

# Mark Scheme (Results)

January 2013

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

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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>	C	<b>(1)</b>

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

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

Question Number	Answer	Mark
<b>4</b>	C	<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>	24 hour access (1), convenient (1), can monitor interest accrued easily (1). Accept any other reasonable response.	<b>(2)</b>

Question Number	Answer	Mark
<b>7(b)</b>	$16500 + 4.6\% = \text{£}17,259$ $17259 + 4.6\% (1) = \text{£}18,052.91 (1)$ Award 1 mark only if answer uses simple interest. Both marks awarded if correct answer given. Accept rounding.	<b>(2)</b>

Question Number	Answer	Mark
<b>8</b>	Changes to Income tax (1) which could mean higher/lower income available (1). Change to retirement age (1) which will affect financial planning (1). Accept a reasonable political issue with an explanation or example.	<b>(2)</b>

Question Number	Answer	Mark
<b>9(a)(i)</b>	Risky: Stocks and shares, foreign currency	<b>(1)</b>
Question Number	Answer	Mark
<b>9(a)(ii)</b>	Safe and Long term: High interest, fixed rate saving schemes, Bonds, Cash ISAs (Share ISAs are risky even though long term so not accepted)	<b>(1)</b>

Question Number	Indicative Content	
<b>9(b)</b>	<p>The choice of investment option for Harry will be based around his attitude to risk. If he is comfortable to place his money in shorter term but potentially higher return investments then he will look to allocate more of his money to options like stocks and shares. If however he is more cautious and wants to consider long term growth of his finance he will be better off to invest in premium bonds or longer term saving schemes in bank or other established institution. It will also depend on the amount of time Harry has available to wait for the return on his investment as he may not wish to have the money tied up for a long period if he needs it to pay for day to day items. The goals that Harry has may also determine the best option for him as he may want to save up for a specific goal and therefore a safer guaranteed option would be more suitable. The advice Harry receives may also influence his decision as he may only go to a bank who may recommend their products or he may even only listen to his wife who will be thinking about what goals she may wish to pursue. The amount of debt that Harry currently has may also affect his options as he may not be eligible for certain investment options.</p>	
Level	Mark	Descriptor
	<b>0</b>	No rewardable material
<b>1</b>	<b>1-3</b>	At the bottom of this level one factor is outlined. At the top of this level two factors are stated with a brief discussion of one or one factor is explained well.
<b>2</b>	<b>4-7</b>	At the bottom of this level two factors are identified and briefly discussed. At the top of this level three factors are discussed or two factors are developed very well.
<b>3</b>	<b>8-10</b>	At the bottom of this level three or more factors are well discussed with limited context. At the top end of this level three or more factors are well discussed and in context.

Question Number	Answer	Mark
<b>10(a)</b>	<p>Due to aging population (1) people will have to work for longer before they retire as there are a smaller number of workers contributing to the pensions of a larger group (1).</p> <p>Due to aging population (1) people will have to work for longer before they retire as there are a smaller proportion of the population in the labour force (1). Due to the improvements in health (1) people are living longer and therefore will need to fund their retirement for a longer period. (1)</p> <p>Award any appropriate response.</p>	<b>(2)</b>

Question Number	Indicative Content	
<b>10(b)</b>	<p>The typical need of someone in their middle age is to have a secure job which will help them to reach retirement. They will need to know that they can still pay off their mortgage so that they will own their own home at the end of the mortgage period and also for when they retire and have a reduced income. Someone in middle age may also have children who are still financially dependent if they are University or are looking to buy their own house and the parent feels they need to help out to pay for this. Their wants may be based around leisure activities such as holidays or buying new cars. As someone in their middle age typically has higher income they may now feel they have more disposable income to afford some of the materialistic aspirations they had when they were younger.</p> <p>The typical need of someone in their old age is to have a reasonable income to pay for their day to day living costs. The mortgage should have been paid off so they will not require as high an income as someone in middle age. Children should have left home and therefore are financially independent. Their wants may be based around a comfortable retirement which includes holidays. Their aspirations may be to be able to provide for private future healthcare and to be able to provide a future inheritance for their children.</p>	
Level	Mark	Descriptor
	<b>0</b>	No rewardable material
<b>1</b>	<b>1-3</b>	At the bottom of this level one life stage is outlined. At the top of this level the needs, wants and aspirations of one life stage are briefly explained.
<b>2</b>	<b>4-7</b>	At the bottom of this level the needs, wants and aspirations of one life stage are well explained/the needs, wants and aspirations of both stages are outlined. Candidates may start to show a basic attempt to compare

