

Write your name here	
Surname	Other names
Edexcel Principal Learning	Centre Number
	Candidate Number
Business, Administration and Finance	
Level 3	
Unit 3: Personal Finance and Financial Services	
Sample Assessment Material Time: 1 hour 30 minutes	Paper Reference BA303/01
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 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.

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Turn over ►

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Scenario

Study the following information. You will need to refer to this information when answering some questions.

Den and Sandy are a young couple. Den is self-employed, working as a painter and decorator. Some of his work is for a local builder, although this work tends to be seasonal in nature. Sandy has a contract to work 20 hours a week at a local children's nursery.

At present the couple rent their home. They would like to buy their own home in the near future, but they realise that houses are expensive. At present Den and Sandy have little money saved for the deposit they will need when buying a house, and they are not managing to save any more towards this deposit.

Den and Sandy do not have children yet although they plan to start a family soon. They keep a dog as a pet.

Den and Sandy have booked a week's holiday in Florida and have managed to save towards this holiday, which will be in two months' time. Den and Sandy believe that, because they do not have the responsibility of looking after children, they can spend what they like on luxuries such as holidays and **designer label** clothes.



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 .

- 1 Den and Sandy have taken advantage of a **buy now, pay later** offer in a shop to buy a new television. In this example, the role of money is as a:

A	means of exchange	<input checked="" type="checkbox"/>
B	means of deferred payment	<input checked="" type="checkbox"/>
C	measure of present value	<input checked="" type="checkbox"/>
D	store of value	<input checked="" type="checkbox"/>

(Total for Question 1 = 1 mark)

- 2 In which stage of their lives is it most likely that Den and Sandy will be able to save regularly?

A	Birth and childhood (babies to early teens)	<input checked="" type="checkbox"/>
B	Adolescence (early teens to early 20s)	<input checked="" type="checkbox"/>
C	Maturity/middle age (late 30s to 50s)	<input checked="" type="checkbox"/>
D	Old age (late 60s onwards)	<input checked="" type="checkbox"/>

(Total for Question 2 = 1 mark)

- 3 In which stage is it most likely that Den and Sandy's income and expenditure will not both rise?

A	Adolescence (early teens to early 20s)	<input checked="" type="checkbox"/>
B	Young adulthood (early 20s to late 30s)	<input checked="" type="checkbox"/>
C	Maturity/middle age (late 30s to 50s)	<input checked="" type="checkbox"/>
D	Old age (late 60s onwards)	<input checked="" type="checkbox"/>

(Total for Question 3 = 1 mark)



4 Den is considering investing some savings on the Stock Market. One risk he faces after doing so is that the investment's:

A	cost price will fall	<input type="checkbox"/>
B	cost price will rise	<input type="checkbox"/>
C	market value will fall	<input type="checkbox"/>
D	market value will rise	<input type="checkbox"/>

(Total for Question 4 = 1 mark)

5 Den and Sandy are able to pay off their debts. They can protect their ability to keep up these payments by:

A	studying advice leaflets issued by the Department of Work and Pensions	<input type="checkbox"/>
B	taking out insurance cover against becoming critically ill	<input type="checkbox"/>
C	using the increasing number of high-street lenders and their products	<input type="checkbox"/>
D	taking up the offer of 'low-interest' credit terms available in large stores	<input type="checkbox"/>

(Total for Question 5 = 1 mark)

6 Den and Sandy's personal tax rates have changed recently. Which external influence is this an example of?

A	An economic influence	<input type="checkbox"/>
B	An environmental influence	<input type="checkbox"/>
C	A social influence	<input type="checkbox"/>
D	A technological influence	<input type="checkbox"/>

(Total for Question 6 = 1 mark)



7 Den and Sandy will shortly seek to take out a mortgage for a property they like.
Identify **two** risks Den and Sandy will face once they have taken out a mortgage.

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(Total for Question 7 = 2 marks)

8 Den and Sandy have saved £625 holiday spending money. Den has checked their bank's current exchange rate, which is \$1 = £0.4952. At present the bank does not charge commission on foreign exchange.

(a) If they decide to change their money into US dollars at the given exchange rate, how much US currency will they receive? Show **all** your workings.

(2)

Space for your working

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(b) At the moment Den wants to delay changing their spending money into US dollars in case they need the money for something else.

Explain how any delay in changing their money is likely to affect Den and Sandy financially when they eventually change their money into US dollars.

(2)

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(Total for Question 8 = 4 marks)



9 (a) Using the scenario on page 2, give **two** illustrations of how Den and Sandy's jobs affect their financial security and ability to plan financially for the future.

(4)

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(b) Sandy wants to approach the couple's bank (HSBC) for financial information and advice about savings. The couple have a friend who has received advice from the same bank so they will not obtain financial advice from another source.

Examine Den and Sandy's decision to obtain savings advice from HSBC only.

(2)

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(c) (i) Outline **two** sources of advice about savings, other than a **high street** building society or bank such as HSBC, for Den and Sandy.

