

Write your name here

Surname	Other names
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Principal Learning

Centre Number	Candidate Number
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Business, Administration and Finance
Level 2
Unit 3: Personal Finance and Financial Services

Wednesday 26 May 2010 – Morning Time: 1 hour	Paper Reference BA203/01
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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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Turn over ►

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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 property of cash?

A	It displays a hologram	<input type="checkbox"/>
B	It contains some silver	<input type="checkbox"/>
C	It is easily carried	<input type="checkbox"/>
D	It is easily destroyed	<input type="checkbox"/>

(Total for Question 1 = 1 mark)

2 Which **one** of the following pays interest?

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

(Total for Question 2 = 1 mark)

3 Which **one** of the following is a feature of a debit card?

A	It can be used to avoid writing cheques	<input type="checkbox"/>
B	It has an interest-free period	<input type="checkbox"/>
C	It can be used to defer payments	<input type="checkbox"/>
D	It has a watermark	<input type="checkbox"/>

(Total for Question 3 = 1 mark)

4 Which **one** of the following is a type of credit?

A	Cheque	<input type="checkbox"/>
B	Loyalty card	<input type="checkbox"/>
C	Store card	<input type="checkbox"/>
D	Travellers' cheque	<input type="checkbox"/>

(Total for Question 4 = 1 mark)



5 Which **one** of the following is a form of direct tax?

A	VAT	<input type="checkbox"/>
B	Income tax	<input type="checkbox"/>
C	Council tax	<input type="checkbox"/>
D	Excise duty	<input type="checkbox"/>

(Total for Question 5 = 1 mark)

6 Freya has a large bank loan and four credit cards. She has lost her job.

Which **one** of the following would be the **best** source of advice regarding her financial problems?

A	Mortgage broker	<input type="checkbox"/>
B	Debt counsellor	<input type="checkbox"/>
C	Pensions advisor	<input type="checkbox"/>
D	Jobcentre Plus	<input type="checkbox"/>

(Total for Question 6 = 1 mark)

7 A form of 'near money' is:

A	a store gift voucher	<input type="checkbox"/>
B	a student card	<input type="checkbox"/>
C	a cheque	<input type="checkbox"/>
D	an online payment account	<input type="checkbox"/>

(Total for Question 7 = 1 mark)



8 Read the following statements.

"I have invested my life savings in shares."

Max

"I use the Cooperative Bank because I know it operates fair trade practices."

Kat

"I love designer clothes and only ever buy something with a brand name."

Carly

"I would rather save up for something than take out a loan."

