



**General Certificate of Secondary Education
January 2013**

Economics

413011

(Specification 4135)

Unit 11: Personal Economics

Report on the Examination

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General

This was the sixth examination of the GCSE Economics Unit 11 paper. Once again, the quality of answers was high and the standard set in earlier papers has been maintained in this session. The number of poor quality scripts was once again very low with almost no students out of the entire cohort scoring single figures for their overall score on the paper. Very few students could not produce a reasonable set of answers to the questions set.

Centres are delivering the content of this course well and should be commended as there is clear evidence that they are ensuring students are well prepared for the demands of the paper. This is demonstrated by the students' ability to analyse different situations of a personal economic nature and to provide reasoned judgements when required to do so. The information provided in the text items was clearly understood and nearly all students realised that this data was to be used to stimulate responses.

It has been mentioned in previous reports that a small number of students had appeared to 'rehearse' their judgement in advance of the examination and provided 'generic' comments rather than a real judgement made of the issues covered in the question. This often took the form of answers contrasting the 'short-term' impact with the 'long-term' consequences of a particular decision. This is a valid approach and would score well in terms of marks awarded for evaluation, if used appropriately. However, the use of the short-term and long-term time horizons was more often than not artificially introduced into a conclusion. If anything, this often served to confuse the overall meaning of any conclusion. As a consequence, a significant number of students failed to gain level two evaluation marks as the use of short-term and long-term in the conclusion served only to muddy any attempt to make an overall judgement. A simpler conclusion may well have scored higher marks for evaluation. Teachers should advise students that evaluation can still be very effective if it communicates a simple judgement which is then well explained and supported with data from the Item.

Most students exhibited a high level of knowledge of the terms, concepts and ideas covered by this paper. Similarly, most students were able to apply their knowledge of personal economics to the scenarios covered in each of the three questions. Centres have clearly prepared students well for this examination and have successfully instilled in them the importance of providing a reasoned judgement for the answers of the longer questions.

Question 1

- (a) Very few students did not score full marks on this question. Marks were lost mainly through repetition of the same point – usually mentioning price as a factor twice
- (b) Most students were able to identify two reasons for the fall in the price of consoles. Around half of all students were able to explain two reasons why this had occurred. Common failings were made where students merely repeated their original factor in a reworded manner, that is no real explanation was provided.
- (c) Common answers focused on the fact that using a credit card would allow Jayne to keep her savings for other uses and the possibility of interest charges building up if she didn't pay back the amount owing on her credit card at the end of the month. Nearly all students could provide at least one explained advantage or disadvantage. A small number of students confused a credit card with a debit card or a bank account.
- (d) Most students could provide some explanation for each reason. What proved harder was providing these explanations in the context of Jayne's situation. Common answers focused on the lower price for online purchases and the saved time in purchasing online. To gain maximum marks these benefits needed to be

explained in the light of Jayne's situation – such as the need to stick within her budget or the fact that she needed all her time to prepare for her exams

- (e) This question was answered well by most students. The most common issues raised included the lower price and internet security fears. Some wrote in a generic way about these issues and did not link these to young consumers, such as Jayne, as the question asked. Many students explained the issues, but failed to develop their explanation in an analytical manner.

Question 2

- (a) This question was well answered. Very few students failed to score full marks.
- (b) Nearly all students were able to identify two distinct reasons for the differences in wages and a high proportion of students were able to provide a simple explanation of both. What proved harder, as with question 1d, was to provide these explanations in the context of the case study – i.e. the differences in wages between a computer games developer and a sales assistant. Common answers focused on the qualifications needed to be a games developer or the shortage of games developers in the UK. Common failings were when answers were repetitious.
- (c) Most students were able to describe the impact of both policies. Most recognised that both policies would have a positive effect on the number of computer games developers in the UK. Analysis frequently focused on the beneficial effects for the economy – such as the multiplier effect, or the inequity of charging lower tuition fees for computer science degree courses and the impact on students studying other courses. Few picked up on the idea that it would be hard to monitor how the money given to UK computer games businesses was used and that it may not necessarily be used to raise wages. Those who recognised this issue usually scored highly in terms of evaluation marks

Question 3

- (a) Most students scored some marks for this question although a significant number assumed that merely producing more goods would automatically lead to an increase in exports. The most popular answers were a fall in the UK exchange rate and the growth of the UK's reputation for producing high quality games, leading to higher demand for UK exports of computer games. There was evidence of some confusion with the exchange rate. Some students thought that a strong pound automatically resulted in more exports – a misunderstanding that continued into the next question.
- (b) This question proved difficult for a number of students. Many clearly knew that a movement in the exchange rate would affect the demand for UK exports but were unaware what the effect would be – either a decrease or an increase. A large number of students had clearly memorised the effect of a rising exchange rate by rote given the frequent sighting of the acronym SPICED (Strong Pound – Imports Cheap, Exports Dear) in the margins of many students' answers'. Good use was made of the data, in particular that 62% of UK computer games sales were from export sales.

Even when students recognised that an increase in the value of the pound would lead to UK exports being more expensive in foreign markets, there were frequent misunderstandings that this would only have resulted in a higher profit margin, that is that foreign buyers would be happy to pay the higher price and that UK firms

would therefore gain a higher profit on each sale. This question proved to be a good discriminator of abilities.

- (c) This question was often answered from the point of view of business or government rather than a UK citizen, which was what the question required. This limited the marks that could be awarded. Some students also confused globalisation with a customs union and assumed it meant free movement of labour. A small number of students used the topic of globalisation to express their views, usually unsupported, on the supremacy of UK industry over the rest of the world. Others used rote-learned arguments on the topic and reproduced these without relating them to the question. Effective evaluation often focused on how different citizens would both gain and lose – and provided illustrations and explanations to clarify these views.

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