



**General Certificate of Secondary Education**

**June 2013**

**Economics**

**413011**

**(Specification: 4135/4132)**

**Unit 11: Personal Economics**

**Final**

***Mark Scheme***

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**1****Total for this question: 28 marks**

<b>1 (a)</b> Identify <b>two</b> factors that might affect how much Robbie spends each week once he is at university. <span style="float: right;"><i>(2 marks)</i></span>
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One mark for each factor.

(AO1)

**Possible factors could appear within the following categories:**

- Income
- Items of expenditure
- Savings
- Loans/repayment of debt
- Other factors – such as preferences/lifestyle factors.

Two answers from the same category should only be awarded one mark (e.g. two items Robbie will spend money on would only get 1 mark).

<b>1 (b)</b> Explain <b>two</b> benefits to Robbie of keeping to a budget while he is at university. <span style="float: right;"><i>(4 marks)</i></span>
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One mark for identifying reason plus one for explanation in context

**Possible answers include:**

- less likely to spend more than he has/avoids additional debt
- help prioritise his spending according to importance eg paying bills first
- process is good self-discipline for the future
- appease his mother/encourage her to buy the house.

**Examples**

Robbie is less likely to get into debt (1) because he can see how much he needs to pay his bills when they arrive (This is not in context and would only be awarded one mark despite explanation being present).

If he draws up a budget this will please his mother (1) which means she is more likely to go ahead and buy the house saving Robbie paying rent (1).

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

**Possible reasons include**

- many builders in the town so competition brings down prices in order to gain the job
- high unemployment would bring down wages lowering firms' costs allowing lower prices
- recession has reduced work so builders price low to attract customers.

Level	Descriptor	Marks	Assessment Objective
2	Explains in context reason why price might have fallen	4 – 3	AO2
1	Identifies and describes a possible reason why prices might have fallen	2 – 1	AO1
0	No valid response.	0	

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

**Possible suggestions/reasons include:**

- *Savings* – high interest rates make it more attractive to save their inheritance so less likely to buy the house
- *Mortgage* – if they already have a mortgage, high interest rates mean higher repayments so less likely to buy house
- *Recession* – low interest rates could be an indication of a recession so they might be reluctant to buy a house in a falling market
- *House prices* – low interest rates could stimulate demand for houses, pushing up the price of houses making it a worthwhile investment.

**Apply grid twice**

Level	Descriptor	Marks	Assessment Objective
2	Explains, in context, way interest rates affect the decision to buy the house	3 – 2	
1	Identifies possible effect of interest rates on decision	1	AO1
0	No valid response.	0	

<b>1 (e)</b>	Do you agree that Robbie's parents should buy the house? Give reasons for your answer.	(12 marks)
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**The following issues may be considered**

- the opportunity costs of giving up a rate of interest - £3000 a year in lost interest
- the risks involved in buying a house to be looked after by an 18 year old
- additional running costs eg unexpected repairs
- could help Robbie get on the property ladder so would be a good thing
- could prove to be a good investment with lodgers paying to stay there
- whether it is right that Robbie receives his lodgers' rent – rather than his parents.

Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item A</b> to analyse issues involved in deciding whether to buy the house	6–5	AO3
2	Uses <b>Item A</b> to describe the issues involved in deciding whether to buy the house	4–3	AO2
1	Demonstrates understanding of the decision being made	2–1	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.

***Judgment is being made in relation to the conclusion made***

Level	Descriptor	Marks	Assessment Objective
E2	Offers judgment with clear justification Ideas are communicated using a logical structure, with some appropriate uses of technical terms. There are occasional errors in accepted conventions of written communication.	6–4	AO3 and Quality of written communication
E1	Offers judgment with limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	3–1	

**2****Total for this question: 20 marks**

<b>2 (a)</b> Explain <b>one</b> advantage to Robbie of specialising as a chef in a luxury restaurant. (2 marks)
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**One mark for identifying a reason plus one mark for explaining the reason**

Possible reasons include:

- job satisfaction from this type of work, possibly more creative/higher status
- could be better paid
- chance to become a celebrity chef!.

<b>2 (b)</b> Explain <b>two</b> reasons why Robbie's friends have such different incomes. (6 marks)
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**Possible reasons include:**

- risk – Brendan expects a higher reward for the uncertainty of his work
- legality – Brendan's work in on the fringes of legality, probably doesn't pay tax etc
- training – Ali is receiving training that may allow him to earn more than Brendan in the future.