(4)

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(ii) Which **one** source from (i) would you choose for Den and Sandy? Explain why.

(2)

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(Total for Question 9 = 12 marks)



10 Den wants to take out a mortgage as soon as possible. Sandy is concerned that, at present, they may find it difficult to meet the repayments. However, she has agreed to get information from various mortgage providers.

Sandy has obtained the following statement from the **Money made clear** section of the FSA website.

You can choose to repay your mortgage in the following ways:

- repayment;
- interest only; or
- a combination of the two.

You'll need to decide which is best for you.

(a) In order to help Den and Sandy:

- (i) outline the difference between a repayment and an interest-only mortgage.

(4)

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(ii) identify **one benefit** and **one disadvantage** associated with each of the two types of mortgage.

(4)

Type	Benefit	Disadvantage
Repayment		
Interest only		

(b) Give **two** reasons why the information on the FSA website can be relied on to help Den and Sandy make decisions about financial matters.

(4)

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(Total for Question 10 = 12 marks)



11 In order for them to plan for the mortgage, Den and Sandy are looking at their other future costs.

They will have to put their dog into kennels when they go on holiday. The dog is not presently insured against vet's fees.

Sandy has visited the Direct Line website to check on the cost of insuring their dog. The website includes the following information.

The good deal that gets even better...

We'll be giving all customers that insure their pets with us before 31st December 2007 up to **£20 towards the cost of vaccinations**. If the price is less we cover the actual cost. The offer is redeemable within the first 12 months, from the start date, of your policy.

Insure more than one pet and we'll give you a 10% discount

We'll give you 12 months' free membership of **The Missing Pets Bureau**

Our pet insurance can pay your vet direct

Your pet is covered per condition, so there's no restriction on the number of times you can claim

Fixed one-off excess for each condition

If you're hospitalised, we'll pay up to £1,000 for your pet's boarding costs



(a) Sandy has obtained a Direct Line quote of £15.50 per month to cover all vet's fees.

Outline **two** likely financial benefits to Sandy and Den of using the internet as a source to buy pet insurance.

(4)

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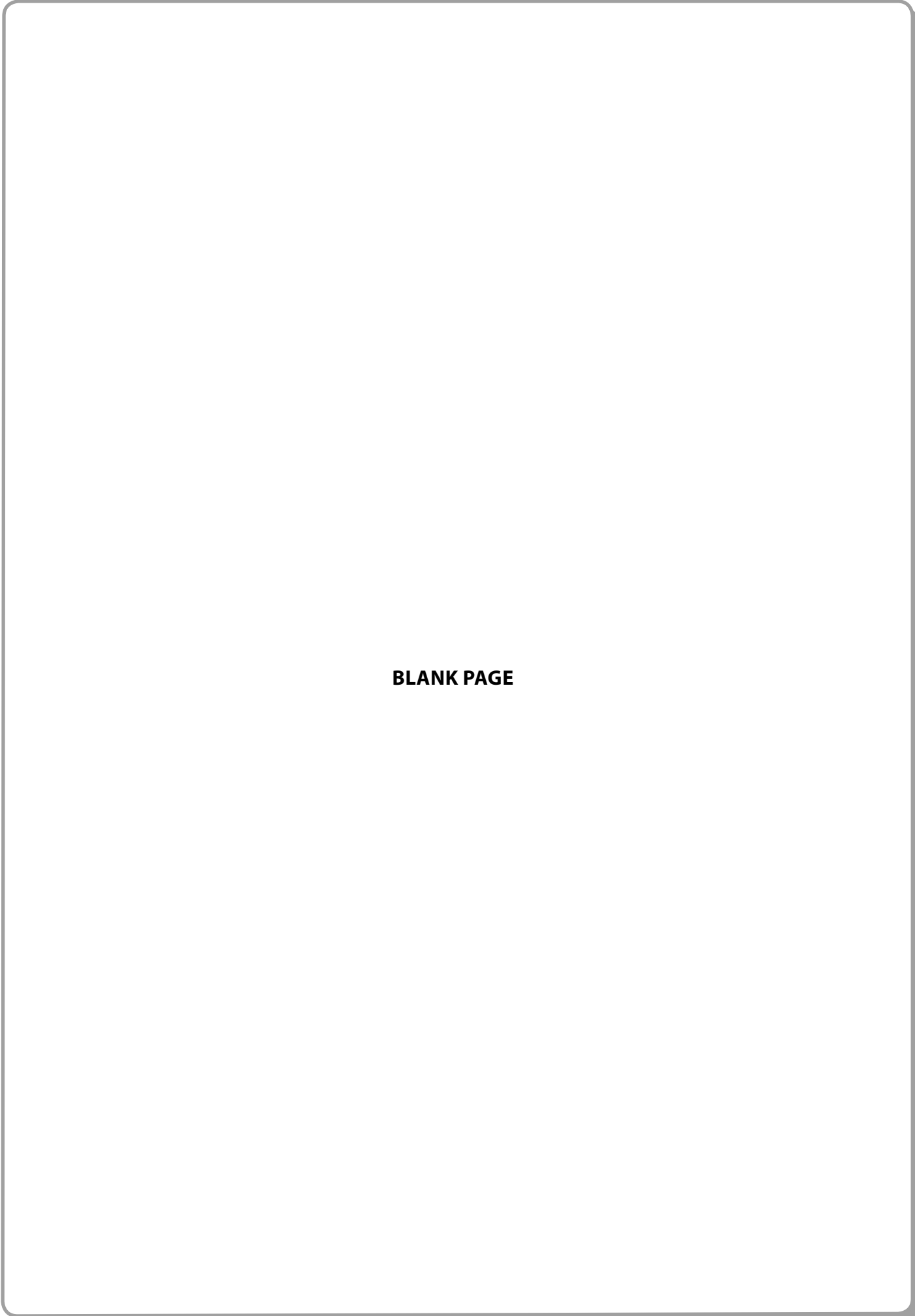
(Total for Question 12 = 12 marks)

