

# Mark Scheme (Results)

Summer 2013

Principal Learning  
Business, Administration and Finance  
(BA303/01)

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Summer 2013

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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       |
|-----------------|--------|------------|
| <b>1</b>        | D      | <b>(1)</b> |

| Question Number | Answer | Mark       |
|-----------------|--------|------------|
| <b>2</b>        | B      | <b>(1)</b> |

| Question Number | Answer | Mark       |
|-----------------|--------|------------|
| <b>3</b>        | A      | <b>(1)</b> |

| Question Number | Answer | Mark       |
|-----------------|--------|------------|
| <b>4</b>        | D      | <b>(1)</b> |

| Question Number | Answer | Mark       |
|-----------------|--------|------------|
| <b>5</b>        | C      | <b>(1)</b> |

| Question Number | Answer | Mark       |
|-----------------|--------|------------|
| <b>6</b>        | B      | <b>(1)</b> |

| Question Number | Answer                                      | Mark       |
|-----------------|---------------------------------------------|------------|
| <b>7(a)</b>     | £519.48 (1)<br>Accept rounding down to £519 | <b>(1)</b> |

| Question Number | Answer                                                                                                                                                                                                                                                                                                                                                                                                                       | Mark       |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>7(b)</b>     | Effects include:<br>A rise in exchange rate means that the £ has got stronger (1) resulting in more currency for their £s (1) resulting in increase in the amount they have available to spend (1).<br>As the currency they have been using is weaker to the £ (1) if they bring any currency back to the UK they will get less £ for their currency (1) and so they should spend all their foreign currency on holiday (1). | <b>(3)</b> |

| Question Number | Answer                                                                                                                                                                                                                                                                                                                                                                                                                         | Mark       |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>8</b>        | <p>Katy needs to avoid getting into debt for the following reasons:</p> <p>To reduce high interest payments (1) if the debt remains unpaid over a period of time and control costs (1).</p> <p>To avoid legal action from any creditors (1) if Katy cannot afford to make repayments this may be route they can take (1).</p> <p>To avoid repossession (1) if Katy cannot afford the rent she may not be able to stay (1).</p> | <b>(2)</b> |

| Question Number | Answer                                                                                                             | Mark       |
|-----------------|--------------------------------------------------------------------------------------------------------------------|------------|
| <b>9(a)</b>     | A pawn broker lends money with interest charged (1) in return for personal property which is used as security (1). | <b>(2)</b> |

| Question Number | Answer                                                                                                                                                                                                                                                                                | Mark       |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>9(b)</b>     | <p>Benefits include:</p> <p>Customers may feel more secure (1) because they take personal property to the shop rather than posting it (1).</p> <p>They have the opportunity to ask specific questions (1) to a professional/advisor (1).</p> <p>Accept other appropriate answers.</p> | <b>(2)</b> |

| Question Number |            | Indicative Content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>9(c)</b>     |            | If Katy cannot afford to pay for something as essential as rent she may have to consider a loan in the short term. If she has no other choice and the alternative is becoming homeless, then this may be her only option in the short term. However the loans with 'The Money Shop' or other pawnbrokers are usually not a good deal as they charge high APR on a loan and this would only make Katy's situation worse. She would be better off looking for a loan with her bank or other institutions who may be able to help her. She may also be better off using her overdraft facility if she can arrange this with the bank whilst looking to work more hours at the post office instead of the voluntary work so that she can stop herself being in this situation. If her basic income is not covering her rent and this is going to be constant issue for Katy she would be better to find a cheaper place to live, cut down on some of her other living expenses or increase her income. This should be her goal in the medium term. |
| Level           | Mark       | Descriptor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                 | <b>0</b>   | No rewardable material                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>1</b>        | <b>1-2</b> | At the bottom of this level one reason is identified. At the top of this level two reasons are stated or one reason has a brief explanation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>2</b>        | <b>3-5</b> | At the bottom of this level two appropriate reasons are identified and briefly explained. At the top of this level two reasons are explained but there is limited context.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>3</b>        | <b>6-8</b> | At the bottom of this level two or more reasons are well explained with a basic conclusion drawn in context. At the top end of this level two or more reasons are well explained and a good conclusion is reached in context.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| Question Number | Answer                                                                                                                                              | Mark       |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>10(a)</b>    | Solvent means having sufficient income (1) to cover all outgoings (1).<br>All financial obligations can be met (1) from an individual's income (1). | <b>(2)</b> |

