

Write your name here	
Surname	Other names
Edexcel Principal Learning	Centre Number
	Candidate Number
Business, Administration and Finance	
Level 2	
Unit 3: Personal Finance and Financial Services	
Sample Assessment Material Time: 1 hour	Paper Reference BA203/01
You do not need any other materials.	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 A feature of cash is that it is said to be **portable**. This means it:

A	is long lasting and hard wearing	<input type="checkbox"/>
B	is easy to carry around	<input type="checkbox"/>
C	contains a metallic strip	<input type="checkbox"/>
D	is hard to counterfeit	<input type="checkbox"/>

(Total for Question 1 = 1 mark)

2 You buy a jacket, but the shop says that you do not need to pay any money for 6 months. This means you have bought it using:

A	credit	<input type="checkbox"/>
B	debit	<input type="checkbox"/>
C	e-money	<input type="checkbox"/>
D	outgoings	<input type="checkbox"/>

(Total for Question 2 = 1 mark)

3 The basic rate for income tax is:

A	15.5%	<input type="checkbox"/>
B	20%	<input type="checkbox"/>
C	34%	<input type="checkbox"/>
D	50%	<input type="checkbox"/>

(Total for Question 3 = 1 mark)



4 In which of the following do you **not** risk losing some or all of the money you have invested?

A	Stocks and shares ISAs	<input type="checkbox"/>
B	Investing in rare books	<input type="checkbox"/>
C	NS&I Premium Bonds	<input type="checkbox"/>
D	National Lottery tickets	<input type="checkbox"/>

(Total for Question 4 = 1 mark)

5 Val plans her spending to avoid getting into debt. One benefit of doing this is that Val will:

A	keep a good credit rating	<input type="checkbox"/>
B	pay less income tax	<input type="checkbox"/>
C	receive more basic pay	<input type="checkbox"/>
D	use more direct debits	<input type="checkbox"/>

(Total for Question 5 = 1 mark)

6 You want to buy an expensive mobile phone but do not have enough money saved. Which of these is the **cheapest** way to borrow the money you need?

A	A loan from a friend who wants you to pay back 10% more	<input type="checkbox"/>
B	A personal loan arranged over the internet	<input type="checkbox"/>
C	An overdraft the bank charges to your current account	<input type="checkbox"/>
D	Interest free credit offered by the shop	<input type="checkbox"/>

(Total for Question 6 = 1 mark)



7 Jayne is employed. Each month she puts some of her money into a savings account. This is a good idea for Jayne because it:

A	guarantees she will receive more credit cards	<input type="checkbox"/>
B	means she does not need the Financial Ombudsman's help	<input type="checkbox"/>
C	will allow her to pay all her national insurance	<input type="checkbox"/>
D	helps her to meet any unknown future payments	<input type="checkbox"/>

(Total for Question 7 = 1 mark)



8 Read the following statements.

Bryn: "I have money to invest so I will study the interest rates offered by banks and other businesses."

Jan: "Because I'm on the minimum wage I have to buy things I need rather than luxuries."

*Tom: "Whenever I can, I choose to buy **designer** goods from top fashion stores."*

Vira: "My religion teaches me that interest can be unjust because it benefits the rich to the disadvantage of the poor."

Using the information in these statements, name the person

(i) who is least likely to be able to save

Name

(ii) who is planning to increase their savings

Name

(iii) whose beliefs influence how they save

Name

(Total for Question 8 = 3 marks)



9 You want to buy a house but will need a mortgage. You have looked at the following internet sites.

www.moneymadeclear.fsa.gov.uk (a site run by the Financial Services Authority)

www.alliance-nottingham.co.uk (a building society site offering mortgage deals)

(a) Which site is more likely to give you independent financial advice? Give a reason for your answer.

(2)

.....

.....

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(b) You would like to go to Italy for a holiday. You have £100 spending money which needs changing into euros.

You have the following information.

Post Office:

Exchange rate 1.325 euros to the £

Commission charge 0%

Lloyds TSB:

Exchange rate 1.34 euros to the £

Commission charge 2%

Using the above information, calculate how many euros you would get from the Post Office and from Lloyds TSB and indicate clearly which one is best. Show **all** your workings.

