use a calculator.

Instructions

- Use black ink or black ball-point pen. Draw diagrams in pencil.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 80.
- Questions should be answered in continuous prose. You will be assessed on your ability to:
 - use good English
 - organise information clearly
 - use specialist vocabulary where appropriate.

For Examiner's Use	
Section	Mark
A	
B	
TOTAL	



J U N 2 5 8 1 3 6 1 0 1

Section A

Answer **all** questions in the spaces provided.

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For questions with four responses, only **one** answer per question is allowed.

For each question, completely fill in the circle alongside the appropriate answer.

CORRECT METHOD 

WRONG METHODS    

If you want to change your answer you must cross out your original answer as shown. 

If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown. 

0 1 Which of the following is **not** a need?

[1 mark]

A Food 

B Holiday 

C Shelter 

D Warmth 

0 2 Which of the following represents the basic economic problem?

[1 mark]

A Non-renewable resources and limited wants 

B Renewable resources and unlimited wants 

C Scarce resources and limited wants 

D Scarce resources and unlimited wants 



0 3 Demand may be best defined as

[1 mark]

- A** the equilibrium quantity of a good or service. ☐
- B** the price of a good or service. ☐
- C** the quantity of a good or service bought at a given price in a given time period. ☐
- D** the relationship between price and consumer income. ☐

0 4 Which of the following is a factor of production?

[1 mark]

- A** Income ☐
- B** Machinery ☐
- C** Profit ☐
- D** Rent ☐

0 5 A firm is able to reduce its long-run average costs by producing a wide range of products.

This is an example of

[1 mark]

- A** financial economies of scale. ☐
- B** purchasing economies of scale. ☐
- C** risk-bearing economies of scale. ☐
- D** technical economies of scale. ☐

Turn over ►



0 6 Which of the following would be included in the primary sector of an economy?

[1 mark]

A A car manufacturer

☐

B A hairdresser

☐

C A school

☐

D A wheat farmer

☐

0 7 Which of the following could be a deduction from gross pay?

[1 mark]

A Maternity pay

☐

B National Insurance

☐

C Net pay

☐

D VAT

☐

0 8 The price elasticity of demand for a product is -0.2 .

This means that the product is

[1 mark]

A a complement.

☐

B a substitute.

☐

C price elastic.

☐

D price inelastic.

☐

0 9

Which of the following would be an example of the motivations of producers conflicting with ethical or moral interests?

[1 mark]

- A** Forcing suppliers to sell at low prices ☐
- B** Paying farmers a fair price for their crops ☐
- C** Providing a wide range of products ☐
- D** Spending more money on staff training ☐

1 0

Table 1 shows costs and profit at various levels of output for a firm.

Table 1

Output (units)	Total cost (£)	Profit (£)
20	60	100
30	120	150

When the firm increases its output from 20 to 30 units

[1 mark]

- A** the price per unit falls by £1. ☐
- B** the price per unit falls by £2. ☐
- C** the price per unit rises by £1. ☐
- D** the price per unit rises by £2. ☐

Turn over ►

1	1
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State **two** possible business objectives.**[2 marks]**

1 _____

2 _____

1	2
---	---

Explain **one** factor that could increase labour productivity.**[2 marks]**

1	3
---	---

Explain **one** possible reason for a decrease in the equilibrium price of televisions.**[2 marks]**



1 4 . 1 The price of potatoes increases by 25%.

Calculate the price elasticity of supply of potatoes if the quantity supplied increases from 60 kg to 90 kg per day.

[2 marks]

1 4 . 2 Explain **one** factor affecting the price elasticity of supply of potatoes.

[2 marks]

Turn over for the next question

Turn over ►



1	6
---	---

State **two** ways a competitive market differs from a non-competitive market.

[2 marks]

1 _____

2 _____

1	7
---	---

Explain **one** possible disadvantage of specialisation for an individual worker.

[2 marks]

1	8
---	---

Explain **one** difference between a product market and a factor market.

[2 marks]

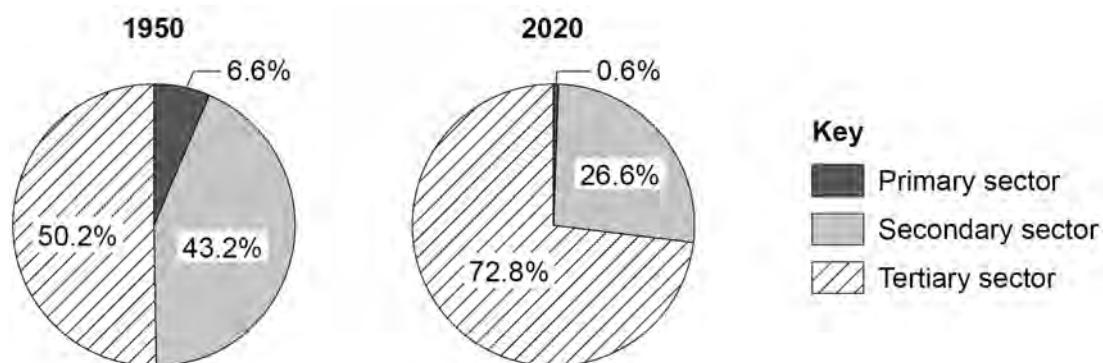
Turn over ►



1 9

Figure 1 shows data relating to the primary, secondary and tertiary sectors of the UK economy for 1950 and 2020.

Figure 1 – Sectors of the UK economy, 1950 and 2020



1 9 . 1

Using **Figure 1**, calculate the percentage change in the size of the secondary sector of the UK economy between 1950 and 2020.

