

Write your name here

Surname	Other names
---------	-------------

Edexcel
Principal Learning

Centre Number	Candidate Number
<input type="text"/>	<input type="text"/>

Business, Administration and Finance
Level 3
Unit 3: Personal Finance and Financial Services

Wednesday 26 May 2010 – Morning Time: 1 hour 30 minutes	Paper Reference BA303/01
---	------------------------------------

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 60.
- 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.

H37934A
©2010 Edexcel Limited.
5/5/4/2



Turn over ►
edexcel
advancing learning, changing lives

Some questions must be answered with a cross . If you change your mind about an answer, put a line through the box and then mark your new answer with a cross .

Over the summer you have found a job working as an assistant to a financial adviser. You will be working at your local Citizens Advice Bureau. Your role will be to help clients with their personal financial problems.

As part of your training you have been asked to answer the following questions.

1 Which **one** of the following is an example of a direct tax?

A	VAT	<input checked="" type="checkbox"/>
B	National Insurance	<input checked="" type="checkbox"/>
C	Council tax	<input checked="" type="checkbox"/>
D	Road tax	<input checked="" type="checkbox"/>

(Total for Question 1 = 1 mark)

2 Which **one** of the following is a benefit of using online banking?

A	Instant access to information about your account	<input checked="" type="checkbox"/>
B	Better security on accounts than retail banks	<input checked="" type="checkbox"/>
C	Experts at hand to help you with queries	<input checked="" type="checkbox"/>
D	Additional credit cards are given with online accounts	<input checked="" type="checkbox"/>

(Total for Question 2 = 1 mark)

3 Which **one** of the following **best** describes life insurance?

A	A policy which pays a certain value to a named person when you die	<input checked="" type="checkbox"/>
B	A policy which will pay you an income for life if you can't work	<input checked="" type="checkbox"/>
C	A policy which pays for all costs associated with your funeral	<input checked="" type="checkbox"/>
D	A policy which will pay a named person a wage when you die	<input checked="" type="checkbox"/>

(Total for Question 3 = 1 mark)



4 Which **one** of the following is **not** a type of mortgage?

A	An interest only mortgage	<input type="checkbox"/>
B	A repayment mortgage	<input type="checkbox"/>
C	An endowment mortgage	<input type="checkbox"/>
D	A credit relief mortgage	<input type="checkbox"/>

(Total for Question 4 = 1 mark)

5 If the current exchange rate of the pound (£) to the Hong Kong dollar (HK\$) is £1 = HK\$ 11.25, how much would £500 be worth in HK\$?

A	HK\$ 44.44	<input type="checkbox"/>
B	HK\$ 511.25	<input type="checkbox"/>
C	HK\$ 5625	<input type="checkbox"/>
D	HK\$ 6525	<input type="checkbox"/>

(Total for Question 5 = 1 mark)

6 Which **one** of the following **best** describes the difference between a credit card and a debit card?

A	A credit card has higher interest charges than a debit card	<input type="checkbox"/>
B	A debit card pays for all outstanding debts, whilst a credit card is for new purchases	<input type="checkbox"/>
C	A credit card enables payment for products to be made at a later date, whilst a debit card withdraws money immediately	<input type="checkbox"/>
D	A debit card withdraws money from a savings account, whilst a credit card withdraws money from a current account	<input type="checkbox"/>

(Total for Question 6 = 1 mark)



H 3 7 9 3 4 A 0 3 1 6

7 Three banks savings rates are shown in the table below:

	Prudential	Virgin ISA	Tesco
Current annual rate:	5.75%	5.8%	6%

(a) What is the **main benefit** of an ISA account? (1)

.....

(b) Calculate how much £12 000 would be worth after one year in a savings account with the Prudential. You must show your working. (2)

.....

.....

.....

(c) Calculate how much £12 000 would be worth after two years in a savings account with Tesco. You must show your working. (3)

.....

.....