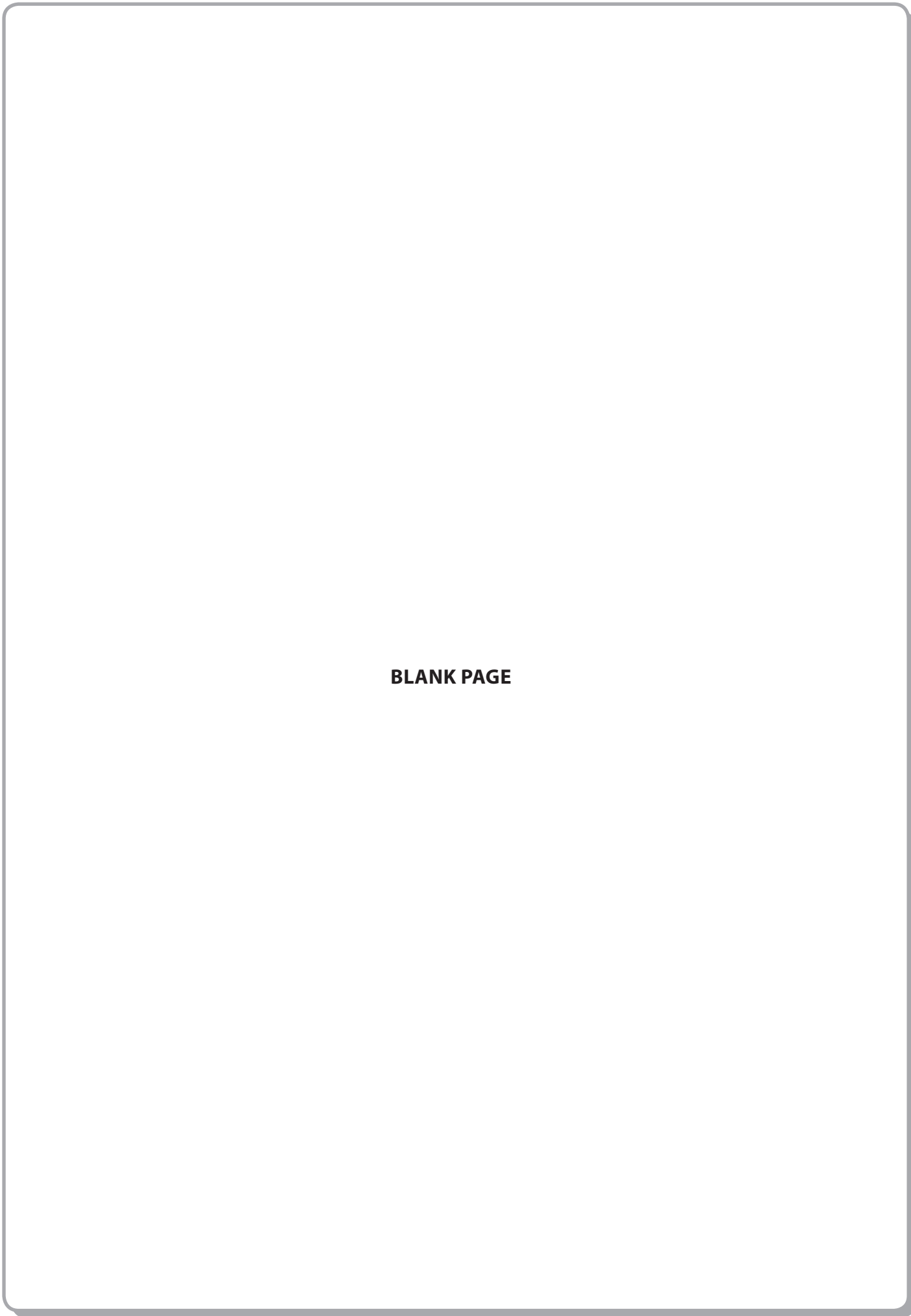
Saluchana

In the table below are three attitudes. There is only **one** person suitable for **each** attitude. Put a cross in the correct box to identify who would have each attitude.

Attitude	Max	Kat	Carly	Saluchana
An ethical consumer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A risk taker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Careful with money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Total for Question 8 = 3 marks)





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5
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9 Zak is a university student living in a rented flat. He has just received a bank statement and is unsure of some of the terms. An extract from his bank statement is shown below.

Date:	Payment type and details:	Paid out:	Paid in:	Balance:
BALANCE BROUGHT FORWARD:				£357.27
30 March	Orange Direct Debit	£53.00		
30 March	NPower Direct Debit	£48.00		
30 March	J Black Cheque		£200.00	£456.27
31 March	Cash Shore Street ATM	£20.00		

(a) (i) Explain what is meant by **direct debit**.

(2)

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(ii) Zak receives regular cheques from his parents.

Explain **two** disadvantages of this method of payment.

(4)

1

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2

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(b) Zak withdrew £20 from the ATM at his local bank. He is concerned that the £20 note might be counterfeit.

Identify **two** security features Zak could look for on the note.

(2)

1

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2

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(c) Zak has received a gift of \$50 (US Dollars) that he intends to pay into his bank account. Information on exchange rates is as follows:

Post Office Bureau de Change		
Exchange rate	£1 to \$1.70	
Commission fee	0	
Thomas Cook Bureau de Change		
Exchange rate	£1 to \$1.62	
Commission fee	£2	

Using this information, calculate which Bureau de Change gives Zak the best return for his \$50.

Show all of your working.

(4)

Space for working

Post Office: £

Thomas Cook: £

Best option:

(Total for Question 9 = 12 marks)



10 Zak is now employed full time and has received his first payslip.

(a) (i) What is meant by the term **gross pay**? (1)

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(ii) What is meant by **National Insurance**? (1)

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(iii) What is meant by the term **net pay**? (1)

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(b) Zak is looking for advice on how to reduce his income tax. He could get advice from the following sources:

