

- 1 Which statement about money is correct?
- A Deflation reduces the internal purchasing power of money.
 - B Most financial assets are more liquid than physical assets.
 - C When money acts as a medium of exchange, it requires a double coincidence of wants.
 - D When money acts as a store of value, it must be unlimited in supply.
- 2 The table shows the amount of direct taxes that different households in the UK paid in 2017–2018.

	bottom 20% of households	second 20% of households	middle 20% of households	fourth 20% of households	top 20% of households
average income (£)	15 300	25 000	34 600	47 600	90 600
direct tax paid (£)	2 000	3 500	6 000	9 500	21 200

Which positive economic statement can be made from the table?

- A Direct tax is unfair on the richer households in the UK.
 - B Direct tax in the UK is a proportional tax.
 - C Poorer households do not pay enough direct tax in the UK.
 - D Rich households pay more direct tax than poor households in the UK.
- 3 What does opportunity cost measure?
- A the benefits of a good compared with the next choice
 - B the benefits given up by not consuming the next best alternative
 - C the costs of any good not chosen
 - D the financial costs of consuming a good
- 4 Which term assumes the existence of 'qualities, knowledge and skills' that allow an individual to be more productive?
- A enterprise investment
 - B human capital
 - C mechanisation
 - D specialisation