

BTEC National Business



# 60 MINUTE MOCK

Unit 3 Personal and Business Finance  
**Practice Paper A**



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.**

A new generation of young people are burdening themselves with “stifling” levels of debt, the Citizens Advice Bureau has warned. While much of the debt rise is due to student loans, there has also been an increase in “formal” loans such as bank or payday lending, as well as borrowing from friends and family.

**Q1** Describe the role of the Citizens Advice Bureau.

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**Total for Question 1 = 2 Marks**

**Q2** Explain one reason why individuals, like students, should avoid getting themselves into debt.

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**Total for Question 2 = 2 Marks**

**Q3** Explain **two** benefits of contactless debit cards.

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**Total Marks Available for Question 3 = 4 Marks**



## 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.**

### Twiss Green Garage

Twiss Green Garage, who fix and service cars, has been run as a local, family business for over 15 years and is currently owned by Jeff Green, who works alongside his son Chris. Jeff purchased his premises, with the help of a mortgage, and they have worked hard to build their strong reputation for reliability, competitive pricing and excellent customer service and, as a result, have a strong, regular customer base.

**Q5** Outline what is meant by the term 'non-current' liabilities.

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**Total Marks Available for Question 5 = 2 Marks**

**Q6** Twiss Green Garage own many non-current assets in the form of equipment and machinery. Explain why such assets need to be depreciated.

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**Total Marks Available for Question 6 = 2 Marks**

To expand the business further, Chris has decided to invest in a tow truck to provide a call out service to customers. He feels that this will be a profitable investment and an opportunity for them to increase their profits. The truck will cost them £12,000 to buy second-hand and Chris estimates that there will be, on average, £49 of labour and petrol costs required for each call out. He expects the customer call out charge to be £145.

**Q7** (a) Calculate how many 'call outs' would be required for Chris to break even on this investment.

**2 Marks**

**Show your workings**

\_\_\_\_\_ call outs

**Q7** (b) Chris estimates that he will receive approximately 200 'call outs' in the first year. Calculate the expected annual profit the tow truck investment should make for Twiss Green Garage in its first year.

**4 Marks**

**Show your workings**

£ \_\_\_\_\_

**Total Marks Available for Question 7 = 6 Marks**

Jeff is concerned about the cost of the tow truck and the impact this could have on the finances of the business. He asks Chris to look at the finances in more detail. Chris discovers that purchases to the value of £34,900 have not been recorded.

<b>Opening Inventories</b>	72,750
<b>Purchases</b>	83,763
<b>Closing Inventories</b>	41,250
<b>Sales Revenue</b>	213,450
<b>Gross Profit</b>	98,187

**Q8** (a) Calculate the new Cost of Goods Sold figure and the new Gross Profit figure for the business.

**3 Marks**

**Show your workings**

**Cost of Goods Sold £** \_\_\_\_\_

**Gross Profit £** \_\_\_\_\_

The rest of the figures for the statement of comprehensive income are as follows. Chris identifies a number of other issues that need to be corrected.

- Wages of £5,700 are still outstanding.
- Other expenses of £2,525 have been paid in advance.
- The equipment and machinery is to be depreciated by 10% using the reducing balance method.

**Figures from the statement of comprehensive income and financial position**

<b>Electricity</b>	4,750
<b>Wages</b>	27,600
<b>Equipment and machinery at cost</b>	47,500
<b>Depreciation: Equipment and machinery</b>	38,750
<b>Other expenses</b>	14,200

**Q8** (b) Using your gross profit figure from part (a), calculate the profit or loss for the year.

**7 Marks**

**Show your workings**

£ \_\_\_\_\_

**Total Marks Available for Question 8 = 10 Marks**

Jeff is considering the following information for his business as he knows that Chris would like to invest in other projects to improve profitability.

Ratio	2015	2016
Gross Profit Margin	42%	46%
Net Profit Margin	25%	12%
Return on Capital Employed	11%	15%
Current Ratio	1.7 : 1	2.3 : 1
Liquid Capital Ratio	1.5 : 1	1.2 : 1
Trade Receivables	24 days	36 days
Trade Payables	45 days	54 days

**Q9** Evaluate whether Twiss Green Garage is in a strong financial position for possible future investment.

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**Total Marks Available for Question 9 = 12 Marks**

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