

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

Unit 2: Money Management Solutions (MMS)
D / 506 / 4842

Specimen paper: A
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. For which of the following can an ATM **not** be used?
 - A Changing your address.
 - B Changing your PIN.
 - C Check your balance.
 - D Printing a statement.

2. What would a gas company use to take a payment from a customer's bank account each month?
 - A A direct debit.
 - B A standing order.
 - C An automated sweep.
 - D An express transfer.

3. Which of the following is an **advantage** of using internet banking to manage your money?

Internet banking enables you to:

 - A get a better credit score.
 - B have access to your account 24 hours a day.
 - C make purchases on the internet.
 - D stop debit card payments.

4. Which of the following will provide the **most useful** information to help someone to manage their money?
 - A Bank statement.
 - B Cheque book.
 - C Credit card.
 - D Debit card.

5. Which of the following does **not** appear on the front of a debit card?
- A Cardholder's name.
 - B Current account number.
 - C Expiry date.
 - D Security number.
6. Which of the following is **always** shown on the front of a credit card?
- The:
- A bank's sort code.
 - B card's expiry date.
 - C customer's age.
 - D customer's signature.
7. A debit card **cannot** be used to:
- A make online payments.
 - B make payments in shops.
 - C obtain cashback in shops.
 - D obtain credit on purchases.
8. Compared to a debit card, a **credit** card:
- A cannot be used to make payments.
 - B cannot be used to withdraw cash.
 - C is a way of borrowing money.
 - D is linked to a current account.

9. Which of the following applies **only** to overdrafts?
- A AER.
 - B CPI.
 - C EAR.
 - D RPI.
10. Frank buys a car using £3,000 finance, over five years, at 8% APR per annum.
- When the finance is repaid, how much **in total** will Frank have paid back?
- A £3,000.
 - B £3,240.
 - C £4,200.
 - D £5,400.
11. What is the **most likely** reason for paying for something in advance?
- The:
- A bank needs it.
 - B buyer chooses to pay this way.
 - C credit card company requires it.
 - D seller insists on it.
12. Which of the following statements about insurance is **correct**?
- A All risks are avoided.
 - B The insurance company takes the risk.
 - C The insured person has no risk at all.
 - D There is usually no risk.

13. The money that a person has to pay for insurance cover is known as which of the following?
- A Assurance.
 - B Dividend.
 - C Interest.
 - D Premium.
14. Legally, people are allowed to insure their spouse against death. This is due to the legal principle of:
- A agency.
 - B indemnity.
 - C insurable interest.
 - D utmost good faith.
15. Checking current bank account statements regularly is a good way of ensuring that:
- A interest rates have not changed.
 - B no-one has fraudulently accessed your account.
 - C you are aware of all special offers available.
 - D you know that the bank has launched new products.
16. What do the letters 'O/D' stand for on a bank statement?
- A On debit.
 - B On demand.
 - C Overdrawn.
 - D Overdue.

17. Which of the following is **not** an example of an expenditure?
- A Interest on savings.
 - B Mobile phone bill.
 - C Rent paid.
 - D Road tax.
18. In respect of financial services, what kind of help is someone **most likely** to provide, if they work at a Citizens Advice bureau?
- A Billing queries.
 - B Dealing with complaints.
 - C Debt counselling.
 - D Investment advice.

Section B begins on page 8

Section B**Case Study 1****Mortgages**

Save £000s on your mortgage

If you are looking for a mortgage, look no further than mortpay.com.

As a truly INDEPENDENT mortgage broker, we have access to over 3,000 mortgages from over 100 lenders.

Whatever you need, we will search the market for you and can get you a great deal!

- **Buying your first home**
- **Moving home**
- **Remortgaging to reduce your outgoings**
- **Council house purchase**
- **Poor credit ratings or CCJs**
- **And much, much more**

Visit our website on www.mortpay.com to take advantage of our service

Or call us on **0800 123 1234**

Or email us at **quote@mortpay.com**

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

19. The finance on offer by mortpay.com is **usually** for what period of time?
- A Very short-term.
 - B Short-term.
 - C Medium-term.
 - D Long-term.
20. You decide to take out an interest-only mortgage. The loan is for £100,000 and interest is charged at 5% per annum.
- How much interest will you have paid after three months?
- A £416.67.
 - B £1,250.00.
 - C £2,400.00.
 - D £5,000.00.

21. The interest rate on the mortgage does not change over the life of the loan.

This means that the interest rate is a:

- A fixed APR.
- B fixed EAR.
- C variable APR.
- D variable EAR.

Case Study 2**Borrowing**

Below are examples of some loan rates:

Cheapest Secured Homeowner Loans

Loan	Typical APR	Minimum Loan	Maximum Loan
Hobart personal loan	5.7%	£5,000	£20,000
South Riding loan	5.6%	£1,000	£20,000
Bettaloans loan	5.7%	£5,000	£25,000
Helpmates fixed-rate loan	5.8%	£5,000	£20,000
Arrow Bank telephone loan	5.9%	£5,000	£25,000

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

22. What is meant by a **variable** APR?

The APR:

- A can change in the future.
 - B depends upon the amount borrowed.
 - C depends upon the income level of the borrower.
 - D is an estimate that may not apply.
23. If you have used your home as security on a loan, what may happen if you miss a number of repayments?
- A You will go to prison.
 - B You will have to return the product you bought with the loan.
 - C Your house may be repossessed by the bank to pay off the loan.
 - D Your house will be put up for rent to get the loan payment.

24. If you want to borrow £22,000 over ten years, which of the following will be the **cheapest** company you would choose?
- A Arrow Bank telephone loan.
 - B Bettaloans loan.
 - C Helpmates fixed-rate loan.
 - D South Riding loan.

Case Study 3

Credit



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

25. Jack and Mary need to buy a new sofa. Which of the following is a way to buy it and spread the cost over 12 months?
- A Charge card.
 - B Cheque.
 - C Credit card.
 - D Debit card.

26. Jack and Mary decide to buy a sofa from cheapsticks.co.uk, but want to pay for it over four years.

What important financial information does the advertisement **not** tell them?

- A The actual cost of delivery.
- B The APR on the finance they will require.
- C The interest rate for the first three years.
- D What furniture is part of the offer.

27. If you buy a sofa from cheapsticks.co.uk for £1,200, what would your **minimum** monthly payment be in the first year?

- A Nothing.
- B £50.
- C £100.
- D £1,200.

Case Study 4



Here is Mark in his office at Scottish Widows plc. He is an insurance adviser for the company and can only sell their products.

Mark's sister works for a company selling insurance products from the whole market.

Answer the following **three** questions:

28. How would you describe Mark's status?

- A Independent.
- B Intermediary.
- C Restricted.
- D Sole.

29. How would you describe Mark's sister's status?

- A Independent.
- B Intermediary.
- C Restricted.
- D Varied.

30. Which of them, if either, **must** tell their customers in advance what fee they are going to charge for advice on what they are selling?
- A Mark.
 - B Mark's sister.
 - C Both of them.
 - D Neither of them.
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