

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

**Unit 3: Personal Finance Management (PFM)**  
**Y / 506 / 4841**

Specimen paper: C  
Length of examination: 30 minutes

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**Instructions to learners**

1. Open this question paper when instructed to do so.
2. Answer **all** questions.
3. Use the examination answer sheets provided for your answers. Please do **not** note your answers in this booklet, as they will **not** be recorded.
4. Read the instructions on both sides of the answer sheet carefully.
5. Before you leave the examination room you **must** hand in all the examination materials including the answer sheet and question paper.

**Information for learners**

1. Silent non-programmable (including scientific) calculators are allowed. Programmable calculators are not allowed.

**Section A**

1. One packet of crisps, when bought individually, costs 40p. Which of the following multi-pack options, from different shops, represents the **best** value?
  - A 6 packets of crisps for a total of £2.34.
  - B 8 packets of crisps for a total of £2.72.
  - C 10 packets of crisps for a total of £3.45.
  - D 12 packets of crisps for a total of £4.26.
  
2. Checking prices by visiting several different shops, which all sell similar items, is known as:
  - A mystery shopping.
  - B shop checking.
  - C shopping around.
  - D store comparison.
  
3. How much, if anything, must a consumer pay for using the Financial Ombudsman Service?
  - A Nothing.
  - B £100.
  - C £500.
  - D 10% of any compensation received.
  
4. A credit union is controlled by its:
  - A members.
  - B shareholders.
  - C staff.
  - D suppliers.

5. Sally has complained to her mortgage provider as the interest rate charged on her loan is more than she had agreed. The provider has rejected her complaint. Who should she complain to **next**?
- A Financial Conduct Authority.
  - B Financial Ombudsman Service.
  - C Financial Services Compensation Scheme.
  - D Financial Services Complaints Department.
6. Which of the following is responsible for reimbursing a customer if they are owed money by a regulated organisation in the UK that has gone bust and is unable to pay them?
- A Financial Conduct Authority.
  - B Financial Ombudsman Service.
  - C Financial Refunds Agency.
  - D Financial Services Compensation Scheme.
7. Mike has never been too concerned about his spending until recently. Now he has used all of his savings and is relying on his overdraft every month.
- What must he consider **most** in his budget?
- A That interest rates may go down.
  - B The cost of interest charges on his overdraft.
  - C The possible impact of inflation.
  - D Whether or not to apply for a credit card.
8. Which of the following could be the result of failing to make the repayments on loans, credit cards and other forms of borrowing?
- A Charges will mount up.
  - B Debts will reduce.
  - C Interest received will increase.
  - D The interest rate will fall.

9. Walter does **not** keep up with the repayments on his mortgage. His lender may therefore use which of the following to repay the debt?
- A Recovery.
  - B Removal.
  - C Repossession.
  - D Retrieval.
10. An arrangement with creditors to repay debts, either in part or in full, is described as which of the following?
- A CAB.
  - B CRT.
  - C DRA.
  - D IVA.

**Section B begins on page 6**

**Section B**

**Case Study 1**



Answer the following **five** questions:

11. Phil needs 20 oranges for a special smoothie fruit drink that he wants to make. He goes to a stall in his local market and sees some oranges for 25p each. He agrees a 10% discount for buying in bulk. How much do the oranges cost him?
- A £0.50.  
B £3.75.  
C £4.50.  
D £5.00.
12. Later that day, he passes the same stall. The price has gone up to 40p per orange, but they are now on a 'buy-one-get-one-free' offer. He decides to buy another 10 oranges.
- How much do these cost Phil?
- A £1.  
B £2.  
C £3.  
D £4.

13. Phil now has 30 oranges. Why might this purchase **not** represent good value for money to Phil?

Because:

- A he would need to ask his friends to help him carry them all.
- B oranges need special storage containers.
- C oranges will always be cheaper in the supermarket.
- D some of the oranges may go off before he can use them all.

14. Phil decides to buy a new juice maker at the electrical store in town. He does not have enough cash with him and there is no money in his bank account until he gets paid next week.

Which of the following would be the **best** way for him to make the purchase?

- A Credit card.
- B Loan.
- C Shop finance.
- D Unauthorised overdraft.

15. What impact, if any, will this purchase have on Phil's budget for the next month?

- A None.
- B He will need to increase his savings.
- C He will need to reduce his planned expenditure to cover the cost.
- D He will need to reduce his savings and increase his expenditure.

**Case Study 2 begins on page 8**

## Case Study 2



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Answer the following **five** questions:

16. Garry has an unpaid county court judgment. What is likely to be the **most significant** impact of this on Garry in the future?
- A He may never be able to work again.
  - B He will have to close his bank account.
  - C It can seriously affect any future applications that Garry makes for credit.
  - D It is likely to make it impossible for Garry to renew his passport.
17. Under the county court judgment, Garry will be ordered to do what by the court?
- A Community service.
  - B Go to prison.
  - C Repay a debt.
  - D Take a new job.
18. There are various options for someone who has major debt problems. Which of the following is **not** one of the options available?
- A Bankruptcy.
  - B Debt relief order.
  - C Full and final settlement waiver.
  - D Individual voluntary arrangement.



19. What is the **main risk** to someone if they do not keep up the monthly repayments on their mortgage?
- A A fine.
  - B Higher repayments.
  - C Prison.
  - D Repossession.
20. Garry decides that he needs independent help about his debt problems. Which of the following would help him the **most**?
- A Debt Advisory Centre.
  - B Debt Burden Trust.
  - C Mortgage Counselling Service.
  - D Mortgage In Crisis.
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