

# Mark Scheme (Results)

January 2012

PL Business, Admin & Finance  
(BA303)  
Paper 01

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## 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, i.e. 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	A	(1)

Question Number	Answer	Mark
2	D	(1)

Question Number	Answer	Mark
3	B	(1)

Question Number	Answer	Mark
4	C	(1)

Question Number	Answer	Mark
5	D	(1)

Question Number	Answer	Mark
6	C	(1)

Question Number	Answer	Mark
7(a)	An interest rate that changes (1) over time (1)	(2)

Question Number	Answer	Mark
7(b)	<p><math>A = P(1 + r)^n</math>  P is the principal 25 000  r is the annual rate of interest as a decimal (8% means <math>r = 0.08</math>)  n is the number of years 2  A is how much money you've repaid after 2 years, including interest.</p> <p>£29 160 (2)</p> <p>If £29 000 - 1 mark  1 mark for correct formula/process, with incorrect answer  No marks for £27 000</p>	(2)

Question Number	Answer	Mark
8	<p>Any two of the following:            Good credit rating can be achieved by:</p> <ul style="list-style-type: none"> <li>• taking out a range of credit cards/loans</li> <li>• ensuring payments are made on time</li> <li>• no CCJ's</li> </ul> <p>Reference to income or 'proof of income' not accepted. These affect ability to get loan not credit rating</p>	(2)

Question Number	Answer	Mark
9(a)	<p>1 mark benefit, 1 mark drawback</p> <p>Benefit - immediate access to funds (1) only option to access funds if not eligible for loan (1)            'Short term' source of finance will not be accepted as a benefit as this is descriptive.</p> <p>Drawback - high interest rate (1), penalty charges outside agreed rate (1), can be withdrawn by the bank (1)            Answer must be specific to overdraft not just loans in general</p>	(2)

Question Number	Answer	Mark
9(b)	<p>If Anna wants to borrow Metro bank offers lower rates of interest for loans (but not overdrafts) (1) and credit cards compared to industry average (1). However, for savings accounts the rates of interest are lower (1) compared to industry average. It depends on whether Anna wants to save or spend more (1). Because Anna is a student and wants to travel/buy a car (1) she may need to borrow more now and therefore Metro bank seems to be a suitable financial provider (1).</p>	(4)

Question Number	Indicative Content
9(c)	<p>Opening times are important for new customers as it is good to have a personal service which is convenient and customer focused especially at the beginning when there may be more queries. On the other hand, there is a price to pay for longer opening hours in higher rates and this may not be preferable. Also how often does a customer have to visit a bank after the account has started up especially if there is an online facility.</p> <p>Fast opening of accounts is again convenient and efficient but it may be more important to a new customer to get everything accurate than quick. The location of the branch or online facilities may be more important to a new customer depending on their personal circumstances.</p>

Level	Mark	Descriptor
	0	No rewardable material
1	1-2	One factor assessed fully or two limited.
2	3-4	Two factors fully explained which make some comments that are relevant to new customers.
3	5-6	Two or more factors fully explained and comments are made which are relevant to new customers and their individual needs.
Question Number	Answer	Mark
10(a)	<p>Maximum 2 marks for identification only  1 mark identification, 1 mark expansion (x2)  OR  1 mark identification, up to 2 marks expansion</p> <p>Cost involved when seeing an IFA (1), where a bank/CAB wouldn't charge (1) Anna may not be able to afford the fee as student with limited income (1)</p> <p>Knowledge of IFA may be limited (1) especially in regard to student loans (1) or Canadian savings options (1)</p> <p>IFA should be unbiased (1) however many are linked to specific range of products (1) which may not be suitable to Anna's situation (1)</p>	(4)

