



**General Certificate of Secondary Education  
January 2011**

**Economics 4135  
Economics 4132 (Short Course)**

**Unit 11 Personal Economics**

**Final**

***Mark Scheme***

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1

**Total for this question: 30 marks**

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

*(2 marks)*

One mark for each reason.

Reasons include:

- to buy something expensive – two examples are acceptable
- put money aside for the unexpected
- save towards a future objective like retirement
- earn interest
- acceptable to include examples: car, holiday.

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

*(2 marks)*

One mark for each place.

Places include:

- bank
- building society
- post office
- credit union
- named institutions, eg Barclays, Lloyds TSB etc
- piggy bank
- on-line bank.

No marks for different savings schemes.

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

*(4 marks)*

Benefits could include:

- a budget allows Debbie and Alex to analyse their spending habits
- sticking to a budget can help Debbie and Alex help to manage their spending so as to avoid cash shortages/run short of money
- help Debbie and Alex plan for the future, be it short-term or long-term, eg save up for the car.

**Apply grid below to each benefit twice.**

Level	Descriptor	Marks	Assessment Objective
2	Benefit explained and applied to Debbie and Alex's situation.	2	AO2
1	Benefit identified.	1	AO1
0	No valid response.	0	

**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's and Alex's decision to buy the car. (4 marks)*

Possible effects could include:

- a rise in the interest rate might mean they have to reduce spending elsewhere to pay the higher interest
- Debbie and Alex might look for a better finance deal
- it might not affect them if they decide the rise is not enough to change their spending habits
- they might have to cancel the finance deal and return the car
- if the interest rate was fixed when they borrowed the money it may have no effect at all.

Level	Descriptor	Marks	Assessment Objective
2	Possible effect(s) on their decision explained	3–4	AO2
1	Possible effect(s) on their decision identified	1–2	AO1
0	No valid response	0	

**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. (6 marks)*

Candidates may refer to opportunity cost (opportunity cost is what has to be given up when we make a choice), but this is not needed to get maximum marks.

Examples of choices could include: Debbie and Alex may have to go without certain luxuries like extra holidays or eating out if they want to save towards buying a car.

Changes to earnings could occur through promotion, extra jobs, better qualifications.

Earnings could include earnings from savings account but taking on a bank loan is not accepted.

Level	Descriptor	Marks	Assessment Objective
3	Options explained in relation to spending <b>and</b> earnings.	5–6	AO2
2	Options explained in relation to spending <b>or</b> earnings.	3–4	
1	Basic understanding of choice and/or opportunity cost or identifies a list of options.	1–2	AO1
0	No valid response.	0	

<p><b>1 (f)</b> <i>Debbie and Alex are now considering which is the best way to buy a car:</i></p> <ul style="list-style-type: none"> <li>• <i>to save up the total amount and pay cash for the car</i></li> <li>• <i>to borrow the money from the car dealer and repay the loan in instalments over a three year period.</i></li> </ul> <p><i>Which do you think is the best option for them? Give reasons for your recommendation.</i> <span style="float: right;"><i>(12 marks)</i></span></p>
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Candidates may view these as short-term and medium-term options. Some may discount one of them as inappropriate whilst others may recommend that Debbie and Alex do a combination of the two options. Some candidates may even suggest an alternative method. Any of these approaches is acceptable (as long as the alternative, if suggested, is realistic).

Award marks for AO1 and AO2 using the grid below.

Level	Descriptor	Marks	Assessment Objective
2	Applies knowledge of the different options to Debbie and Alex' situation.	3–4	AO2
1	Basic understanding of the option(s) is/are demonstrated.	1–2	AO1
0	No valid response.	0	

In addition, separately award marks for evaluation using the grid below.

**Note:** this question also assesses candidates' quality of written communication. When deciding on the level to be awarded for AO3, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
3	Candidate offers recommendation with thorough reasoning. Ideas are communicated with a clear structure and use of technical terms.	6–8	AO3 and Quality of Written Communication
2	Candidate offers recommendation with some reasons. <b>Max 5 marks if only one option considered.</b> <b>Max 3 marks if no recommendation.</b> <b>Candidates can get 3 marks for good analysis of one option.</b> Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	3–5	
1	Candidate offers recommendation with limited reasons <b>or</b> limited analysis (one option 1 mark; 2 options 2 marks). Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	1–2	
0	No valid response.	0	

**2****Total for this question: 20 marks****2 (a)** State **two** reasons why people work.*(2 marks)*

Any two valid reasons, eg:

- earning money
- social aspect of work
- fringe benefits
- job satisfaction, etc.

Can also identify what the income will be spent on.

**2 (b)** Explain **one** possible reason why the large mobile phone business is offering higher pay than the supermarket for similar jobs.*(3 marks)*

Possible reasons include:

- the mobile phone business wants to attract workers from existing jobs and so must give an incentive
- the mobile phone business may be able to afford to pay more as it is more profitable
- it is the ethos of the business to pay relatively high wages.

