**32. Economic influences 1 – Exchange rates Mark: /16**

The table below shows the value of the £ in relation to three other currencies.

|  |  |
| --- | --- |
| GDP (£) | Exchange rate |
| £1.00 | 1.42 Euro |
| £1.00 | 1.55 US dollar |
| £1.00 | 192.45 Yen |

1. Cynthia is holidaying in Italy. She has £250 spending money to take with her which she converts into Euros.
	1. How many Euros would Cynthia receive? /1 mark

£250 x 1.42€ = **€355**

* 1. On her first day she buys a pizza for 8€. How much was the pizza in £s? /2 marks

€8/€1.42 = **£5.64**

* 1. At the end of her holiday she has 40€ left that she converts back to £s. How many £s would she get? /2 marks

€40/€1.42 = **£28.17**

1. Arisu makes Japanese earthenware vases in Japan. The cost to her of making each vase is

1 500 Yen. She adds a 30% mark-up to each vase.

* 1. How much does one of Arisu’s vases sell for in Japan? /2 marks

1 500 Yen x 1.30 = **1 950 Yen**

* 1. What would be the retail price if a vase was imported to the UK? /2 marks

1 950 Yen/192.45 = **£10.13**

* 1. What would be the percentage change in the retail price if the value of the £ appreciated to 195 Yen? /4 marks

1 950 Yen/195 = £10.00

(£10.13 - £10.00)/ £10.13 x 100 = **1.3%**

1. Belinda exports British food hampers, each costing £125, to America. Jake adds a 25% mark-up to deliver them as gift baskets across California. How much does it cost to order one of Jake’s gift baskets? /3 marks

£125 x 1.55 = $193.75

$193.75 x 1.25 = **$242.19**