

Teacher Resource Bank

GCSE Economics

Unit 11: Personal Economics

- **Candidate Exemplar Work and Commentaries**
(Live answers taken from June 2010 entry)





The following students' scripts exemplify work which achieved the minimum marks necessary to achieve a Grade A or C in June 2010.

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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 2010

Economics

413011

Unit 11 Personal Economics

Monday 7 June 2010 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(e), 2(c) and 3(c).



JUN1041301101

GK34448 6-6/6/6/6/6

413011

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

Decisions, decisions

Rachel Webster is 21 years old. She has just started her first job working for a major high street bank, having completed a three-year course at university. Rachel is now earning £18 000 per year. She is hopeful that this will be the first step on what will be a rewarding career.

After three years as a student, Rachel has built up a student loan of £10 000. There is no time limit on repaying this loan to the government and currently its rate of interest is 0%. She also has a bank loan of £3000 on which she is paying interest of 6% per year over three years.

As Rachel moves into this different stage of her personal lifecycle, she is thinking what she might do with her increased income. She is considering the following:

- paying off some of her loans
- starting to save some money for a deposit on a flat.

1 (a) Rachel has a bank loan. Identify two features of a loan.

1 Money is lent out to someone who needs the money
and may be charged interest.

2 Interest rates vary on different loans, the lower the
percentage the lower overall amount is.

(2 marks)

1 (b) (i) Identify what stage in her personal lifecycle Rachel has reached.

Young Adult:

(1 mark)



- 1 (b) (ii) State and explain one need that Rachel might have in this stage of her personal lifecycle.

Need ~~more~~ Personal Home

Explanation Rachel is now in full time employment and might want to move away from her parents house and for her to become more independent by moving away from her parents home as is moving on within her stage on the personal life cycle.

(3 marks)

- 1 (c) To celebrate getting her first month's wages, Rachel decides to treat herself to a holiday. She has noticed that there is a wide choice of holidays on offer.

- 1 (c) (i) State two different factors which might affect Rachel's choice of holiday.

1 Price of holiday: she's only earning 18,000 per year so not a really expensive one.

2 Exchange rate: if she gets a good ~~rate~~ exchange rate then she gets more for her money.

(2 marks)

- 1 (c) (ii) Explain two advantages to Rachel of competition between businesses selling holidays.

• Cheaper: with two companies competing for the best deals, the prices fall letting Rachel have a holiday at a cheaper cost

• Better Quality, to make sure that Rachel chooses their holiday the companies will offer better quality and more for her money. This will include services and customer care.

(4 marks)

Turn over ►



1 (d) Rachel is thinking of saving for a deposit on a flat, which she hopes to buy in three years' time.

Explain two factors Rachel needs to consider when choosing where to save her money.

- She needs to consider interest rates, the better and higher her interest rate is the more money she will gain in a year. For example a saving account at 1% is worse than a savings account with interest of 3% the higher the more money she gains.
- She also needs to consider the risk. If the risk is high on her savings then she might use all of her money however with a higher risk there is a higher reward. Within an account with a low risk the reward is low but her savings are safe.

(6 marks)

Extra space

1 (e) Having decided to save for a deposit on a flat, Rachel is aware that she still has her bank and student loans to repay.

Recommend to Rachel whether or not she should pay off her loans first, before starting to save for a deposit on a flat. Give reasons for your recommendation.

She should pay her loans off first because then she doesn't have to think about them when she's spending money. She will feel bad as she is buying luxuries whilst her loans are there causing problems, making her in debt.



Another reason why she should pay off her ^{loan} ~~loan~~ is because it will gain interest this means that her overall payment will be higher, over the time spent saving for a house. Instead of paying £3000 she will pay £3500.

Another reason why she should pay off her ^{loans} ~~loans~~ is because she is still in work, if she pays them off when she has still got an income then if she does become unemployed then she won't have to worry about them.

She shouldn't pay her loans off right away because she isn't gaining interest, her student loan is at 0% which means she's not getting additional charges she can save up for it that without that money owed increasing.

Another reason why she shouldn't pay off her loans yet is because she's only on £18,000 per year, this is a relatively low income and if she pays off all her loans then she will have on £5,000 pounds left for necessities warmth, food and water.

(12 marks)

Extra space Another reason she shouldn't pay off her loans is because she may be earning more in the future, this means that it would be easier for her to pay off the loans, and still have a comfortable amount to live with afterwards.

30

Turn over for the next question

Turn over >



0 5

GX5448/Jun10/413011

Total for this question: 20 marks

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

Item B

Rachel's job

After a year, Rachel has been promoted to Supervisor at the bank and she is now earning £20 000 per year. Each month she receives a pay slip which shows her gross pay and any deductions. She finds her current job interesting and rewarding. However, she hopes one day to be a bank manager and earn a much higher salary.

Harry, one of Rachel's friends, has recently lost his job because of the recession. Harry had recently completed his training as an engineer in car manufacturing. He was earning £12 000 per year. His boss has just told him that as orders for new cars have fallen, there is not enough work to keep him employed.

Harry, who is single, is keen to find another job as he needs to pay the rent on his flat.

2 (a) State two items that are likely to be deducted from Rachel's gross pay.

1 ... income tax, tax charged on earnings

2 National Insurance payments

(2 marks)



0 6

2 (b) Explain two possible reasons why Harry was paid less than Rachel.

