

Mark Scheme

Principal Learning

Business, Administration and Finance (BA303/01)

General guidance on marking

Examiners should look for qualities to reward rather than faults to penalise. This does NOT mean giving credit for incorrect or inadequate answers, but it does mean rewarding learners for answers showing correct application of principles and knowledge, and for critical and imaginative thinking. Examiners should therefore read and consider every response carefully; even if it is not what is expected it may be worthy of credit. The Principal Examiner or Team Leader should be consulted as necessary.

Using the mark scheme

- 1 The first row identifies the question.
- 2 The first column identifies the part of the question.
- 3 The second column identifies acceptable responses.
- 4 Exemplar responses are not necessarily exhaustive and markers should apply professional judgement.
- 5 For some exemplar responses, example answers have been supplied as additional guidance, particularly where the question allows for a wide range of responses from the learner. Each bullet point illustrates an alternative way of obtaining the mark(s).
- 6 The use of a dash '-' indicates the separation of points made, to show where the marks lie. The use of an oblique '/' indicates an alternative point for the same mark.
- 7 The second column sometimes indicates where marks are to be awarded with a number inside parentheses, eg (1)
- 8 The third column gives the sub-total for each part of the question and the total marks for the question.

Where extended answers are required from the learner, levels of response style instructions are provided.

Question number	Answer	Mark
1	B	(1)

Question number	Answer	Mark
2	C	(1)

Question number	Answer	Mark
3	D	(1)

Question number	Answer	Mark
4	C	(1)

Question number	Answer	Mark
5	B	(1)

Question number	Answer	Mark
6	A	(1)

Question number	Answer	Mark
7	1 mark for each risk. Possible risks include: <ul style="list-style-type: none"> • Inability to repay/solvency issues • Repossession/legal action 	(2)

Question number	Answer	Mark
8 (a)	1 mark for answer, 1 mark for the correct total. $625 / 0.4952$ (1) $= \$1\,262.12$ or $\$1\,262.11$ (1)	(2)

Question number	Answer	Mark
8 (b)	1 mark for a possible cost, 1 mark for a possible gain. Possible answers: <ul style="list-style-type: none"> • Variable exchange rate means that the rate may fall against the pound/the provider could start charging commission so they pay more to change their money (1) • The rate might rise, giving them more dollars/Den and Sandy could find another provider has lowered its rate, so they will gain (1) 	(2)

Question number	Answer	Mark
9 (a)	<p>In each case, 1 mark is available for a basic identification of the effect, with 1 mark for further development.</p> <p>Possible answer:</p> <ul style="list-style-type: none"> • Sandy's part-time work means their income is likely to be lower than if she worked fulltime/more hours (1) although her contract gives some financial security/opportunity to plan financially for the future (1) • Den's partly seasonal work affects their income at certain times/means their income varies throughout the year (1) which makes financial planning more unreliable/means they are less secure financially (1) <p style="text-align: right;">(2 x 2)</p>	(4)

Question number	Answer	Mark
9 (b)	<p>1 mark for a benefit, 1 mark for a limitation.</p> <p>Possible answer:</p> <ul style="list-style-type: none"> • HSBC can offer specialist advice (1) - but HSBC will only give advice on own products/possibly more competitive or more suitable savings from other providers will be missed (1) 	(2)

Question number	Answer	Mark
9 (c) (i)	<p>1 mark for naming each source, plus 1 mark for outlining what it is or does.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • Independent financial adviser (1) works on behalf of the client (1) • Which? magazine (1) provides savings advice through magazine/website (1) • Website such as Moneyexpert.com (1) contains information on savings products/savings rates (1) <p style="text-align: right;">(2 x 2)</p>	(4)

Question number	Answer	Mark
9 (c) (ii)	<p>For any given method, 1 mark for each relevant factor.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • (Independent financial adviser because) impartial (1) detailed (1) independent (1) will choose from the whole savings range (1) • (Which? magazine because) unbiased advice (1) detailed (1) can access easily through magazine/library or website (1) • (Moneyexpert.com because) information regularly updated (1) impartial (1) history of being reliable (1) 	(2)