TOTAL FOR PAPER = 60 MARKS



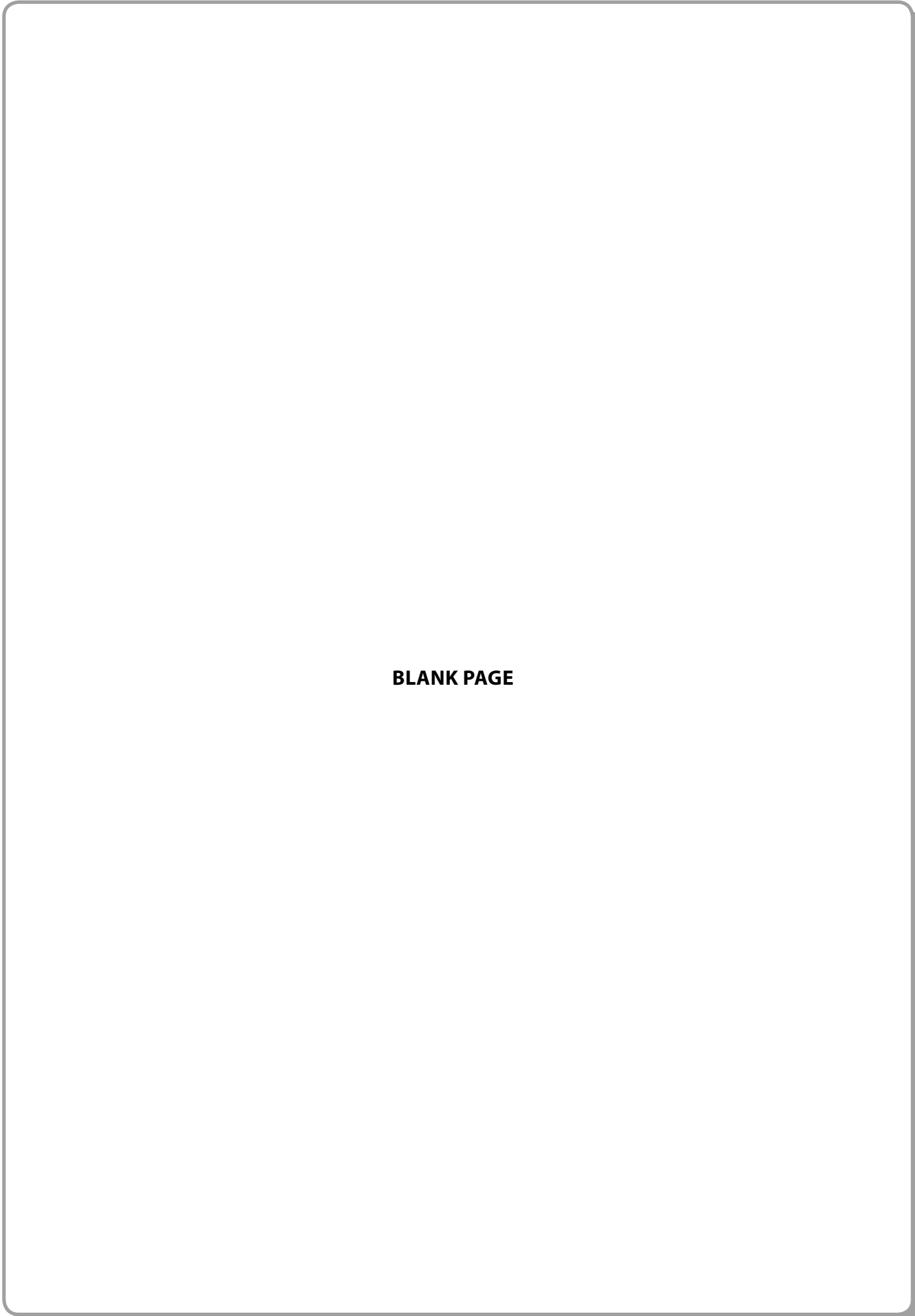
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