- Harry is paid less because the demand for cars is less than it was before. Because the demand is low companies have a surplus amount of workers and pay them less because demand is low.
- ~~Harry is paid less as he has only recently finished his training to become a car engineer. Whereas Rachel has finished her and been promoted twice like a year before. Also Rachel spent 3 years managing for her business. Harry only spent~~
- Harry is paid less than Rachel as he has only just finished his training course, so he's in his first job and role. Rachel has already been in her job and been

(6 marks)

Extra space provided within the company, she also completed 3 years training so her skills are much greater.

Question 2 continues on the next page

Turn over >



07

2 (c) As Harry is now unemployed, he is considering the following options:

- accepting a six month job as an engineer in a car factory, 200 miles away
- signing up for government benefits while looking for a job locally
- retraining at the local college as an engineer, servicing washing machines and other domestic appliances. He would receive a training allowance of £80 per week during the six months' course.

Recommend to Harry which option he should take. Give reasons for your recommendation.

- Harry should take the job as a car engineer in the factory 200 miles away because that is the job he trained to do and also he was a definite job which isn't like taking benefits. The job offered he is fully trained to do and he will have a decent income.
- Harry shouldn't take the job 200 miles away in the factory because he is away from family and friends. It would also cost Harry a lot of extra expense to travel 200 miles a day travelling. And it is only for 6 months.
- Harry should sign up for benefits and look for a job locally. He can search for a job which is small income but also could stay near his family and friends while looking for a job.
- Harry shouldn't take the benefits and look for a job locally because a job might not come available for a long time. This means that he may be unemployed for a long time in which time he may lose skills and then not be able to perform in a job he wants to do.
- Harry should go retrain at the local college because then he widens his chance for employment. In most things that Harry can do, the wider the market of jobs that he is looking at. To be able to do 3 types of



job, makes your market of jobs smaller.

- Harry shouldn't retrain as he has only recently finished training for his previous job. If Harry retrain straight away, he may lose confidence and morale about himself. If he retrain again then he also might lose his car engineer skills he has learnt.
- In my opinion, I think that Harry should re-train

(12 marks)

Extra space: It's a normal engineer because it makes his market of available jobs, and unless it is retraining he receives ^{work} FEO, which he can use to go back and his general wellbeing. If he retraining, with more time spend out from better candidate for jobs, more can apply for.

20

Turn over for the next question

Turn over >



09

Total for this question: 20 marks

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

Item C

Going abroad for a holiday

Rachel decided to go to France for her holiday. She decided to travel there by train after her friend, Graham, warned her of the damage that air travel is causing to the environment. Graham is a member of a group that is protesting against the building of a third runway at London Heathrow airport. This group says that the growth in demand for air travel is causing an increase in greenhouse gases.

When Rachel arrived in France she needed to change some of her money into euros. She was disappointed how few euros she received for her money. She was told that the value of the pound had fallen against the euro.

3 (a) Explain what is meant in Item C by the 'value of the pound had fallen against the euro'.

Strong
Pound
Import
Cheap
Even
Dear

This means that the ^{euro} ~~pound~~ is at a low value to

the Pound. e.g. a strong pound would be £1:€1.5 but

a weak pound is something like £1:€1 (1 pound to 1 euro).

(2 marks)



1 0

3 (b) Explain how the lower value of the pound against the euro might affect holidaymakers, like Rachel, when planning their holidays.

- The lower value of the pound against the euro means that people may avoid countries using the euro and opt for places using their currencies. It may increase the travel to places like Japan and America as they don't use the euro.
- People also might wait until the pound increases in value against the euro until they travel abroad. For example if the pound is at £1:€1 then people may wait until it rises to something like £1:€1.5 as the holiday is cheaper then.

(6 marks)

Extra space

Question 3 continues on the next page

Turn over ►



1 1

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- 3 (c) Rachel decided to travel by train to France because she is concerned about the effects of air travel on the environment.

How might the spending decisions of people, like Rachel, affect businesses that supply transport? Give reasons for your answer.

- It will have a positive effect on the companies that are fuel efficient and have regard for the environment because their sales of the service they provide will increase as more people take note of the environmental factors.
- It will also have a positive effect on environmentally friendly suppliers. For they will be able to demand a higher price for their product/service because they are environmentally friendly. More people will be willing to pay it because they are helping the environment.
- It will have a negative effect on transport that isn't environmentally friendly because people may boycott the product/service which means less money will be being made by the company.
- It will also have a negative effect on things that are bad for the environment because they will have to decrease prices to be able to lure customers back to using their services, if the service still isn't used it ~~may~~ have to close and shutdown.
- Overall I think that it will have a negative effect because not many companies are that environmentally friendly. Any time a customer chooses not to use that product it is making the world greener, but also making the supplier struggle to produce more environmentally friendly.

