

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: C

Answers and Justification document

This document has been designed to provide teachers and learners with clear information relating to specimen exam questions. The aim is to clarify the approach to answering questions, and identify why plausible distractors are incorrect.

The document consists of two sections as follows:

- **Answers** – this shows the question number, correct answer (A-D) and the syllabus reference.
- **Justification** – The justifications are brief explanations of why one answer is correct and the three others are incorrect. In this section the correct answer is highlighted in bold; followed by the syllabus reference. Underneath the justifications appear for each answer (A-D).

Note: When using this document you will need to refer to the specimen paper to which it relates and the relevant unit syllabus.

Answers and Justifications

Specimen Paper C

Q1 **B** PFM1_1

- A Incorrect. 39p per packet.
- B Correct. 34p per packet.
- C Incorrect. 34.5 per packet.
- D Incorrect. 35.5p per packet.

Q2 **C** PFM2_1

- A This is known as shopping around.
- B This is known as shopping around.
- C Correct.
- D This is known as shopping around.

Q3 **A** PFM3_1

- A Correct.
- B The consumer is not charged anything to use the Financial Ombudsman Service.
- C The consumer is not charged anything to use the Financial Ombudsman Service.
- D The consumer is not charged anything to use the Financial Ombudsman Service.

Q4 **A** PFM3_1

- A Correct.
- B Credit unions are controlled by their members.
- C Credit unions are controlled by their members.
- D Credit unions are controlled by their members.

Q5 **B** PFM4_1

- A Sally can take her complaint to the Financial Ombudsman Service.
- B Correct.
- C Sally can take her complaint to the Financial Ombudsman Service.
- D Sally can take her complaint to the Financial Ombudsman Service.

Q6 **D** PFM4_1

- A The Financial Services Compensation Scheme is responsible for this.
- B The Financial Services Compensation Scheme is responsible for this.
- C The Financial Services Compensation Scheme is responsible for this.
- D Correct.

- Q7 **B** PFM5_1
A He needs to consider the impact of interest that he will be charged on his overdraft.
B Correct.
C He needs to consider the impact of interest that he will be charged on his overdraft.
D He needs to consider the impact of interest that he will be charged on his overdraft.
- Q8 **A** PFM5_1
A Correct.
B Debts will increase.
C Interest is only received on savings not on borrowings.
D The interest rate will not fall.
- Q9 **C** PFM6_1
A If you do not keep up with the repayments on a mortgage, the lender is entitled to take the property and sell it to clear the outstanding loan. This is called repossession.
B If you do not keep up with the repayments on a mortgage, the lender is entitled to take the property and sell it to clear the outstanding loan. This is called repossession.
C Correct.
D If you do not keep up with the repayments on a mortgage, the lender is entitled to take the property and sell it to clear the outstanding loan. This is called repossession.
- Q10 **D** PFM6_1
A An arrangement with creditors to repay debts, either in part or in full, is an IVA (individual voluntary arrangement).
B An arrangement with creditors to repay debts, either in part or in full, is an IVA (individual voluntary arrangement).
C An arrangement with creditors to repay debts, either in part or in full, is an IVA (individual voluntary arrangement).
D Correct.

Case Study 1 Answer and Justifications

- Q11 **C** PFMCS1
A He pays £4.50. $£0.25 \times 20 \text{ oranges} = £5$. 10% of £5 is £0.50. $£5 - £0.50 = £4.50$.
B He pays £4.50. $£0.25 \times 20 \text{ oranges} = £5$. 10% of £5 is £0.50. $£5 - £0.50 = £4.50$.
C Correct.
D He pays £4.50. $£0.25 \times 20 \text{ oranges} = £5$. 10% of £5 is £0.50. $£5 - £0.50 = £4.50$.

Q12 **B** PFMCS1

- A He pays £2. £0.40 x 5 oranges with another 5 oranges for free.
- B Correct.
- C He pays £2. £0.40 x 5 oranges with another 5 oranges for free.
- D He pays £2. £0.40 x 5 oranges with another 5 oranges for free.

Q13 **D** PFMCS1

- A He should be able to manage to carry them if he uses two bags.
- B Oranges do not need to be stored in special containers.
- C Oranges are not necessarily cheaper in the supermarket.
- D Correct.

Q14 **A** PFMCS1

- A Correct.
- B Credit card would be the best for this purchase. If he pays off the balance on his next statement in full, he will pay no interest on the borrowing.
- C Credit card would be the best for this purchase. If he pays off the balance on his next statement in full, he will pay no interest on the borrowing.
- D Credit card would be the best for this purchase. If he pays off the balance on his next statement in full, he will pay no interest on the borrowing.

Q15 **C** PFMCS1

- A He should reduce his planned expenditure to cover the cost of the juice maker.
- B He should reduce his planned expenditure to cover the cost of the juice maker.
- C Correct.
- D He should reduce his planned expenditure to cover the cost of the juice maker.

Case Study 2 Answer and Justifications

Q16 **C** PFMCS2

- A It should not affect his chances of employment.
- B He will not have to close his bank account, although he may not be granted credit.
- C Correct.
- D It will not affect his ability to renew his passport.

Q17 **C** PFMCS2

- A He will be ordered by the court to repay a debt.
- B He will be ordered by the court to repay a debt.
- C Correct.
- D He will be ordered by the court to repay a debt.

- Q18 **C** PFMCS2
A This is an option.
B This is an option.
C Correct. This is not an available option
D This is an option.

- Q19 **D** PFMCS2
A The main risk is repossession.
B The main risk is repossession.
C The main risk is repossession.
D Correct.

- Q20 **A** PFMCS2
A Correct.
B The Debt Advisory Centre could help him.
C The Debt Advisory Centre could help him.
D The Debt Advisory Centre could help him.
-