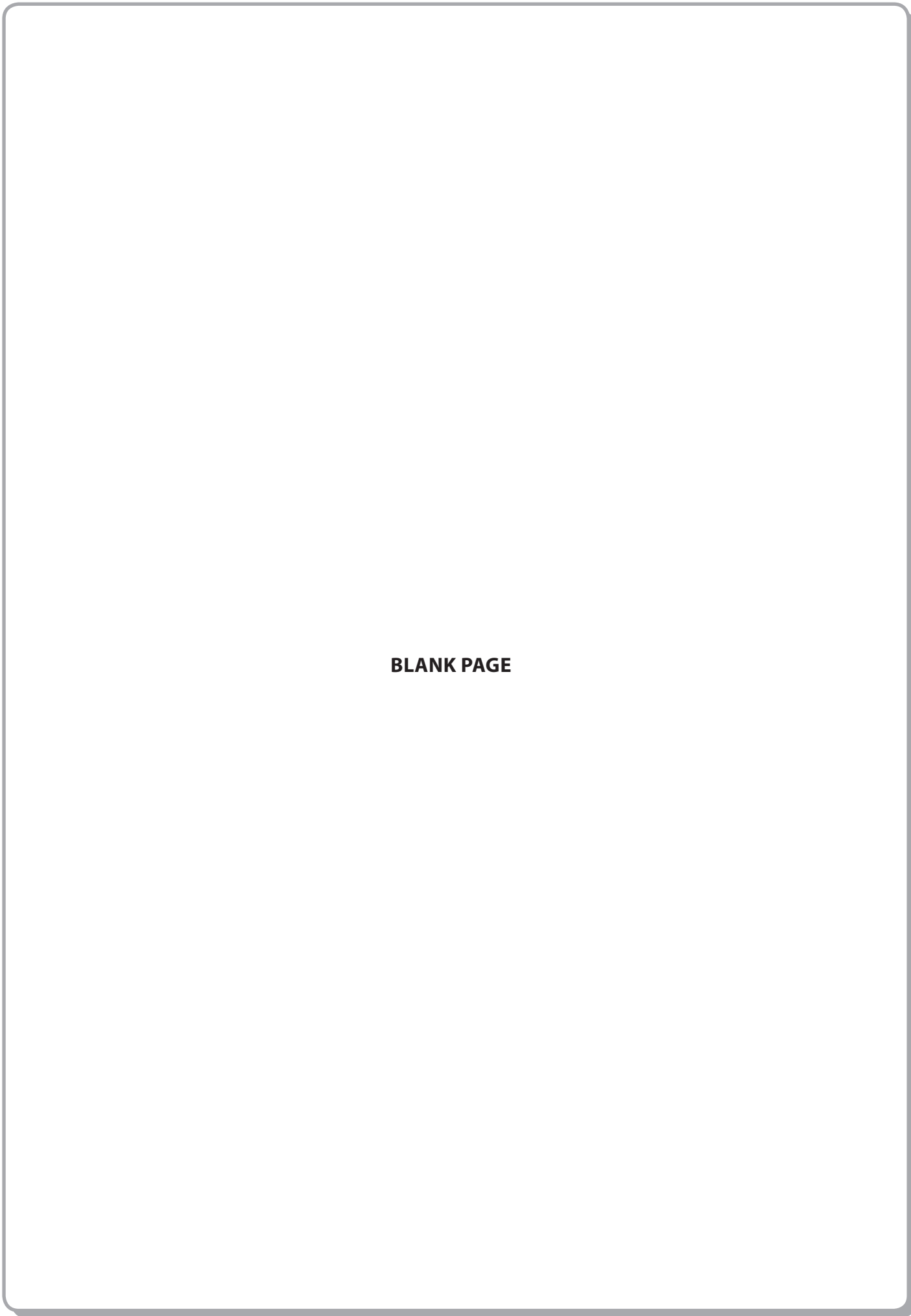
.....

.....

.....

(Total for Question 7 = 6 marks)





BLANK PAGE



H 3 7 9 3 4 A 0 5 1 6

5

Turn over ▶

The information in Figure 1 relates to Question 8 and Question 9.

8 The financial adviser has asked you to review the profile of your first client.

Read the following information:




Client Profile: 1

Name: Chloe Jenkins

Status: Single

Age: 24

Occupation: Part time classroom assistant



Comments: Chloe has one child (aged 3). She receives several government benefits as well as child support from the father of her child.

Chloe wants to buy healthy food for her child. She spends money at the shops using store cards as well as other credit cards. She likes to keep up with the latest fashions. She enjoys going out regularly with her friends.

Chloe tries to pay off more than the minimum monthly payments each month on her credit and store cards. However, she doesn't always succeed.

She has recently taken out a 3 year loan to purchase a new car.

Chloe's current total debt is in the region of £19 000.

Figure 1



Chloe is in the 'young adult' stage of life where she has a relatively low income and high expenditure.

According to the personal life cycle model, Chloe's income is likely to increase in middle age (late 30s – 50s).

Outline **two** reasons why Chloe's income is likely to increase.

1.....
.....
.....

2.....
.....
.....

(Total for Question 8 = 4 marks)



7
Turn over ▶

9 An extract of a typical bank statement for Chloe is shown below.

Date:	Payment type and details:	Paid out:	Paid in:	Balance:
BALANCE BROUGHT FORWARD:				-£200.00
30 March	Vodafone Ltd	£53.00		
30 March	NPower	£48.00		
30 March	Treebridge School		£920.00	£619.00
31 March	Top Shop	£60.00		
31 March	Carlo's Restaurant	£30.00		
31 March	Shadows Club and Bar	£50.00		£479.00
1 April	Benefits Agency		£282.00	
1 April	Child Support Agency		£300.00	
1 April	Blakes Car Loan	£350.00		
1 April	Rent	£200.00		£511.00
3 April	Tesco	£87.50		
3 April	Visa Credit Card	£102.00		£321.50
4 April	Mastercard Credit Card	£85.00		£236.50

Use the information above and in Figure 1 to answer the following questions.

(a) Examine the impact of Chloe's attitude to spending on her financial position.

(8)

.....

