



Chartered
Insurance
Institute

J07

Diploma in Financial Planning

Unit J07 – Supervision in a regulated environment

September 2023 Examination Guide

SPECIAL NOTICES

Candidates entered for the February 2024 examination should study this examination guide carefully in order to prepare themselves for the examination.

Practice in answering the question is highly desirable and should be considered a critical part of a properly planned programme of examination preparation.

J07 – Supervision in a regulated environment

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This PDF document is accessible through screen reader attachments to your web browser and has been designed to be read via the speechify extension available on Chrome. Speechify is a free extension that is available from <https://speechify.com/>. If for accessibility reasons you require this document in an alternative format, please contact us a online.exams@cii.co.uk to discuss your needs.

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Telephone: 020 8989 8464

Email: customer.serv@cii.co.uk

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IMPORTANT GUIDANCE FOR CANDIDATES

The purpose of this Examination Guide is to help you understand how examiners seek to assess candidates' knowledge and their ability to apply this to a case study scenario. You can then use this understanding to help you in your preparation for the examination.

Before the examination

Read the Qualifications Brochure

Details of administrative arrangements and the regulations which form the basis of your examination entry are to be found in the current CII Qualifications Brochure and important notes for candidates, which is *essential reading* for all candidates. It is available online at www.cii.co.uk.

Study the syllabus carefully

This is available online at www.cii.co.uk. All the questions in the examination are based directly on the syllabus. *You will be tested on the syllabus alone*, so it is vital that you are familiar with it.

The current syllabus is examined from **1 September 2023 to 31 August 2024** and includes new areas under the learning outcomes. This is primarily under learning outcome 1 *Understanding the characteristics and role of a manager in financial services*, however, there are further changes under the other learning outcomes. Some of these new syllabus areas are examined as part of this paper. Please refer to the syllabus for further details.

Note the assumed knowledge

For the Advanced Diploma in Financial Planning, candidates are assumed to have studied the relevant units of the Diploma in Financial Planning or the equivalent. This knowledge is set out on the relevant syllabus.

Read widely

It is quite unrealistic to expect that the study of a single textbook will be sufficient to meet all your requirements. There are books specifically produced to support your studies that provide coverage of all the syllabus areas; however, you should be prepared to read around the subject. This is important, particularly if you feel that further information is required to fully understand a topic, or an alternative viewpoint is sought. The reading list which can be found with the syllabus provides valuable suggestions.

Make full use of the Examination Guide

This Examination Guide contains a full examination paper and model answers. The model answers show the types of responses the examiners are looking for and which would achieve maximum marks, *however, you should note that there are alternative answers to some question parts which would also gain high marks.* For the sake of clarity and brevity not all of these alternative answers are shown.

This guide and previous Examination Guides can be treated as 'mock' examination papers. Attempting them under examination conditions as far as possible, and then comparing your answers to the model ones, should be seen as an essential part of your exam preparation. The examiner's comments on candidates' actual performance in each question provide further valuable guidance. You can obtain copies of the two most recent examination guides free of charge at www.cii.co.uk.

Know the structure of the examination

- Assessment is by means of a two-hour on-screen written exam.
- The on-screen written exam is made up of 15 short questions.
- **All** questions are compulsory.
- The exam will carry a total of 130 marks.

Appreciate the standard of the examination

Candidates must demonstrate that they are capable of advising clients *whose overall levels of income and capital require a more sophisticated scheme of investment* than is normally prepared by a level 4 qualified adviser. These clients require a critical appraisal of the various financial planning options available to them.

Read the Assessment Information and Exam policies for candidates

Details of administrative arrangements and regulations which form the basis of your examination entry are available online at <https://www.cii.co.uk/learning/qualifications/assessment-information/>. This is *essential reading* for all candidates.

On-screen written exam demonstration (Demo 1)

The familiarisation test allows you to experience using the assessment platform before your exam.

You can try the familiarisation test at any time here: [On-screen written exam - Demo 1](#)

Please note, although based on AF1, this example test is designed for all candidates and while there might be slight differences in layout it will give you a good idea of how to navigate and use the platform functionality.

