

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										

For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
TOTAL	



General Certificate of Secondary Education  
June 2013

# Economics

# 413011

## Unit 11 Personal Economics

Wednesday 22 May 2013 1.30 pm to 2.45 pm

**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(e), 2(c) and 3(c).



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

**Total for this question: 28 marks**

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

**Item A**

Robbie, an 18-year-old college student, is excited about going to university in September to study for a degree in Hospitality and Catering.

Robbie's parents recently inherited £120 000 and they placed this money in a bank account paying 2.5% interest a year. His parents are disappointed that they are receiving such a low rate of interest. While looking on the internet for university accommodation in the town, Robbie notices that there are houses for sale that his parents could afford to buy with this money. These houses are run down and need to have money spent on them to bring them up to standard. Many people in the town have recently become unemployed and can no longer afford to pay the mortgages on their houses, so they have been forced to put them up for sale.

Robbie suggests to his parents that they could buy one of these houses rather than save the money in a bank. Robbie says that he could live in the house without paying rent and could also rent out the spare bedrooms to university friends to give him an income. Robbie's father realises that the house would need a lot of improvements. However, he knows that there are several builders in the town looking for work, so it would be reasonably cheap to pay one of them to carry out the improvements.

Robbie's mother is less keen about buying the house. She feels that Robbie is too young to deal with the responsibility of running the house. She tells Robbie that he must draw up a budget for the three years that he will be at university.

**1 (a)** Identify **two** factors that might affect how much Robbie spends each week once he is at university.

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*(2 marks)*

**1 (b)** Explain **two** benefits to Robbie of keeping to a budget while he is at university.

*(4 marks)*

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**1 (c)** Explain **one** reason why the prices charged by builders might have fallen.

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(4 marks)

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**1 (d)** Explain **two** ways in which interest rates might affect Robbie's parents' decision to buy the house. (6 marks)

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**Total for this question: 20 marks**

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

**Item B**

Robbie is at the end of his first year at university. Six months ago, Robbie won a Young Chef of the Year competition. As a result, he received an offer of holiday work at a luxury restaurant. The restaurant owner explained that Robbie would be paid only a low wage, but the work experience would help him in his career as he could eventually specialise as a chef in a luxury restaurant.

A few months ago, two of Robbie's old school friends, Ali and Brendan, came to visit him. Neither of them is studying at university and both are doing very different things. Ali works as a trainee at an accountants' firm. He receives only £140 a week, but Ali explains that this should rise to £500 a week as soon as he has qualified. Ali also expects to spend his whole working life as an accountant as it is a secure job. Robbie's other friend, Brendan, describes himself as a self-employed entrepreneur. Brendan buys goods and then sells them on. He always deals in cash and does not ask too many questions about where the people he buys from obtained the goods. Brendan claims that most weeks he earns more than £800.

Robbie is envious of Brendan who owns an expensive car and wears the best designer clothes. Brendan boasts of how much he earns and says that education and training are unnecessary to get on in life. Listening to Brendan certainly makes Robbie question whether he has done the right thing in studying for a degree.

**2 (a)** Explain **one** advantage to Robbie of specialising as a chef in a luxury restaurant.

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*(2 marks)*





**2 (b)** Explain **two** reasons why Robbie's friends have such different incomes. (6 marks)

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**Total for this question: 22 marks**

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

**Item C**

Robbie remained at university and went on to get a degree. When they finished their studies, Robbie and his university friend, Pascal, decided to open an organic restaurant close to the university. Pascal is Canadian and had decided to study in the UK.

Pascal and Robbie want the restaurant to be run ethically, even if this results in higher costs. They prefer to use local produce but agree that any food items brought from abroad must be fairly traded and from sustainable sources. They believe that the restaurant’s main customers will be university students and young professional people. The town also attracts a large number of overseas tourists who, Pascal believes, will be interested in eating at this type of restaurant. Pascal says that they will need to watch foreign currency exchange rates as a fall in the value of the pound could affect the profits of the restaurant.

The plans for the restaurant almost come to an end when Pascal is told that he must return to Canada. He had come to the UK on a student visa, but the UK government had told him that he would not be entitled to a work permit once his course had finished. Robbie thinks that it will be difficult to run the restaurant without Pascal’s support, but decides to open the restaurant any way.

**3 (a)** Explain **two** reasons why Robbie and Pascal’s ethical restaurant is likely to cost more to operate than other restaurants in the town. *(4 marks)*

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**3 (b)** Explain **two** ways in which a fall in the value of the pound might affect how much profit Robbie and Pascal's restaurant makes. (6 marks)

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**END OF QUESTIONS**



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