Question number	Answer	Mark
10 (a) (i)	<p>1 mark for accurately identifying how the payment of interest and capital works in each case.</p> <p>Possible answers:</p> <ul style="list-style-type: none"> • (Repayment) Payments to the lender reduce the capital sum owed (1) as well as the interest charge (1) • (Interest only) Interest charges are paid (1) no repayment of capital (1) 	(2 x 2) (4)

Question number	Answer	Mark
10 (a) (ii)	<p>For each type of mortgage, 1 mark for a benefit and, 1 mark for a disadvantage</p> <p>Possible answers include:</p> <p><i>Repayment mortgage - benefit:</i> the loan reduces as capital is repaid</p> <p><i>Repayment mortgage - disadvantage:</i> early payments are largely interest so capital sum does not fall much at start/more expensive because capital is being repaid</p> <p><i>Interest-only mortgage - benefit:</i> lower monthly payment</p> <p><i>Interest-only mortgage - disadvantage:</i> capital sum is not being repaid/another investment or savings plan is needed to repay the capital sum</p>	(4 x 1) (4)

Question number	Answer	Mark
10 (b)	<p>Any two reasons can be given. For each reason, 1 mark is available for stating why, with 1 mark for further development.</p> <p>Possible answers:</p> <ul style="list-style-type: none"> • Independent body (1) so has no bias towards any provider (1) • Comprehensive coverage (1) advice is wide ranging/will cover what Den and Sandy need to know (1) • Specially designed for consumers (1) has the stated aim of helping them achieve a fair deal/statutory objective of protecting consumers (1) 	(4)

Question number	Answer	Mark
11(a)	<p>For each benefit, 1 mark is available for stating what it is/providing partial information, and 1 mark for outlining why/providing fuller information.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • A range of providers can be compared from home (1) so cheaper for Den and Sandy/avoids travel costs (1) • Internet users often receive a price discount (1) when compared to 'high street' purchase (1) <p>(2 x 2)</p>	(4)

Question number	Answer	Mark
11(b)	<p>1 mark for identifying a relevant factor or evidence (maximum 3 marks).</p> <p>Up to 6 marks available in total for explanation. Possible answers include:</p> <ul style="list-style-type: none"> • Evidence they want to protect their dog (scenario) (1) Sandy is fond of it which suggests they would want to pay any vet's fees (1) - pet insurance would give Sandy 'peace of mind' (article) (1) • Evidence they have little saved/they do not save (scenario) (1) - means they may not be able to afford the vet's fees (1) - and they have other spending priorities at present such as a holiday/lifestyle (scenario) (1) • Evidence of high cost of vet's fees (article) (1) - pet insurance would protect them against a major outlay which they might not be able to afford (scenario) (1) - but they will have to pay £186 a year even if the dog stays well (1) - and they can expect premiums to increase by about 10%/about £19 next year (1) • Future financial commitments are likely to change (scenario) (1) - they plan to start a family/buy a house (1) - will put pressure on their ability to meet premiums (1) - which are likely to rise in the future (article) (1) 	(8)

Question number	Answer	Mark
12	<p>Up to 8 marks are available for accurate advantages and disadvantages of the providers.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • Nationwide is the cheapest in the short term (1) and after the fixed period it offers the lowest rate/gives the lowest APR overall (1) but the initial rate is for 2 years only (1) and only a maximum 90% loan (1) • Darlington is the second cheapest (1) and this rate is fixed for the longest period (1) but the subsequent rate is the second highest/almost as high as Coventry's (1) and again only 90% is obtainable (1) • Coventry is the most expensive both initially (1) and in the longer term (1) but at least the rate is fixed for 4 years (1) and it is the only one offering a 100% mortgage (1) <p>Up to 3 marks are available for relating the advantages/disadvantages to Den and Sandy's financial situation.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • They have little capital saved (1) - Den's seasonal work/Sandy's part time work suggest times of low income (1) - there is little evidence of them being able to save regularly (1) <p>Up to 2 marks are available for a judgement based on the above.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • Coventry because they can budget over 4 years (1) - and it means they do not have to find such a large deposit (1) • Nationwide because it is the cheapest (1) if they can find the deposit needed (1) 	(12)