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Pearson BTEC Level 3 Nationals Extended Certificate	Centre Number					Learner Registration Number				
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<h1>Business / Enterprise and Entrepreneurship</h1> <h2>Unit 3: Personal and Business Finance</h2>										
Wednesday 17 January 2018 – Afternoon						Paper Reference				
Time: 2 hours						31463H				
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 100.
- 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.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your calculations and the steps you have used.
- Check your answers if you have time at the end.

Turn over ►

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SECTION A: Personal Finance

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

You are advised to spend 40–45 minutes on this section.

1 Identify **two** different types of current accounts.

1

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2

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(Total for Question 1 = 2 marks)

2 Identify **two** features of travel insurance.

1

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2

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(Total for Question 2 = 2 marks)

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3 Outline **two** advantages to the consumer of using a price comparison website.

1

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2

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(Total for Question 3 = 4 marks)

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(Total for Question 4 = 6 marks)



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(Total for Question 5 = 10 marks)



Malik wants to buy a house in five years' time. He recently inherited £8 000 which could be used towards a mortgage deposit. He would like to increase the value of his inheritance before he purchases a property. He has no other savings. He feels he could save a further £50 a month. Malik is aware that the interest rates on savings accounts are low and that they may change in the future. He has done some research and found the following financial products.

This table gives some information about products from different organisations.

Provider and product	Interest and charges	Features
<i>QZZ Investments</i> Stocks and shares ISA	Charge of £60 plus VAT per annum Dealing charge of 0.2% on sales and purchases No guaranteed return – previously averaged 7%	Minimum investment £500 No more than 3 withdrawals a year Monthly savings facility Tracks the top 100 UK companies
<i>Devon Building Society</i> Cash ISA	No charges 1.5% AER return	Minimum investment £100 Instant access No notice period Variable interest rate
<i>Westshire Bank</i> Fixed Rate Bond	1.95% AER return	Minimum investment £5 000 No withdrawals for 5 years Five-year bond End of term bonus £100 Interest can be withdrawn annually
<i>Ashridge Bank</i> Fixed Rate Bond	1.7% AER return	Minimum investment £1 000 No withdrawals for 2 years Two-year bond No bonus Interest can be withdrawn monthly

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6 Evaluate which financial products would be the most suitable for Malik.

(12)

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(Total for Question 6 = 12 marks)

TOTAL FOR SECTION A = 36 MARKS



SECTION B: Business Finance

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

You are advised to spend 75–80 minutes on this section.

Arabella owns a small business, *Bella's Bean Bags*, making and selling bean bag chairs. Arabella sells these bean bag chairs at various markets each Thursday, Friday and Saturday. She buys the covering material and filling from a wholesaler. She employs a member of staff to make the bean bags.

The bean bags are made and stored in a small rented unit. She uses social media to promote the business.

Arabella regularly sells out her stock and is struggling to keep up with demand. She is looking to expand her business and has asked for your help.

Businesses such as *Bella's Bean Bags* incur revenue expenditure.

7 Identify **two** different types of revenue expenditure that a small business is likely to have.

1

2

(Total for Question 7 = 2 marks)

8 Give **two** examples of capital income that a small business is likely to have.

1

2

(Total for Question 8 = 2 marks)

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Arabella has given you the following financial information:

Bean bag chair size	Weekly production target/sales	Selling price	Materials per bag	Filling per bag
Large	36	£18	£2.75	£3.50

She pays her employee a weekly wage of £190 for 20 hours of work. Each bean bag chair takes 30 minutes to complete. She has annual fixed costs of £3 780.

9 (a) Calculate the variable cost of each large bean bag chair.

(3)

Show your workings

Arabella has a **weekly** production target of 36 bean bag chairs.

(b) Calculate the margin of safety **for the year**.

(4)

Show your workings



Bella's Bean Bags has completed its first year of trading. The following financial information has been provided for you to complete *Bella's Bean Bags* statement of comprehensive income.

	£
Cash sales	37 596
Cost of materials purchased	13 575
Credit sales	1 500
Discount allowed	120
Rent	2 360
Wages	18 900
Trade payables	2 100
Utilities	381

Additional information

- 1 *Bella's Bean Bags* has non-current assets of an industrial sewing machine and a trailer which together originally cost £2 835. She has decided to depreciate her non-current assets by 20% using the straight line method.
- 2 Rent of £280 has been paid in advance for the next financial year.

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(c) Complete *Bella's Bean Bags* statement of comprehensive income for the financial year ending 31 December 2016.

(9)

Show your workings

Bella's Bean Bags
Statement of comprehensive income for the year ending
31 December 2016

	£	£
Sales revenue		
Cost of sales	13 575	
Gross profit		
Expenses		
Wages	18 900	
Utilities	381	
Total expenses		

(Total for Question 9 = 16 marks)



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Arabella has been offered a contract with a local retailer to provide 500 small bean bag chairs. The retailer will pay only £12 for a small bean bag chair. Arabella has estimated that it would still take 30 minutes to produce each bean bag chair. She plans to employ a less experienced member of staff who she would pay a lower rate of £8.50 per hour. She would also have the following variable costs for the small bean bag chair:

Bean bag chair size	Selling price	Material per bag	Filling per bag
Small	£12	£2.25	£3.00

- 10 (a) (i) Calculate the **total contribution for this order** if Arabella accepts this contract.

(3)

Show your workings

- (ii) Calculate the gross profit margin **percentage for this order** if Arabella accepts this contract.

(2)

Show your workings

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Arabella has approached a different supplier who can supply the materials and fillings more cheaply. Her wage costs remain at £8.50 per hour. It will still take 30 minutes to produce each bean bag chair and she will still be able to sell these small bean bag chairs for £12.

Bean bag chair size	Selling price	Material per bag	Filling per bag
Small	£12	£2.10	£2.90

- (b) Calculate the mark-up percentage achieved per bean bag chair if *Bella's Bean Bags* uses this alternative supplier.

(3)

Show your workings

(Total for Question 10 = 8 marks)



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(Total for Question 12 = 8 marks)



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(Total for Question 13 = 10 marks)

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(Total for Question 14 = 12 marks)

TOTAL FOR SECTION B = 64 MARKS
TOTAL FOR PAPER = 100 MARKS

