

**LIBF Level 3 Certificate in Financial Studies (CeFS)  
– 600 / 8537 / X**

**Unit 1: Financial Capability for the Immediate and  
Short Term (FCIS) - T / 504 / 8100**

Specimen paper: A  
Length of examination: 45 minutes

<b>Name</b>		<b>Candidate Number</b>	<b>CS</b>
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<b>School/College</b>	
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**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.

1. Which of the following is a function of money?  
A means of:
  - A ensuring stability of value.
  - B exchange.
  - C guaranteeing credit.
  - D improving a person's credit rating.
  
2. For money to function as intended, it needs to be:
  - A acceptable.
  - B fixed in value.
  - C no older than five years.
  - D unrecognisable.
  
3. A **key** feature of money is that **all** coins and banknotes of a certain denomination need to be homogeneous. True or false?
  - A True.
  - B False.
  
4. British banknotes have a promise on them to 'pay the bearer on demand the sum of' followed by the amount of money the banknote represents. This promise is signed by the:
  - A Chancellor of the Exchequer.
  - B Chief Cashier of the Bank of England.
  - C Governor of the Bank of England.
  - D Prime Minister.

5. At which of the following **key** stages of the personal life cycle is a person aged 18-25 years?
- A Childhood.
  - B Mature adult.
  - C Teenager.
  - D Young adult.
6. The middle age stage of the personal life cycle is generally described as being 26-40 years old. True or false?
- A True.
  - B False.
7. Which of the following is **most likely** to be affected by major external influences during the middle-age to late-middle-age stage of the personal life cycle?
- A Early retirement.
  - B Going to university.
  - C Learning to drive.
  - D Starting a family.
8. Which of the following is an external factor during the personal life cycle that will **significantly** affect an individual's position?
- A Being made redundant.
  - B Deciding to start a family.
  - C Getting married.
  - D Learning to drive.

9. The interest rate quoted on a savings account is indicated by which of the following?
- A AER.
  - B APR.
  - C EAR.
  - D RPI.
10. Which of the following is **usually** a feature of a savings bond?
- A It is for a set period of time.
  - B It pays a lower rate of interest than an instant access account.
  - C The rate of interest is variable.
  - D Withdrawals of funds are not restricted.
11. A **key** feature of an individual savings account (ISA) is that:
- A the interest is always tax free.
  - B the interest is paid every three months.
  - C the interest rate is guaranteed to be no less than the rate of inflation.
  - D there is no maximum amount that can be deposited each year.
12. National Savings and Investments (NS&I) savings products are popular because the money saved is:
- A 50% guaranteed.
  - B 75% guaranteed.
  - C 85% guaranteed.
  - D 100% guaranteed.

13. Which of the following forms of borrowing requires the amount borrowed to be repaid in full every month?
- A Charge card.
  - B MasterCard.
  - C Personal loan.
  - D Store card.
14. Which of the following is **usually** a feature of a personal loan?
- A It is for a fixed period of time.
  - B The amount borrowed is known as the repayment.
  - C The interest rate is variable.
  - D The length of the loan is usually between three and fifteen years.
15. An unauthorised overdraft is **usually** a more expensive form of borrowing than an authorised overdraft. True or false?
- A True.
  - B False.
16. Building societies are mutual organisations, which means that they are owned by their:
- A directors.
  - B employees.
  - C members.
  - D shareholders.

17. Demutualisation describes the process of:
- A banks becoming building societies.
  - B banks taking over other banks.
  - C building societies becoming banks.
  - D building societies taking over other building societies.
18. Under **normal** circumstances, the Financial Services Compensation Scheme protects the savings of an individual up to what **maximum** amount?
- A £15,240 per person, per provider.
  - B £50,000 per person, per provider.
  - C £75,000 per person, per provider.
  - D £100,000 per person, per provider.
19. The Prudential Regulation Authority is a subsidiary of the:
- A Bank of England.
  - B British Bankers' Association.
  - C Building Societies Association.
  - D Financial Conduct Authority.
20. Which of the following is responsible for ensuring that all financial services providers conduct their business in a way that benefits consumers and the market as a whole?
- A The Financial Conduct Authority (FCA).
  - B The Financial Policy Committee (FPC).
  - C The Financial Services Compensation Scheme (FSCS).
  - D The Prudential Regulation Authority (PRA).

21. Which of the following **best** describes a packaged current account?

An account that offers the account holder:

- A an interest rate equal to the rate of inflation.
- B an interest rate that is 0.5% above the rate of inflation.
- C extra benefits for a monthly fee.
- D extra benefits for no monthly fee.

22. To open a new account, an applicant is required to supply the financial services provider with proof of their identity and their address. This is to:

- A ensure that the applicant is a British citizen.
- B ensure that the applicant is aged 21 or over.
- C prevent a person having more than one account.
- D prevent money laundering.

23. Contactless cards can be used for payments up to a **maximum** of:

- A £10.
- B £20.
- C £30.
- D £50.

24. Which of the following applies to pre-paid travel cards?

They:

- A are only provided through the Visa brand.
- B can be loaded with any currency.
- C do not allow for the balance to be refunded if the card is stolen.
- D only operate within the European Union.

25. In a cash flow forecast, which of the following would be an example of mandatory expenditure?

- A A cinema ticket.
- B A football magazine.
- C A meal at a restaurant.
- D Council tax.

26. Read the cash flow forecast below and calculate the balance at the end of the month. Assume that there was no balance brought forward from the previous month.

Total income	£1,500
Mandatory expenses	£ 240
Essential expenses	£ 460
Discretionary expenses	£ 320

- A £480.
- B £800.
- C £1,040.
- D £1,260.

27. Citizens Advice charges for the advice it provides on debt management. True or false?

- A True.
- B False.



28. An administration order in England, Wales or Northern Ireland applies to people who have less than which of the following amounts in unsecured debt?
- A £5,000.
  - B £15,000.
  - C £65,000.
  - D £85,000.
29. A debt relief order enables a person to write off their debts if they are unable to repay them after what **maximum** length of time?
- A 6 months.
  - B 12 months.
  - C 2 years.
  - D 5 years.
30. From 1 April 2016, the national minimum wage in the UK for employees aged 21 to 24 is an hourly rate of:
- A £3.87.
  - B £5.30.
  - C £6.70.
  - D £7.20.
31. According to the Working Time Regulations, an employee **cannot** be required to work longer than:
- A 40 hours per week, averaged over 17 weeks.
  - B 40 hours per week, averaged over 26 weeks.
  - C 48 hours per week, averaged over 17 weeks.
  - D 48 hours per week, averaged over 26 weeks.

32. David earns £21,500 a year. He has a personal allowance of £11,000 and pays an income tax rate of 20% on the amount above the personal allowance. Calculate how much tax he pays.
- A £1,050.
  - B £2,100.
  - C £4,300.
  - D £6,500.
33. Cynthia earns £52,000 a year. She pays National Insurance contributions (NICs) of 12% on earnings between £155 and £827 per week, and NICs of 2% on any earnings over £827 per week. How much did she pay in NICs in the year?
- A £4,310.80.
  - B £4,373.20.
  - C £5,340.40.
  - D £6,240.00.
34. Lifelong financial planning in the UK has been affected by changes in the age when men and women can receive a state pension. In 2020, this age will be:
- A 60.
  - B 65.
  - C 66.
  - D 67.
35. Lifelong financial planning is affected by the length of time a person can expect to live.
- In the UK today, the life expectancy of a girl born in 2010 is 83. True or false?
- A True.
  - B False.
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