

UK Financial Regulations

CeMAP / CeFA Module 1

Mock Exam Paper A

Duration: 2 hours

Instructions to Learners

- This mock exam paper consists of 100 multiple choice test questions.
- Each question is worth 1 mark.
- Only non programmable calculators may be used in this exam
- Taxation table can be used during the exam
- No additional books, notes or learning aids may be used during the exam

Note: Taxation rates for the 2010/11 Financial Year apply in this exam

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Introduction to the Financial Services Environment and Products

- 1 Financial intermediaries provide Risk transformation because they:
- | | | |
|---|--|--------------------------|
| A | Aggregate many small deposits for often single large borrowers. | <input type="checkbox"/> |
| B | Match a wide range of short term deposits accounts to long term loans. | <input type="checkbox"/> |
| C | Spread creditors money amongst a wide variety of borrowers. | <input type="checkbox"/> |
| D | Provide services to clients from many different locations. | <input type="checkbox"/> |
- 2 Which following function of money best describes why money can be saved and then used in separate transactions?
- | | | |
|---|-------------------------|--------------------------|
| A | Store of value. | <input type="checkbox"/> |
| B | Unit of account. | <input type="checkbox"/> |
| C | Medium of exchange. | <input type="checkbox"/> |
| D | Sufficient in quantity. | <input type="checkbox"/> |
- 3 Which of the following is not a common feature between banks and friendly societies?
- | | | |
|---|---|--------------------------|
| A | They are both directly authorised by the FSA. | <input type="checkbox"/> |
| B | Ownership structure. | <input type="checkbox"/> |
| C | Profits are given back to their owners in the form of dividends or bonuses. | <input type="checkbox"/> |
| D | A requirement for general meetings. | <input type="checkbox"/> |
- 4 Which product can be described as safe, secured by the government and is a good source of regular income?
- | | | |
|---|------------------------|--------------------------|
| A | NS+I growth bond. | <input type="checkbox"/> |
| B | Gilts. | <input type="checkbox"/> |
| C | Local authority stock. | <input type="checkbox"/> |
| D | NS+I premium bonds. | <input type="checkbox"/> |