

Centre Number						Candidate Number				
Surname										
Other Names										
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For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
TOTAL	



General Certificate of Secondary Education  
January 2011

# Economics

# 413011

## Unit 11 Personal Economics

Wednesday 26 January 2011 9.00 am to 10.15 am

**You will need no other materials.**  
You may use a calculator.

### Time allowed

- 1 hour 15 minutes

### Instructions

- Use black ink or black ball-point pen.
- 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 outside the box around each page or on blank pages.
- 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 70.
- You are reminded of the need for good English and clear presentation in your answers. Quality of Written Communication will be assessed in questions 1(f), 2(d) and 3(c).



J A N 1 1 4 1 3 0 1 1 0 1

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

**Total for this question: 30 marks**

**1** Read **Item A** and then answer the questions that follow.

**Item A**

**Planning Ahead**

Debbie and Alex are a couple in their twenties and are looking forward to their future together. They are both employed and earn enough to allow them to think about buying a car.

At the moment, Debbie and Alex have less than £500 in savings. Their savings are quite small because both Debbie and Alex like to spend their income on eating out, entertainment and foreign holidays. Neither of them checks their bank statements to see what they are spending their money on and they both regularly run short of money towards the end of each month.

They have now seen a car that they wish to buy that costs £3000. In order to find out if they can afford to buy the car, they have decided to draw up a budget.

**1 (a)** State **two** reasons why people save.

- 1 .....
- 2 ..... (2 marks)

**1 (b)** State **two** places where Debbie and Alex could save money to buy a car.

- 1 .....
- 2 ..... (2 marks)



**1 (c)** Explain **two** benefits to Debbie and Alex of drawing up a budget.

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2 .....

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(4 marks)

*Extra space* .....

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**1 (d)** The car dealer, who is selling the car Debbie and Alex have seen, will provide 100% finance for the £3000 car. The loan will be repayable over three years at an interest rate of 6% per year.

Explain how a rise in the interest rate to 8% might affect Debbie and Alex's decision to buy the car.

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(4 marks)

*Extra space* .....

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**Turn over ►**



1 (e) Having drawn up a budget, Debbie and Alex now realise that they need to make some choices about their spending and earnings if they are to buy the car.

Explain the possible options open to Debbie and Alex.

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1 (f) Debbie and Alex are now considering which is the best way to buy the car:

- to save up the total amount and pay cash for the car
- to borrow the money from the car dealer and repay the loan in instalments over a three year period.

Which do you think is the best option for them? Give reasons for your recommendation.

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**Total for this question: 20 marks**

**2** Read **Item B** and then answer the questions that follow.

**Item B**

**Pay and working conditions**

Debbie works for a supermarket chain in the general office. Her pay is not very high and has not increased very much in recent years. Although Debbie likes her job and the people she works with, she is ambitious and would like promotion. Unfortunately, the supermarket has very few opportunities for promotion and it will take Debbie a long time to progress to higher paid jobs if she stays with them.

A large mobile phone business has recently moved to the area and needs to recruit office staff. It is offering better pay for similar jobs to the one that Debbie does, and has more training and management opportunities than Debbie's current employer.

Debbie is considering applying for a job with this new business, in the finance department. However, a move to the mobile phone business would mean leaving her friends and retraining at slightly lower pay than she is currently earning.

**2 (a)** State **two** reasons why people work.

- 1 .....
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- 2 .....
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*(2 marks)*



**2 (b)** Explain **one** possible reason why the large mobile phone business is offering higher pay than the supermarket for similar jobs.

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(3 marks)

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**2 (c)** Other than pay, explain **one** other factor workers might look for from the mobile phone business when deciding whether or not to work for them.

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(3 marks)

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**Turn over for the next question**

**Turn over ▶**



**2 (d)** Over recent years, Debbie's pay has not changed by much. If she wants to increase her future pay she could:

- Stay in her existing job at the supermarket but go on a training course at her local college to improve her chances of promotion
- Move to a new job at the mobile phone business and retrain in their finance department.

Advise Debbie on which option you think is best for her. Give reasons for your advice.

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**Turn over for the next question**

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**Total for this question: 20 marks**

**3** Read **Item C** and then answer the questions that follow.

**Item C**

**Consumer Power**

Alex works for a national sports retailer which sells sports clothing. The retailer buys over 80% of all its stock from abroad because it is supplied at very low cost.

Some people have concerns about the way sports clothes are produced in some countries as they use methods which are not ethical. In one particular country, clothes are produced in sweatshops where workers have to work very long hours for little pay. Some of these workers are children. To influence retailers in the UK not to stock these goods, some consumers boycott their shops.

Alex believes that if people want to buy goods produced in an ethical manner, then boycotts are not the answer. He thinks that buying British goods is better. He believes this helps to provide jobs for British workers and cuts down on transport costs and so is more ethically and environmentally sensitive.

**3 (a)** Explain **one** possible reason why the sports retailer buys so much of its stock from abroad.

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*(2 marks)*



**3 (b)** Explain the possible reasons why some consumers continue to buy goods which are **not** produced in an ethical manner.

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**Question 3 continues on the next page**





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<b>20</b>

**END OF QUESTIONS**



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