

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: D
Length of examination: 30 minutes

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. Which of the following is the **most important** characteristic of money?

Its:

- A colour.
- B design.
- C recognisability.
- D shape.

2. Which of the following is **most important** in giving people confidence that their banknotes will be accepted as payment?

- A Design aspects.
- B Easy to carry.
- C Range of denominations.
- D Security features.

3. Which of the following is **not** legal tender in the UK?

- A 20p or 1p coins.
- B 50p or 2p coins.
- C £5 or 10p coins.
- D £10 or 20p coins.

4. Which of the following is **not** a type of income?

- A Basic salary.
- B Bonus pay.
- C National Insurance.
- D Overtime.

5. Mark and Sue both work full-time for the same branch of a bank.

Mark and Sue are both:

- A casual workers.
 - B employees.
 - C employers.
 - D shift workers.
6. On a payslip, what do the letters 'NI' stand for?
- A National Insurance.
 - B Nationwide Indemnity.
 - C Notary Involvement.
 - D Notional Interest.

7. What is a 'personal allowance'?

The amount you:

- A are allowed to spend each month.
 - B can earn which will not be taxed.
 - C have to pay as National Insurance.
 - D you can borrow from a bank.
8. Four friends, who share a house together, open a joint current account so they have more control over their finances.
- What is the **minimum** number of signatures the bank will need to authorise payments from the account?
- A One.
 - B Two.
 - C Three.
 - D Four.

9. Packaged accounts **most commonly** comprise a range of extras added to which of the following?
- A Chequebook.
 - B Credit card.
 - C Current account.
 - D Overdraft.
10. An ATM is suitable for which type of transaction?
- A Account transfer.
 - B Cash withdrawal.
 - C Online payment.
 - D Regular payment.
11. Using Sharia-compliant savings products will earn savers which of the following?
- A High interest.
 - B Monthly dividend.
 - C Share of profits.
 - D Tax-free interest.
12. Saul has chosen to use a savings provider because of its 'common bond' and its ties with the community.
- He is saving with a:
- A bank.
 - B building society.
 - C credit union.
 - D post office.

13. Which of the following is the **most common** tax on expenditure in the UK?
- A Corporation tax.
 - B Income tax.
 - C Inheritance tax.
 - D Value added tax.
14. In the UK, what is the rate of VAT on domestic fuel?
- A 0%.
 - B 5%.
 - C 17%.
 - D 20%.
15. If you bought £10,000 worth of Premium Bonds, how much interest are you guaranteed to earn each year, if any?
- A None.
 - B £1-£300.
 - C £301-£600.
 - D More than £600.
16. What is the **greatest** risk to an investor of buying shares in just one company?
- A Profits could reduce.
 - B The company may fail.
 - C The company may make a loss.
 - D The share price may fall.

17. Sarah is making the final preparations for her holiday and is thinking about how best to handle her bills at home while she is away.

Which of the following would be the **least appropriate** method of payment for this purpose?

- A Credit card.
- B Debit card.
- C Direct debit.
- D Travellers' cheques.

18. The rates of exchange for buying and selling the euro are:

Buying euros: £1 = €1.4725 Selling euros: €1 = £0.6525

There is no commission charge payable.

How much would you lose if you bought £50 worth of euros and then **immediately** decided to change it back into pounds sterling?

- A £0.
- B £1.96.
- C £48.04.
- D £51.96.

Section B begins on page 8

Section B

Case Study 1



Answer the following **three** questions:

19. Tom has his own window cleaning business and works on his own. Which of the following **best describes** Tom?

He is:

- A an employee.
- B an employer.
- C self-employed.
- D unemployed.

20. Tom's friend Rasik is studying at a nearby university. When he has time, and Tom has enough work, Rasik helps him. However, Rasik decides when he can and cannot work with Tom.

Rasik is:

- A a casual worker.
 - B a labourer.
 - C a part-time worker.
 - D a shift worker.
21. At which age does the National Minimum Wage **start** to apply?
- A 14.
 - B 16.
 - C 18.
 - D 21.

Case Study 2 begins on page 10

Case Study 2



Answer the following **three** questions:

22. Jon has saved some of his pocket money and he now has a pile of pound coins on the shelf in his bedroom. What would be the **best** thing for him to do with the money so that he can benefit over the long term?
- A Hide it in his room.
 - B Pay it into a building society savings account.
 - C Put it into a bank current account.
 - D Spend it.
23. Which of the following is likely to have the **most negative** impact on the long-term value of the money that Jon has saved?
- A A reduction in the use of cash in society.
 - B Increases in the prices of goods.
 - C Increasing number of bank branches.
 - D More bank services provided online.

24. Why might Jon decide to save his money with NS&I?

Because NS&I products:

- A always offer the best returns.
- B are all tax-free.
- C are available through every bank.
- D are backed by the government.

Case Study 3 begins on page 12

Case Study 3



Answer the following **three** questions:

25. Sally-Anne is very excited. She has just booked tickets to go to see her football team play in the FA Cup Final at Wembley. The face value of the ticket is £50 but she had to pay £52.

The additional £2 is **most likely** to be a:

- A booking fee.
 - B Football Association levy.
 - C supporter tax.
 - D ticket duty.
26. Vela orders tickets by telephone for a concert. The tickets are advertised at £28 each. He buys two and is told that the total cost is £57. The additional amount, which was not advertised, is for postage and packing.

This extra cost is a:

- A duty.
- B hidden charge.
- C premium fee.
- D tax.

27. Comparison websites are an easy way of:
- A agreeing a fee.
 - B shopping around.
 - C spending money.
 - D trying things out.

Case Study 4 begins on page 14

Case Study 4



Answer the following **three** questions:

28. The actual value of one currency against another can change frequently. This is due to changes in:
- A cash rates.
 - B country rates.
 - C currency usage.
 - D exchange rates.
29. Steve has some currency left over when he returns from holiday. Where should he take it so that he can change it back into pounds sterling?
- A Bureau de banque.
 - B Bureau de change.
 - C Currency converter.
 - D Currency shop.

30. Steve decides to change the unused currency at his local building society. In this case, the building society is the:
- A buyer.
 - B lender.
 - C seller.
 - D user.
-