

# **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: B  
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. Money has to be hard-wearing because:
  - A banks need to move it around a lot.
  - B it changes hands many times.
  - C it must be acceptable by shops.
  - D shops keep it in tills.
  
2. Which of the following is **not** a security feature used on bank notes?
  - A Coloured ink.
  - B Metallic thread.
  - C Special paper.
  - D Watermark.
  
3. In the UK, what is the **maximum** amount, if any, in £2 coins that a shop is legally obliged to accept in payment from a customer?
  - A £10.
  - B £50.
  - C £100.
  - D Any amount.
  
4. Jobseeker's Allowance **cannot** be claimed by someone who is:
  - A over state pension age.
  - B over the age of 18.
  - C under state pension age.
  - D under the age of 21.

5. Which of the following **most commonly** describes somebody who works for themselves?
- A An apprentice.
  - B An employee.
  - C Self-employed.
  - D Self-funded.
6. The amount of income tax that a person pays depends on their:
- A credit rating.
  - B dependents.
  - C earnings.
  - D mortgage.
7. During the 2014/15 tax year, John's earnings are £4,670. How much income tax, if any, will John pay?
- A £0.
  - B £467.
  - C £934.
  - D £1,000.
8. Someone who has several financial transactions each month would find it **best** to have which type of account?
- A Card.
  - B Current.
  - C Deposit.
  - D Savings.

9. What is the **main difference** between a notice account and an instant access account?

With a notice account the:

- A customer must give the provider warning before drawing the money out.
  - B provider must give the customer warning before issuing a bank statement.
  - C interest rate will always be higher.
  - D interest rate will always be lower.
10. Pre-printed paying-in slips, before they are completed, show two numbers.
- These are the:
- A account number and date.
  - B personal identification number and branch identifier.
  - C sort code and account number.
  - D sort code and customer reference.
11. Compared with keeping savings at home, opening a savings account is which of the following?
- A Easier.
  - B More expensive.
  - C Safer.
  - D Very complex.
12. Tom, who is currently unemployed, is deciding on which type of savings account will be best for him. His main requirement is that he wants to be able to get his money quickly and whenever he wants.
- Which is the **best** type of account for Tom?
- A Instant access.
  - B Investment.
  - C Notice.
  - D Regular saver.

13. Sally is thinking about changing her car. Before she decides which car showroom to buy from, she does some research to find out who offers the best deals.
- This is known as:
- A bulk-buy discount.
  - B buying the label.
  - C shopping around.
  - D special offers.
14. One tin of dog food costs £0.50. Sally notices that the shop offers a bulk discount of 10% for buying 12 tins. How much would the 12 tins cost her?
- A £4.50.
  - B £5.00.
  - C £5.40.
  - D £6.00.
15. Which of the following does **not** risk losing any of the original capital?
- A Gambling.
  - B National Lottery ticket.
  - C Premium Bonds.
  - D Stocks and shares.
16. When people have Premium Bonds, they are swapping the interest that they could have earned on the money for the chance of which of the following?
- A A guaranteed return.
  - B Earning a dividend.
  - C Receiving shares.
  - D Winning a cash prize.

17. Why do currency exchange rates vary?

- A Due to how many people are buying and selling currency.
- B The World Bank decides how much the currencies are worth.
- C To make international trade easier.
- D VISA and MasterCard decide how much currencies are worth.

18. Mica wins US\$1,000 in a competition. The exchange rate is US\$1.5 = one pound sterling. He decides to keep US\$100 and puts the rest in his bank account.

Approximately how much in pounds sterling will be paid into his bank account?

- A £600.
- B £666.
- C £1,350.
- D £1,500.

**Section B begins on page 8**

## Section B

## Case Study 1

## Payslip

This is an example of a payslip:

<b>Name</b>		<b>Staff Reference Number</b>	
Mrs A. N. Other		12345432 - 1	
<b>NI Letter &amp; Number</b>		<b>Pay period</b>	<b>Tax Code</b>
D YF 53 45 54 G		01.04.2014 - 30.04.2014	747L
<b>Total taxable pay to date</b>	<b>Total tax paid to date</b>	<b>Pensionable pay to date</b>	<b>Pension paid to date</b>
£1,081.58	£112.85	£1,075.10	£64.51
<b>Payments</b>		<b>Deductions</b>	
Basic pay	£1,075.10	Tax	£112.85
Overtime 1.00 @ £6.48	£6.48	National Insurance	£62.49
Lunch *		Pension deduction @ 6%	£64.51
Mileage - Business *	£32.54		
Car parking *	£2.50		
<b>Total Gross Pay</b>	£1,116.62	<b>Total Deductions</b>	£239.85

All payments are taxable unless marked with a \*

All deductions are after tax unless indicated with a \*

<b>A/C Number</b>	12345678
<b>Sort Code</b>	200200
<b>Total Payments</b>	£1,116.62
<b>Total Deductions</b>	£239.85
<b>Net Pay</b>	£876.77

Look at the above and answer the following **three** questions:

19. Payslips detail both gross pay and net pay.

Net pay is gross pay minus:

- A all deductions.
- B income tax.
- C National Insurance.
- D pension contributions.



20. All employees can earn a certain amount each year before paying income tax.

This figure makes up part of a person's:

- A National Insurance number.
- B sort code.
- C staff number.
- D tax code.

21. Which of the following deductions will always appear on Mrs A. N. Other's payslip every month?

- A Business mileage and car parking.
- B Business mileage, car parking and National Insurance.
- C Income tax, National Insurance and pension deductions.
- D Overtime, car parking and income tax.

**Case Study 2 begins on page 10**

**Case Study 2**



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Answer the following **three** questions:

22. To withdraw money from an ATM, you will need to enter which of the following?

- A AER.
- B APR.
- C PIN.
- D VAT.

23. Moving money monthly from a current account to a savings account can **best** be achieved by which of the following?

- A Direct credit.
- B Direct debit.
- C Savings transfer.
- D Standing order.

24. When saving money, which of the following types of interest rate applies?
- A AER.
  - B APR.
  - C Base.
  - D Tracker.

**Case Study 3 begins on page 12**

**Case Study 3**



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Answer the following **three** questions:

25. Value added tax (VAT) is a form of:

- A capital gains tax.
- B expenditure tax.
- C income tax.
- D inheritance tax.

26. Clinton buys a new tyre for his car. It is priced at £40 plus VAT. How much VAT will he pay, if any?

- A Nil.
- B £2.00.
- C £2.40.
- D £8.00.

27. Maggie spends £570 each year on daily newspapers and various weekly magazines. Approximately how much, if any, of the money that she has spent is VAT?

- A Nothing.
- B £27.
- C £74.
- D £95.

**Case Study 4 begins on page 13**

**Case Study 4**

The table shows the exchange rate and commission for Indian rupees.

	<b>Exchange Rate (£1=)</b>	<b>Commissio n</b>
<b>ABC Bank</b>	80.1	0%
<b>Building society</b>	80.1	5%
<b>Post Office</b>	83.0	0%
<b>Travel agent</b>	85.2	5%

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Look at the above and answer the following **three** questions:

28. The commission shown in the table above is which of the following?

The provider's:

- A currency.
- B fee.
- C interest.
- D security.

29. If you went to ABC Bank, how much would 1201.5 Indian rupees cost in pounds sterling?

- A £15.00
- B £80.10.
- C £104.60.
- D £962.40.

30. Which of the following would provide the **most** Indian rupees for someone changing money?

- A ABC Bank.
  - B Building society.
  - C Post Office.
  - D Travel agent.
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