(12 marks)

20

END OF QUESTIONS





GCSE Economics

Candidate Exemplar Work

Candidate 1 Commentary

June 2010 – Grade A

Question	Comments	Mark
1(a)	Two features of a loan correctly identified.	2
1(b)(i)	Stage of lifecycle correctly stated.	1
1(b)(ii)	Need stated and explanation is applied to Rachel's current lifecycle stage.	3
1(c)(i)	Two correct factors clearly stated.	2
1(c)(ii)	Two correct advantages explained but the second one needed more application to Rachel.	3
1(d)	Two correct factors explained, both at level 2. In both cases, the candidate could have added to their explanation by giving more application to Rachel. For example 'Because Rachel is saving for a deposit on a flat she might not want to take any risks and may choose a low risk account'.	4
1(e)	The candidate clearly shows understanding of the different options and can apply that understanding to Rachel's situation. There is a naïve calculation made in the penultimate paragraph and the candidate does not demonstrate that they know how student loans are repaid.	3
1(e) + E	Both options are analysed in detail and there is evidence that the candidate has linked their answer to the relative difference in interest rates and has also made the connection to Rachel's current salary level.	7
2(a)	Two items stated.	2
2(b)	Two correct reasons provided but only the second one makes the link to why Harry is paid less than Rachel . As with many candidates, the first reason given is an explanation of why Harry's pay is low which was not what the question asked for.	4
2(c)	The candidate explains the different options in context although they mistakenly think that Harry would travel daily to the job that is 200 miles away.	3

AQA

2(c) + E	All three options are analysed in turn with a reason for and against each option. There is then a brief recommendation with some reasons given for the choice. A fuller conclusion could have also considered why the other options were rejected.	6
3(a)	Although the first sentence needs reading a number of times to see what the candidate is trying to say, the example is a good one and confirms the award of 2 marks.	2
3(b)	Two short explanations are given. Fuller explanations would have shown that the lower value of the pound was making the holiday more expensive and so this led to holidaymakers looking for ways of controlling the cost of their holidays.	3
3(c)	The candidate tries to explain the different effects but is not always in the transport context.	3
3(c) + E	There are some supported judgements made but the candidate does not provide sufficient discussion of the effects on planes and/or trains. Nor do they comment on the degree of impact people like Rachel can have on these businesses - as the question asked.	5
Total		53

Centre Number						Candidate Number					
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Other Names											
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JUN1041301101

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413011

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

Decisions, decisions

Rachel Webster is 21 years old. She has just started her first job working for a major high street bank, having completed a three-year course at university. Rachel is now earning £18 000 per year. She is hopeful that this will be the first step on what will be a rewarding career.

After three years as a student, Rachel has built up a student loan of £10 000. There is no time limit on repaying this loan to the government and currently its rate of interest is 0%. She also has a bank loan of £3000 on which she is paying interest of 6% per year over three years.

As Rachel moves into this different stage of her personal lifecycle, she is thinking what she might do with her increased income. She is considering the following:

- paying off some of her loans
- starting to save some money for a deposit on a flat.

- 1 (a) Rachel has a bank loan. Identify two features of a loan.

- 1 a loan is an amount of money that someone can borrow but has to pay back
 - 2 another feature is that they sometimes charge interest on the loan to make them repay the money
- (2 marks)

- 1 (b) (i) Identify what stage in her personal lifecycle Rachel has reached.

Young adult

(1 mark)



- 1 (b) (ii) State and explain one need that Rachel might have in this stage of her personal lifecycle.

Need Money to save for a house/flat

Explanation As she has just come out of university she will be looking for a place to live where she can set up her life and continue in the personal lifecycle, but she also needs to repay her loans to be able to afford this

(3 marks)

- 1 (c) To celebrate getting her first month's wages, Rachel decides to treat herself to a holiday. She has noticed that there is a wide choice of holidays on offer.

- 1 (c) (i) State two different factors which might affect Rachel's choice of holiday.

1 one factor is how ^{over all} expensive the holiday will be.

2 another is how far away it is and whether she would enjoy the place she was going to.

(2 marks)

- 1 (c) (ii) Explain two advantages to Rachel of competition between businesses selling holidays.

A first advantage to Rachel of competition between businesses is that she will receive reduced prices. This is because each business will want her to go on their holiday and will encourage her to do that by doing so. Another advantage is that the holidays will be better quality, to encourage her to choose to go on their holiday instead of the competitors one.

(4 marks)

Turn over ►



0 3

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- 1 (d) Rachel is thinking of saving for a deposit on a flat, which she hopes to buy in three years' time.

Explain two factors Rachel needs to consider when choosing where to save her money.

one factor Rachel needs to consider when choosing where to save her money is which account she ~~will~~ is going to use there are a variety of different accounts available and it is important she ~~chooses~~ chooses the one that is suitable for her needs. A second factor Rachel needs to consider is how long she wants to save it for and whether she would like to withdraw any amount of money from the account. This is important because she has to arrange this ~~with~~ with wherever she is choosing to save

(6 marks)

Extra space her money to ensure it is kept safe and she sticks to her plan

- 1 (e) Having decided to save for a deposit on a flat, Rachel is aware that she still has her bank and student loans to repay.

Recommend to Rachel whether or not she should pay off her loans first, before starting to save for a deposit on a flat. Give reasons for your recommendation.

Rachel has a variety of options open to her, but in my opinion I think she should pay off her loans before beginning to save for a deposit on a flat. I think this ~~because~~ for a number of reasons to begin with, if she



paid off her loans first she would be able to completely focus on saving money to buy a deposit, ~~so~~ but if she don't then ~~there~~ would be ~~money~~ ~~concerns~~ she would just be postponing it until later, and later she may not have the money to do this. This is good because she ~~can~~ will be able to afford a deposit and start afresh from her student life. A second reason I think she should pay off her loans is because all the time she isn't paying it off, the interest being charged on her bank loan will be building and building until it gets to a price she can't afford. This means she would have to negotiate with the bank, and as she is still young this would be very complicated and ~~be~~ confusing process. On the other hand, if she didn't repay her loans she would be able to purchase a deposit on a flat when at its cheaper value, and by the time

(12 marks)

Extra space She's repaid her loans the price of the deposit could have increased dramatically. Overall I think she should pay off her loans before buying a new flat, this is because it is important to be able to start afresh without any loans lingering on your mind.

