

Mark Scheme (Pre-Standardisation) January 2012

Principal Learning

Business, Administration and Finance (BA203/01)

General marking guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, ie if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question Number	Answer	Mark
1	B	(1)

Question Number	Answer	Mark
2	D	(1)

Question Number	Answer	Mark
3	B	(1)

Question Number	Answer	Mark
4	A	(1)

Question Number	Answer	Mark
5	C	(1)

Question Number	Answer	Mark
6	C	(1)

Question Number	Answer	Mark
7	A	(1)

Question Number	Answer	Mark
8(a)	Wei	(1)

Question Number	Answer	Mark
8(b)	Billie	(1)

Question Number	Answer	Mark
8(c)	Afra	(1)

Question Number	Answer	Mark
9 (a)(i)	BACS - Banks Automated Clearing Services	(1)

Question Number	Answer	Mark
9 (a)(ii)	Allocate a maximum of two marks from any of: <ul style="list-style-type: none"> • fixed amount (1) • that is taken directly from a bank account to make agreed regular payments (1) • Can only be varied by the sender (whose bank account the money is taken out of) (1) • often for an agreed period of time (1). 	(2)

Question Number	Answer	Mark
9 (b)	<p>Any two: Travellers Cheques</p> <ul style="list-style-type: none"> • Safe when signed (1) only signatory with ID can use the travellers cheques (1) • Cheap to buy (1), commission usually as low as 1% of total (1) • Accepted worldwide (1) by banks, retailers and bureau de change (1) • Can be replaced almost anywhere in the world (1) within a maximum of 24 hours (1) • Never expire (1) so if not used can be kept until next time (1) • Cheaper than using and ATM (1) which in some countries is 3-4% higher than commission fees on buying travellers cheques (1) <p>Accept any reasonable response</p>	(4)

(2 x 2)

Question Number	Answer	Mark
9 (c)	<p>Abacus $\text{€}726.64 \div 0.872 = \text{£}633.63$ Commission @ 1.2% = 7.60 Balance = $\text{£}626.03$ OFR - max 2 marks</p> <p>Accept rounding to two d.p. Full marks where correct answer stated without working</p>	(3)

Question Number	Answer	Mark
9 (d)	Less money (1) because the Euro buys fewer Pounds (1)	(2)

Question Number	Answer	Mark
10 (a)	<p>A loan to finance the purchase of real property (1) usually long term with specified payment periods and interest rates (1)</p> <p>Or</p> <p>A loan secured by a mortgage on real property(1) pledges the property to a creditor (lender) as security for the payment of the debt (mortgage) (1)</p> <p>Accept correct related terminology such as collateral, repossession that demonstrates understanding (1)</p> <p>Accept any reasonable answer</p> <p style="text-align: right;">(1 x 2) (2 x 1)</p>	(2)

Question Number	Answer	Mark
10 (b)	<p>Independent Financial Advisers</p> <ul style="list-style-type: none"> • IFA acts on behalf of the client (1) not tied to specific bank, building society or financial organisation's products or services (1) • May charge a fee for services (1) or offer option of payment by commission from financial organisation selected (1) • IFA is a qualified practitioner (1) whereas banking personnel do not have to be qualified (1) <p>Accept any reasonable answer</p> <p style="text-align: right;">(2 x 2)</p>	(4)

Question Number	Answer	Mark																																													
11(a)(i)	<p>Joss's Budget</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Item</th> <th colspan="2">Income</th> <th colspan="2">Expenditure</th> </tr> </thead> <tbody> <tr> <td>Babysitting</td> <td style="background-color: yellow;">480</td> <td style="background-color: yellow;">00</td> <td></td> <td></td> </tr> <tr> <td>Savings</td> <td style="background-color: yellow;">2265</td> <td style="background-color: yellow;">60</td> <td></td> <td></td> </tr> <tr> <td>Flight</td> <td></td> <td></td> <td>166</td> <td>09</td> </tr> <tr> <td>Accommodation</td> <td></td> <td></td> <td style="background-color: yellow;">280</td> <td style="background-color: yellow;">80</td> </tr> <tr> <td>Food and Drink</td> <td></td> <td></td> <td>500</td> <td>00</td> </tr> <tr> <td>New clothes</td> <td></td> <td></td> <td style="background-color: yellow;">500</td> <td style="background-color: yellow;">00</td> </tr> <tr> <td>Spending money</td> <td></td> <td></td> <td>1500</td> <td>00</td> </tr> <tr> <td>Totals</td> <td style="background-color: yellow;">2745</td> <td style="background-color: yellow;">60</td> <td style="background-color: yellow;">2946</td> <td style="background-color: yellow;">89</td> </tr> </tbody> </table> <p>1 mark for calculating savings 1 mark for correct figures in shaded areas OFR on total income only</p>	Item	Income		Expenditure		Babysitting	480	00			Savings	2265	60			Flight			166	09	Accommodation			280	80	Food and Drink			500	00	New clothes			500	00	Spending money			1500	00	Totals	2745	60	2946	89	(7)
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Question Number	Answer	Mark
11(a)(ii)	Joss's expected budget deficit £201.29 (Own figure rule)	(1)

Question Number	Answer	Mark
11(b)	<p>Recommended reductions in shortfall</p> <p>Reduce planned spending on new clothes (1) take fewer clothes (1) or buy cheaper (1).</p> <p>Reduce planned amount on spending money (1) Combine spending money and food and drink budget (1) work out a daily budget for spending on holiday (1).</p> <p>Increase income (1) by increasing weekly savings (1) or getting another part time job (1).</p> <p>Accept any reasonable answer</p> <p style="text-align: right;">(2 x 2)</p>	(4)

Question Number	Answer	Mark
12(a)	<p>Benefits of regular savings plan</p> <p>Allows Jo to save a set sum of money every month (1) usually paid by standing order (1) and so Jo does not have to take any action (1), because it's a regular plan it attracts a higher interest rate (1) and accumulates a larger interest income (1).</p> <p>Helps pay large or unexpected bills (1) Helps to plan purchases of larger products (1) Can give independence from requirement for loans (1) Regular amounts build up to substantial sums more quickly(1) Gives added security (1)</p> <p>Accept any reasonable response</p>	(4)

Question Number	Indicative Content	
12(b)	<p>Tiered savings accounts</p> <p>Explanation</p> <ul style="list-style-type: none"> • The more you save the more you earn (1) • Advertise high rates to attract savers (1) • Need to deposit a large sum to qualify for highest rate(1) • Savers who don't achieve larger sums get a significantly lower rate (1) <p>From the table</p> <ul style="list-style-type: none"> • Each provider has a minimum deposit(1)which will achieve only the lowest rate (1) which is not actually advertised(1) will need to read small print to find lowest rate(1) • Headline rate is only paid on Top Tier Investment amount (1) • £10,000 earnings rate only paid on savings over this amount (1) • £1000 earnings rate only paid on savings over this amount (1) 	
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	Description of a tiered savings account without reference to stimulus material
2	3-4	Description of tiered savings account using some features of the stimulus material
3	5-6	Clear analysis of tiered savings account using all features of the stimulus material