

# **ifs** Level 2 Certificate in Personal Finance (QCF) – 500 / 9897 / 4 and the **ifs** Certificate in Personal Finance (SCQF Level 5)

## **Unit 2: Money Management Solutions (MMS) D / 506 / 4842**

Specimen paper: C

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<b>Answers and Justification document</b>
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This document has been designed to provide teachers and learners with clear information relating to specimen exam questions. The aim is to clarify the approach to answering questions, and identify why plausible distractors are incorrect.

The document consists of two sections as follows:

- **Answers** – this shows the question number, correct answer (A-D) and the syllabus reference.
- **Justification** – The justifications are brief explanations of why one answer is correct and the three others are incorrect. In this section the correct answer is highlighted in bold; followed by the syllabus reference. Underneath the justifications appear for each answer (A-D).

**Note:** When using this document you will need to refer to the specimen paper to which it relates and the relevant unit syllabus.

**Answers and Justifications**

Q1 **B** MMS1\_1

- A Incorrect. ATM owners can charge a fee, but not all do.
- B Correct. ATM owners can charge a fee, although most banks and building societies do not.
- C Incorrect. ATM owners can charge a fee, but not all do.
- D Incorrect. Any ATM network provider can charge you for using an ATM.

Q2 **C** MMS1\_2

- A A house purchase is for a large amount and a same-day transfer is usually required. CHAPS would be used for this.
- B A house purchase is for a large amount and a same-day transfer is usually required. CHAPS would be used for this.
- C Correct.
- D A house purchase is for a large amount and a same-day transfer is usually required. CHAPS would be used for this.

Q3 **B** MMS1\_3

- A You are most likely to be asked for two numbers from your PIN. An operator might also ask for your address, but this is less likely.
- B Correct.
- C You are most likely to be asked for two numbers from your PIN. An operator might also ask for your sort code, but this is less likely.
- D You are most likely to be asked for two numbers from your PIN. An operator might also ask for details from your last statement, but this is less likely.

Q4 **B** MMS1\_4

- A Mini statements can be obtained through ATMs.
- B Correct. Bacs is a way of making payments.
- C Electronic statements can be obtained through internet banking.
- D A paper statement is a list of all transactions made on an account.

Q5 **B** MMS2\_1

- A Debit cards contain a chip.
- B Correct.
- C Debit cards contain a chip.
- D Debit cards contain a chip.

Q6 **C** MMS2\_2

- A The interest-free period is usually 50 - 59 days.
- B The interest-free period is usually 50 - 59 days.
- C Correct.
- D The interest-free period is usually 50 - 59 days.

Q7 **C** MMS2\_3

- A The main purpose of a credit card is to give the cardholder access to credit.
- B The main purpose of a credit card is to give the cardholder access to credit.
- C Correct.
- D The main purpose of a credit card is to give the cardholder access to credit.

Q8 **B** MMS2\_4

- A Only a debit card can be used to get cashback.
- B Correct.
- C Only a debit card can be used to get cashback.
- D Only a debit card can be used to get cashback.

Q9 **B** MMS3\_1

- A Incorrect. A mortgage is most likely to be a secured loan.
- B Correct.
- C Incorrect. A mortgage is most likely to be a secured loan.
- D Incorrect. A mortgage is most likely to be a secured loan.

Q10 **B** MMS4\_1

- A Incorrect. APR stands for annual percentage rate.
- B Correct.
- C Incorrect. APR stands for annual percentage rate.
- D Incorrect. APR stands for annual percentage rate.

Q11 **D** MMS5\_1

- A Paying in advance means paying before the goods have been received.
- B Paying in advance means paying before the goods have been received.
- C Paying in advance means paying before the goods have been received.
- D Correct.

Q12 **D** MMS6\_1

- A The main purpose of insurance is to reduce the financial effects of loss, not to pay for upgrading possessions.
- B The main purpose of insurance is to reduce the financial effects of loss, not to earn regular income.
- C The main purpose of insurance is to reduce the financial effects of loss, not to provide credit or borrowing facilities.
- D Correct.

