**BTEC National Business**

**Unit 3 Personal and Business Finance**

**Multiple Choice Question Test Bank**

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**MCQ Test 7**

**This MCQ test contains 15 questions covering the specification content for Section A: Personal Finance**

**Instructions:**

* **There are 15 questions in this test**
* **Your teacher will determine how long you have to complete this test and under what conditions**
* Only one answer per question is allowed.
* For each answer completely fill in the circle alongside the appropriate answer.
* If you want to change your answer you must cross out your original answer.
* If you wish to return to an answer previously crossed out, ring the answer you now wish to select.

|  |  |  |
| --- | --- | --- |
| 0 | 1 | 1. Which of the following is NOT a function of money? |
|  |  | A | Interest rates | 🖵 |  |
|  |  | B | Means of exchange | 🖵 |  |
|  |  | C | Legal tender | 🖵 |  |
|  |  | D | Unit of account | 🖵 |  |
|  |  |  |  | 1 mark |

|  |  |  |
| --- | --- | --- |
| 0 | 2 | Which of the following is NOT a method of saving or investment? |
|  |  | A | Premium bonds  | 🖵 |  |
|  |  | B | Shares  | 🖵 |  |
|  |  | C | Current account | 🖵 |  |
|  |  | D | Gilts  | 🖵 |  |
|  |  |  |  | 1 mark |

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| 0 | 3 | Which of the following would NOT be taken into account by an insurance company when deciding whether or not to accept an application for a life insurance policy? |
|  |  | A | Age of applicant last birthday | 🖵 |  |
|  |  | B | The occupation held by the applicant | 🖵 |  |
|  |  | C | Number of children the applicant has | 🖵 |  |
|  |  | D | Whether the applicant is a smoker | 🖵 |  |
|  |  |  |  | 1 mark |

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| 0 | 4 | Which of the following sources of finance would be MOST suitable for a one-off or infrequent purchase, e.g. a TV or laptop? |
|  |  | A | Bank loan | 🖵 |  |
|  |  | B | Leasing  | 🖵 |  |
|  |  | C | Hire purchase | 🖵 |  |
|  |  | D | Mortgage | 🖵 |  |
|  |  |  |  | 1 mark |

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| 0 | 5 | A DISADVANTAGE of using payday loans as compared to bank loans is: |
|  |  | A | Payday loans have to be paid back | 🖵 |  |
|  |  | B | A payday loan will not be given if you have a poor credit rating | 🖵 |  |
|  |  | C | The interest on a payday loan is higher than on a bank loan | 🖵 |  |
|  |  | D | A payday loan is only available for 3 months | 🖵 |  |
|  |  |  |  | 1 mark |

|  |  |  |
| --- | --- | --- |
| 0 | 6 | What do personal attitudes, life stages, culture and external influences affect? |
|  |  | A | The role of finance | 🖵 |  |
|  |  | B | The role of money | 🖵 |  |
|  |  | C | The role of a financial advisor | 🖵 |  |
|  |  | D | The role of a credit union | 🖵 |  |
|  |  |  |  | 1 mark |

|  |  |  |
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| 0 | 7 | Which of the following is the MOST important reason for an individual to avoid getting into unmanageable debt? |
|  |  | A | It might affect their credit rating | 🖵 |  |
|  |  | B | They will not be able to socialise | 🖵 |  |
|  |  | C | It might lead to arguments with loved ones | 🖵 |  |
|  |  | D | It might mean they have to sell assets to pay bills | 🖵 |  |
|  |  |  |  | 1 mark |

|  |  |  |
| --- | --- | --- |
| 0 | 8 | Inflation affects the value of money. If a meal costs £8.00 and you earn £8.00 per hour, an hour of work will get you a meal. If then the price of the meal increases by 10%, how long will you now have to work to pay for it? |
|  |  | A | 54 mins | 🖵 |  |
|  |  | B | 60 mins | 🖵 |  |
|  |  | C | 66 mins | 🖵 |  |
|  |  | D | 70 mins | 🖵 |  |
|  |  |  |  | 1 mark |

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| 0 | 9 | Which of the following is NOT a method of payment that can be made from a current bank account? |
|  |  | A | Cheque | 🖵 |  |
|  |  | B | Debit card | 🖵 |  |
|  |  | C | Store card | 🖵 |  |
|  |  | D | Direct debit | 🖵 |  |
|  |  |  |  | 1 mark |

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| 1 | 0 | A direct debit has many features. Which of the following is NOT a feature of a direct debit? |
|  |  | A | It is an agreement made with a bank allowing them to make regular transfers to another account | 🖵 |  |
|  |  | B | It is an agreement allowing a third party to withdraw money from an account | 🖵 |  |
|  |  | C | Withdrawals are made on a set day to pay for goods and services, e.g. bills | 🖵 |  |
|  |  | D | Withdrawals are variable, e.g. a different amount can be taken each time | 🖵 |  |
|  |  |  |  | 1 mark |

|  |  |  |
| --- | --- | --- |
| 1 | 1 | Which organisation is appointed by the government to represent the interests of the consumer in disputes with financial service providers? |
|  |  | A | OFT | 🖵 |  |
|  |  | B | FCA | 🖵 |  |
|  |  | C | FOS | 🖵 |  |
|  |  | D | FSCS | 🖵 |  |
|  |  |  |  | 1 mark |

|  |  |  |
| --- | --- | --- |
| 1 | 2 | What kind of current account would an individual with a poor credit rating be MOST likely to be offered? |
|  |  | A | Standard  | 🖵 |  |
|  |  | B | Simple  | 🖵 |  |
|  |  | C | Basic  | 🖵 |  |
|  |  | D | Ordinary | 🖵 |  |
|  |  |  |  | 1 mark |

|  |  |  |
| --- | --- | --- |
| 1 | 3 | If an individual needed immediate funds to purchase a new boiler, which of the following would be LEAST suitable: |
|  |  | A | Bank loan | 🖵 |  |
|  |  | B | Credit card | 🖵 |  |
|  |  | C | Mortgage | 🖵 |  |
|  |  | D | Payday loan | 🖵 |  |
|  |  |  |  | 1 mark |

|  |  |  |
| --- | --- | --- |
| 1 | 4 | Which of the following is an ADVANTAGE of using a pre-paid card? |
|  |  | A | It can be used even when your account is overdrawn | 🖵 |  |
|  |  | B | It helps you to control spending | 🖵 |  |
|  |  | C | It can be used without a PIN | 🖵 |  |
|  |  | D | It is issued by a high street store | 🖵 |  |
|  |  |  |  | 1 mark |

|  |  |  |
| --- | --- | --- |
| 1 | 5 | Which of the following is a DISADVANTAGE of buying shares as an investment? |
|  |  | A | There is no guarantee that the share prices will fall | 🖵 |  |
|  |  | B | There is no guarantee that the company invested in will not commit fraud | 🖵 |  |
|  |  | C | There is no guarantee that the shares will pay dividends | 🖵 |  |
|  |  | D | Interest earned on the shares is taxed | 🖵 |  |
|  |  |  |  | 1 mark |

**ANSWERS TO THIS MCQ TEST**

|  |  |
| --- | --- |
| **Q** | **CORRECT** |
| 1 | A |
| 2 | C |
| 3 | C |
| 4 | C |
| 5 | C |
| 6 | B |
| 7 | A |
| 8 | C |
| 9 | C |
| 10 | A |
| 11 | C |
| 12 | C |
| 13 | C |
| 14 | B |
| 15 | C |