

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

Unit 1: Personal Financial Encounters (PFE) H / 506 / 4843

Specimen paper: A

Answers and Justification document

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 **C** PFN1_1

- A The fact that money is available in different amounts enables this.
- B The fact that money is available in different amounts enables this.
- C Correct.
- D The fact that money is available in different amounts enables this.

Q2 **B** PFN1_2

- A This is not a security feature.
- B Correct.
- C This is not a security feature.
- D This is not a security feature.

Q3 **D** PFN1_3

- A £5, £10, £20 and £50.
- B £5, £10, £20 and £50.
- C £5, £10, £20 and £50.
- D Correct.

Q4 **D** PFN2_1

- A This is an inheritance.
- B This is an inheritance.
- C This is an inheritance.
- D Correct.

Q5 **A** PFN2_2

- A Correct.
- B Ahmed is a casual worker.
- C Ahmed is a casual worker.
- D Ahmed is a casual worker.

Q6 **B** PFN3_1

- A He should send it to HM Revenue & Customs.
- B Correct.
- C He should send it to HM Revenue & Customs.
- D He should send it to HM Revenue & Customs.

- Q7 C PFN4_1**
A Incorrect. PAYE (Pay As You Earn) relates to the automatic payment of income tax by an employee.
B Incorrect. PAYE (Pay As You Earn) relates to the automatic payment of income tax by an employee.
C Correct.
D Incorrect. PAYE (Pay As You Earn) relates to the automatic payment of income tax by an employee.
- Q8 C PFN5_1**
A The sort code identifies the bank and branch.
B The sort code identifies the bank and branch.
C Correct.
D The sort code identifies the bank and branch.
- Q9 D PFN5_1**
A Standing order is the best way.
B Standing order is the best way.
C Standing order is the best way.
D Correct.
- Q10 A PFN5_2**
A Correct.
B This would make his debit balance decrease.
C This would make his mortgage decrease.
D This would make his overdraft decrease.
- Q11 C PFN6_1**
A It would be accessible if you kept the money at home.
B You would not be paying interest.
C Correct.
D This is not a main reason.
- Q12 A PFN6_2**
A Correct.
B The key consideration would be the provider's ethical investment policy.
C The key consideration would be the provider's ethical investment policy.
D The key consideration would be the provider's ethical investment policy.
- Q13 D PFN7_1**
A This is not value for money.
B This is not necessarily value for money, cheapest could be the poorest quality.
C This is not value for money.
D Correct.

- Q14 **B** PFN8_1
A They will cost him £1.20. £0.60 would be the cost of one tin.
B Correct. Mike wants to buy four tins and as they are on special offer (buy one, get one free) he only needs to pay for two tins. $£0.60 \times 2 = £1.20$.
C They will cost him £1.20. If he paid £1.80 he would only have got one tin free.
D They will cost him £1.20. If he paid £2.40 he would not have got any tins free.
- Q15 **D** PFN9_1
A Stocks and shares would be the most appropriate for Micky as they can be high risk investments but can also achieve high returns.
B Stocks and shares would be the most appropriate for Micky as they can be high risk investments but can also achieve high returns.
C Stocks and shares would be the most appropriate for Micky as they can be high risk investments but also achieve high returns.
D Correct.
- Q16 **C** PFN9_2
A This is not a way of winning money.
B This is a way of winning money but your stake is not protected.
C Correct.
D This is a risky way of investing. You could lose everything and nothing is protected.
- Q17 **D** PFN10_1
A The euro is not legal tender in all of Europe.
B The euro is not legal tender in every country.
C More countries than this use the euro.
D Correct. The Eurozone includes 18 countries.
- Q18 **B** PFN11_1
A 1,500 divided by 1.5.
B Correct. \$750 divided by 1.5 (the exchange rate) is £500, plus £750 equals £1,250.
C 750 plus 750.
D \$750 multiplied by 1.5 (the exchange rate) plus £750.

Case Study 1 Answer and Justifications

- Q19 **A** PFNCS1
A Correct.
B If you are in full-time education you will not be eligible.
C Jobseeker's Allowance is payable from the age of 18.
D You must be aged at least 18 to be eligible for Jobseeker's Allowance.

- Q20 **B** PFNCS1
A To be eligible to claim Jobseeker's Allowance you must work for less than 16 hours each week.
B Correct.
C To be eligible to claim Jobseeker's Allowance you must work for less than 16 hours each week.
D To be eligible to claim Jobseeker's Allowance you must work for less than 16 hours each week.

- Q21 **C** PFNCS1
A These reviews are usually fortnightly.
B These reviews are usually fortnightly.
C Correct.
D These reviews are usually fortnightly.

Case Study 2 Answer and Justifications

- Q22 **A** PFNCS2
A Correct.
B A current account offers these features.
C A current account offers these features.
D A current account offers these features.

- Q23 **D** PFNCS2
A He should open a savings account.
B He should open a savings account.
C He should open a savings account.
D Correct.

- Q24 **D**
A A notice account would be most appropriate for her.
B A notice account would be most appropriate for her.
C A notice account would be most appropriate for her.
D Correct.

Case Study 3 Answer and Justifications

Q25 **D** PFNCS3

- A Buy one, get one free is a type of special offer.
- B Buy one, get one free is a type of special offer.
- C Buy one, get one free is a type of special offer.
- D Correct.

Q26 **B** PFNCS3

- A £160 would be the price if there were a 20% discount.
- B Correct.
- C £190 would be the price if there were a £10 discount instead of 10%.
- D £220 would be 10% more than the original price.

Q27 **D** PFNCS3

- A Shopping around is the recognised method.
- B Shopping around is the recognised method.
- C Shopping around is the recognised method.
- D Correct.

Case Study 4 Answer and Justifications

Q28 **C** PFNCS4

- A Exchange rates are used for this purpose.
- B Exchange rates are used for this purpose.
- C Correct.
- D Exchange rates are used for this purpose.

Q29 **B** PFNCS4

- A Incorrect. $£0.25 = ¥50$.
- B Correct.
- C Incorrect. $£25 = ¥5,000$.
- D Incorrect. $£500 = ¥100,000$.

Q30 **C** PFNCS4

- A This is known as commission.
- B This is known as commission.
- C Correct.
- D This is known as commission.