Q13 **D** MMS6\_2

- A The money that is paid for insurance cover is known as the premium.
- B The money that is paid for insurance cover is known as the premium.
- C The money that is paid for insurance cover is known as the premium.
- D Correct.

- Q14    **D** MMS6\_3  
A      There must be an insurable interest. You cannot insure the life of a stranger because you have nothing to lose from this person's death.  
B      There must be an insurable interest. You cannot insure the life of a stranger because you have nothing to lose from this person's death.  
C      There must be an insurable interest. You cannot insure the life of a stranger because you have nothing to lose from this person's death.  
D      Correct.
- Q15    **B** MMS7\_1  
A      You can query your statement if they do not match, not necessarily sue the bank.  
B      Correct.  
C      Cheque numbers appear on the statement, but also on the cheques and stubs in the cheque book, so this information is already available.  
D      A statement is not generally used to confirm account details.
- Q16    **C** MMS7\_2  
A      It is likely to show this.  
B      It is likely to show this.  
C      Correct.  
D      It is likely to show this.
- Q17    **D** MMS8\_1  
A      This is non-essential expenditure.  
B      This is non-essential expenditure.  
C      This is non-essential expenditure.  
D      Correct.
- Q18    **C** MMS9\_1  
A      Citizens Advice would be the best place for her to go to for impartial and confidential advice.  
B      Citizens Advice would be the best place for her to go to for impartial and confidential advice.  
C      Correct.  
D      Citizens Advice would be the best place for her to go to for impartial and confidential advice.

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**Case Study 1 Answer and Justifications**

- Q19    **B** MMSCS1  
A      An ATM is sometimes referred to as a hole in the wall.  
B      Correct.  
C      An ATM is sometimes referred to as a hole in the wall.  
D      An ATM is sometimes referred to as a hole in the wall.

- Q20    **D** MMSCS1  
A      You cannot do this using an ATM.  
B      You cannot do this using an ATM.  
C      You cannot do this using an ATM.  
D      Correct.

- Q21    **D** MMSCS1  
A      You can do this using an ATM.  
B      You can do this using an ATM.  
C      You can do this using an ATM.  
D      Correct.

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**Case Study 2 Answer and Justifications**

- Q22    **B** MMSCS2  
A      Legally, in the UK, you must be at least 18 years old to borrow money from a bank.  
B      Correct.  
C      Legally, in the UK, you must be at least 18 years old to borrow money from a bank.  
D      Legally, in the UK, you must be at least 18 years old to borrow money from a bank.

- Q23    **B** MMSCS2  
A      Incorrect. The car will only belong to Maxine when she has paid the final instalment.  
B      Correct.  
C      Incorrect. The car will only belong to Maxine when she has paid the final instalment.  
D      Incorrect. The car will only belong to Maxine when she has paid the final instalment.

- Q24    **D** MMSCS2  
A      She will most likely make the monthly payments by standing order.  
B      She will most likely make the monthly payments by standing order.  
C      She will most likely make the monthly payments by standing order.  
D      Correct.

**Case Study 3 Answer and Justifications**

- Q25    **A** MMSCS3  
A       Correct.  
B       Debit cards are used to access money in a current account.  
C       Debit cards are used to access money in a current account.  
D       Debit cards are used to access money in a current account.
- Q26    **B** MMSCS3  
A       Debit cards have 16 digits.  
B       Correct.  
C       Debit cards have 16 digits.  
D       Debit cards have 16 digits.
- Q27    **C** MMSCS3  
A       Debit cards will always state when the card will expire.  
B       Debit cards will always state when the card will expire.  
C       Correct.  
D       Debit cards will always state when the card will expire.

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**Case Study 4 Answer and Justifications**

- Q28    **A** MMSCS4  
A       Correct.  
B       This is known as a budget.  
C       This is known as a budget.  
D       This is known as a budget.
- Q29    **C** MMSCS4  
A       He can do this by prioritising.  
B       He can do this by prioritising.  
C       Correct.  
D       He can do this by prioritising.
- Q30    **A** MMSCS4  
A       Correct.  
B       These are not the most important items.  
C       These are not the most important items.  
D       These are not the most important items.