(5)

Space for working

Post Office: €

Lloyds TSB: €

Best option:

(Total for Question 9 = 7 marks)



10 The list below contains some items that are personal sources of money, and some that are not.

Selling an unwanted gift is an example of a **personal** source of money. In the list it has a cross ☒ next to it.

(a) Identify in the list the **two** other items that are personal sources of money. Put a cross ☒ next to each one.

(2)

A	Selling an unwanted gift	☒
B	Being left money in a will	☒
C	Being paid Child Benefit	☒
D	Drawing savings out of an account	☒
E	Receiving the state retirement pension	☒

(b) Travellers' cheques are a form of money.

Identify from the list below **three** features of travellers' cheques. Put a cross next to each one.

(3)

A	They are identical to ordinary blank cheques	☒
B	They can be signed by the person to whom they are issued	☒
C	They have a use by date printed on the back of them	☒
D	They are a type of e-money	☒
E	The person using them signs when cashing or spending	☒
F	The shop or bank accepting them will expect some form of ID	☒

(Total for Question 10 = 5 marks)



11 On May 31st Pat collected together all her financial information, and sat down to construct her budget for June.

So far Pat has entered the following into her June budget.

Pat's budget for June

Item	Receipts (£)		Payments (£)	
Net income from my full-time job	745	20		
Mortgage payment			603	55
Council tax			115	60

Pat has to include the following six items in her June budget.

- 1) Part-time earnings £184.40
- 2) Telephone, gas and electric bills £120.50
- 3) Spending money for entertainment £50
- 4) Petrol and other car items £86.75
- 5) Insurance premium £14.85
- 6) Interest from savings £25

(a) Which statement is correct about items (1) and (2)?

(1)

A	They are both sources of income	
B	They are both expenses	
C	(1) is an income and (2) is an expense	
D	(1) is an expense and (2) is an income	



(b) By entering **all six** items in the budget below, calculate Pat's expected total receipts and payments for June.

(8)

Pat's budget for June

Item	Receipts		Payments	
	£	p	£	p
Net income for June from full-time job	745	20		
Mortgage payment			603	55
Council tax			115	60
TOTALS				

(c) (i) How much is the difference between Pat's expected total receipts and her total payments?

(1)

£

(ii) Is this figure a cash surplus or a cash deficit?

(1)

.....



(d) Pat has £65.40 in her bank account at the start of June.

If Pat's budget for June is correct, how much will she have in her bank account at the **end** of June?

(1)

£

(e) Pat does not have a contingency plan.

State how Pat could benefit from having a contingency plan.

(1)

.....

.....

(Total for Question 11 = 13 marks)



12 Poj has a current account at Lloyds TSB. He has just received a £6, 000 inheritance.

Poj has looked on the Lloyds TSB website and has found the information below about Internet Saver accounts.

Internet Saver

Instant access and one of our best online interest rates. There are no forms to sign - open an account in just a few clicks.

- Competitive tiered interest rates including an introductory bonus
- Top rate of interest for balances over £100,000
- Instant transfers to and from your Lloyds TSB current account
- Easy to manage - through Internet banking and PhoneBank
- £1 minimum opening balance

Internet Saver - interest rates

Internet Saver - Bonus		
Amount Invested	Monthly Option	
	Gross % with 12 Month Bonus*	Net % with 12 Month Bonus*
£100,000+	5.84%	4.67%
£50,000+	5.60%	4.48%
£25,000+	5.37%	4.29%
£10,000+	5.13%	4.10%
£5,000+	4.89%	3.91%
£2,500+	4.41%	3.53%
£1+	3.93%	3.14%

(a) Poj does not know what is meant by **tiered interest rates**.

Describe **tiered interest rates**. To help Poj understand, use an example of tiered interest rates from the Lloyds TSB information.

(2)

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(b) Poj is employed and pays tax. He is thinking of putting his £6,000 inheritance money into the Internet Saver account and hopes to keep it there for a year.

Calculate how much interest Poj will receive after one year. Show all your workings.

(2)

Space for working

£ interest

(c) Poj might put his inheritance into a Cash-only ISA offered by Barclays.

