

Chartered Banker

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UK Financial Services

Assignment 2

The Chartered Institute of Bankers in Scotland, Drumsheugh House, 38b Drumsheugh Gardens, Edinburgh, EH3 7SW

Telephone: 0131 473 7777

Email: info@ciobs.org.uk

Web: www.charteredbanker.com

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 **15th December**, you must have sent **both** assignments to your tutor by **15th November**.

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

Question 1

- (a) Explain the differences between an ‘execution-only transaction and a transaction that is completed for an ‘insistent client’, clearly outlining the procedures to be adopted by the financial adviser.

(5 marks)

- (b) Graham has been a self employed butcher for 15 years, and following a fact find review with his financial adviser, he has decided that he should protect his income in the event of long term illness. What product should be recommended to him and what are the key benefits to Graham?

(5 marks)

(TOTAL 10 MARKS)

Question 2

- (a) Using an example(s), fully explain the principle behind the Gift Aid scheme, indicating the benefits to both parties. Additionally, research and explain the implications of the changes which have affected both parties since 6th April 2008.

(10 marks)

- (b) Ken, aged 37, is employed by a local graphics design company and is concerned about his tax liability for 2007 / 08. As such, he has asked you, his financial adviser, to calculate his tax liability based on the following data.

Salary	£47,759
Bank interest received	£ 1,678
Building society interest received	£ 545
UK dividend income	£ 1,759

Ken also confirms to you that he is only entitled to the basic personal allowance and that his travel expenses to work during the year come to £750.

(10 marks)

(TOTAL 20 MARKS)

Question 3

In relation to Capital Gains Tax, fully explain indexation allowance and taper relief. Additionally, research and explain the major changes which have affected these allowances from 6th April 2008.

(TOTAL 10 MARKS)

Question 4

Michelle Montgomery, the owner and Managing Director of MM Investments Ltd (MMI), has just been authorised by the FSA to undertake several regulated activities, including portfolio management.

- (a) In order to be permitted to conduct the regulated activities applied for, what minimum conditions did MMI have to meet?

(5 marks)

- (b) On a personal level, what did Michelle have to satisfy the FSA on prior to her being permitted to give advice to customers?

(3 marks)

- (c) When MMI take on a new portfolio management customer, what document will they issue to their clients to establish and confirm their customer / adviser relationship and what specific details must be included within it?

(5 marks)

- (d) Identify and briefly explain seven sanctions which the FSA can take against MMI should the company breach the Financial Services & Markets Act 2000.

(7 marks)

(TOTAL 20 MARKS)

TOTAL ASSIGNMENT MARKS – 60