

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**

Tuesday 4 June 2013 – 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.

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 form of 'near' money?

<b>A</b>	Pay slip	<input type="checkbox"/>
<b>B</b>	Bank statement	<input type="checkbox"/>
<b>C</b>	Payment receipt	<input type="checkbox"/>
<b>D</b>	Travellers cheque	<input type="checkbox"/>

**(Total for Question 1 = 1 mark)**

**2** Which **one** of the following financial products would you be **most likely** to use to purchase a house?

<b>A</b>	Personal loan	<input type="checkbox"/>
<b>B</b>	State benefits	<input type="checkbox"/>
<b>C</b>	Mortgage	<input type="checkbox"/>
<b>D</b>	ISA	<input type="checkbox"/>

**(Total for Question 2 = 1 mark)**

**3** Which **one** of the following is a type of personal tax?

<b>A</b>	Income Tax	<input type="checkbox"/>
<b>B</b>	Corporation Tax	<input type="checkbox"/>
<b>C</b>	Value Added Tax	<input type="checkbox"/>
<b>D</b>	Inheritance Tax	<input type="checkbox"/>

**(Total for Question 3 = 1 mark)**

**4** Which **one** of the following does **not** offer advice on personal taxes?

<b>A</b>	Independent Financial Advisor	<input type="checkbox"/>
<b>B</b>	HM Revenue and Customs	<input type="checkbox"/>
<b>C</b>	Financial Services Authority	<input type="checkbox"/>
<b>D</b>	Citizens Advice Bureau	<input type="checkbox"/>

**(Total for Question 4 = 1 mark)**



5 Which **one** of the following is an ethical consumer?

A person who pays for:

A	the name	<input type="checkbox"/>
B	Fairtrade goods	<input type="checkbox"/>
C	value for money	<input type="checkbox"/>
D	the cheapest goods	<input type="checkbox"/>

(Total for Question 5 = 1 mark)

6 A £1 coin is equal to 100 pennies.

This means that it is:

A	portable	<input type="checkbox"/>
B	durable	<input type="checkbox"/>
C	valuable	<input type="checkbox"/>
D	divisible	<input type="checkbox"/>

(Total for Question 6 = 1 mark)

7 Which **one** of the following is a description of the price of one currency against another currency?

A	Exchange rate	<input type="checkbox"/>
B	Foreign currency	<input type="checkbox"/>
C	Currency converter	<input type="checkbox"/>
D	Rate of inflation	<input type="checkbox"/>

(Total for Question 7 = 1 mark)



8 Read the following statements.

'I had an accident that left me disabled and I can no longer work.'

Colin

'I have a debit card that expires next month so I will need to get a replacement.'

Heidi

'I needed to buy a new car, to get me to work, but didn't have enough money saved.'

Marissa

'I have some money that my Grandma left me so I am using it as a deposit to buy a house.'

Ettienne

'I have a bank statement that shows my monthly salary is paid in regularly.'

Jared

Using the information in these statements, name the person whose sources of income mean they:

(a) received an inheritance.

(1)

(b) are in receipt of state benefits.

(1)

(c) went to a bank or other lender.

(1)

**(Total for Question 8 = 3 marks)**



9 Ollie has started work for the first time and needs to open a current account so his wages can be paid into it.

(a) What type of financial institution will Ollie go to so he can open a current account?

(1)

(b) Ollie has just received his first bank statement.

An extract of Ollie's bank statement is shown below.

Date	Payment Type and Details	Paid Out	Paid In	Balance
	Opening Balance			10.00
08 Jun	Salary BACS		400.45	410.45
09 Jun	Cash Front Street ATM	75.00		335.45
13 Jun	Shires District Council cheque	210.00		125.45
16 Jun	Cash Front Street ATM	75.00		50.45
23 Jun	Cash Front Street ATM	75.00		OD24.55
24 Jun	Bank Charges unauthorised overdraft	20.00		OD44.55

(i) Outline **one** advantage to Ollie of paying Shires District Council by cheque.

(2)



(ii) The bank charged Ollie £20 for being overdrawn.

Explain to Ollie what he could do to avoid these charges in the future.

(4)

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(c) Ollie needs to dress smartly for work. He buys new clothes on a regular basis. He is thinking of applying for a store card at his favourite clothes shop.

Outline **two** disadvantages of store cards.

(4)

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2 .....

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**(Total for Question 9 = 11 marks)**



**10** Pablo is back in the UK after a visit home to Spain. He has 110 Euros (€) left which he wants to change into GB Pounds Sterling (£).

Pablo has the following information on currency prices.

Abacus Bureau de Change	
Currency price	€0.8727 = £1
Commission	1.9%

(a) Using this information calculate how many GB Pounds Sterling (£) Pablo will get for his €110. Give your answer to two decimal places. Show all of your working.

(3)

Space for working

Euros (€) to GB Pound Sterling (£) .....

Commission .....

Final amount .....

(b) Explain to Pablo why changes in currency prices could increase or decrease the amount he would receive.

(4)

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**(Total for Question 10 = 7 marks)**



11 Serena started work three months ago and below is her payslip.

Heigh Ho Fashions Ltd		Date: 30/05/13	
Name: Serena Sandhu	National Insurance Number: VM 15 38 29 B	Tax Code: 647L	
<b>Year to date</b>		<b>SALARY this period</b>	
Gross pay to date	£3580.20	Basic Pay	£1150.00
PAYE tax to date	£421.47	Overtime	£130.20
National Insurance Contributions (NIC) to date	£179.01	<b>Gross Pay</b>	<b>£1280.20</b>
Employer NI to date	£286.41		
		<b>DEDUCTIONS this period</b>	
Payment period	Monthly	PAYE Tax	£170.44
Payment method	BACS	National Insurance Contributions (NIC)	£64.10
Employer NI	£102.40	<b>Total Deductions</b>	.....
		<b>NET PAY</b>	.....

(a) Complete the payslip above to show:

- Total deductions
- Net Pay

Show your working.

(2)

Space for working





(b) What is meant by each of the following payslip terms:

(i) Gross pay to date.

(1)

(ii) National Insurance Contributions (NIC).

(1)

(c) The payslip shows the tax paid by Serena.

Discuss how the government uses the tax income it receives.

(6)

**(Total for Question 11 = 10 marks)**



**12** Simon and Yussef have both almost finished their accountancy apprenticeships and will soon be earning enough money to be more independent. They decide to share a flat.

(a) Simon is concerned that between them they are paying £900 per month rent. He believes they could make better use of this money. They decide the best option would be to buy a property by taking out a mortgage.

Assess the benefits to Simon and Yussef of buying a property.

(6)

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(b) Simon and Yussef will need a deposit to get a mortgage.

Identify **three** sources of money they could use for the deposit.

(3)

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3 .....

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(c) Simon and Yusef have been advised by a leading high street bank who have offered them a mortgage.

State **three** factors they should consider before accepting the advice they have received from the high street bank.

(3)

1 .....

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2 .....

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3 .....

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**(Total for Question 12 = 12 marks)**

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**TOTAL FOR PAPER = 50 MARKS**



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