

# **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: 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. An important characteristic of money is that it must be:
  - A available in one amount only.
  - B easily recognisable.
  - C inflation proof.
  - D made of paper.
  
2. Which of the following is an **important** security feature of a UK bank note?
  - A Kite mark.
  - B Metallic thread.
  - C Physical dimensions.
  - D Signature.
  
3. In the UK, which of the following amounts in coins is **not** legal tender?
  - A 20 pence in 1p coins.
  - B 30 pence in 2p coins.
  - C £4 in 5p coins.
  - D £5 in 10p coins.
  
4. Which of the following is **not** a regular source of income?
  - A Jobseeker's Allowance.
  - B National Lottery winnings.
  - C Pension.
  - D Salary.

5. Roxy runs her own art gallery. She works there seven days per week, 09.00-17.00 Monday to Friday and 10.00-13.00 on Saturday and Sunday.  
Roxy is:
- A a casual worker.
  - B an employee.
  - C part-time.
  - D self-employed.
6. What do the letters 'SSP' on a pay slip stand for?
- A Sickness Security Payments.
  - B Social Security Payment.
  - C Social Security Protection.
  - D Statutory Sick Pay.
7. Which of the following is **true** in respect of UK income tax?
- The amount of income tax you will pay directly depends on:
- A how much you earn.
  - B how much you spend.
  - C the kind of job you do.
  - D where you live.
8. Direct debits are **most commonly** paid from which type of account?
- A Credit.
  - B Current.
  - C Debit.
  - D Savings.

9. Which of the following statements regarding overdrafts is **true**?

They:

- A are directly linked to credit cards.
- B are ideal for long-term financing.
- C are intended for temporary lending.
- D have fixed monthly repayments.

10. Regular monthly payments for variable amounts are **best** paid by:

- A debit card.
- B direct debit.
- C online transfer.
- D standing order.

11. Buying an investment property is which type of investment decision?

- A Easy access.
- B Guaranteed income.
- C Long-term.
- D Tax-free.

12. Which of the following should attract savers?

A high:

- A AER.
- B APR.
- C ARR.
- D EAR.

13. Which of the following statements about value added tax (VAT) is **correct**?
- A All people buying the same item at the same price pay the same VAT rate.
  - B The amount of VAT payable depends on where in the UK someone lives.
  - C The amount of VAT that someone pays depends on how much they earn.
  - D VAT can be reclaimed by people on lower incomes.
14. In the UK, what is the rate of VAT on children's clothes?
- A 0%.
  - B 5%.
  - C 17%.
  - D 20%.
15. Why might people regard Premium Bonds as being safe?
- Because with Premium Bonds:
- A interest is paid quarterly on the value of the bonds held.
  - B the value of their bonds will increase over time.
  - C their money is guaranteed.
  - D they can sell their bonds on the stock market.
16. Using money to make more money requires a **careful** consideration of:
- A charges and commission.
  - B interest and fees.
  - C risk and reward.
  - D spending and saving.

17. You are exchanging sterling for euros at a bureau de change 'commission free'. What does this mean?
- A The euros will be received before the bureau is paid any money.
  - B There will be no charge for the exchange.
  - C You will not be given any commission.
  - D You will receive commission.
18. Jamal has 20 euros. How many pounds would it be worth if the exchange rate was £1 : 1.25 euros?
- A £12.50.
  - B £16.00.
  - C £21.25.
  - D £25.00.

**Section B begins on page 8**

## Section B

### Case Study 1



Megan is 30 years old. She has one child, Maisie, who is five years old. Megan has not worked since Maisie was born and is now returning to work as a receptionist at a local hotel. She will be working Monday to Thursday each week from 10 am until 3 pm.

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Now answer the following **three** questions:

19. What legal employment rights will Megan have, compared to staff at the hotel who are working full-time?
- A Less because full-time staff must be given priority.
  - B More because she is a single parent with a young child.
  - C She will have the same legal employment rights.
  - D She will not have any legal employment rights.



20. On her return to work, Megan receives a letter from her local HM Revenue & Customs office to notify her of her personal allowance for the current tax year.

A personal allowance is the amount of:

- A money that Megan can earn that is not taxed.
  - B money that Megan must pay as National Insurance.
  - C tax credit Megan will receive for Maisie.
  - D tax Megan must pay each year.
21. After a few months, Megan is finding it difficult working four days each week and so decides to work only Monday to Wednesday. She continues to work 10 am to 3 pm.

She may now be entitled to which of the following?

- A Basic State Pension.
- B Employment and Support Allowance.
- C Income Support.
- D Jobseeker's Allowance.

**Case Study 2 begins on page 10**

**Case Study 2**



Answer the following **three** questions:

22. Which of the following is **true** of credit unions?
- A Anyone is eligible to join a credit union.
  - B They always have a nationwide branch network.
  - C They are easily accessible as they are based in a local area.
  - D They are owned by shareholders.
23. Who owns a credit union?
- A Its members.
  - B Its shareholders.
  - C The Government.
  - D The Post Office.

24. Which of the following determines who can join a credit union?
- A Age restriction.
  - B Common bond.
  - C Customer list.
  - D Salary limit.

**Case Study 3 begins on page 12**

**Case Study 3**



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Answer the following **three** questions:

25. The government collects money from the sale of petrol, and some other items, by adding which of the following to the price?

- A Duty.
- B Income.
- C Revenue.
- D Surplus.

26. Tim bought a car a year ago. Because he spends so much money now on petrol and servicing, he has had to give up his football season ticket.

This is an example of:

- A budgeting.
- B financial preferencing.
- C opportunity cost.
- D rationing.

27. Tim was surprised that the quote for his car insurance premium was higher than in the company's advertisement.

This is **most likely** because of:

- A car tax.
- B insurance premium tax.
- C motor insurance tax.
- D value added tax.

**Case Study 4 begins on page 14**

**Case Study 4**

	<b>Exchange Rate (£1 =)</b>	<b>Commission</b>
Bank	€1.48	0%
Post Office	€1.46	0%
Travel agency	€1.47	2%

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

28. If you wanted to convert £100 into euros, how many euros would you receive if you went to the Post Office?
- A €144.
  - B €146.
  - C €147.
  - D €148.
29. Which of the following, if any, would provide the most euros for your money?
- A Bank.
  - B Post Office.
  - C Travel agency.
  - D They all provide the same amount.

30. Which of the following explains why exchange rates might change?
- A If more people want to buy a currency, it will become cheaper.
  - B If there is less demand for a currency, it will become cheaper.
  - C To make it easier for banks to make a profit from selling currency.
  - D To make it more difficult for people to sell currency illegally.
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