*Apply grid twice*

Level	Descriptor	Marks	Assessment Objective
2	Explains reason for differences in wages in context	3–2	AO2
1	Demonstrates knowledge of reason(s) for differences in wages.	1	AO1
0	No valid response	0	

- 2 (c)** Brendan does not believe that studying for a degree is necessary to have a successful career. Do you agree with Brendan? Give reasons for your answer.  
(12 marks)

The following issues may be considered:

**Arguments for studying for a degree:**

- potential for much greater earning during someone's lifetime
- provides more 'theoretical' background than employment in restaurant could give
- personal satisfaction of studying a subject the person enjoys
- increases employability.

**Arguments against studying for a degree:**

- costs involved – takes several years to recoup university fees etc and 'catch up' with earnings
- is studying for degree in catering and hospitality likely to be seen as a valid experience by employers?
- misses out on practical experiences working in a restaurant.
- many successful entrepreneurs do not have a degree.

Award marks for **AO1**, **AO2** and **AO3** using the grid below

Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item B</b> to analyse the issues linking studying with a successful career	6–5	AO3
2	Uses <b>Item B</b> to describe the issues linking studying with a successful career	4–3	AO2
1	Demonstrates understanding of the issues linking studying with a successful career	2–1	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.

***Judgment is being made in relation to the option selected***

<b>Level</b>	<b>Descriptor</b>	<b>Marks</b>	<b>Assessment Objective</b>
E2	Offers judgement with clear justification Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	6–4	AO3 and Quality of written communication
E1	Offers judgment with limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	3–1	

**3****Total for this question: 22 marks**

- |              |                                                                                                                                                                                                 |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3 (a)</b> | Explain <b>two</b> reasons why Robbie and Pascal's ethical restaurant is likely to cost more to operate than other restaurants in the town. <span style="float: right;"><i>(4 marks)</i></span> |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**For each reason:****One mark for identifying a reason plus 1 mark for an explanation****Possible answers**

- only buying local produce means costs of food items are likely to be higher, he won't buy from the cheapest source if it involves long distances of transport
- organic food is more expensive as chemical fertilizers etc cannot be used to increase yields
- also allow other reasonable actions that an ethical business might take – eg paying staff more than other restaurants, donating to charity – to maintain its ethical standing.

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|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3 (b)</b> | Explain <b>two</b> ways in which a fall in the value of the pound might affect how much profit Robbie and Pascal's restaurant makes. <span style="float: right;"><i>(6 marks)</i></span> |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Possible answers**

- a fall in the value of the pound would encourage foreign visitors to come to the UK as they would get more sterling for their own currency. This might increase the number of overseas' customers at Robbie and Pascal's restaurant and increase its profits
- a fall in the value of the pound would make food brought from abroad more expensive for Robbie and Pascal to buy. This would increase the restaurant's costs and reduce its profits
- a fall in the value of the pound could make it more expensive for competing restaurants who buy most of their food from abroad. They might need to raise their prices and become less competitive. Robbie and Pascal's restaurant uses mostly local produce so their costs would not be greatly affected. The restaurant might become more competitive and increase its profits.

*Apply grid twice*

Level	Descriptor	Marks	Assessment Objective
2	Explains in context one reason why a fall in the value of the pound might affect profit of the restaurant	3–2	AO2
1	Demonstrates understanding of one reason why a fall in the value of the pound might affect profit	1	AO1
0	No valid response	0	

- 3 (c)** The government stops some overseas students from remaining in the UK when their university courses come to an end.  
Do you think that this action is likely to help the UK economy? Give reasons for your answer. (12 marks)

**The following issues may be considered:**

**Benefits of allowing students to stay**

- will add to stock of highly educated workforce
- students who come to UK likely to be more enterprising eg Pascal wanted to start a business
- likely to be high earners so will pay tax to government.

**Downside of allowing students to stay**

- some believe UK is already over-populated
- might encourage proliferation of ghost college courses as a means of allowing economic migrants to UK.

Do not reward anything of a racist nature

NB residency restrictions do not apply to EU citizens

Award marks for AO1, AO2 and AO3 using the grid below.

Level	Descriptor	Marks	Assessment Objective
3	Analyses whether allowing foreign students to remain is beneficial or not to the UK economy	6–5	AO3
2	Describes the economic issues surrounding allowing foreign students to remain in the UK	4–3	AO2
1	Demonstrates understanding of the issues surrounding allowing foreign students to remain in the UK	2–1	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.

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<b>Level</b>	<b>Descriptor</b>	<b>Marks</b>	<b>Assessment Objective</b>
E2	Offers judgement with clear justification as to the effects on the UK economy. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	6–4	AO3 and Quality of written communication
E1	Offers judgement with limited justification as to the effects on the UK economy. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are noticeable errors in accepted conventions of written communication.	3–1	