The demonstration test is designed to allow you to go through the end-to-end process from logging in, to answering test questions, before the day of your exam. **We strongly advise that you try the demonstration test once you have received your login details and well in advance of the actual exam day to help pre-empt any potential exam day technical issues.**

1. From the demonstration test, ensure you can scroll right and see the whole screen. Ensure your screen resolution shows all the features including the button to return back to your answers to **edit** them. To return to edit any answer you have already typed, you must press **'Answer'** for the question you are already in otherwise it will not let you select a previous question you have answered to edit.

Chartered Institute of Taxation

Tools Calculator End Test 174:27

AF1 October 2019

SECTION A

This question is compulsory and carries 80 marks

Question 1

Read carefully all information provided in the case study before attempting the questions. Your answers should take into account the client's circumstances as set out in the case study. Please carry out ALL of the tasks (a), (b), (c), (d) and (e) which follow.

Andrew, aged 63, a higher rate taxpayer has two adult children, Lance and Hayley. Lance is a basic rate taxpayer and Hayley is a non-taxpayer. Hayley needs regular care as a result of the injuries she suffered in a motor accident when she was a child. Lance has two young children both under the age of 10.

Andrew's mother, Peggy, a widow, died on 1 March 2019 leaving her entire estate to Andrew. Peggy inherited her Aunt's estate of £400,000 in February 2016 following the payment of £30,000 Inheritance Tax (IHT) that was due following the administration of her estate. Peggy's estate was comprised of the following on her death:

| | |
|---|----------|
| House | £700,000 |
| Deposit accounts | £323,000 |
| Cash ISAs | £55,000 |
| FTSE listed shares | £150,000 |
| Collective investment portfolio | £101,000 |
| Personal Pension nominated to a discretionary trust | £326,000 |

Peggy's husband Frank, died in 2016, leaving his share of their house and his residual estate to Peggy. Frank made only one gift in the seven years before he died. He settled £450,000 into a discretionary trust just under four years earlier. Inheritance Tax (IHT) of £23,800 was paid at outset by the trustees. Following Peggy's death, Andrew is the only remaining trustee.

Andrew is in discussions with his solicitors to draft a Will and they have suggested he arrange a Lasting Power of Attorney (LPA) for Property & Financial Affairs.

Andrew intends to make some provision for his children and grandchildren. His income is around £10,000 a year higher than his outgoings. He has a variety of savings accounts and an onshore life assurance bond invested in a managed fund which has performed well over the years.

To gain maximum marks for calculations you must show all your workings and express your answers to two decimal places.

1. (a) Calculate, showing all your workings, the IHT due as a result of Peggy's death on the 1 March 2019. (13)

« Inf01 Inf02 Inf03 **1a** 1b 1c 1d 1e Inf04 2a 2b 2c 2d 2e Inf05 3a 3b 3c Inf06 »

This question has been answered. Click here to enable you to edit your answer.

Flag Edit

2. Tax tables are **NOT** provided for J07. So only the question paper will appear on the right-hand side of the interface. Tax tables will only appear in the demo test and not the 'live' exam.

Chartered Institute of Taxation

Tools Calculator End Test 164:16

AF1 October 2019

INCOME TAX

RATES OF TAX

| | 2018/2019 | 2019/2020 |
|---|-----------|-----------|
| Starting rate for savings* | 0% | 0% |
| Basic rate | 20% | 20% |
| Higher rate | 40% | 40% |
| Additional rate | 45% | 45% |
| Starting-rate limit | £5,000* | £5,000* |
| Threshold of taxable income above which higher rate applies | £34,500 | £37,500 |
| Threshold of taxable income above which additional rate applies | £150,000 | £150,000 |

Child benefit charge:
1% of benefit for every £100 of income over £50,000 £50,000 £50,000

*not applicable if taxable non-savings income exceeds the starting rate band of £5,000.

