

# Chartered Banker

Leading financial professionalism

## International Business

### Assignment

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Charitable Body: The Chartered Institute of Bankers in Scotland (CIOBS) – Reg No.: SC013927



## Important Assignment Information

### ASSIGNMENT LENGTH

For assignments submitted on or after **1st September 2008**, there is a **maximum** word count of **2,500 words**.

From that date, if you fail to adhere to the maximum word count, a deduction will be made to your final assignment mark. Specifically, if you exceed the 2,500 limit, you will be deducted **1%** for every **100 words** or **part** of **100 words** over the limit.

For example, if you write a total of **2,614** words, a **2%** deduction will be made to your mark. For clarification, the word count includes all references and attached appendices.

### PASS COMPENSATION AWARD

In recognition of the importance attached to the assignments, an award of **Pass Compensation** will be made to you if you score between 45% and 54% in the final exam and if you complete the required assignment(s) under the following conditions:

1. The assignment mark must be 60% or above – where two assignments are required, then the average mark must be 60% or above **and**
2. Assignments must be in the hands of the Tutor **at least** one month prior to the **chosen examination date for each subject**.

For example, if you enrol to sit a **full** credit subject examination on **15<sup>th</sup> December**, you must have sent **both** assignments to your tutor by **15<sup>th</sup> November**.

Similarly, if you enrol to sit a **half** credit subject examination on **2<sup>nd</sup> March**, you must have sent the **sole** assignment to the tutor by **2<sup>nd</sup> February**.

Please also note the following:

- (a) Where an assignment is marked at less than 60%, this may show up as **'Fail'** in the web-based student record – this is purely with reference to the Pass Compensation award and does not necessarily mean it is a sub-standard submission
- (b) You are **not** permitted to **re-submit** an assignment in order to gain a higher mark
- (c) In the event that you fail an exam and have not completed the required assignment(s), you can subsequently complete the required assignment(s) – these will then count towards any re-sit examination undertaken. Submission dates for these assignments must comply with the relevant timescales as stated in **2** above.

## CASE STUDY

You have arranged a meeting with a prospective new client to your bank, who imports raw materials for their manufacturing process and exports a proportion of their goods abroad. They have kindly given you some basic information to allow you to prepare for the meeting.

They are looking at using a new supplier in the USA for their raw materials, with this prospective American supplier asking for a Letter of Credit with drafts payable 60 days after Bill of Lading date. Their existing European supplier claims payment by bill of exchange payable 30 days after shipment on a documentary collection basis.

Both companies would ship the goods in one month's time. The European supplier is quoting €40,000 ExWorks. The American supplier is quoting \$55,000 Delivered Duty Paid.

Currently they sell the goods on an open account basis to 15 different companies in the UK, USA, Canada, Australia and Japan.

For indication purposes, current spot rate and forward adjustments as follows. Please note that the Euro forward adjustments are quoted at a **premium**, with the US dollar being at a **discount**.

EURO			US DOLLAR		
Spot	1.4790	1.4800	Spot	1.9550	1.9560
1 month	.0019	.0016	1 month	.0003	.0005
2 months	.0038	.0035	2 months	.0006	.0008
3 months	.0055	.0052	3 months	.0007	.0010

What are the pros and cons of each quote? In compiling your answer, you should consider the various risks the client faces and what services are available within the bank and outside to help them.

Additionally, what other services are appropriate in respect of their exports and are there any possible synergies between their imports and exports?

**(TOTAL 50 MARKS)**

**TOTAL ASSIGNMENT MARKS – 50**