**Assessment Checklist The Financial Services Sector HND1 35**

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| --- | --- | --- | --- | --- |
| Candidate Name | Candidate Number | | | Date |
| Assessor | Internal Verifier | | | Assessment outcome |
|  | | Assessment | Redo | Comments |
| **OUTCOME 1** | |  |  |  |
| Explains three options on maturity of National Savings Certificates | |  |  |  |
| Explains the four options the investor has during a Rights issue | |  |  |  |
| Identifies the defined benefits pension scheme | |  |  |  |
| Explains four features of a defined benefits pension scheme | |  |  |  |
| **OUTCOME 2** | |  |  |  |
| Explains why the correct designation is restricted advice | |  |  |  |
| Explains why the term professional investor is not appropriate | |  |  |  |
| Calculates the compensation payment | |  |  |  |
| **OUTCOME 3** | |  |  |  |
| Calculates the contract close out figure | |  |  |  |
| Explains one advantage for the exporter and one advantage for the importer when using a Documentary Letter of Credit. | |  |  |  |

*Candidate Shanghai Hilton SCN 123456789*

*1.*

*Ann can cash in the certificate with money being sent to her bank account.*

*She can renew for a longer time or she can renew for the same length of time as her original certificate.*

*2.*

*Mary’s options are to take up the rights by paying for them by sending money by the date on the form to the share registrar or the name on the letter, to sell the rights, to take up some of the rights or to do nothing.*

*3.*

*Her pension is a defined final salary scheme with benefit. She will get benefits on a fraction from her salary at the end. She contributes or not and has sum and pension or can choose different.*

*It is good for Sue as she has no risk for this pension.*

*4a*

*John is on his working alone with large number of clients so he can say he is an expert.*

*4b.*

*The surgeon is a professional man but he is not in the profession of finance so Sam is wrong.*

*5.*

*Under the Financial Services Compensation Scheme the compensation is per person.*

*Matthew and his wife have total balances of £163,000 and so they will be covered as the compensation limit is £85,000 per person*

*6.*

*At start it will be a sale as a two month contract*

*Sell $80,000 at 1.8278 = £43768.81 CR*

*To close out he will have to buy at 1.7239 (1.725-0.0011) rate = £46405.87 DR*

*So he loses £46405.87-£43768.81) = £2637.06*

*7.*

*A documentary credit is really helpful to an exporter who might be working with someone they cannot know. So they do not know if the money will come but if they have a credit it will come. The bank will say it will come.*

*But the importer does not know if the goods will come or if they will be bad so they do not want to have bad goods so the documentary credit gives them help because they will have documents they have asked for to show the goods are OK before they have to pay. And they will know they are in their country and not still in the sea.*

*Candidate Shanghai Hilton SCN 123456789 REDO*

*1.*

*Ann can cash in the certificate with money being sent to her bank account.*

*She can renew for a longer time or she can renew for the same length of time as her original certificate. But she will only get the interest rate that is being offered today.*

*2.*

*Mary’s options are to take up the rights by paying for them by sending money by the date on the form to the share registrar or the name on the letter. She could sell the rights herself but maybe she does not have enough money to buy them so she could take up some of the rights if she sells them or she could do nothing. She will get some money if she does nothing.*

*3.*

*Her pension is a defined benefit final salary scheme. She will get benefits on a fraction from her salary in the last year or three years like 1/60th and then it is multiplied by how long she worked for. She might contributes or not to the pension. When she retires she can have a pension or a sum and pension she chooses.*

*It is good for Sue as she will get a pension despite the stock market it is her employer who has the risk.*

*4a*

*John is working as an adviser and he is independent because he is not part of a large company but he is not offering many products so is restricted.*

*4b*

*He cannot call Sam a professional clients because he is not an expert in finance and as he will needs advice about risk he is a professional surgeon but not a professional client.*

*5.*

*Under the Financial Services Compensation Scheme the compensation is per person.*

*Matthew and his wife are entitled to maximum compensation limit of £75,000 per person so they will receive £150,000 under the scheme and would probably lose £13,000*

*6.*

*It will be a one month contract to be at the Banks advantage*

*(1.825+0.0040 = 1.8254)*

*The contract will credit Nigel £43826.01*

*To close he needs to buy at 1.725*

*£46376.81*

*So he loses £46376.81-£43286.01*

*= £3090.80*