

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 17 January 2012 – 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 key feature of a banknote?

<b>A</b>	It is a form of credit	<input type="checkbox"/>
<b>B</b>	It has a watermark	<input type="checkbox"/>
<b>C</b>	It is a form of e-money	<input type="checkbox"/>
<b>D</b>	It has an account number	<input type="checkbox"/>

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

**2** Which **one** of the following is the main purpose of money?

<b>A</b>	It is a form of borrowing	<input type="checkbox"/>
<b>B</b>	It is a type of savings account	<input type="checkbox"/>
<b>C</b>	It is a personal source of income	<input type="checkbox"/>
<b>D</b>	It is a method of settling payments	<input type="checkbox"/>

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

**3** Which **one** of the following would you go to for free financial advice?

<b>A</b>	Banking ombudsman	<input type="checkbox"/>
<b>B</b>	Citizens Advice Bureau	<input type="checkbox"/>
<b>C</b>	Independent financial adviser	<input type="checkbox"/>
<b>D</b>	Department of Work and Pensions	<input type="checkbox"/>

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

**4** Which **one** of these businesses would sell a Premium Bond?

<b>A</b>	Post Office	<input type="checkbox"/>
<b>B</b>	Building society	<input type="checkbox"/>
<b>C</b>	High street bank	<input type="checkbox"/>
<b>D</b>	National Lottery outlet	<input type="checkbox"/>

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



5 Which **one** of the following is a type of debt?

<b>A</b>	Debit card	<input type="checkbox"/>
<b>B</b>	Cash card	<input type="checkbox"/>
<b>C</b>	Credit card	<input type="checkbox"/>
<b>D</b>	Cheque guarantee card	<input type="checkbox"/>

(Total for Question 5 = 1 mark)

6 Which **one** of the following is an indirect tax?

<b>A</b>	Income Tax	<input type="checkbox"/>
<b>B</b>	Inheritance Tax	<input type="checkbox"/>
<b>C</b>	Value Added Tax (VAT)	<input type="checkbox"/>
<b>D</b>	Pay As You Earn (PAYE)	<input type="checkbox"/>

(Total for Question 6 = 1 mark)

7 Which **one** of the following is typical of a current account?

<b>A</b>	Usually earns little or no interest	<input type="checkbox"/>
<b>B</b>	It offers an ethical form of banking	<input type="checkbox"/>
<b>C</b>	It is a good way to save money regularly	<input type="checkbox"/>
<b>D</b>	Usually needs a seven day notice to withdraw money	<input type="checkbox"/>

(Total for Question 7 = 1 mark)



8 Read the following statements.

"I am 19 years old and have a good job working as an accounts technician. I want to save for a holiday."

Billie

"I am 16 years old and go to college. It is close to where I live so I can go home for lunch."

Kai

"I am 18 years old and have been promoted at work. This means travelling 20 miles further each day. Public transport is not good so I must buy a car now."

Wei

"I am 17 years old and considering university courses. I want to keep my part time job and still live at home. I'm going to go to a university within easy travelling distance of home."

Sam

"I am 16 years old and will be starting a Business Administration apprenticeship soon. I will be getting a regular wage for the first time."

Afra

Using the information in these statements, identify the person who will need to:

(a) take out a bank loan.

(1)

(b) consider regular savings plans.

(1)

(c) begin paying National Insurance Contributions.

(1)

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



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9 Alex has been working in Paris for six months and he is planning to visit his family in the UK.

An extract of his bank statement is shown below.

Date	Payment type and details	Paid out	Paid in	Balance
	Balance brought forward			€ 198.77
18 Dec	Flight Air debit card	€ 129.45		€ 69.32
19 Dec	Safe Saver SO	€ 87.36		OD € 18.04
19 Dec	Salary BACs		€ 1144.68	€ 1126.64
19 Dec	Apartment rental SO	€ 300.00		€ 826.64
20 Dec	Cash Champs Elysees ATM	€ 100.00		€ 726.64

(a) (i) What does the abbreviation BACs mean?

(1)

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(ii) Outline what is meant by the term standing order (SO).

(2)

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Alex wants to buy some gifts at the airport duty free shop and is not sure whether to pay by traveller's cheques or credit card.

(b) Outline **two** advantages to Alex of using traveller's cheques.

(4)

1 .....

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2 .....

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(c) Alex's bank account shows a positive balance of €726.64

Alex has found this information on exchange rates.

Abacus Exchange

Exchange rate      €1 = £0.872

Commission          1.2%

Calculate how many Pounds Sterling (£) Alex will get from Abacus Exchange for his €726.64. Give your answer to two decimal places.

Show all of your working.

(3)

Space for working

£ .....



(d) Outline the effect on the amount of money Alex would receive if the value of the Pound increases against the Euro.

(2)

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**(Total for Question 9 = 12 marks)**





**10** Idris has saved up enough for a deposit on a house and is looking for advice on mortgage products. He could use banks or independent financial advisers.

(a) What is the definition of a mortgage?

(2)

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(b) Outline **two** benefits to Idris of using an independent financial adviser for advice on mortgages.

(4)

1 .....

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**(Total for Question 10 = 6 marks)**



**11** Joss is planning to go on holiday with some friends when she finishes college in the summer. She has decided to set out a holiday budget to help with her planning.

Joss has 24 weeks to save up and pay for her holiday.

Her income and expenditure is as follows:

Babysitting job	£480.00
Savings from part time job	£94.40 per week
Flight	£166.09
Accommodation	£280.80
Food and drink	£500.00
New clothes	£500.00
Spending money	£1500.00

(a) (i) Using the information above, complete Joss's holiday budget.

(7)

Item	Income		Expenditure	
	£	p	£	p
Babysitting				
Savings				
Flight			166	09
Accommodation				
Food and drink			500	00
New clothes				
Spending money			1500	00
<b>Totals</b>				

(ii) Using the information above, calculate Joss's budget deficit.

(1)

£ .....



(b) Using Joss's budget plan, describe **two** ways in which she can address her deficit.

(4)

1 .....

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2 .....

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**(Total for Question 11 = 12 marks)**



**12** Jo has finished college and is determined to do well in her life. She is asking for your advice on budgets and savings plans.

(a) Outline the benefits to Jo of using a regular savings plan.

(4)

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