| Question Number |             | Indicative Content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>10(b)</b>    |             | Katy can improve her financial situation by aiming to increase her income. Although the bank statement shows that she is in a positive situation at the end of the time period shown, this is only the beginning of the month after she has received all of her income from her job and she only has £67 to last her for the next few weeks. She has also received some additional finance from her parents and we do not know if this is regular source of income or a one off gift. All of the outgoings are necessities and therefore Katy either needs to find somewhere much cheaper to live or a better paid job. On the other hand if the £47 in Tesco will give her all the food she needs for the rest of the few weeks, perhaps her financial situation is not as bad as she thinks as the £67 may be enough disposable income to last her for the month. A young person would want to spend more on going out or buying clothes etc. therefore she is unable to pursue some of these goals. This may be a short term situation for Katy as she has set herself a clear goal to look for a better paid job in media using the radio work experience she is gaining. Katy could seek advice to find out if she is entitled to any help from the government or other sources while she is still struggling in the short term. |
| Level           | Mark        | Descriptor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                 | <b>0</b>    | No rewardable material                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>1</b>        | <b>1-3</b>  | At the bottom of this level one suggested way is outlined. At the top of this level two suggested ways are stated with a brief explanation of one.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>2</b>        | <b>4-6</b>  | At the bottom of this level two suggested ways are identified and briefly explained. At the top of this level three appropriate suggested ways are explained or two reasons are well developed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>3</b>        | <b>7-10</b> | At the bottom of this level three or more appropriate recommendations are well explained with limited justification. At the top end of this level three or more appropriate recommendations are well explained and justified within context.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

| Question Number | Answer                                                                                                                                                                                                                                                              | Mark       |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>11(a)</b>    | An IVA is a legal arrangement (1) with your creditors (1) to pay off all your debts (1) / in an affordable (1) monthly instalment (1) / typically over the course of 5 years (1).<br><br>The IVA is for debts over £15,000 (1) and owed to 3 or more creditors (1). | <b>(2)</b> |

| Question Number |             | Indicative Content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>11(b)</b>    |             | <p>The bank may be useful to help Katy with her finances as they may be familiar with her situation if she has been a customer for a long time and they may have specialist staff who help new graduates control their finances. They may be able to provide cheaper overdraft facilities if she talks to them about her situation and how she is trying to improve her job prospects. They may also be able to help her manage her income and expenditure better for example looking at the dates when items are paid out and in.</p> <p>On the other hand, this is a bank looking to make money so would not necessarily treat Katy differently and give her preferential deals. Fundamentally this is a problem that Katy has because she does not have a high income. Therefore a debt counsellor would be a better source of advice for her as they may have more specialist knowledge and experience to help young people in Katy's situation.</p> |
| Level           | Mark        | Descriptor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                 | <b>0</b>    | No rewardable material                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>1</b>        | <b>1-3</b>  | <p>At the bottom of this level one advantage or disadvantage is outlined.</p> <p>At the top of this level two advantages or disadvantages or one of each are stated with a brief explanation of one.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>2</b>        | <b>4-7</b>  | <p>At the bottom of this level two advantages or disadvantages or one of each are identified and briefly explained.</p> <p>At the top of this level both advantages and disadvantages are explained in some detail but there is limited reference to other sources of advice and options available for Katy.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>3</b>        | <b>8-10</b> | <p>At the bottom of this level both advantages and disadvantages are explained in detail with alternative sources considered but there is limited justification.</p> <p>At the top end of level this both advantages, disadvantages and alternative sources are explained in detail and a decision is reached on which is the most appropriate for Katy.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

| Question Number |             | Indicative Content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>12</b>       |             | External factors such as the state of the economy will affect personal financial goals because one may set specific financial aspirations but if the economy falls into recession and an individual loses their job, they will not be able to meet these goals. Likewise social factors such as the increasing number of graduates in the UK affect individuals like Katy as it means the average pay for graduates is lower than she might have expected and it is much harder to find a good job as there is more competition. On the other hand, good planning should take into account external factors and some of the affects this could have on goals. This should mean that individuals try and save some of their income as a contingency plan or 'rainy day'. This would mean they may still be able to pursue their goals. Or they could take out insurance to protect them against losing their job for example mortgage protection insurance so they do not lose their house. For an individual like Katy this sort of planning is difficult as she does not have very much disposable income and therefore cannot plan for changes in external factors. Over the long term individuals should plan for these factors but in the short term or young person stage of life, they will be more affected by these kinds of factors and therefore may have to adjust their personal goals accordingly. |
| Level           | Mark        | Descriptor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                 | <b>0</b>    | No rewardable material                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>1</b>        | <b>1-3</b>  | At the bottom of this level one external factor is identified. At the top of this level two external factors are stated or one external factor has a brief explanation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>2</b>        | <b>4-7</b>  | At the bottom of this level two appropriate external factors are identified and briefly explained. At the top of this level two external factors are explained but there is limited understanding shown of how these can affect personal goals.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>3</b>        | <b>8-12</b> | At the bottom of this level two or more external factors are well explained with a basic conclusion drawn in context. Good understanding of some economic and/or social factors is shown and there is a link made between these and how this affects personal goals. At the top end of this level two or more external factors are well explained and a good conclusion is reached in context. Good understanding of the economic and/or social factors is shown and there is a link made between these and how this affects personal goals.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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