

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										



General Certificate of Secondary Education
June 2011

Economics

413011

Unit 11 Personal Economics

Tuesday 14 June 2011 9.00 am to 10.15 am

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

Time allowed

- 1 hour 15 minutes

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 70.
- You are reminded of the need for good English and clear presentation in your answers. Quality of Written Communication will be assessed in Questions 1(e), 2(d) and 3(c).

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



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413011

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

Total for this question: 27 marks

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

Item A

Managing your finances

When Kevin Oliver completed his training as a website designer, his salary increased. Kevin enjoyed spending his money on luxury items such as gym membership, foreign holidays and the latest mobile phone and laptop. However, Kevin found it difficult to manage his spending and got into debt.

Here is a summary of Kevin's debts.

Type of debt	Amount owed	Interest rate (APR)
Bank loan	£3000	10%
Credit card	£2000	18%
Store card	£1500	29%

Kevin wants to manage his money better as he would like to save for a deposit to rent a flat in three years' time. Kevin has calculated that once he has repaid his debts he could save £50 per month.

Kevin could open an instant access bank savings account which would pay 2% interest (gross) per year. He has also heard of unit trusts.

Unit trusts could pay him a much better return on his savings. Kevin would have to save regular monthly amounts and it would be harder for him to withdraw his money than from the bank savings account. Moreover, the value of his unit trusts could go down as well as up, as they depend on the Stock Market.

1 (a) State **two** features of a store card.

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(2 marks)



- 1 (b)** Explain why it is important to Kevin that he knows the rate of interest on his debts.

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(3 marks)

- 1 (c)** Kevin is concerned about the size of his debts. Explain what he could do to improve his situation.

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Question 1 continues on the next page

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- 1 (d)** One factor Kevin should consider when choosing where to save his money is whether the saving scheme allows him to save regularly.

Explain **two** other factors that he should consider when deciding which saving scheme to choose.

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1 (e) Kevin wants to save for a deposit to rent a flat. He is unsure which of the following options to choose:

- save in an instant access bank savings account which pays 2% interest (gross) per year
- save a fixed amount every month in a unit trust.

Advise Kevin which method of saving would be best for him. Give reasons for your advice.

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Total for this question: 23 marks**2** Read **Item B** and then answer the questions that follow.**Item B****Facing unemployment**

Kevin's best friend, Alan, has been made redundant. Alan worked for an IT company for many years. He had worked his way up through the company to become a senior finance manager, even though he had few formal qualifications.

Alan's high salary allowed him to live a comfortable life in the country with his family. He employed a part-time cleaner and gardener, one day a week. As head office was in the city, Alan worked from home. Unfortunately, due to a takeover, the company made Alan redundant.

Alan has been unemployed now for more than a year. He can no longer afford to employ his gardener and cleaner. He has few savings and is short of money. He finds it hard for him and his family to live off state benefits. He has made over a hundred applications for jobs but cannot get any interviews.

2 (a) State **two** possible reasons why someone like Alan worked from home.

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*(2 marks)***2 (b)** Explain why Alan might have found it more difficult than other people to find employment.

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2 (c) What is the likely effect on Alan's local community of him losing his job?

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Why is it important to **the government** for people like Alan to get back to work? Give reasons for your answer.

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Total for this question: 20 marks**3** Read **Item C** and then answer the questions that follow.**Item C****Global Trade**

Having been unemployed, Alan decided to set up his own business. He needed to buy some new office furniture.

He was surprised by how cheap some of the imported furniture was. He has discovered that the cheapest furniture is often made using wood that comes from countries where forests are being cleared. This has meant that people living there have lost their homes and the environment has been damaged.

There were other imported ranges of furniture which were a little more expensive. These had a logo on them, which meant that the furniture was made using wood from managed forests with little impact on the environment.

The most expensive office furniture was made by a local business. Their high quality furniture was hand-made, by local craftsmen, using wood from managed UK forests.

Alan has been used to having good quality products but as he has been unemployed and very short of money, his wife has told him he should buy the cheapest. His student daughter, who is an environmental activist, thinks he should buy the most expensive. She argues that this will not only protect the environment but also help local business.

3 (a) State **two** benefits to the consumer of importing office furniture into the UK.

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(2 marks)

3(b) Explain the possible **negative** effects of global trade in wooden office furniture.

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- the cheapest imported office furniture
- the imported office furniture with the logo
- the local, hand-made office furniture.

Which office furniture do you think he should buy? Give reasons for your answer.

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