Question Number	Indicative Content	
10(b)	<p>Factors to consider when choosing a source of financial advice include:</p> <p><u>Reliability and impartiality</u> - this is important because you need to trust the advice and ensure that it will be given in your best interest. Also that it is <u>accurate</u> so the figures and future returns you are given are correct especially if you are basing future finances on this. Therefore the <u>status</u> of the advisor/information needs to be considered. On the other hand, the <u>cost</u> may be the most important factor as it may be that there is little choice when selecting a source if you have a limited budget. Ensuring that it is <u>personal</u> to your circumstances is important and therefore having a face-to-face conversation may be more important than telephone/online. Overall it will depend on the specific reason Anna may be looking for financial advice.</p> <p>Marks can be awarded for the expertise/knowledge of financial options which consider personal beliefs such as social or environmental issues.</p>	
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	Candidate identifies 1 - 2 relevant points for selecting a source of advice.
2	3-5	Candidate explains 1 - 2 points. Attempt at basic discussion.
3	6-8	2 or more factors are discussed fully. Candidate is able to critically assess specific factors for selecting source of advice by introducing individual circumstances.

Question Number	Answer	Mark
11(a)	An indirect tax is charged on goods and services rather than income (1) e.g. VAT(1) Excise duty (1) Air Passenger Duty (1) Betting and Gaming duty (1) ' A tax not taken at source' is also acceptable for 1 mark.	(2)

Question Number		Indicative Content
11(b)		<p>It is important for financial planning that external factors are considered as political/economic factors will have an effect on finances as if there is a change in interest rates or taxation this will affect the amount of disposable income an individual has and their lifestyle. On the other hand, external factors such as technological changes or environmental changes may be harder to plan for so there is a limit to what an individual can do to protect themselves from these influences. For an individual like Anna it is important for her to consider exchange rate influences as this is something she may be able to protect herself against by holding Canadian dollars or splitting her money into pounds and dollars to avoid fluctuations. A social factor that may influence financial planning is the increasing ageing population which will mean that younger people like Anna may have to work longer to provide for their own pension. They may also have to contribute more from their income to pay for the pensions of those in retirement.</p> <p>There are other factors besides external ones which will affect a persons finances more such as employment status, lifestyle choice etc</p>
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	Candidate identifies 1 - 2 external influences.
2	3-6	At the bottom end of the level, candidates will have explained 1 external influence well and any other to a limited extent, or two reasonably well. At the top end of this level the candidate will have discussed 2 influences well and will have made basic reference to Anna's situation.
3	7-10	At the bottom end of this level full discussion will be given of the external factors affecting Anna specifically. The candidate will be able to move up this level by demonstrating good judgement as to the extent to which these factors realistically affect Anna in her personal situation.



Question Number		Indicative Content
12		<p>By using this spreadsheet to plan and monitor her finances Anna is able to see if she can achieve her goals by the end of the academic year. She is able to see how realistic her planning is by plotting planned against actual which is helpful to analyse over a period of time. It should help her to cutback on spending which it looks like she did in some examples such as 'Other' on the case study or when she may need to take out an overdraft. However we do not have all the details of the money she has spent. It should help Anna in the future to be better at forecasting her planned expenditure and income.</p> <p>If Anna did not plan and manage her finances using the spreadsheet she may be in a worse situation than she is. She also may need to consider her goals and whether they are realistic or simply materialistic to expect to have a car and go travelling whilst she is studying. So the financial monitoring may help her to assess these goals. Exchange rate fluctuations or other economic factors are beyond Anna's control so there is a limit to how much the monitoring of her finances can manage this. However, again this spreadsheet enables her to look at the situation and realise that this sort of variable will affect her income/savings.</p>
Level	Mark	Descriptor
	0	No rewardable material
1	1-3	At the bottom end of this level candidates will make basic comments about some of the benefits of financial planning and monitoring and/or make general points about the spreadsheet. At the top end, candidates will identify one or two benefits of planning finances with a basic explanation.
2	4-8	At the bottom end of this level, candidates will explain two-three benefits of planning and monitoring finances with some examples given from the spreadsheet and/or Anna's situation. At the top end, candidates will explain benefits fully using relevant examples.
3	9-12	A basic evaluation will be seen at the bottom end with comments made as to the limits of financial planning and cash flow forecasting. At the top end candidates will have fully evaluated their points using relevant and realistic examples.



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