

Write your name here

Surname

Other names

**Edexcel
Principal Learning**

Centre Number

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Candidate Number

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Business, Administration and Finance

Level 2

Unit 3: Personal Finance and Financial Services

Friday 25 May 2012 – Morning

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.

Turn over ►

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PEARSON

Answer ALL questions.

Some questions must be answered with a cross in a box ☒. 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 **one** of the following is a source of personal income?

A	Loan interest	<input type="checkbox"/>
B	Savings interest	<input type="checkbox"/>
C	Mortgage interest	<input type="checkbox"/>
D	Credit card interest	<input type="checkbox"/>

(Total for Question 1 = 1 mark)

2 A property of money is that it is durable.

Which **one** of the following is a definition of 'durable'?

A	Easy to carry around	<input type="checkbox"/>
B	Contains a hologram	<input type="checkbox"/>
C	Hard wearing and long lasting	<input type="checkbox"/>
D	Difficult to counterfeit or copy	<input type="checkbox"/>

(Total for Question 2 = 1 mark)

3 Which **one** of the following are you **most likely** to go to for advice on mortgage products?

A	Bank or building society	<input type="checkbox"/>
B	Citizens Advice Bureau	<input type="checkbox"/>
C	Revenue and Customs	<input type="checkbox"/>
D	Department for Work and Pensions	<input type="checkbox"/>

(Total for Question 3 = 1 mark)

4 Which **one** of the following is a benefit of planning a personal budget?

A	Keeping a diary of spending	<input type="checkbox"/>
B	Identification of monthly bills	<input type="checkbox"/>
C	Knowledge of taxation levels	<input type="checkbox"/>
D	Maintaining a good credit rating	<input type="checkbox"/>

(Total for Question 4 = 1 mark)



5 Which **one** of the following indicates that someone is risk averse?

A	Buying a lottery ticket every week	<input type="checkbox"/>
B	Investing savings in stocks and shares	<input type="checkbox"/>
C	Putting surplus cash into a savings account	<input type="checkbox"/>
D	Buying only designer label clothes and shoes	<input type="checkbox"/>

(Total for Question 5 = 1 mark)

6 Which **one** of the following means the same as 'cambio'?

A	Citizens Advice Bureau	<input type="checkbox"/>
B	Bureau de Change	<input type="checkbox"/>
C	Building Society	<input type="checkbox"/>
D	Post Office	<input type="checkbox"/>

(Total for Question 6 = 1 mark)

7 Which **one** of the following do you need to withdraw cash from an ATM?

A	PIN number	<input type="checkbox"/>
B	Password	<input type="checkbox"/>
C	Phone number	<input type="checkbox"/>
D	Username	<input type="checkbox"/>

(Total for Question 7 = 1 mark)



8 Read the following statements.

"I am up to the limit on my two credit cards. I have a bank loan and am behind with my mortgage repayments. Now I am also on unemployment benefits."

Paula

"I have enough money for a deposit on a house and want to know about getting a mortgage."

Sanjiv

"I have been promoted at work and have some spare money each month that I would like to save."

Sam

"I'm planning for retirement and need information."

Jimi

"I have been missold an insurance policy and need help. I can't afford a solicitor to help me."

Abdul

Using the information in these statements, identify the person who:

(a) should go to the Citizens Advice Bureau.

(1)

(b) needs advice from a debt counsellor.

(1)

(c) should talk to the Department for Work and Pensions.

(1)

(Total for Question 8 = 3 marks)



9 Nina is planning to buy a car when she passes her driving test. She now wants to save as much money as possible to pay for the car, road tax and insurance.

Nina has decided to set out a personal budget to help with her planning. Her income and expenditure are as follows:

Monthly salary	£820.00
eBay sales	£109.84
Rent and bills	£400.00
Bus fares to work	£80.80
Food and drink	£200.00
Socialising	£100.00
Driving lessons	£80.00

(a) (i) Complete Nina's budget.

(5)

Item	Income		Expenditure	
	£	p	£	p
Monthly salary				
eBay sales	109	84		
Rent and bills				
Bus fares to work			80	80
Food and drink			200	00
Socialising			100	00
Driving lessons				
Totals				

(ii) Using the budget information above, calculate the difference between Nina's total income and total expenditure.

(1)

Space for working

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(b) Nina may need to take out a loan when she buys her car. She has information on the following loan products.

Lender	Interest rate (APR)	Amount borrowed	Loan term (months)	Monthly payments	Total repaid
Amigon International	15.7%	£3 000	48	£82.99	£3 983.52
Shires Bank	8.7%	£5 000	48	£122.94	£5 901.12
SCOTCO	8.7%	£5 000	60	£102.27	£6 316.20

(i) Using the above information, recommend the best loan option for Nina.

(1)

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(ii) Explain why this is the best option for Nina.

(4)

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(Total for Question 9 = 11 marks)



10 Using examples, outline **two** ethical banking practices.

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(Total for Question 10 = 6 marks)



11 Ruby will be starting work soon and her wages will be paid directly into a bank account. She can open either a current account or a savings account.

(a) (i) Outline **one** similarity between each of these types of accounts.

(2)

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(ii) Outline **two** differences between each of these types of accounts.

(4)

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(b) When Ruby opened her current account she was offered a credit card.

Explain the advantages of having a credit card.

(4)

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(Total for Question 11 = 10 marks)



12 Xavier is planning a trip to Argentina. He is doing as much advanced financial planning as possible.

From a security point of view Xavier is not sure if he is safer with cash or traveller's cheques.

(a) Explain why traveller's cheques are more secure than cash.

(4)

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(b) Xavier can only convert US dollars (\$) into Argentinean Pesos (ARS) once he is in the country.

Information on exchange rates is as follows:

Buenos Aires Bank		
Exchange rate		\$1 = 3.9600ARS
Commission		1.2%

Xavier needs to convert \$250 (USD) into Argentinean Pesos (ARS).

Using this information, calculate how many Argentinean Pesos Alex will get from Buenos Aires Bank.

Give your answer to two decimal places.

Show all of your working.

(3)

Space for working

Answer:

(c) Why might Xavier not be given these exchange rates when he gets to Argentina?

(3)

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(d) When Xavier buys gifts in Argentina he will have to pay a purchase tax. This is like the VAT charged in the UK.

Why is this a type of indirect taxation?

(3)

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(Total for Question 12 = 13 marks)

TOTAL FOR PAPER = 50 MARKS



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