30

Turn over for the next question

Turn over ►



Total for this question: 20 marks

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

Item B

Rachel's job

After a year, Rachel has been promoted to Supervisor at the bank and she is now earning £20 000 per year. Each month she receives a pay slip which shows her gross pay and any deductions. She finds her current job interesting and rewarding. However, she hopes one day to be a bank manager and earn a much higher salary.

Harry, one of Rachel's friends, has recently lost his job because of the recession. Harry had recently completed his training as an engineer in car manufacturing. He was earning £12 000 per year. His boss has just told him that as orders for new cars have fallen, there is not enough work to keep him employed.

Harry, who is single, is keen to find another job as he needs to pay the rent on his flat.

- 2 (a) State two items that are likely to be deducted from Rachel's gross pay.

1 National insurance - entitles you to benefits
in later life.

2 income tax

(2 marks)



2 (b)

Explain two possible reasons why Harry was paid less than Rachel.

A first reason Harry was paid less than Rachel is because Rachel's job requires more skills and training to be able to complete it. The more skillful and difficult a job is, the more money one person is paid. This is because bank supervisors are more scarce than car manufacturers and are more valued so therefore are paid a higher salary.

~~A~~ Another reason Harry was paid less than Rachel is because she has had a year of experience whereas Harry has just finished his training. Experience is important to employers as it shows you know and understand what you're doing and will

(6 marks)

Extra space make a better employee than someone who has just finished training.

Question 2 continues on the next page

Turn over ►



0 7

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2 (c) As Harry is now unemployed, he is considering the following options:

- accepting a six month job as an engineer in a car factory, 200 miles away
- signing up for government benefits while looking for a job locally
- retraining at the local college as an engineer, servicing washing machines and other domestic appliances. He would receive a training allowance of £80 per week during the six months' course.

Recommend to Harry which option he should take. Give reasons for your recommendation.

As unemployed, Harry has a number of different options open to him, in my opinion, I think he should remain at the local college. This is because, during unemployment you usually lose skills and experience because you are not working, so it is important that Harry keeps up to date with the latest skills so when he discovers a job, the employer will think of him as eligible and ^{will} offer him a job. A second reason I think this is because if he ~~accepted~~ signed up for government benefits, he could be potentially earn more than if he was working, so he would have no motive to go and get a job, although he would have to prove he was looking for a job to be able to remain on benefits. Another reason, I think this is because ~~Harry~~ if he accepted the job offer, he would have to move 200 miles for a job he was only receiving for 6 months, so it is only postponing him having to find another job, which could have been available whilst he was employed in this ~~6-month~~ six month job 200 miles away. On the other hand, if he



did sign up for government benefits he would be able to have the money to support himself, whilst looking for a job that would fulfil his satisfaction. I would receive the best of both worlds until he found his new job. Overall, I think Harvey has a difficult and complex decision to make, but in my opinion, should refrain to that when he

(12 marks)

Extra space finds a new job he can be assured
best of up to date with experience and training
on his side

20

Turn over for the next question

Turn over ▶



0 9

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Total for this question: 20 marks

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

Item C

Going abroad for a holiday

Rachel decided to go to France for her holiday. She decided to travel there by train after her friend, Graham, warned her of the damage that air travel is causing to the environment. Graham is a member of a group that is protesting against the building of a third runway at London Heathrow airport. This group says that the growth in demand for air travel is causing an increase in greenhouse gases.

When Rachel arrived in France she needed to change some of her money into euros. She was disappointed how few euros she received for her money. She was told that the value of the pound had fallen against the euro.

- 3 (a) Explain what is meant in Item C by the 'value of the pound had fallen against the euro'.

This means that the value of the pound has become weak through the varying exchange rates and the pound gets it is less worth less than the euro so she receives less for her money.

(2 marks)



- 3 (b) Explain how the lower value of the pound against the euro might affect holidaymakers, like Rachel, when planning their holidays.

One way the lower value of the pound affects holidaymakers is that they may choose to postpone their holiday until the pound is stronger and they would receive more money, when travelling to different places, the less amount of pounds they will spend. This means they can buy things for less and the holiday overall will be cheaper so they would prefer to go then, than when the pound is weak.

Another way holidaymakers are affected by a lower pound value is that they may choose to go on holiday anyway because more people will be coming to Britain as a result of the weak pound

(6 marks)

Extra space giving them more money over here, so it will be less tourists and more expenditure to visit.

Question 3 continues on the next page

Turn over ▶



- 3 (c) Rachel decided to travel by train to France because she is concerned about the effects of air travel on the environment.

How might the spending decisions of people, like Rachel, affect businesses that supply transport? Give reasons for your answer.

There are a differing number of ways ~~people~~
~~life~~ decisions by people like Rachel affect
transport. To start with, there would be a bigger
business for the more popular method of
transport and the businesses would see their
data on decisions from people like Rachel, making
consumers like her essential to keeping the economy
alive. A second way businesses would be affected
by consumer decisions is because the ~~businesses~~
that supply the less popular transport would be ^{companies}
receiving less business and would therefore eventually
close down or have to minimise their labour
force, leading to unemployment and a major issue
for the government. Another way businesses are
affected by consumer decisions is that competition
between the businesses would increase and which
would create benefits as well as issues for society
overall, consumer decisions are very important
as to how businesses work and operate. They can
put them out of work, or make them flourish,
and they are certainly something to be considered
when creating a company that supplies transport,
or any company for that matter.

