

Write your name here	
Surname	Other names
Edexcel Principal Learning	Centre Number
	Candidate Number
Business, Administration and Finance	
Level 2	
Unit 3: Personal Finance and Financial Services	
Monday 18 January 2010 – Afternoon Time: 1 hour	Paper Reference BA203/01
You may use a calculator.	Total Marks

Instructions

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

Information

- The total mark for this paper is 50.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

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Some questions must be answered with a cross .
If you change your mind about an answer, put a line through the box
and then mark your new answer with a cross .

1 Which of the following is a definition of money?

A	A credit card	<input type="checkbox"/>
B	Something accepted to settle payment	<input type="checkbox"/>
C	A cheque	<input type="checkbox"/>
D	Credit balance on a mobile phone	<input type="checkbox"/>

(Total for Question 1 = 1 mark)

2 You purchase a new car and pay for it by an agreed regular amount over five years.
Which method of borrowing would this be?

A	An overdraft	<input type="checkbox"/>
B	A credit card	<input type="checkbox"/>
C	A mortgage	<input type="checkbox"/>
D	A bank loan	<input type="checkbox"/>

(Total for Question 2 = 1 mark)

3 At what age is an employee required to start paying National Insurance Contributions?

A	14 years of age	<input type="checkbox"/>
B	16 years of age	<input type="checkbox"/>
C	18 years of age	<input type="checkbox"/>
D	21 years of age	<input type="checkbox"/>

(Total for Question 3 = 1 mark)

4 Which **one** of the following is a security feature of a £10 note?

A	The Queen's signature	<input type="checkbox"/>
B	PIN number	<input type="checkbox"/>
C	Metallic strip	<input type="checkbox"/>
D	Date of issue	<input type="checkbox"/>

(Total for Question 4 = 1 mark)



5 The **main** reason for planning a personal budget is:

A	it will help me control my finances	<input type="checkbox"/>
B	it will give me less money to spend	<input type="checkbox"/>
C	it will help me spend all of my money	<input type="checkbox"/>
D	it will help me make better use of the computer	<input type="checkbox"/>

(Total for Question 5 = 1 mark)

6 A property of money is that it is durable.

This means it is:

A	hard wearing	<input type="checkbox"/>
B	easy to carry around	<input type="checkbox"/>
C	easily recognisable	<input type="checkbox"/>
D	hard to counterfeit	<input type="checkbox"/>

(Total for Question 6 = 1 mark)

7 Which **one** of the following is a risk-free financial product?

A	Shares	<input type="checkbox"/>
B	Premium bonds	<input type="checkbox"/>
C	Locked cashbox	<input type="checkbox"/>
D	Mortgage	<input type="checkbox"/>

(Total for Question 7 = 1 mark)



8 Read the following statements.

"I need to buy a new car. I have to pay for it now but can't afford to and would prefer to pay for it in monthly instalments"

Jenny

"I will keep some of the wages from my part time job to take driving lessons as soon as I'm old enough"

Dani

"I love buying new clothes and always use my New Look account"

Kim

"I desperately need a new mobile phone but I have no money. I expect some money for my birthday but that's not until next month"

Kenzo

In the table below there are three financial products. There is only one person suitable for each product. Put a cross in the correct box to identify who would use each product.

Product	Dani	Kenzo	Kim	Jenny
Taking out a bank loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Arranging an overdraft	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A regular savings account	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Total for Question 8 = 3 marks)



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9 Libby and her friends are planning a holiday in Australia. The group of friends are going to visit two different locations. Libby has decided to take out a loan to pay for the holiday.

(a) (i) In order to work out how much she needs to borrow Libby needs to prepare a holiday budget.

Return flight at £833.30

Accommodation at Kangaroo Island for 10 nights at £12.66 per night

Accommodation at Wollongon for 7 nights at £17.26 per night

Spending money £1000

Gift from parents of £300

Using this information, complete Libby's budget in the table below.

(5)

Item	Income		Expenditure	
	£	p	£	p
Return flight			833	30
Accommodation at Kangaroo Island				
Accommodation at Wollongon				
Spending money				
Gift from parents	300	00		
Total				

(ii) Using the budget above, calculate how much Libby will need to borrow.

(1)

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(b) Libby plans on taking £1000 spending money and this needs converting into Australian dollars (AUD).

Information on exchange rates is as follows:

Marks and Spencer Bureau de Change		
Exchange rate		2.094 AUD to the £
Commission		0%
Lloyds TSB Bureau de Change		
Exchange rate		2.099 AUD to the £
Commission		2%

(i) Using this information, calculate how many Australian dollars Libby would get from Marks and Spencer **and** Lloyds TSB. Show all of your working.

(4)

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(ii) Recommend the best option for Libby.

(1)

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(Total for Question 9 = 11 marks)



10 Libby decides to borrow £2000 to pay for her holiday. The table below shows the different options available to her.

Source of Finance	Interest Rate	Monthly Payments	Duration of Finance	Total Repaid
Internet loan	13.7%	£189.50	12 months	£2274.00
Bank loan 1	17.46%	£195.77	12 months	£2349.20
Bank loan 2	16.9%	£97.42	24 months	£2338.00

Justify which of the above sources of finance would be the best option for Libby.

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(Total for Question 10 = 5 marks)



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11 Dylan has a part time job that pays a basic rate of £6.50 per hour. He has a 16 hour per week contract. When he works overtime on Sunday he is paid at time and a half. This week he has done 8 hours overtime.

(a) Complete the payslip below to show Dylan's:

- basic pay
- overtime pay
- gross pay
- net pay

Show all your workings.

(5)

Space for working

Name Dylan Thompson		Date 26/05/10	NI Number AB547122D
PAYMENTS		DEDUCTIONS	
Basic pay	PAYE	£12.40
Overtime pay	National Insurance	£11.83
Location	Year to date	This Week	
Store 21	Gross Pay to date	£1560.00	Gross Pay
	PAYE to date	£158.56
	NI to date	£147.09	
Tax Code 599L	Pay Method Bacs weekly	Net Pay



(b) Dylan wants to open a new bank account. He is not sure whether to open a current account or a savings account.

(i) Describe **one** benefit of a current account.

(2)

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(ii) Describe **one** benefit of a savings account.

(2)

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(c) Dylan decides to open a savings account with a variable rate of interest.

Evaluate the risk associated with this decision.

(5)

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(Total for Question 11 = 14 marks)



12 Mina is thinking about applying for a credit card, but is unsure whether this would be right for her.

(a) Explain **two** advantages of a credit card.

(4)

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