Give your answer to **one** decimal place.

[2 marks]

Answer _____ %

1 9 . 2

Explain **one** possible consequence of the change in the size of the secondary sector of the UK economy between 1950 and 2020.

[2 marks]

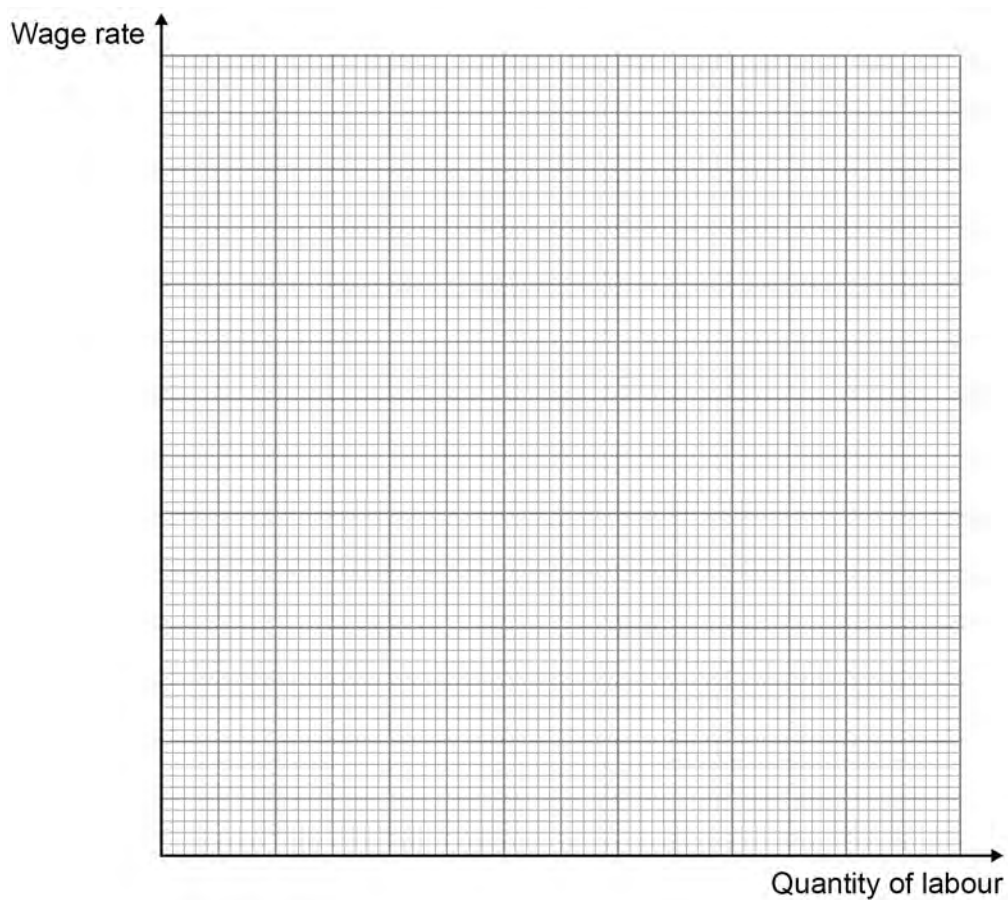


2 0

Draw and label the effects of increased demand for groceries on the labour market for lorry drivers.

[3 marks]

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Turn over for the next question

Turn over ►



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Turn over for Section B

Turn over ►



Section B

Answer **all** questions in the spaces provided.

Item A – Domestic energy supply in the UK

The market for domestic energy supply in the UK is dominated by a small number of large firms. These firms supply gas and electricity to customers in UK households and are often called the 'Big 6'. **Table 3** lists the 'Big 6' firms, along with their market share, number of households supplied and annual profit.

Table 3 – 'Big 6' domestic energy suppliers in the UK, 2022

Firm	Market share (%)	Number of households supplied	Annual profit (£m)
British Gas	28.2	7 500 000	72
E.ON	14.5	5 600 000	4 800
Octopus	11.5	5 100 000	203
Ovo	11.2	5 000 000	20
EDF Energy	9.5	3 600 000	1 100
Scottish Power	7.8	3 000 000	487

In recent years, the 'Big 6' energy firms have been criticised for exploiting their monopoly power. Consumer organisations say that the 'Big 6' charge excessively high prices for their supply of gas and electricity. They are also criticised for offering poor service to customers and making it difficult to switch supplier if a customer is not happy with the firm's service. These firms also have not automatically switched customers to the cheapest prices, meaning some customers paid more per year than they needed to.

However, the 'Big 6' firms argue that increasing costs have forced them to raise their gas and electricity prices.

They also point out that many smaller energy companies have recently closed because they were unable to make a profit in the industry. The UK government has attempted to increase competition by making it easier for new energy suppliers to join the market, as well as making it easier for customers to switch suppliers.



2	2
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Define the term 'monopoly'.

[2 marks]

2	3
---	---

Using **Table 3**, calculate the average (mean) profit per household earned by the 'Big 6' energy suppliers.

Give your answer to the **nearest £**.

[3 marks]

Profit per household = £ _____

2	4
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Analyse why the UK domestic energy market may not be competitive.

[6 marks]

Turn over ►



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2 5

Explain **two** ways producers operate in a non-competitive market such as the UK domestic energy market.

[6 marks]

Way 1

Way 2



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ANSWER IN THE SPACES PROVIDED**