Dividend Allowance £2,000

Dividend tax rates

| | |
|-----------------|-------|
| Basic rate | 7.5% |
| Higher rate | 32.5% |
| Additional rate | 38.1% |

Trusts

| | |
|---------------------------|--------|
| Standard rate band | £1,000 |
| Rate applicable to trusts | |
| - dividends | 38.1% |
| - other income | 45% |

MAIN PERSONAL ALLOWANCES AND RELIEFS

| | 2018/2019 | 2019/2020 |
|--|-----------|-----------|
| Income limit for Personal Allowance § | £100,000 | £100,000 |
| Personal Allowance (basic) | £11,850 | £12,500 |
| Married/civil partners (minimum) at 10% † | £3,360 | £3,450 |
| Married/civil partners at 10% † | £8,695 | £8,915 |
| Marriage Allowance | £1,190 | £1,250 |
| Income limit for Married Couple's Allowance † | £28,900 | £29,600 |
| Rent a Room scheme – tax free income allowance | £7,500 | £7,500 |

Andrew, aged 63, a higher rate taxpayer has two adult children, Lance and Hayley. Lance is a basic rate taxpayer and Hayley is a non-taxpayer. Hayley needs regular care as a result of the injuries she suffered in a motor accident when she was a child. Lance has two young children both under the age of 10.

Andrew's mother, Peggy, a widow, died on 1 March 2019 leaving her entire estate to Andrew. Peggy inherited her Aunt's estate of £400,000 in February 2016 following the payment of £30,000 Inheritance Tax (IHT) that was due following the administration of her estate. Peggy's estate was comprised of the following on her death:

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Peggy's husband Frank, died in 2016, leaving his share of their house and his residual estate to Peggy. Frank made only one gift in the seven years before he died. He settled £450,000 into a discretionary trust just under four years earlier. Inheritance Tax (IHT) of £23,800 was paid at outset by the trustees. Following Peggy's death, Andrew is the only remaining trustee.

Andrew is in discussions with his solicitors to draft a Will and they have suggested he arrange a Lasting Power of Attorney (LPA) for Property & Financial Affairs.

Andrew intends to make some provision for his children and grandchildren. His income is around £10,000 a year higher than his outgoings. He has a variety of savings accounts and an onshore life assurance bond invested in a managed fund which has performed well over the years.

With regard to the discretionary trust established by Frank:

1. (b)(i) Explain to Andrew why IHT was payable when assets were placed into the trust and how it was calculated. No calculation is required. (6)

« Inf01 Inf02 Inf03 **1a** **1b** 1c 1d 1e Inf04 2a 2b 2c 2d 2e Inf05 3a 3b 3c Inf06 »

Flag Clear

3. Once you have typed in your answer ensure you click the red 'Answer' box, this will save your answer and move you onto the next question. Unless you press 'Answer', you will not be permitted to move onto other questions. Furthermore, please do not type all of your answers for every question into the answer space for Q1a. You should familiarise yourself with all questions prior to starting the exam.

The screenshot shows the Chartered Insurance Institute exam interface. On the left, there is a question with three parts: (i) Describe to Andrew why IHT was payable when his father died and how it was calculated. No calculation is required. (6); (ii) Describe to Andrew why IHT was payable when his father died and how it was calculated. No calculation is required. (8); (iii) State Andrew's duties as a trustee under the Trustee Act 2000. (12). Below the question is a text input area with a rich text editor toolbar and a red 'Answer' button. On the right, a window displays the 'INCOME TAX' rates table for AF1 October 2019.

| AF1 October 2019 | | |
|---|-----------|-----------|
| INCOME TAX | | |
| RATES OF TAX | 2018/2019 | 2019/2020 |
| Starting rate for savings* | 0% | 0% |
| Basic rate | 20% | 20% |
| Higher rate | 40% | 40% |
| Additional rate | 45% | 45% |
| Starting-rate limit | £5,000* | £5,000* |
| Threshold of taxable income above which higher rate applies | £34,500 | £37,500 |
| Threshold of taxable income above which additional rate applies | £150,000 | £150,000 |
| Child benefit charge: | | |
| 1% of benefit for every £100 of income over | £50,000 | £50,000 |
| *not applicable if taxable non-savings income exceeds the starting rate band of £5,000. | | |
| Dividend Allowance | | £2,000 |
| Dividend tax rates | | |
| Basic rate | | 7.5% |
| Higher rate | | 32.5% |
| Additional rate | | 38.1% |
| Trusts | | |
| Standard rate band | | £1,000 |
| Rate applicable to trusts | | |
| - dividends | | 38.1% |
| - other income | | 45% |
| MAIN PERSONAL ALLOWANCES AND RELIEFS | | |
| Income limit for Personal Allowance § | £100,000 | £100,000 |
| Personal Allowance (basic) | £11,850 | £12,500 |
| Married/civil partners (minimum) at 10% † | £3,360 | £3,450 |
| Married/civil partners at 10% † | £8,695 | £8,915 |
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| Rent a Room scheme – tax free income allowance | £7,500 | £7,500 |

4. On the day of the J07 exam, please click on:

The screenshot shows the exam interface with the CII logo on the left and the exam title 'J07 Supervision in a regulated environment' in the center. A blue line points to the title.

