

Please check the examination details below before entering your candidate information

Candidate surname					Other names				
Centre Number					Learner Registration Number				
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**Pearson BTEC Level 3 Nationals Extended Certificate,
Foundation Diploma, Diploma, Extended Diploma**

Time 2 hours

Paper reference	31463H
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**Business/Enterprise and
Entrepreneurship**

UNIT 3: Personal and Business Finance

You must have: Calculator	Total Marks
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Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and learner registration number.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*
- Show your working when requested.

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- There are two sections: Section A, Personal Finance and Section B, Business Finance.
- You may use a calculator.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your calculations and show the steps you have used.

Turn over ►

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SECTION A – Personal Finance

Answer ALL questions. Write your answers in the spaces provided.

You should spend up to 45 minutes on this section.

- 1** Give **two** advantages of using a price comparison website when choosing a savings account.

1

2

(Total for Question 1 = 2 marks)

- 2** State **two** reasons why an individual should consider their expenditure when planning their personal finances.

1

2

(Total for Question 2 = 2 marks)

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3 Explain **one** disadvantage for a consumer of using cash as a method of payment.

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(Total for Question 3 = 2 marks)

4 Explain **two** advantages for a consumer of using an overdraft to borrow money.

1

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(Total for Question 4 = 4 marks)

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(Total for Question 5 = 6 marks)

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(Total for Question 6 = 12 marks)

TOTAL FOR SECTION A = 28 MARKS



SECTION B – Business Finance

Answer ALL questions. Write your answers in the spaces provided.

You should spend up to 75 minutes on this section.

7 Give **two** types of capital income.

1

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2

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(Total for Question 7 = 2 marks)

8 Explain **one** way that a cash flow forecast may be used by a business.

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(Total for Question 8 = 2 marks)

9 Explain **one** effect of 'amortisation' on the final accounts of a business.

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(Total for Question 9 = 2 marks)

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Emilia is planning to sell a new range of organic ice creams from a dedicated outdoor stall. The ice creams will include one scoop of ice cream served in a waffle cone. She will rent the space for the stall from another local business. She has produced the following information:

Selling price per unit	£2.75
Cost of cone per unit	30p
Cost of ice cream per unit	80p
Number of units to break-even	6 500

10 (a) Calculate the annual fixed costs to operate the ice cream stall.

(3)

Show your workings.

Emilia carries out some market research and discovers that several competing products are sold at a higher price of £3.50

(b) Calculate the **change** in the break-even point if Emilia increases her selling price to £3.50

(3)

Show your workings.



Emilia's market research suggests that she will sell 5 000 ice creams each year at the increased price of £3.50

- (c) Calculate the margin of safety for the year based on the increased price of £3.50 per ice cream.

(2)

Show your workings.

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(d) Analyse whether increasing the price of the ice creams will increase the profit made by Emilia's business.

(8)

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(Total for Question 10 = 16 marks)



Jalen runs a small business called *Vetropak* that produces packaging for the food industry. He has given you the following financial information, which is incomplete.

11 (a) Complete the statement of financial position for *Vetropak* by calculating:

- (i) Accumulated depreciation of machinery
- (ii) Trade receivables
- (iii) Short-term bank loan
- (iv) Net current assets/liabilities
- (v) Long-term bank loan
- (vi) Retained profit
- (vii) Capital employed.

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Vetropak

Statement of financial position as at 31 December 2021

	Cost	Accumulated depreciation	Net book value	
	£	£	£	
Non-current assets				
Machinery	358 000	(i)	329 027	(1)
			<u>329 027</u>	
Current assets				
Inventory		25 897		
Trade receivables		(ii)		(1)
Bank		2 569		
Cash		278		
		<u>39 373</u>		
Current liabilities				
Trade payables		17 435		
Short-term bank loan		(iii)		(1)
		<u>27 189</u>		
Net current assets/liabilities			(iv)	(1)
Non-current liabilities				
Long-term bank loan			(v)	(1)
Net assets			<u>321 211</u>	
Financed by				
Capital			276 300	
Retained profit			(vi)	(1)
Capital employed			(vii)	(1)



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Jalen's accountant has identified two omissions from *Vetropak's* statement of financial position:

- £350 rent which was pre-paid as at 31 December 2020
- £250 electricity which is paid quarterly in arrears.

(b) Calculate the revised total current assets in the statement of financial position as at 31 December 2020.

(1)

Show your workings.

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(c) Calculate the revised total current liabilities in the statement of financial position as at 31 December 2020.

(1)

Show your workings.

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Jalen is planning to purchase a second-hand van at a cost of £25 000. He will depreciate the vehicle by 16.5% each year using the straight line method.

(d) Calculate the net book value of the van at the end of the **second** year.

(3)

Show your workings.

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(Total for Question 11 = 30 marks)

TOTAL FOR SECTION B = 52 MARKS

TOTAL FOR PAPER = 80 MARKS