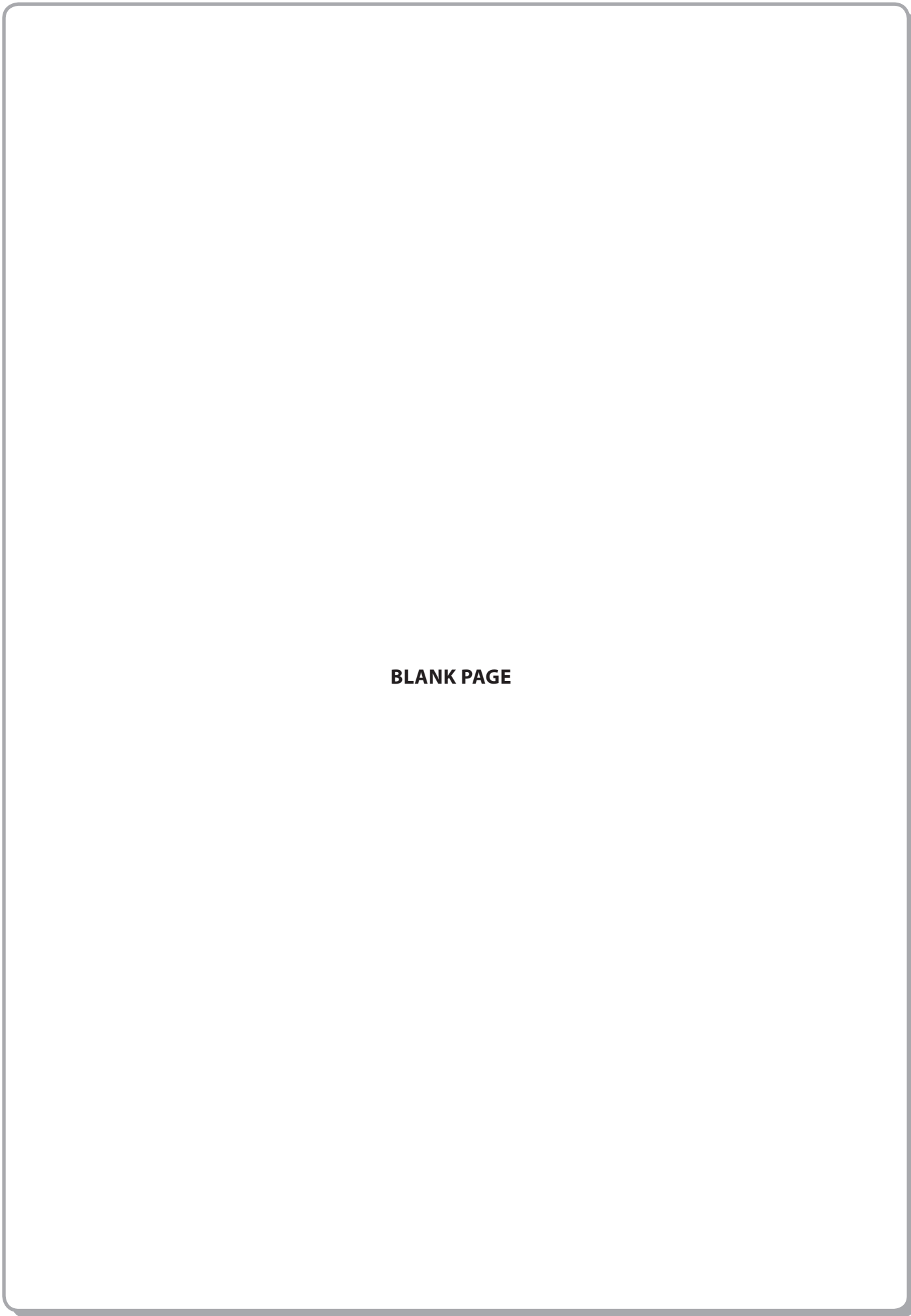
- Independent Financial Advisor
- HM Revenue and Customs

Evaluate these two sources of advice. (4)

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(Total for Question 10 = 7 marks)





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11 (a) Maddie is a management trainee. She enjoys socialising with friends, buying the latest fashions and going to the gym.

Maddie has decided to keep a monthly budget.

Salary	£1 100
Rent	£400
Bus fares to work	£80.80
Lunches	£100
Gym membership	£40.87
Clothes	£350
Socialising	£400

(i) Complete Maddie's budget.

(4)

Item	Income		Expenditure	
	£	p	£	p
Salary				
Rent			400	00
Bus fares to work			80	80
Lunches			100	00
Gym membership				
Clothes				
Socialising				
Total				

(ii) Using the budget above calculate Maddie's monthly budget deficit.

(1)

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(b) Maddie is concerned that she has no money left before the end of the month.

Using Maddie's budget on the previous page examine **two** ways in which she can reduce her spending.

(6)

1

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(Total for Question 11 = 11 marks)



12 Maddie has now reduced her spending and has a budget surplus at the end of the month.

She now wants to open a savings account and has found the following information.

Savings Account	Interest Rate offered	Annual Bonus	Notice of withdrawal required
Cash Saver	3.5%	N/A	3 months
Saver Plus	2.5%	1.5%	12 months

(a) Using the table above compare the two accounts Maddie is considering.

(3)

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(b) Maddie is considering opening an online savings account.

Identify **two** risks associated with online banking.

(2)

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(c) Instead of saving Maddie could invest her money in other financial products. She decides to invest in shares on the stock market.

Justify Maddie's choice of investing in shares rather than opening a savings account.

(5)

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(Total for Question 12 = 10 marks)

TOTAL FOR PAPER = 50 MARKS



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