5. The above screenshot shows the point before the exam has started; you may wish to take this moment at this screen to jot down any notes on paper that may assist you during the exam. Please note the exam timer will not start until you click the exam titled: **J07 Supervision in a regulated environment.**

In the examination

The following will help:

Spend your time in accordance with the allocation of marks:

- The marks allocated to each question part are shown on the paper.
- If a question has just two marks allocated, there are likely to be only one or two points for which the examiner is looking for, so a long answer is wasting valuable time.
- Conversely, if a question has 12 marks allocated, a couple of lines will not be an adequate answer. Always remember that if the paper is not completed, your chances of passing will be reduced considerably.
- Do not spend excessive time on any one question; if the time allocation for that question has been used up, leave some space, go on to the next question and return to the incomplete question after you have completed the rest of the paper, if you have time. You can use the flag button to indicate which questions are incomplete.

Take great care to answer the question that has been set

- Many candidates finish the examination confident that they have written a 'good' paper, only to be surprised when they receive a disappointing result. Often, the explanation for this lies in a failure to think carefully about what the examiner requires before answering.
- Highlighting key words and phrases is a technique many candidates find useful.
- The model answers provided in this Examination Guide would gain full marks. Alternative answers that cover the same points and therefore answer the question that has been asked would also gain full marks.

Tackling questions

Tackle the questions in whatever order feels most comfortable. Generally, it is better to leave any questions which you find challenging until you have attempted the questions you are confident about. Candidates should avoid mixing question parts, (for example, 1(a)(i) and (ii) followed by 2(b)(ii) followed by 1(e)(i) as this often leads to candidates unintentionally failing to fully complete the examination paper. This can make the difference between achieving a pass or a narrow fail.

It is vital to label all parts of your answer correctly as many questions have multiple parts to them (for example, question 1(a) may have parts (i), (ii) and (iii)). Failure to fully distinguish between the separate question parts may mean that full credit cannot be awarded. It is also important to note that a full answer must be given to each question part and candidates should not include notes such as 'refer to answer given in 1(b)(i)'.

Answer format

Unless the question requires you to produce an answer in a particular format, such as a letter or a report, you should use 'bullet points or short paragraphs. The model answers indicate what is acceptable for the different types of question.

Where you are asked to perform a calculation, it is important to show **all** the steps in your answer. The majority of the marks will be allocated for demonstrating the correct method of calculation.

Marks are not lost due to poor spelling or grammar.

EXAMINERS' COMMENTS

Candidates' overall performance:

Question 1

Part (a) asked candidates to provide four examples of individual conduct rules that applied only to senior managers. This posed challenges to some candidates.

Part (b) required a definition of the competent employees rule. Most candidates did not identify that this includes a good standard of ethical behaviour.

Question 2

Candidates performed reasonably well on part (a), that asked for a brief description of a risk based approach to supervision; however many candidates did not identify that as a result of taking a risk based approach, not everyone was treated in the same way.

Candidates performed well on part (b), that asked for two circumstances where supervision was likely to be more intense, where a manager applied a risk based approach.

Question 3

This question tested knowledge and application of Kotter's 'Eight steps to leading change' model and candidates did not typically perform well in this area. Some candidates were able to list some of the steps but could not provide relevant examples to illustrate these.

Question 4

This question asked for the advantages and disadvantages of a business using social media as a method of communication and was fairly well answered. Candidates were typically able to provide more examples of advantages than disadvantages.

Question 5

Part (a) focussed on three areas that must be assessed when undertaking a fitness and propriety assessment. This is a well-established area of the syllabus, and candidates were expected to display a working knowledge.

