There are 6 questions in this paper, do not be deterred, they are all straightforward. Read each question carefully. There are questions on both side of the page. The number of marks for each question are given in brackets. Be smart about how you answer. If you can’t answer one question move on the to next and return to the questions you could not do after answering all the other questions!

**Rubric:** This exam is an open book exam you can use all written materials that you want, normal tables and a calculator.

Write your solutions in the question paper.

GOOD LUCK!
(1) (i) I draw 300 different samples each sample is of size 50. For each sample I construct a 90% confidence interval (CI) for the mean $\mu$.

On average, how many of the intervals will contain the mean.

(ii) Suppose you are willing to put 1 out of 200 innocent people in prison. You do the test $H_0: \text{person is innocent}$ against $H_A: \text{person is guilty}$. What is the type I error in this case?

(iii) Return to question 1(iii), are we able to calculate the type II error in this case?

(iv) Suppose it is known that the smallest adult is 2 feet tall and the tallest known adult is 8.5 tall. I draw a sample of size 50 people, the average height using this sample is 5.5 feet tall.

Give a 100% CI for the mean adult height.

(v) Suppose that I draw a random sample of size 40 from a population which has mean $\mu$ and variance $\sigma^2$. I evaluate the sample average $\bar{X} = \frac{1}{40} \sum_{i=1}^{40} X_i$. I know that the standard error of the sample average is 0.5. What is the standard deviation of the original population?
Two samples each of size 30 are drawn. Sample 1 is drawn from population 1 and Sample 2 is drawn from population 2. A boxplot and QQplot of the samples are given below. The left plots are from sample 1 and the right plot from sample 2.

(i) Based on the plots above, sketch the densities (distributions) of population 1 and population 2 (place them side by side). 

(ii) If you were to make:
(A) 95% confidence intervals for the mean of population 1 based on sample 1.
(B) 95% confidence intervals for the mean of population 2 based on sample 2.
Which interval do you think is the most accurate 95% CI (in the sense that the sample average is a better approximation of the normal distribution). Give a reason for your answer.
(3) A company claims not to discriminate against women in their employment policy. There are 15 job vacancies and it is observed that one or fewer females get the job (either no women get the job or one women got the job).

(i) Calculate the probability that one or fewer get the job if the company have a completely fair employment policy (they do not discriminate against men or women) Ie. If 15 randomly selected individuals are employed, the probability that one or less are female. [3]

(ii) Based on the above probability, do you think the company was fair, give a reason for your answer? [2]

(iii) Suppose that the company is a road construction company (a company that builds roads), would you re-evaluate your conclusions in (ii), give a reason for your answer. [1]
(4) (a) Suppose I draw 200 samples (each sample containing 20 observations). For each sample I construct a 90% CI for the mean.

(i) What happens to the size (length) of each interval if I use a 80 observations in each sample rather than 20 observations in each sample? [1]

(ii) What happens to the size (length) of the interval if I construct a 99% confidence interval rather than a 90% confidence interval? [1]

(b) Suppose that I want to test the hypothesis $H_0 : \mu = 6$ against the alternative $H_A : \mu \neq 6$. The population variance is 3 and the sample size 40. I do the test at the 5% level and I am unable to reject the null.

(i) Indicate on the plot below the mean under the null and where the sample mean must lie if we do not reject the null (the interval in which $\bar{X}$ must lie). [2]

(ii) Is this statement correct:

‘I could have made a type II error’.

TRUE or FALSE? Give a reason for your answer. [2]
(5) Suppose that the population mean and variance is $\mu$ and 10 respectively. I draw a random sample of size 30 from this population and evaluate the population mean $\bar{X} = \frac{1}{30} \sum_{i=1}^{30} X_i$.

(i) What is the distribution of $\bar{X}$ (give the mean and variance)?

I have made a sketch of the density (distribution) below. Over my sketch make a sketch of the (density) distribution of $\bar{X}$. [2]

(ii) Suppose that the population mean is $\mu = 5$. Show the mean and standard deviation of $\bar{X}$ on the plot below. Find the probability that the sample mean $\bar{X}$ is greater than 6.5. [2]
(iii) Suppose $\bar{X} = 6.5$. Test the hypothesis that $H_0 : \mu \leq 5$ against $H_A : \mu > 5$ (use $\alpha = 5\%$).

(iv) Suppose $\bar{X} = 6.5$. Test the hypothesis that $H_0 : \mu \geq 5$ against $H_A : \mu < 5$ (use $\alpha = 5\%$).

(v) Suppose $\bar{X} = 6.5$. Test the hypothesis that $H_0 : \mu = 5$ against $H_A : \mu \neq 5$ (use $\alpha = 5\%$).
6. Charlie wants to lose some weight and considers joining ‘Dodgy’s Dave’s Diet club’. But first he wants to make sure that ‘Dodgy’s Dave’s Diet club’ claims are correct. He decides to ask a sample of members of ‘Dodgy’s Dave’s diet club’ how much weight they have lost. He is interested in the mean weight loss $\mu$ (note that if $\mu$ is positive there has been weight lost and if $\mu$ is negative there has been a weight gain). It is known that the standard deviation of an average person’s weight loss is 10 pounds ($\sigma = 10$).

(i) What hypothesis would you advice Charlie to use (state the null and alternative)?

(ii) Suppose that Charlie randomly select 20 members of the club. He decides to do the test at the 5% level. What is the probability that he will reject the null when the average weight loss is greater than 6 pounds ($\mu \geq 6$).

(iii) Suppose that Charlie randomly select 20 members of the club, and does the the test at the 5% level. What is the probability he will reject the null, if the mean weight gain is 6 pounds (note there isn’t any weight loss!)?

(iv) Charlie thinks that it is more informative to know the actual mean weight loss. He decides to construct a 95% CI for the population mean $\mu$. He wants the interval to have length 2 pounds. How large a sample size should he choose for the CI to have length 2?