**3.** Ellisons Ltd. manufactures very high quality leather shoes and just under half of its sales takes place in the UK. The rest is sold overseas, Germany, taking the vast majority. It does not sell directly to the public, only to retail stores.

Exchange rate fluctuations in relation to the euro constantly impact upon its trade and the managing director, Richard Ellison, is strongly in favour of Britain becoming part of the 'Eurozone' as soon as possible.

The average price per pair of the shoes to retailers in the UK and abroad is £80. An exchange rate change, over a two-month period, of £1 =  $\le$ 1.48 at the beginning of January to £1 =  $\le$ 1.59 at the end of February would have implications for firms such as Ellisons Ltd.

(a) Complete the table below which relates to a typical regular order received from a German customer.

[2]

Number of pairs ordered: 1200

Date	Exchange Rate	Value in £s sterling	Value in euros
01 January	£1 = €1.48	£96 000	(i)
28 February	£1 = €1.59	(ii)	€152 640

<i>(b)</i>	Explain how movements in the exchange rate of the euro(€), in relation to the £ sterling may impact upon Ellisons Ltd. [4]

(c)	What are the key features of the Eurozone?	[2]
( <i>d</i> )	Explain <b>two</b> possible reasons why Richard Ellison is strongly in favour of the UK I a member of the Eurozone as soon as possible.	becoming [6]
•••••		
•••••		