.....

.....

.....

.....

.....

.....

.....



.....

.....

.....

.....

.....

.....

.....

.....

(b) (i) Identify **one** short term financial target for Chloe and outline why you think this is appropriate. (3)

Short term target

Reason

.....

.....

.....

.....

.....

(ii) Identify **one** medium term financial target for Chloe and outline why you think this is appropriate. (3)

Medium term target

Reason

.....

.....

.....

.....

.....

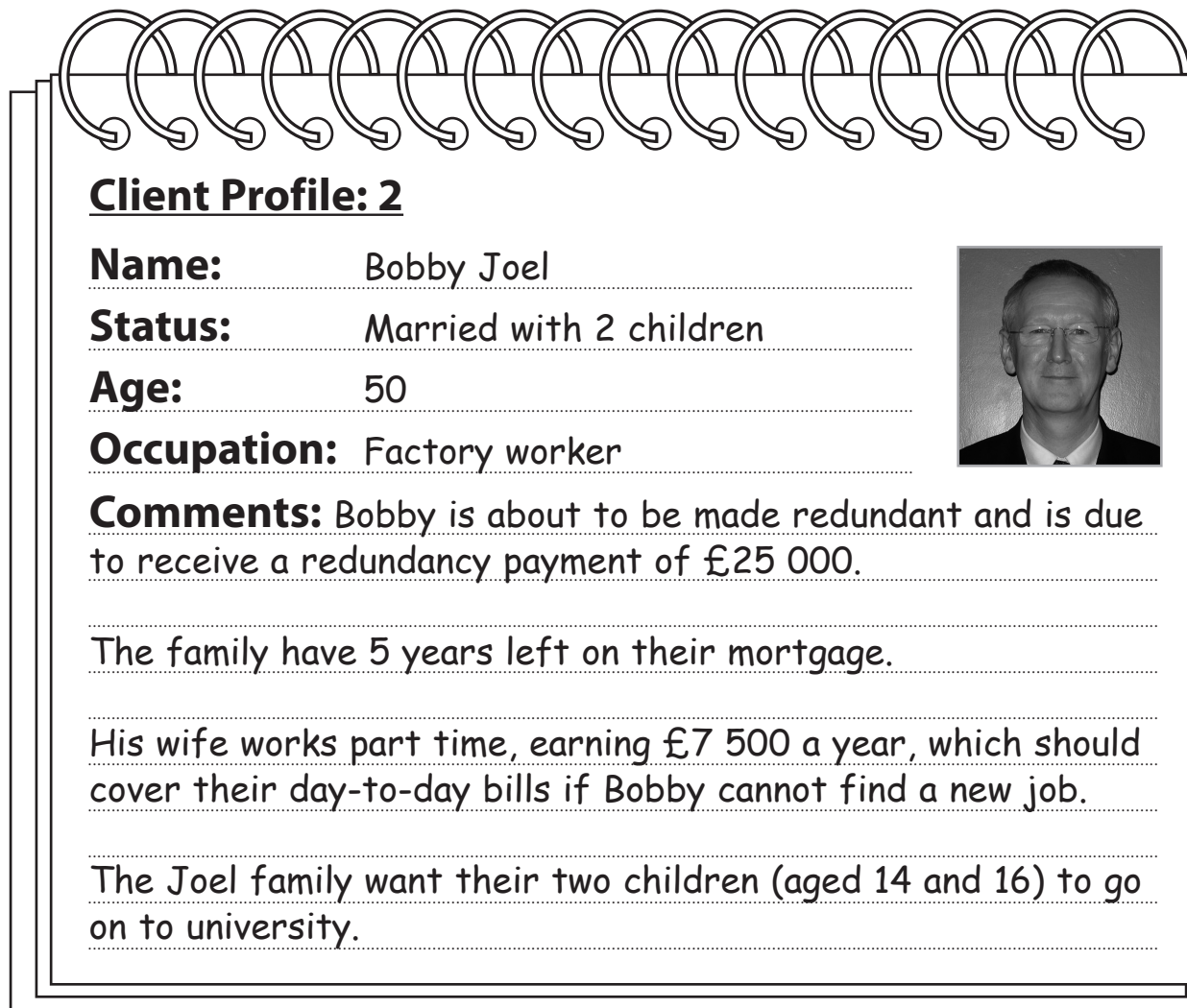
(Total for Question 9 = 14 marks)



The information in Figure 2 relates to Question 10 and Question 11.

10 The financial adviser has asked you to review the profile of your next client.

Read the following information:



Client Profile: 2

Name: Bobby Joel

Status: Married with 2 children

Age: 50

Occupation: Factory worker

Comments: Bobby is about to be made redundant and is due to receive a redundancy payment of £25 000.

The family have 5 years left on their mortgage.

His wife works part time, earning £7 500 a year, which should cover their day-to-day bills if Bobby cannot find a new job.

The Joel family want their two children (aged 14 and 16) to go on to university.




Figure 2



BLANK PAGE



BLANK PAGE



BLANK PAGE