This information from Barclays tells Poj that the Barclays Mini Cash ISA offers tax-free savings of up to £3,000 each tax year and an interest rate from 4.76% tax free.

Poj thinks he will invest £3,000 in the Internet Saver account and £3,000 in the ISA.

Will the Internet Saver account or the ISA earn higher interest for every £1 that Poj invests? Explain why.

(3)

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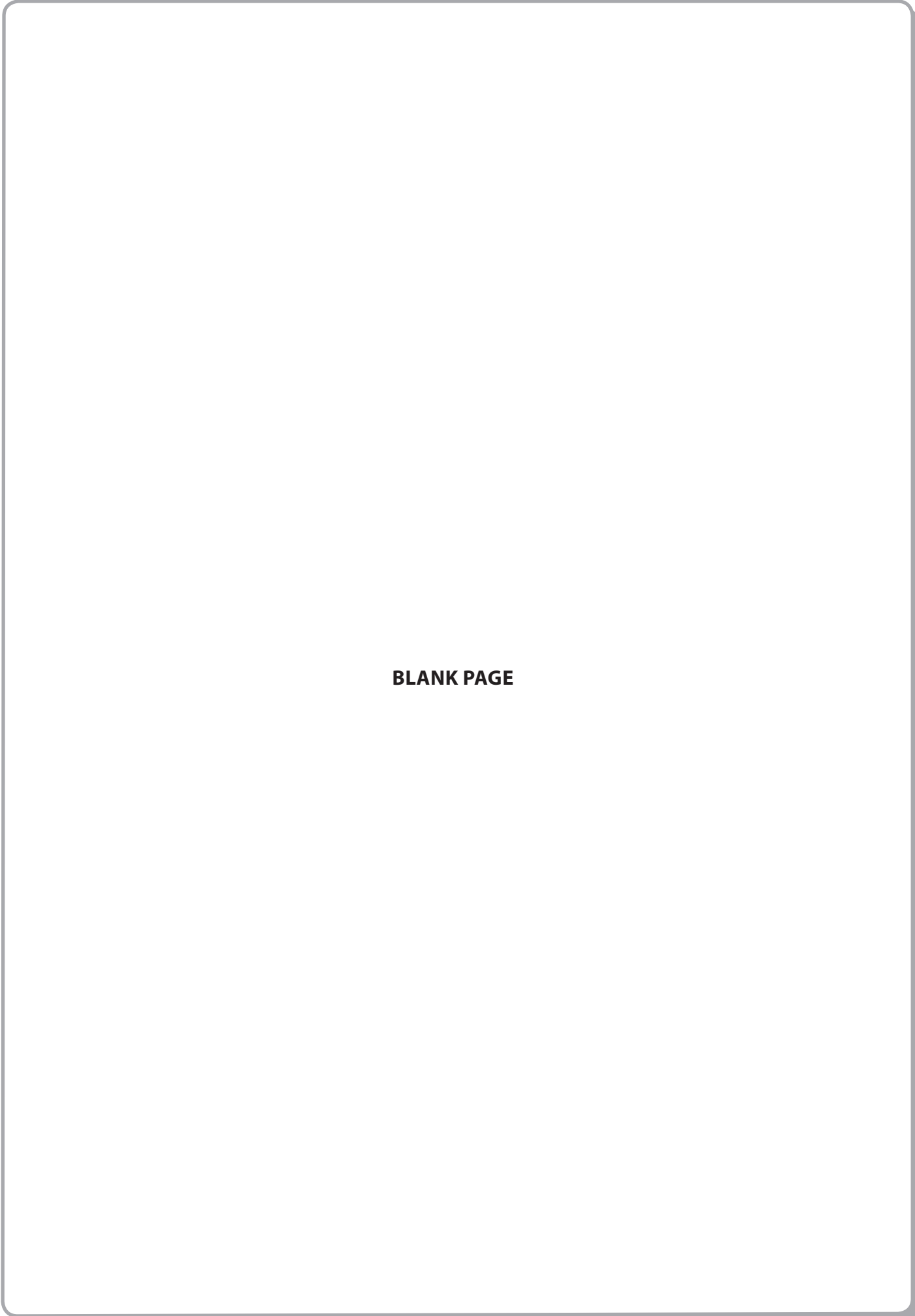
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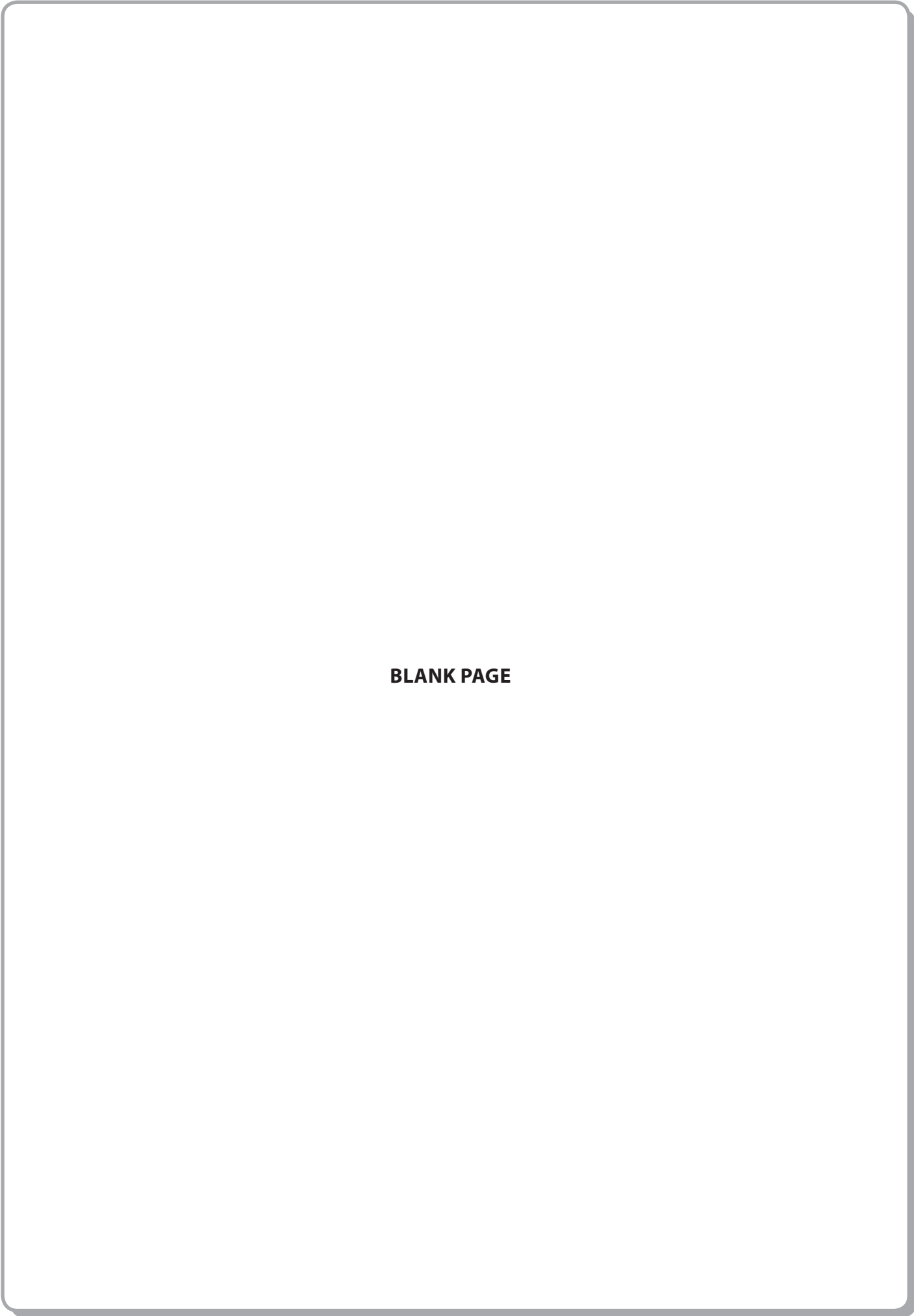
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