

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: 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. You want to buy some oven chips but there are different-sized bags at various prices. Which of the following represents the **best** value for money?
 - A 750g for £1.20.
 - B 1kg for £1.40.
 - C 1.5kg for £2.15.
 - D 2.0kg for £3.00.

2. Mike has just bought a second-hand car. He paid cash for the car and has used all of his savings. He has made a budget and can just about afford the running costs. Which of the following would have the **greatest** impact on his budget?
 - A Depreciation of the car.
 - B Emergency repairs for the car.
 - C His monthly insurance premium.
 - D The cost of fuel.

3. Most major high street banks in the UK are owned by which of the following?

Their:

 - A chairpersons
 - B directors.
 - C senior management.
 - D shareholders.

4. Which of the following is **not** a type of general insurance?
 - A Car.
 - B Life.
 - C Pet.
 - D Travel.

5. The role of the Financial Ombudsman Service is to:
- A deliver training to financial services industry staff.
 - B provide financial advice to the government.
 - C provide financial support to banks, building societies and insurance companies.
 - D settle disagreements between financial providers and their customers.
6. The Financial Ombudsman Service does **not** normally deal with complaints about:
- A advertisements.
 - B banking.
 - C insurance.
 - D mortgages.
7. Mira spends most of her salary on essential things. An example of Mira's **non-essential** expenditure could be:
- A bus fares to work.
 - B loan repayments.
 - C meals in restaurants.
 - D mortgage repayments.
8. Tikki can only ever afford to make the **minimum** payment each month on her credit card.
- As a result:
- A it will take her a long time to clear the debt.
 - B the card company will reduce the interest rate.
 - C the card company will withdraw the card.
 - D the card limit will be increased each month.

9. Diana has been unable to make repayments on her loans and credit cards for the last three months. What will be the **most immediate** impact of this?
- A Charges will begin to mount up.
 - B Her limits will be increased.
 - C The bank will not require the repayments to be made.
 - D The bank will open up a new loan account for her.
10. If you have a mortgage and you **cannot** keep up the repayments, what could happen?
- A The contents of your house will be sold to make the repayment.
 - B Your house will be rented out to make the repayment.
 - C Your house will be sold to repay the loan.
 - D Your house will be used as a business to make money.

Section B begins on page 6

Section B

Case Study 1



Answer the following **five** questions:

11. Phil needs 20 oranges for a special smoothie fruit drink that he wants to make. He goes to a stall in his local market and sees some oranges for 25p each. He agrees a 10% discount for buying in bulk. How much do the oranges cost him?
- A £0.50.
 - B £3.75.
 - C £4.50.
 - D £5.00.

12. Later that day, he passes the same stall. The price has gone up to 40p per orange, but they are now on a 'buy-one-get-one-free' offer. He decides to buy another 10 oranges.

How much do these cost Phil?

- A £1.
 - B £2.
 - C £3.
 - D £4.
13. Phil now has 30 oranges. Why might this purchase **not** represent good value for money to Phil?
- Because:
- A he would need to ask his friends to help him carry them all.
 - B oranges need special storage containers.
 - C oranges will always be cheaper in the supermarket.
 - D some of the oranges may go off before he can use them all.
14. Phil decides to buy a new juice maker at the electrical store in town. He does not have enough cash with him and there is no money in his bank account until he gets paid next week.
- Which of the following would be the **best** way for him to make the purchase?
- A Credit card.
 - B Loan.
 - C Shop finance.
 - D Unauthorised overdraft.
15. What impact, if any, will this purchase have on Phil's budget for the next month?
- A None.
 - B He will need to increase his savings.
 - C He will need to reduce his planned expenditure to cover the cost.
 - D He will need to reduce his savings and increase his expenditure.

Case Study 2 begins on page 8

Case Study 2



Answer the following **five** questions:

16. Jean's expenditure has been going up. She has now used all of her savings and regularly pays out more each month than she earns.

Jean is:

- A overspending.
 - B over-target.
 - C under-budgeted.
 - D under-funded.
17. Jean's problem is only short-term as she is due to receive her annual bonus in two months' time. Which of the following might represent the **best** solution for Jean?
- A Debt Relief Order.
 - B Individual voluntary arrangement.
 - C Mortgage.
 - D Overdraft.

18. Jean decides that she will not buy anything more with her credit card. The balance on her card is already quite high. Which of the following is **true** if she only ever makes the minimum payment each month?

The debt will:

- A always be cleared within a year.
 - B be cleared but very slowly.
 - C be cleared immediately.
 - D never be fully cleared.
19. Which of the following is **not** necessarily a sign that a customer might be in financial difficulties?
- A Asking for a personal loan to buy a car.
 - B Failing to meet loan repayments.
 - C Provider returning cheques unpaid due to lack of funds.
 - D Repeatedly going over agreed overdraft limits.
20. What results in a 'county court judgment'?
- A A debt relief order.
 - B An individual voluntary arrangement.
 - C Legal action by a creditor.
 - D Voluntary bankruptcy.