Supplying
popular
transport

(12 marks)

20

END OF QUESTIONS





GCSE Economics

Candidate Exemplar Work

Candidate 2 Commentary

June 2010 – Grade A

Question	Comments	Mark
1(a)	Two features of a loan correctly identified.	2
1(b)(i)	Stage of lifecycle correctly identified.	1
1(b)(ii)	'Money' was not rewarded as a need. However, this candidate went on to show that the need was a house/flat and explained this in the context of Rachel's situation.	3
1(c)(i)	Two correct factors stated.	2
1(c)(ii)	The two correct advantages given are not fully applied to Rachel. For example, how will the reduced price be an advantage to her? It could mean she goes to a place she wanted to visit for less money, leaving her more money for spending whilst on holiday. Alternatively, it could mean she can now afford to go to places that she previously thought were too expensive.	2
1(d)	Two correct factors explained, the second one being fully explained in Rachel's context. The first factor given could have been more fully developed to say which type of account Rachel could have chosen.	5
1(e)	The option of repaying loans was explained but did not acknowledge the different types of loan. The candidate did not fully explain the alternatives to saving.	3
1(e) + E	This answer was well written with a reasoned conclusion but was essentially one-sided and only considered repaying the loans. To access the highest level the answer should have considered the alternative of not repaying the loans quickly.	6
2(a)	Two correct items stated.	2
2(b)	An excellent answer that gave two clear reasons why Harry was paid less than Rachel. There were clear comparisons between Harry and Rachel throughout the answer.	6



2(c)	The candidate explained one of the options clearly but was not so accurate with the others. The comment that he could earn more from benefits than from working was simplistic and not balanced.	2
2(c) + E	The candidate indicated their recommendation in the first paragraph and then went on to justify this. In doing so they did not fully consider the advantages of the other options. This was not essential but would have provided one route into the top mark band. The analysis of the retraining option was not sufficiently detailed enough to access the top mark band as it did not acknowledge any possible drawbacks to this option.	5
3(a)	The statement is correctly explained.	2
3(b)	Two possible effects are explained with the second one being a weaker explanation and not providing sufficient extra to take the answer into level 3.	4
3(c)	Some effects explained although not always in the context of the question.	3
3(c) + E	A confusing answer that showed little evidence of planning. Some effects on businesses supplying transport were justified but others were simple, eg 'would therefore eventually close down'. There was also no awareness of the degree of impact people like Rachel could have on businesses that supply transport.	5
Total		53

Centre Number						Candidate Number					
Surname											
Other Names											
Candidate Signature											



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Unit 11 Personal Economics

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

Time allowed

- 1 hour 15 minutes

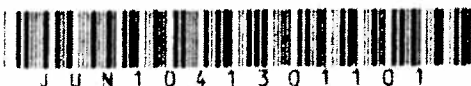
Instructions

- 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).

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



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16K5448 6 88 66 66

413011

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

Decisions, decisions

Rachel Webster is 21 years old. She has just started her first job working for a major high street bank, having completed a three-year course at university. Rachel is now earning £18 000 per year. She is hopeful that this will be the first step on what will be a rewarding career.

After three years as a student, Rachel has built up a student loan of £10 000. There is no time limit on repaying this loan to the government and currently its rate of interest is 0%. She also has a bank loan of £3000 on which she is paying interest of 6% per year over three years.

As Rachel moves into this different stage of her personal lifecycle, she is thinking what she might do with her increased income. She is considering the following:

- paying off some of her loans
- starting to save some money for a deposit on a flat.

1 (a) Rachel has a bank loan. Identify two features of a loan.

1 an interest rate

2 a date to pay it back in

(2 marks)

1 (b) (i) Identify what stage in her personal lifecycle Rachel has reached.

young adult

(1 mark)



- 1 (b) (ii) State and explain one need that Rachel might have in this stage of her personal lifecycle.

Need house or a place to live

Explanation because she is old enough to leave home and start a life on her own

(3 marks)

- 1 (c) To celebrate getting her first month's wages, Rachel decides to treat herself to a holiday. She has noticed that there is a wide choice of holidays on offer.

- 1 (c) (i) State two different factors which might affect Rachel's choice of holiday.

1. her ~~budget~~ budget

2. if they offer bonus's and extra perks on ^{the} holiday that other holidays don't include

(2 marks)

- 1 (c) (ii) Explain two advantages to Rachel of competition between businesses selling holidays.

the price may become lower so theres less for her to pay ~~be~~ because the businesses are competing for more customers so they may lower the price also the quality of the good/service would be better to make the customer more attracted and therefore they will be more sales

Turn over ▶



0 3

15/K54448/Jun10/413011

- 1 (d) Rachel is thinking of saving for a deposit on a flat, which she hopes to buy in three years' time.

Explain two factors Rachel needs to consider when choosing where to save her money.

Well saving means ~~to~~ putting money aside for further use so if she is saving for a flat then she needs to decide what type of account she will use for example unit trusts and ISA's are types of account also she needs to think about the positives and negatives of the account because some accounts are long term but have a high interest rate

(6 marks)

Extra space.....

- 1 (e) Having decided to save for a deposit on a flat, Rachel is aware that she still has her bank and student loans to repay.

Recommend to Rachel whether or not she should pay off her loans first, before starting to save for a deposit on a flat. Give reasons for your recommendation.