Level	Descriptor	Marks	Assessment Objective
3	Reason for higher pay levels explained with relevance to the scenario.	3	AO2
2	Reason for higher pay levels explained in similar jobs.	2	
1	A reason given for higher pay levels in similar jobs.	1	AO1
0	No valid response.	0	

**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. (3 marks)*

Possible answers include:

- good working conditions
- security of employment
- holiday entitlement
- friendly working atmosphere
- fringe benefits
- training
- promotion opportunities.

Level	Descriptor	Marks	Assessment Objective
3	Factor explained with relevance to the scenario (either Debbie or the mobile phone business).	3	AO2
2	Factor explained.	2	
1	Factor listed.	1	AO1
0	No valid response.	0	

- 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 is best for her. Give reasons for your advice.*  
(12 marks)

- If she opts to do more training and acquire new skills: this may take time and even with the new skills there might not be many openings for her. However, she does like her workmates and her wage would not fall.
- If she moves to the new headquarters: this would be a new challenge and she may find she does not like the work. In addition there will be a small pay cut while she trains. However, there are more opportunities and she may be able to afford a car quicker if she opts to do this.

Award marks for AO1 and AO2 using the grid below.

Level	Descriptor	Marks	Assessment Objective
2	Applies knowledge of wages and training to Debbie's and/or the supermarket's situation.	3–4	AO2
1	Basic understanding of wages and training is demonstrated.	1–2	AO1
0	No valid response.	0	

In addition, separately award marks for evaluation using the grid below.

**Note:** this question also assesses candidates' quality of written communication. When deciding on the level to be awarded for AO3, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
3	Candidate offers advice with thorough analysis of advantages and disadvantages of both options. Ideas are communicated with a clear structure and use of technical terms.	6–8	AO3 and Quality of Written Communication
2	Candidate offers advice with some analysis of advantages and disadvantages of the two options. <b>Where a candidate only considers one option max 5 marks. Max 3 marks if no advice is given. Candidates can get 3 marks for good analysis of one option.</b> Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	3–5	
1	Candidate offers advice with limited analysis (one option 1 mark; 2 options 2 marks). Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	1–2	
0	No valid response.	0	



3

**Total for this question: 20 marks**

**3 (a)** Explain **one** reason why the sports retailer buys so much of its stock from abroad. (2 marks)

Possible reasons include:

- price/cost to the retailer
- quality
- lack of alternative suppliers
- wanting branded goods
- choice.

**3 (b)** Explain the possible reasons why some consumers continue to buy goods which are **not** produced in an ethical manner. (6 marks)

Reasons could include:

- cost - consumers like cheap goods despite the fact they may be produced unethically
- ignorance - unaware of the human/environmental cost, maybe through a lack of information
- concerns over the welfare of workers who manufacture goods produced unethically - how else will the workers earn money and support their families if the factory closes?
- quality - products produced in an unethical manner may be produced to a higher quality
- general lack of concern - consumer selfishness and/or indifference
- advertising – the power of large businesses.

Level	Descriptor	Marks	Assessment Objective
2	Two or more reasons explained with relevance to the scenario (ethical goods is the scenario).	6	AO2
	One reason explained with relevance to the scenario (ethical goods is the scenario).	5	
1	Two reasons explained with no relevance to the scenario.	4	AO1
	One reason explained with no relevance to the scenario.	3	
	Reasons identified with no explanation or link to the scenario.	1–2	
0	No valid response.	0	

**3 (c)** *Alex does not think it is right for people to boycott the retailer where he works.*

*What do you think are the best actions consumers can take to influence retailers to sell goods that have been produced in an ethical manner. Give reasons for your answer.*  
(12 marks)

Candidates can weigh up boycotts and other forms of consumer action by discussing their possible impact on retailers. Other forms of action include internet and/or facebook campaigns, writing to retailers, writing to MPs, marches, leaflet distribution, petitions, direct action, buying Fairtrade.

Possible areas for discussion may include:

- how competitive the market is
- how powerful is any boycotting campaign
- the need to listen to what customers are saying
- the possible impact on retailers of adverse publicity
- the success of other previous campaigns
- the implications for employment of a successful boycott.

Award marks for AO1 and AO2 using the grid below.

Level	Descriptor	Marks	Assessment Objective
2	Applies knowledge of boycotts and other consumer actions to retailers.	3–4	AO2
1	Basic understanding of boycotts and other consumer actions is demonstrated.	1–2	AO1
0	No valid response.	0	

In addition, separately award marks for evaluation using the grid below.

**Note:** this question also assesses candidates' quality of written communication. When deciding on the level to be awarded for AO3, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
3	Candidate offers evaluation with thorough discussion of different forms of consumer action. Ideas are communicated with a clear structure and use of technical terms.	6–8	AO3 and Quality of Written Communication
2	Candidate offers evaluation with some discussion of different forms of consumer action. <b>Max 3 marks if no evaluation is given.</b> <b>Candidates can get 3 marks for good analysis of one option.</b> Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	3–5	
1	Candidate offers evaluation with limited discussion of one form of consumer action <b>or</b> limited discussion of two forms of action (one action 1 mark; 2 actions 2 marks). Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	1–2	
0	No valid response.	0	