

BTEC National Business



60 MINUTE MOCK

Unit 3 Personal and Business Finance
Practice Paper B



Name

Centre Name

Section A: Personal Finance

ANSWER ALL QUESTIONS. WRITE YOUR ANSWERS IN THE SPACES PROVIDED.

You are advised to spend 15-20 minutes on this section.

The traditional 25-year mortgage could be on the way out, with growing numbers of first-time buyers opting for deals lasting 30 or 35 years – suggesting that many will still be burdened with home loan debt in their 60s and 70s. With high house prices, student debts and a rise in the age at which couples have children, many people are tending to buy a home later and opt for a longer repayment term. Meanwhile, the average price first-time buyers are paying hit a new high last year, passing the £200,000 mark for the UK as a whole, and rising above £400,000 in London.

Q1 Outline what is meant by the term mortgage.

Total Marks Available for Question 1 = 2 Marks

Q3 Explain one reason why some individuals are opting for a longer repayment term on their mortgage.

Total Marks Available for Question 2 = 2 Marks

Q3 Explain **two** benefits of insuring a home and its contents.

1

2

Total Marks Available for Question 3 = 4 Marks

Independent research commissioned by housing charity Shelter shows that people in their 20s will be stuck renting for longer. The study looked at earnings, house prices, rents and spending on essentials in local authorities across the country.

A single person could need more than 14 years to save enough for a deposit, trapping many in uncertain private renting or forcing them to live with their parents well into adulthood.

Q4 As prospective first-time buyers struggle to raise funds for a deposit, assess the risks and rewards of saving versus investment.

Section B: Business Finance

ANSWER ALL QUESTIONS. WRITE YOUR ANSWERS IN THE SPACES PROVIDED.

You are advised to spend 35-40 minutes on this section.

The New Bank is an upmarket coffee shop and wine bar situated on a busy high street. Danielle and Claire opened their doors for the first time 12 months ago, and have seen a steady customer flow ever since. Although happy with the initial demand Danielle, a trained accountant, is concerned with the fact that their day to day expenditure appears to be much higher than their initial forecasts.

Q5 Outline what is meant by the term revenue expenditure.

Total Marks Available for Question 5 = 2 Marks

Q6 Identify two examples of revenue expenditure that 'The New Bank' will have.

1

2

Total Marks Available for Question 6 = 2 Marks

Danielle looks in more detail at the following extract from their recent statement of financial position.

Items	£
Cash	22,300
Bank Overdraft	18,650
Trade Payables	9,600
Inventories	11,250

Q7 (a) Calculate the liquid capital ratio to determine how solvent their business is.

2 Marks

Show your workings

Q7 (b) Prior to the business start-up Danielle and Claire had calculated that they would need 3000 customers, with a contribution per customer of £7.50 in their first year to break even, an average of 250 customers each month. The actual number of customers each month was 15% higher. Calculate the profit for the year that was generated.

4 Marks

Show your workings

£ _____

Total Marks Available for Question 7 = 6 Marks

Q8 (b) The New Bank has estimated sales of £142,500 and gross profit of £54,250 for the following year. Calculate the forecasted Gross Profit Margin

2 Marks

Show your workings

_____ %

Q8 (c) Claire has now managed to negotiate a discount of 5% with their suppliers. Calculate the Mark Up, taking account of the 5% discount expected.

4 Marks

Show your workings

_____ %

Total Marks Available for Question 8 = 10 Marks

Total Marks Available for Question 9 = 12 Marks

END OF EXAM
TOTAL FOR SECTION B = 32 MARKS
TOTAL FOR PAPER = 50 MARKS