If Rachel pays off her bank and student loans first then she will not have any debts to worry about so then she can after save for her flat



however shelter, but in Rachels case a flat, is a basic need for survival and so is food, water. so that is the reason for buying a flat. But overall I think paying off the loans first is the best option because of the reasons already mentioned and when she works she will be working for her wants and needs ~~not debts~~ such as ~~for~~ her flat idea, not debts

(12 marks)

Extra space

30

Turn over for the next question

Turn over ►



Total for this question: 20 marks

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

Item B

Rachel's job

After a year, Rachel has been promoted to Supervisor at the bank and she is now earning £20 000 per year. Each month she receives a pay slip which shows her gross pay and any deductions. She finds her current job interesting and rewarding. However, she hopes one day to be a bank manager and earn a much higher salary.

Harry, one of Rachel's friends, has recently lost his job because of the recession. Harry had recently completed his training as an engineer in car manufacturing. He was earning £12 000 per year. His boss has just told him that as orders for new cars have fallen, there is not enough work to keep him employed.

Harry, who is single, is keen to find another job as he needs to pay the rent on his flat.

- 2 (a) State two items that are likely to be deducted from Rachel's gross pay.

1 National Insurance

2 Income tax

(2 marks)



- 2 (b) Explain two possible reasons why Harry was paid less than Rachel.

because Rachel had been promoted to a high salary paid job and Harry had to work more to get a higher salary however Rachel just got that salary and it stayed like that for the rest of her time ~~at~~ as ^a supervisor

(6 marks)

Extra space

Question 2 continues on the next page

Turn over ►



0 7

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2 (c) As Harry is now unemployed, he is considering the following options:

- accepting a six month job as an engineer in a car factory, 200 miles away
- signing up for government benefits while looking for a job locally
- retraining at the local college as an engineer, servicing washing machines and other domestic appliances. He would receive a training allowance of £80 per week during the six months' course.

Recommend to Harry which option he should take. Give reasons for your recommendation.

If Harry ~~get~~ accepts a six month job as an engineer in a car factory, 200 miles away then he will be away from family and have to deal with long car journeys and have to pay money for petrol, which he hasn't got money for, however he is single so he wouldn't be leaving a relationship behind and if Harry signs up for government benefits, whilst looking for a job locally, he would be getting payed for doing nothing and would have money for goods and services, needs and wants also if Harry retrains at a local ~~college~~ college as an engineer, then he will be more specialised at that type of work and if he got a job in that



area of work then he could
aim for higher up in the
business a get a higher salary
maybe higher than Rachel
also he is getting paid £80 a
week for six months and could
pay for wants and needs

(12 marks)

Extra space overall I think that
Harry should retrain at
the local college to get
better at what he does

20

Turn over for the next question

Turn over ▶



09

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Total for this question: 20 marks

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

Item C

Going abroad for a holiday

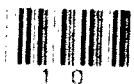
Rachel decided to go to France for her holiday. She decided to travel there by train after her friend, Graham, warned her of the damage that air travel is causing to the environment. Graham is a member of a group that is protesting against the building of a third runway at London Heathrow airport. This group says that the growth in demand for air travel is causing an increase in greenhouse gases.

When Rachel arrived in France she needed to change some of her money into euros. She was disappointed how few euros she received for her money. She was told that the value of the pound had fallen against the euro.

- 3 (a) Explain what is meant in Item C by the 'value of the pound had fallen against the euro'.

this means that the pound is weak in comparison to the euro so you don't get as much euros for your money

(2 marks)



1 0

1 8 9 4 4 8 5 6 0 3 4 1 9 1 1

3 (b) Explain how the lower value of the pound against the euro might affect holidaymakers, like Rachel, when planning their holidays.

they may not be able to pay for
accomodation and basic needs
because they may not have
enough money whereas in England
they would because the pound
may be weak

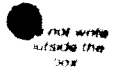
(6 marks)

Extra space

Question 3 continues on the next page

Turn over ►





- 3 (c) Rachel decided to travel by train to France because she is concerned about the effects of air travel on the environment.

How might the spending decisions of people, like Rachel, affect businesses that supply transport? Give reasons for your answer.

Well if people like Rachel stop spending their money on plane and air transport then their sales will go down and so will the demand and therefore the supply will also. however if customers choose train transport over other things and types of transport then the train company will make more sales and the demand will increase and so will the supply also if businesses that supply air and plane transport become bankrupt and shut down the workers may lose their jobs and the amount of unemployed people will rise therefore making the government pay more money to people because their claiming benefits.

(12 marks)

20

END OF QUESTIONS

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1 2

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GCSE Economics

Candidate Exemplar Work

Candidate 3 Commentary

June 2010 – Grade C

Question	Comments	Mark
1(a)	Two correct features of a loan are identified here.	2
1(b)(i)	The correct stage of the personal life cycle is stated correctly and concisely.	1
1(b)(ii)	A relevant need is identified, though the explanation is rather incomplete/simplistic therefore full marks were not reached.	2
1(c)(i)	Two correct factors affecting Rachel's choice of holiday are identified.	2
1(c)(ii)	Two correct advantages of competition are identified but they are not applied in the context of Rachel. Therefore only half marks were awarded.	2
1(d)	Unfortunately, the answer begins with an irrelevant statement of knowledge. 2 marks were awarded for identifying two relevant factors but there were no appropriate explanations.	2
1(e) + E	This answer represents a fairly limited explanation of the different options which Rachel is faced with. The answer does include a recommendation which is just sufficient for Level 2 evaluation. No real problems with QWC.	2 + 4
2(a)	Two correct deductions from pay are identified.	2
2(b)	The question asks for two explanations but only one reason is given, with limited explanation in the context of Rachel versus Harry.	2
2(c) + E	There is some explanation of all three options. The answer provides advice with some analysis and some use of technical terms, so evaluation was placed at the top of Level 2. QWC is sound.	3 + 6



