

LIBF Level 3: UK Financial Regulation (UKFR)

603/0476/5

Specimen paper: A
Length of examination: 2 hours

Instructions to candidates

1. Do **not** open this question paper until instructed to do so.
2. This question paper consists of 100 questions. Each question carries **one** mark.
3. Answer all questions.

Information for candidates

1. Basic silent desktop calculators with + - x / % and memory functions are allowed. Scientific, programmable or calculators with any additional functions are not allowed.
2. No other books, papers or aids may be used in this examination.

Note: Taxation rates for the year 2023/24 apply in this examination.

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Unit 1: ITFS

1. Which of the following is an example of the process of disintermediation?

- A A bank offering savings accounts.
- B A building society agreeing to offer a mortgage.
- C An insurance company underwriting an application for term assurance.
- D Crowdfunding.

2. A building society has liabilities of £900m.

What **maximum** amount, if anything, is the building society permitted to raise on the wholesale markets?

- A Nil.
- B £225m.
- C £450m.
- D £900m.

3. Jenny has taken advantage of the HMRC marriage allowance and had an element of her personal tax allowance transferred to her husband John.

This **must** mean that:

- A Jenny earns less than her personal allowance and does not pay income tax.
- B Jenny is an additional-rate taxpayer.
- C John is a higher-rate taxpayer.
- D John was registered as blind in the current tax year and earns less than the personal allowance.

4. The key macroeconomic objective of most governments does **not** include:
- A balance of payments equilibrium.
 - B high unemployment.
 - C price stability.
 - D satisfactory economic growth.
5. The Financial Services Compensation Scheme (FSCS) provides protection for those with deposit-based savings and investments in the event that:
- A incorrect advice is given in respect of the most suitable type of account to use.
 - B interest rates are reduced.
 - C investment returns fail to match expectations.
 - D the account provider becomes insolvent.
6. Gilt-edged securities in the UK are considered to be safe investments, because they:
- A are backed by assets held by the central clearing bank, which underwrites payment of interest and capital.
 - B are securities issued by the UK government and the government is unlikely to default on interest or capital repayments.
 - C are regulated by the Financial Conduct Authority.
 - D invest in physical assets, such as property and gold, that can be sold to realise redemption proceeds.