

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

Unit 3: Personal Finance Management (PFM)
Y / 506 / 4841

Specimen paper: B
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. When buying two items on a (buy-one-get-one-free) offer, how much of a saving will there be on the usual price per item?
 - A 25%.
 - B 50%.
 - C 75%.
 - D 100%.

2. Why must a budget be flexible?

Because:

 - A a person's salary is usually unknown.
 - B income tax rates often change on a monthly basis.
 - C someone's utility bills can change dramatically each month.
 - D unexpected things may happen.

3. In the UK, building societies are which of the following?
 - A Banks.
 - B Government owned.
 - C Mutuels.
 - D Owned by the Post Office.

4. A car insurance company receives money in the form of which of the following?
 - A Dividends.
 - B Fees.
 - C Interest.
 - D Premiums.

5. Which of the following policies will pay out an agreed sum of money when the policyholder dies, and provides cover for the policyholder's lifetime?
- A Critical illness.
 - B Ill health protection.
 - C Term assurance.
 - D Whole-of-life.
6. The Financial Services Compensation Scheme does **not** cover which of the following?
- A Deposits.
 - B Investments.
 - C Mortgages.
 - D Overdrafts.
7. Which of the following is the **most likely** cause of overspending?
- Not having enough:
- A credit to get a mortgage.
 - B expenditure to use as income.
 - C income to meet bills.
 - D savings to plan for retirement.
8. Louise has contacted her bank which has agreed to lend her some money using an overdraft.
- This is an example of:
- A a fixed overdraft.
 - B a voluntary overdraft.
 - C an arranged overdraft.
 - D an authorised overdraft.

9. A person would find it the **most difficult** to obtain credit from a financial services provider if they had which of the following?
- A A low balance.
 - B A part-time job.
 - C An unpaid county court judgment.
 - D No credit history.
10. Maggie has been experiencing financial difficulties.
- Which of the following would be the **best** for her to go to for financial help?
- A A friend of the family.
 - B Citizens Advice.
 - C The Financial Conduct Authority.
 - D The Samaritans.

Section B begins on page 6

Section B

Case Study 3



Answer the following **five** questions:

11. Shopping around means:

- A buying the item at the lowest possible price no matter what quality it is.
- B getting the best possible deal for you.
- C understanding how many different shops sell the item.
- D walking around the shops and buying the first product you see.

12. When buying a high-value product, you might want to consider how quickly it will depreciate. Which of the following **best** defines 'depreciate'?
- A Go down in value.
 - B Go up in value.
 - C Need updating.
 - D Stop working.
13. Jack's car is very old and he wants to buy a newer one in a year's time for at least £1,200. What would be the **best** way to do this?
- A Arrange to get a loan immediately.
 - B Crash his current car to receive an insurance pay out.
 - C Save £100 per month in a savings account.
 - D Wait a year and buy a car on his credit card.
14. When borrowing money, which of the following is usually the **most important** consideration when choosing a provider?
- A Highest interest rate.
 - B Highest premium.
 - C Lowest interest rate.
 - D Lowest premium.
15. Jack works in an office and is paid monthly. He pays his road tax half-yearly. He fills up with petrol every fortnight. His insurance is spread over the year. The car needs an annual MOT.
- Jack's budget should be broken down into which time periods?
- A Fortnightly.
 - B Monthly.
 - C Half-yearly.
 - D Annually.

Case Study 2 begins on page 8

Case Study 4



Answer the following **five** questions:

16. Martin is worried about his debts. He has never been good at managing his finances. Which of the following would help him to plan his income and expenditure?
- A Budget.
 - B Credit card.
 - C Overdraft.
 - D Schedule.
17. There is a history of illness in Martin's family and his main worry is **not** being able to afford his mortgage if he becomes too ill to work. Which type of insurance should he consider?
- A Income Support.
 - B Mortgage repayment.
 - C Payment protection.
 - D Sickness liability.

18. Which of the following would provide protection for Martin's savings if his bank was **unable** to give him his money back?
- A Payment protection insurance.
 - B The Financial Conduct Authority.
 - C The Financial Ombudsman Service.
 - D The Financial Services Compensation Scheme.
19. Martin would also like to take out some cover so that his mortgage will be repaid if he should die before he has repaid it all. He does not need cover after the mortgage has been repaid.
- What type of cover should Martin take out?
- A Critical illness cover.
 - B Mortgage guarantee.
 - C Term assurance.
 - D Whole-of-life.
20. If Martin has a complaint about the insurance company, after having complained to them first, who could he **then** take the complaint to?
- A Citizens Advice.
 - B The Financial Conduct Authority.
 - C The Financial Ombudsman Service.
 - D The Financial Services Compensation Scheme.
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