3(a)	Two clear pieces of explanation are given.	2
3(b)	An effect of a weaker £ is explained in context, so Level 2 was awarded. However this is not explained in terms of possible actions/reactions of holidaymakers, so Level 3 could not be reached.	4
3(c) + E	The answer gives some possible effects on businesses and makes some supported judgements, though it strays from the question towards the end of the answer. QWC is generally sound.	3 + 5
Total		44

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 2010

Economics

413011

Unit 11 Personal Economics

Monday 7 June 2010 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(e), 2(c) and 3(c).



00K54448 6 66 6/6 6 6

413011

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

Decisions, decisions

Rachel Webster is 21 years old. She has just started her first job working for a major high street bank, having completed a three-year course at university. Rachel is now earning £18 000 per year. She is hopeful that this will be the first step on what will be a rewarding career.

After three years as a student, Rachel has built up a student loan of £10 000. There is no time limit on repaying this loan to the government and currently its rate of interest is 0%. She also has a bank loan of £3000 on which she is paying interest of 6% per year over three years.

As Rachel moves into this different stage of her personal lifecycle, she is thinking what she might do with her increased income. She is considering the following:

- paying off some of her loans
- starting to save some money for a deposit on a flat.

- 1 (a) Rachel has a bank loan. Identify two features of a loan.

- 1 its usually paid back with interest.
- 2 Has a period of time in which it has to be paid back in.

(2 marks)

- 1 (b) (i) Identify what stage in her personal lifecycle Rachel has reached.

young adult or middle Adult.

(1 mark)



- 1 (b) (ii) State and explain one need that Rachel might have in this stage of her personal lifecycle.

Need A Home to live in.

Explanation Because she is in the stage of the lifecycle whereby she is more independent so she needs a shelter to live under. Also she doesn't live with her parents so she won't have a place to live. (3 marks)

- 1 (c) To celebrate getting her first month's wages, Rachel decides to treat herself to a holiday. She has noticed that there is a wide choice of holidays on offer.

- 1 (c) (i) State two different factors which might affect Rachel's choice of holiday.

1. ^{save money for a deposit on a flat.}
~~As she chooses to go on holiday she will give up on saving the money.~~
2. She still has a loan to pay off

(2 marks)

- 1 (c) (ii) Explain two advantages to Rachel of competition between businesses selling holidays.

If businesses are in competition then Rachel will be able to compare between them to see which one will be the best choice for her. Also if she tells businesses what holidays she has been offered then they might give her package holidays giving her more cheaper flights including more things. (4 marks)

Turn over ►



0 3

GPK54448/Jun 10/413011

- 1 (d) Rachel is thinking of saving for a deposit on a flat, which she hopes to buy in three years' time.

Explain two factors Rachel needs to consider when choosing where to save her money.

Rachel needs to consider how much interest will be added to the money saved in ~~the~~ bank because then she could leave it in the bank and come out with more money. If there is a low or high risk of her money being lost and spent because things like ~~and~~ ISA have a low risk but when it comes to unit trusts money can be lost easily. She will need to consider how long it's going to be in

(6 marks)

Extra space ~~the~~ bank for long or short term.

- 1 (e) Having decided to save for a deposit on a flat, Rachel is aware that she still has her bank and student loans to repay.

Recommend to Rachel whether or not she should pay off her loans first, before starting to save for a deposit on a flat. Give reasons for your recommendation.

If Rachel decided to pay off her loans first then she will give up the opportunity to put a deposit on a flat which shall prevent one of her needs. But on the bright side



She only has ~~three~~ three years to pay off the loan from the bank so it would be beneficial to pay them off. This would give her more money to save but would make it longer for her to ~~buy~~ rent a flat. But then if she buys the flat first she would have to save money to pay off her loans whilst paying rent to the landlord. So if anything I believe that she should pay off her loans ~~first~~ first so she will have less to pay out. even though she hasn't got one of her needs she could stay at her parents house until she can afford the deposit on the flat. The loan repayment is much more important than buying the flat because ~~it can be~~ there is alternate.

(12 marks)

Extra space

30

Turn over for the next question

Turn over ▶



0 5

G/R54448/Jun10/413011

Total for this question: 20 marks

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

Item B

Rachel's job

After a year, Rachel has been promoted to Supervisor at the bank and she is now earning £20 000 per year. Each month she receives a pay slip which shows her gross pay and any deductions. She finds her current job interesting and rewarding. However, she hopes one day to be a bank manager and earn a much higher salary.

Harry, one of Rachel's friends, has recently lost his job because of the recession. Harry had recently completed his training as an engineer in car manufacturing. He was earning £12 000 per year. His boss has just told him that as orders for new cars have fallen, there is not enough work to keep him employed.

Harry, who is single, is keen to find another job as he needs to pay the rent on his flat.

- 2 (a) State two items that are likely to be deducted from Rachel's gross pay.

1 NIC (National insurance contributions)

2 Pension

(2 marks)



2 (b)

Explain two possible reasons why Harry was paid less than Rachel.

