

Examiners' Report/  
Principal Examiner Feedback

January 2012

PL Business, Admin & Finance  
(BA203)  
Paper 01

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## **BA203/01**

### **General Comments**

This unit had a relatively smaller entry than in previous series with just over 350 candidates. Overall, there were some very good entries with learners showing clear understanding of budgets, savings and currency conversion. There is a clear correlation with centres that teach this subject well and the quality of the answers given by learners. This is particularly evident in the questions on tiered savings accounts and the effect of changes in the currency exchange rate.

As in previous series, there are some learners that struggle with questions that are not just based around factual answers or calculations but require some form of analysis or synthesis. Some learners do appear to be operating at a basic level and would perhaps benefit from a more suitable programme of study.

It would appear that centres are beginning to teach exam techniques since the required answers were often developed in some way to gain the additional points. However, there are still a large number of learners giving one word answers to questions worth two or more marks.

### **Comments on Individual questions**

#### **Q1-7**

Multi choice questions work over a range of Learning Outcomes and graduate from an easier start to more difficult questions. The learners performed well on these questions.

#### **Q8(a) Q8(b) Q8(c)**

Reviewing a number of statements and identifying which person needs to take out a loan, consider regular savings plans or start paying National Insurance Contributions.

Most of the learners got this correct. There were a few confused Wei and Sam as needing a bank loan but this was extremely low.

#### **Q9(a) (i) Abbreviation BACS**

This was meant to be a fairly easy question but a rather large number of learners answered this incorrectly. Answers tended to be either totally correct or very poor. There were very few 'almost right' answers.

#### **Q9(a) (ii) Outlining Standing Order**

This was answered much more strongly than in previous years. Many learners were able to identify the fixed amount and regular payment nature of Standing Orders. A sizeable few still mix up Direct Debits and Standing

Orders often not seeing any difference between the two. A few learners actually wrote 'like a direct debit' without the discriminatory commentary that identifies Standing Orders.

**Q9(b)** Outline two advantages of Travellers Cheques versus Credit Card

This was surprisingly difficult for a number of learners. A few even identified the credit card as the better option which was not the question asked. Many of the answers given could also be applied to cash. The stronger answers were clearly applied to the advantages of Travellers Cheques including 'they did not go 'stale' or out of date.

This was a good discriminator because those learners that clearly understood what travellers cheques were and how they worked were able to give clear answers. Learners could identify that they were more secure than cash or credit cards needing the required a signature plus ID. The stronger answers also identified that they were a better option than cash as they could be replaced within 24 hours

**Q9(c)** Currency conversion (Alex's bank balance in Euros)

Considering this asked for a conversion from Euros into Pound Sterling there was a large majority of correct answers. A few learners did assume the standard Sterling to Euros to get the incorrect answer. This indicates learners are becoming more familiar with the different methods of currency conversion than in previous series.

**Q9(d)** Effects on the amount of money Alex would receive in the currency conversion if value of £ increases against the Euro

Most of the learners did not relate this to the previous currency conversion question and made the assumption this was Pound Sterling to Euros. As a result most of them gave the incorrect answer that Alex would get more money. There were a few correct answers.

**Q10(a)** Defining the term 'mortgage'

A few learners were able to identify the key elements of a large/long term loan to purchase property but this was generally answered quite weakly. Many of the learners equated mortgages with paying rent but without making the connection to purchasing the property. Some learners identified this as money you paid to the bank (sometimes as rent) to pay to live in your house.

**10(b)** Two benefits of using and Independent Financial Advisor

This tended to be answered in simple statements such as 'they are free, not tied to a bank. There were four marks in this question. Many of the learners were able to get two marks for identifying the two required benefits but missed extra marks for the development. Some answers could also be applied to Citizens Advice Bureaus and there needs to be clearer discrimination between the two.

### **11(a)(i)** Budget allocations and calculations

This was a relatively simple budget that had to be partially completed. However there was an additional element in the expectation that the savings total was calculated over a period of several weeks. About half of the learners completed the extra calculation for an additional mark. A few learners got this question completely wrong and clearly did not understand what was required in the question.

The additional element of having to calculate the total savings discriminated well. This helped to identify those learners who really understood how budgets worked rather than those who had practised lots of examples. The savings calculation helped with the income section of the budget and allowed for a more realistic/achievable deficit figure to be calculated

### **Q11(a)(ii)** Budget Calculation

Any question that includes calculations tends to give candidates an opportunity to pick up some relatively easy marks. This series included an additional calculation to get the total savings to include in the overall budget. This worked to some extent in that it differentiated quite well and meant candidates had to think and apply a bit more than usual. However, the additional marks allocated for the additional calculation meant there were 7 marks for the question rather than the usual 4 or 5.

### **11(a)(ii)** Budget deficit calculation

The great majority of learners were able to calculate the budget deficit correctly. This is an 'own figure rule' calculation.

### **11(b)** Two ways of addressing a budget deficit

This was well answered in the majority of cases. Stronger answers were applied to the holiday budget in question. Most of the answers were sensible and logical. Some learners attempted to calculate (if she took just £X to spend there would be no deficit at all). Some of the answers were quite generic and just recommended 'spend less on everything' There were a few random answers not related to the holiday budget and a few learners thought cheaper accommodation to be the only answer.

### **Q12(a)** Benefits of a regular savings plan

This proved to be quite a difficult question for many learners. There was quite a lot of confusion between a regular savings plan and a monthly budget. A large number of learners did not equate regular savings as a single element of an overall budget. Stronger answers were able to identify the concepts of planning for a large or unexpected purchase or to avoid debt. Very few identified savings just for the sake of it as a good thing. It always had to have a purpose. Very few learners identified the interest element of savings to increase money in the account.

**Q12(b)** Analysing tiered savings accounts

Very few learners understood what a tiered savings account is. The majority thought the advertised rate was paid on the minimum invested. A worrying number thought that the interest was paid by the saver to the bank for the privilege of saving with them. Very few identified the top tier as the amount the headline rate (advertised) actually kicked in. Many thought the top tier was the maximum allowed to be held in any savings accounts.

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