

# Mark Scheme (Results)

Summer 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
<b>1</b>	B	<b>(1)</b>

Question Number	Answer	Mark
<b>2</b>	C	<b>(1)</b>

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

Question Number	Answer	Mark
<b>4</b>	B	<b>(1)</b>

Question Number	Answer	Mark
<b>5</b>	A	<b>(1)</b>

Question Number	Answer	Mark
<b>6</b>	D	<b>(1)</b>

Question Number	Answer	Mark
<b>7(a)</b>	<p>Any one of the following:</p> <ul style="list-style-type: none"> <li>• Cheque</li> <li>• Debit card</li> <li>• Cash</li> </ul> <p>Do not allow "money from savings – too vague, or loan or overdraft or direct debit</p>	<b>(1)</b>

Question Number	Answer	Mark
<b>7(b)</b>	<p>Candidate accurately identifies two benefits of using a credit card. For example: can purchase produce immediately, can pay at a later date so can save up money in that time, many credit cards are interest free, offer insurance on purchases over internet, don't have to carry cash. Also accept rewards/loyalty points available.</p> <p>Do not accept cheaper or easier to use on line as both vague and can refer to other payment methods</p>	<b>(2)</b>

Question Number	Answer	Mark
<b>8</b>	<p>Example must be included (1)</p> <p>Materialistic aspiration is a goal (1) which an individual aims to achieve which may be considered an unnecessary item (1). This may be a status symbol (1) or a luxury product such as a sports car (1) or to own ones house.</p> <p>For top of marks band need to show spending is unnecessary or a luxury or status symbol which is not necessary but a want.</p>	<b>(3)</b>

Question Number	Answer	Mark
<b>9(a)</b>	<p>Candidate stated two factors which help individuals choose a financial product. These can include: suitability of product for specific need of individual, risk versus reward of the product, time that money is tied up for, minimum deposit level, rate of return against other options, ease of access, fixed or variable rate of interest, financial stability of lender.</p>	<b>(2)</b>

Question Number	Answer	Mark
<b>9(b)(i)</b>	$A = P(1 + r)^n$ P is the principal 1 000 r is the annual rate of interest as a decimal (4.5% means $r = 0.045$ ) n is the number of years 2 A is how much money you've received after 2 years, including interest.  £92.03 (2)  Accept rounding  If £90.00 OR £1 092.03 – 1 mark 1 mark for correct formula/process, with incorrect answer No marks for £45.00	<b>(2)</b>

Question Number	Answer	Mark
<b>9(b)(ii)</b>	Fixed rate is typically higher than variable rate because cash is tied up for longer (1) this enables the bank to forward plan their own investments/liquidity ratio (1). There are loss of interest penalties for early withdrawals (1). Variable rates account usually have instant withdrawal without penalty (1) therefore the bank cannot reinvest at high rates (1).  No marks to be awarded for simply describing fixed or variable interest rates or showing understanding of their differences	<b>(2)</b>

Question Number	Indicative Content	
<b>9(c)</b>	<p>The benefits of using an internet savings account include: 24 hour access to information, ability to manage and monitor your own account, better rates of return as you don't have to pay for the admin costs.</p> <p>The drawbacks to using an internet savings account include: Security of having financial information online, no personal service to speak to an advisor, still need to go into a branch to withdraw money, rates are not that much higher than other savings accounts.</p> <p>Ray may prefer face-to-face contact, may be uncomfortable using internet for banking.</p> <p>Opportunities for application to the case: Telecoms experience so may be computer literate, has had finance difficulties but has £1000 to invest, wants to save, is 68 so has less needs.</p>	
Level	Mark	Descriptor
	<b>0</b>	No rewardable material
<b>1</b>	<b>1-2</b>	One or two benefits/drawbacks identified
<b>2</b>	<b>3-4</b>	One or two benefits/drawbacks explained, or one benefit/drawback fully explained, but limited or no application to case study.
<b>3</b>	<b>5-6</b>	Two–three benefits and drawbacks fully explained/developed. For the top of the band the work should show relevance to the case study.