He had currently finished his training so he hasn't got any experience to do a high level of work. ~~And also~~ ~~Because~~ whereas Rachel had gotten promoted so she is more capable of doing more work at a high level. Also she is motivated by her job and gets rewards, where as Harry has less work, and there is no need for him at the work place.

(6 marks)

Extra space

Question 2 continues on the next page

Turn over ▶



07

G/R54448/Jun10/413011

2 (c)

As Harry is now unemployed, he is considering the following options:

- accepting a six month job as an engineer in a car factory, 200 miles away
- signing up for government benefits while looking for a job locally
- retraining at the local college as an engineer, servicing washing machines and other domestic appliances. He would receive a training allowance of £80 per week during the six months' course.

Recommend to Harry which option he should take. Give reasons for your recommendation.

IF Harry accepted a six month job in a car factory as an engineer, 200 miles away. He would have to travel far to get to his job which could tire him out. And it wouldn't be a long term job because it only lasts six ~~weeks~~ months. So it would only help him during these six months. But it would be good because he could earn higher amounts of money because they wouldn't have to train him because of his training at his former job. If he signed up for benefits from the government then he will have to look for local job not paying much this action is called getting a job seekers allowance where by the government pay you until you work 16 hrs then it stops. But in doing this people turn to fraud because the money that the government pays them



0 8

will now be deducted from the money Harry earned in those 16 hrs. where as retaining ~~the~~ would give him more training in different categories for 16 months whilst he gets paid £20 a week this would give him more skills to persist in a better job.

(12 marks)

Extra space after those 6 months of training.

20

Turn over for the next question

Turn over ▶



Total for this question: 20 marks

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

Item C

Going abroad for a holiday

Rachel decided to go to France for her holiday. She decided to travel there by train after her friend, Graham, warned her of the damage that air travel is causing to the environment. Graham is a member of a group that is protesting against the building of a third runway at London Heathrow airport. This group says that the growth in demand for air travel is causing an increase in greenhouse gases.

When Rachel arrived in France she needed to change some of her money into euros. She was disappointed how few euros she received for her money. She was told that the value of the pound had fallen against the euro.

- 3 (a) Explain what is meant in Item C by the 'value of the pound had fallen against the euro'.

The exchange rates have changed
and therefore £ is getting nearer
to equaling €.

(2 marks)



- 3 (b) Explain how the lower value of the pound against the euro might affect holidaymakers, like Rachel, when planning their holidays.

They will have to bring **MORE MONEY** because ten ~~the~~ amount in pounds ~~that~~ will result in ~~the~~ equal or maybe just a bit **MORE** in euros. Also holiday makers will have to make the flights financially suitable for people to go to that place and flights will have to be cheaper because people are going to spend ~~the~~ nearly the same amount there as in the UK.

(6 marks)

Extra space

Question 3 continues on the next page

Turn over ►



1 1

G/KS4448/Jun10/413011

- 3 (c) Rachel decided to travel by train to France because she is concerned about the effects of air travel on the environment.

How might the spending decisions of people, like Rachel, affect businesses that supply transport? Give reasons for your answer.

Businesses that supply transport are going to have to make their products better by making them more energy efficient and less pollutive. which shall cause competition which ~~the~~ will create better deals for people like Rachel because they will be drawn to the more (green) transport service. And this businesses ~~the~~ will have to spend more to create better technology to make a less pollutive transport. Businesses will get less income and will have to persuade customers to use their transport. Rachel will be able to manipulate the businesses. ~~As~~ Air travel companies will get less money and people will use cheaper and less pollutive transport which could lower carbon emissions and put air travel out of business.

(12 marks)

20

END OF QUESTIONS

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1 2

G/154448/Jun10/413011



GCSE Economics

Candidate Exemplar Work

Candidate 4 Commentary

June 2010 – Grade C

Question	Comments	Mark
1(a)	Three correct features are identified but constrained to 2 marks.	2
1(b)(i)	Two possible lifecycle stages are correctly identified but, again, is constrained to 1 mark.	1
1(b)(ii)	The answer identifies a relevant need and explains this need thoroughly in the context of Rachel. Full marks were awarded.	3
1(c)(i)	Two irrelevant factors are identified here, so no marks awarded.	0
1(c)(ii)	Two advantages are identified but only one of these factors is explained in the context of Rachel.	3
1(d)	More than two factors are identified in this answer. Of the best two factors identified, one is explained very well in context for 3 marks, another factor is explained less well in context for 2 marks.	5
1(e) + E	This answer represents a fairly limited explanation of the different options available to Rachel. The answer is supported by a recommendation with some analysis. Whilst QWC is fine, a lack of technical language limits the answer to mid Level 2 of AO3.	2 + 5
2(a)	Two correct items are identified.	2
2(b)	Two possible reasons are explained in context but to a rather limited extent. Therefore, full marks were not reached.	4
2(c) + E	The answer explains all the options, but in a limited way. Advice is offered to Harry, with some analysis of the advantages and disadvantages. QWC is sound, so mid Level 2 of AO3 is awarded.	2 + 5
3(a)	This answer represents a fairly simplistic, imprecise explanation.	1



3(b)	This is not a very clear answer. 2 marks were awarded for the opening sentence but the rest of the answer was not credit-worthy.	2
3(c) + E	A few effects explained, with some supported judgements. QWC is sound, so mid Level 2 of AO3 reached.	2 + 5
Total		44