Part (b) tested how frequently fitness and propriety would be assessed after initial assessment. This was well answered with some candidates achieving both of the marks available.

Question 6

The question tested knowledge of the three key types of information used to assess training needs and asked for an example for each and was not answered well by candidates. Whilst some candidates were able to identify individual information and provide valid examples, relatively few were able to identify environmental and organisational information.

Question 7

Candidates performed reasonably well on part (a), which focussed on the key steps of a training and development plan for a team member who wishes to progress in their role.

In part (b)(i) some candidates identified that the benefit of a training and development plan to the employer was retention/alignment to corporate objectives, but very few identified that the plan may contribute to the company discharging its regulatory obligations, to evidence that advisers are fully trained for their role.

Candidates generally performed better on part (b)(ii), which tested the benefits of a training and development plan to a team member.

Question 8

Candidates performed fairly well on this question that tested the key stages of the financial advice process.

Question 9

This question tested the five data protection principles of the UK General Data Protection Regulation (GDPR). It was not answered well by most candidates with no more than two or three marks gained. Some candidates did not appear to read the question closely enough and as a result, they provided examples of GDPR rights rather than principles.

Question 10

Part (a) tested the purpose of using a balanced scorecard; it was generally not addressed to a good standard, with a high proportion of the candidates achieving less than half the marks available or no marks.

Candidates performed slightly better on part (b) which tested three measures that are typically used in a balanced scorecard. However, some candidates included customer related measures, and this was not a requirement of the question.

Question 11

The question tested knowledge of the PESOS coaching model and most candidates were able to provide examples of the key stages.

Question 12

Part (a) asked for the benefits of attending performance reviews and was reasonably well answered by candidates.

Some of the candidates struggled in part (b), which required examples of the benefits to the company of undertaking performance reviews, with a high proportion of candidate achieving less than half the marks available.

Question 13

Candidates performed well on part (a) which tested knowledge of the benefits of a firm using competency-based interviewing.

Candidates performed less well on part (b), with most able to provide at only one valid example of competency-based questions that may be asked during an interview.

Question 14

Part (a) tested the features of an effective management information (MI) system. Some candidates did not address the question requirements closely enough and consequently they stated the features of MI, rather the features of an effective MI system.

Part (b) tested the main purpose of 'RAG' ratings. Some of the candidates identified correctly that it highlighted different levels of performance, however not all candidates identified that the relevant ratings also informed the appropriate level of supervision/resources.

Question 15

This question asked for candidates to list nine protected characteristics under the Equality Act 2010 and was well answered by the majority of candidates.

Unit J07 – Supervision in a regulated environment

Instructions to candidates

Read the instructions below before answering any questions

All questions in this examination are based on English law and practice applicable in the tax year 2023/2024, unless stated otherwise in the question, and should be answered accordingly. It should be assumed that all individuals are domiciled and resident in the UK unless otherwise stated.

If you are sitting via remote invigilation, please

- Write down the following number +44 (0)80 8273 9244 this is the number to use if your system freezes or you get forced out of your exam. It is fine to phone it if you have these issues.
- Show your ID to the camera now, if you did not do so during the ID checks.
- Show the edge of your screen with a mirror if you did not do this during the room scan.
- Show any blank sheets of paper for notes, if you did not show both sides to the camera during the room scan.

If you are sitting in a test centre and encounter a problem please alert the invigilator.

For candidates sitting via remote invigilation or at a test centre

- Two hours are allowed for this paper which consists of 15 short answer questions and carries a total of 130 marks.
- You are strongly advised to attempt all questions to gain maximum possible marks.
- The number of marks allocated to each question part is given next to the question and you should spend your time in accordance with that allocation.
- Read carefully all questions and information provided before starting to answer. Your answer will be marked strictly in accordance with the question set.
- For each answer, please type in the full question number you are answering e.g., 1a
- **Please note each answer must be typed in the correct corresponding answer box**
- **If you are wearing headset, earphones, smart watch please take them off. No watches permitted.**
- Please familiarise yourself with all questions before starting the exam.

Subject to providing sufficient detail you are advised to be as brief and concise as possible, using note format and short sentences on separate lines wherever possible.