Question Number	Answer	Mark
<b>10(a)</b>	<p>Answers to include 2 benefits from 2 of the following:</p> <p>Government agency (1) so information should be up to date, reliable and accurate (1) this is a specialist department for pensions (1). DWP could also advise on other state benefits Ray could access (1).</p> <p>CAB is staffed by volunteers, so may not have up to date expertise (1). Can take a long time to get appointment (1).</p> <p>Moneymadeclear website is not specific (1), no personal contact (1).</p>	<b>(4)</b>

Question Number		Indicative content
<b>10(b)</b>		<p>Ray has a few options he can choose to follow with his local bank if he is unhappy. He could go back to the bank and speak to the manager about his concerns and see if this will help him to understand his pension more clearly. If he is still unhappy, he could go to the Financial Ombudsman and ask them to investigate the pension scheme to see if it is unfair. The Financial services authority may also be a useful point of contact to help Ray if he believes he has been mis-sold the pension and investigate the bank more fully. On the other hand, Ray presumably signed up to the pension so he should have made sure he understood the policy at the time of taking it out. He may actually receive the amount he believes he should get but not at the time he thinks he will receive it.</p> <p>Do not accept discuss with the DWP for advice, or leave and set up a new pension as he has started to draw his pension and is no longer contributing. Accept FAS only in context of possible misspelling.</p>
Level	Mark	Descriptor
	<b>0</b>	No rewardable material
<b>1</b>	<b>1-2</b>	1-2 options identified.
<b>2</b>	<b>3-5</b>	1-2 options explained. 1 option fully explained. For higher marks in this band the candidate will start to evaluate the options.
<b>3</b>	<b>6-8</b>	Two-three options are explained fully which includes Financial Ombudsman. Evaluation is completed for both viewpoints of this dispute and relevant points are made.

Question Number	Answer	Mark
<b>11(a)</b>	<p>Candidate outlines any two of the following:</p> <p>Ethical (1) this would mean that the financial product would not invest in products/services which may harm others (1) or make excessive profits (1)</p> <p>Environmental(1) this would mean that the company or product would consider the environmental impact of anything it was investing in (1)</p> <p>Value for money (1) this would mean that the financial product would be the best price compared to the others in the market (1)</p> <p>Pay for the name (1) this would mean that the company offering the product may charge more because it has a better reputation or status (1)</p> <p>Can also accept comments regarding Age?</p> <p>Personal attitude to risk, or durability v disposability, social trends and personal attitude to risk</p>	<b>(4)</b>

Question Number	Indicative Content	
<b>11(b)</b>	<p>On the one hand, good financial planning should involve consideration of different stages of life and the monetary needs an individual has later on in life. As pensions need to grow over time, it is important that a clear objective is set which would be an age at which the pension would be used. No one can plan ahead easily when they are in their 20s but a decision must be made in order to ensure there is enough money to survive when the individual is no longer working. On the other hand, no one can plan the future and if the government make changes to pensions and working ages it does seem pointless to plan a specific age to retire at. Also people may want to change jobs and therefore pensions tied up in one industry may not be carried on with. It may not be feasible to be accurate at the age to retire but an estimate must be made in order to help manage finances.</p>	
Level	Mark	Descriptor
	<b>0</b>	No rewardable material
<b>1</b>	<b>1-2</b>	Candidate identifies 1 or 2 factors that influence retirement age
<b>2</b>	<b>3-5</b>	Candidate explains 1 or 2 factors that influence retirement age, and at the top of the band will start to explain why a retirement age may be difficult to estimate.
<b>3</b>	<b>6-8</b>	At the lower end of this band, the candidate discusses both sides of case saying why/not estimating a pension age is feasible. At the top end of the band, the candidate evaluates and makes realistic judgements about retirement age and the factors that can influence it.

Question Number		Indicative content
<b>12</b>		<p>From the three options ray has considered, option 1 would leave him with the most money and enable him to fulfil his dream of travelling for a long time. However, this is a high risk strategy as he would be selling his home and purchasing a smaller home which may impact his quality of life when he returns from travel. This option may also depend on property prices and whether he can get this amount for his house.</p> <p>Option 2 enables him to travel but only if he rents his house and this depends on how comfortable he is with this decision. He also gives less money to his children now when they may need the money more, rather than when they are older. Option 3 still enables him to travel but only for a longer holiday which does not seem to match up to his overall goals. He does buy a new car but he could still do this with option 1.</p> <p>Most of the decision will depend on whether Ray really wants to travel for a long time now. He needs to consider his health as he should do this now rather than later in his life. He may also need to consider financial needs he has if he becomes ill later on in life.</p>
Level	Mark	Descriptor
	<b>0</b>	No rewardable material
<b>1</b>	<b>1-3</b>	Basic comments are made which refer to the three options facing Ray. Some relevance will be made to his options and financial goals.
<b>2</b>	<b>4-8</b>	At the bottom end of the band, candidates will refer to a few points from the information given and relate these to Ray but with limited relevance of his current position. At the top of the mark band, candidates analyse partially at least 2 options or one option fully analysed, referring to Ray's stage of life. There will be some evaluation attempted.
<b>3</b>	<b>9-12</b>	Candidates analyse fully at least two of the options and at the top of the band will reach a fully justified conclusion as to which option is most suitable for Ray.



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