		in one or two areas of the life cycle for 5-6 marks. At the top of this level the needs, wants and aspirations of both life stages are well explained and comparisons summarised.
<b>3</b>	<b>8-10</b>	At the bottom of this level the needs, wants and aspirations of both life stages are well developed and candidates compare the stages. At the top of this level the needs, wants and aspirations of both life stages are well developed and with a good comparison between them.
<b>Question Number</b>	<b>Indicative Content</b>	
<b>11</b>	Harry could visit the Citizens Advice Bureau (CAB) to get impartial advice about how to use his redundancy payment. The advantage is that the CAB are free and may be up to date with some of the options available for someone like Harry. They may also be familiar with benefits which Harry wanted to find out about as well as give him some good advice about starting up a business which is one of his goals. On the other hand, the CAB may not have the experts available to help him consider the best way to use £20,000. As this is a considerable sum of money Harry needs to obtain the best advice possible as potentially he could lose his house if he does not invest this wisely. An IFA may be the best place to go for Harry as, although he may have to pay a fee or a commission rate on any package he takes out, it may be worthwhile getting an expert on financial matters to assess all of Harry's financial situation. They may be able to give him some specific information about pension planning as well as different investment options. He would need to be careful which IFA he chose to use and he should research this first so that he ensures the reputation and expertise of the IFA is good. He could go to a bank especially if they understand his other finances like his mortgage and credit card arrangements. They may be able to offer him some short term advice about how to use the £20,000 to control his day to day expenditure. They also have experts available in pensions and other investments which Harry could speak to. However, these would not be impartial and they may not give Harry the best advice for him personally. Harry may be best using a range of different sources of advice to help him obtain as much information as possible before making any decisions.	
<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
	<b>0</b>	No rewardable material
<b>1</b>	<b>1-4</b>	At the bottom of this level one source of advice is identified. At the top of this level two sources of advice are stated with a brief explanation of the suitability of one.
<b>2</b>	<b>5-8</b>	At the bottom of this level two appropriate sources of advice are identified and the suitability is briefly explained.

		At the top of this level the suitability of three appropriate sources of advice is explained.
<b>3</b>	<b>8-12</b>	At the bottom of this level the suitability of three or more appropriate sources of advice is well explained with a basic conclusion drawn. At the top end of this level the suitability of three or more appropriate sources of advice are well explained and a good conclusion is reached.

Question Number	Answer	Mark
<b>12(a)</b>	Employment status (1) whether Harry wishes to look for other work or retire now (1) Personal responsibility (1) the extent to which Harry has to help out his daughter (1) Financial commitments (1) how much finance Harry has available to pay off his current debts (1)	<b>(2)</b>

Question Number	Indicative Content	
<b>12(b)</b>	<p>In the short term Harry should ensure that he pays off his credit card bill so that he does not incur the high interest rate charges. He should also look at choosing to spend some of his money on a cruise with his wife as he will have both the time and the money to pay for this in the short term. He may be better off leaving the sofa loan and paying this off according to the terms of the loan as this is interest free and is not a huge amount of money. His daughter's car loan also may not be worth paying off if Harry can invest the £3410 in an account with a higher interest rate than 1%. He may also want to ask his daughter to take on the loan for her car now that Harry has been made redundant.</p> <p>In the longer term though Harry should ensure that he has enough money to cover the repayments for his mortgage. Therefore it is important for Harry to plan how he will find the monthly fee for the next 6 years. Harry needs to decide if he wants to set up his own business as this could also be expensive initially. However, he may be better off to do this and earn some income on a part time basis so he can have the best of both worlds. We do not know whether his wife works or other income and/or savings that Harry has to make a complete judgement about the way he needs to plan.</p>	
<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
	<b>0</b>	No rewardable material
<b>1</b>	<b>1-3</b>	At the bottom of this level one goal is outlined. At the top of this level two goals are stated with a brief explanation of one or one goal is explained well in context.
<b>2</b>	<b>4-7</b>	At the bottom of this level two appropriate goals are

		identified and briefly explained. At the top of this level three appropriate goals are explained or two goals are well explained and developed.
<b>3</b>	<b>8-10</b>	At the bottom of this level two or three appropriate goals are very well explained in context but with limited justification. At the top end of this level three or more appropriate goals are well explained and justified within context.

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