Attempt ALL questions

Time: 2 hours

PLEASE ENSURE YOU ANSWER EACH QUESTION IN THE CORRECT ANSWER BOX

1. **(a)** State **four** examples of individual conduct rules that apply only to senior managers. **(4)**
(b) Define the competent employees rule. **(2)**

2. **(a)** Describe briefly a risk-based approach to supervision. **(3)**
(b) State **two** circumstances where supervision is likely to be more intense due to a risk-based approach being taken by a manager. **(2)**

3. List the **first six** key steps of Kotter's eight steps to leading change model and provide an example of a potential disadvantage for **each one**. *Your answer must exclude the last two steps: 'consolidate improvements and produce more change' and 'institutionalise new approaches.'* **(12)**

4. State **four** advantages and **four** disadvantages for a business using social media as a method of communication. **(8)**

5. Jacob is a senior manager performing a certified role.
(a) Identify the **three** key areas that must be assessed when undertaking a fitness and propriety assessment. **(3)**
(b) State how frequently Jacob's fitness and propriety will be assessed after his initial assessment. **(2)**

6. Identify and define **three** key types of information used to assess training needs, providing an example for **each**. **(9)**

PLEASE ENSURE YOU ANSWER EACH QUESTION IN THE CORRECT ANSWER BOX

7. Rhona is a team supervisor and is preparing a training and development plan for Morag, one of her team members who wishes to progress in her role.
- (a) List the **eight** key steps of the plan to help Morag achieve her objective. (8)
- (b) (i) State **two** ways in which Morag's training and development plan could benefit her employer. (2)
- (ii) State **four** ways in which the training and development plan could benefit Morag. (4)
8. List and explain briefly the **six** key stages of the financial advice process. (12)
9. State and explain briefly **five** data protection principles of the UK General Data Protection Regulation (GDPR). (10)
10. (a) Explain briefly the purpose of using a balanced scorecard. (4)
- (b) State **three** measures, other than those related to customers, that typically appear in a balanced scorecard. (3)
11. Identify and describe the **five** stages of the PESOS coaching structure. (10)
12. Jack started his new role six months ago and is due to have his first performance review.
- (a) Outline **four** benefits for Jack of attending performance reviews. (4)
- (b) Outline **four** benefits to the company of undertaking performance reviews. (4)

PLEASE ENSURE YOU ANSWER EACH QUESTION IN THE CORRECT ANSWER BOX

13. (a) State **four** benefits for a firm using competency-based interviewing. (4)
- (b) Identify **four** relevant examples of competency-based questions a candidate may be asked. (4)
14. (a) State **five** key features of an effective management information system. (5)
- (b) Outline the main purpose of RAG ratings. (2)
15. List the **nine** protected characteristics under the Equality Act 2010. (9)

Total: 130

NOTE ON MODEL ANSWERS

The model answers given are those which would achieve maximum marks. However, there are alternative answers to some question parts which would also gain high marks. For the sake of clarity and brevity not all of these alternative answers are shown. An oblique (/) indicates an equally acceptable alternative answer.

Model answer for Question 1

- (a)
- Must take reasonable steps to ensure the business is controlled effectively.
 - Must take reasonable steps to ensure the business complies with the relevant requirements and standards of the regulatory system.
 - Must take reasonable steps to ensure that any delegation of responsibilities is to an appropriate person and that this is overseen effectively.
 - Must disclose appropriately any information of which the FCA or PRA would reasonable expect.
- (b)
- All employees should have the skills, knowledge and experience necessary for the discharge of responsibilities allocated to them.
 - This includes a good standard of ethical behaviour.

Model answer for Question 2

- (a)
- A risk-based approach means that supervision is tailored to the level of risk identified.
 - Not everyone is treated in the same way.
 - Resources are focussed on the people and areas that are needed the most.
- (b)
- Trainees/ new/ returning to role will require closer monitoring and support until they are confident with their tasks.
 - Employees with performance issues.

Model answer for Question 3

Candidates would have gained full marks for any twelve of the following:

- **Establish a sense of urgency**
- Underestimating the difficulty of driving people from their comfort zones.
- Becoming 'paralysed' by risks.

- **Form a powerful guiding coalition**
- No prior experience of teamwork at the top.
- Relegating team leadership to HR rather than senior line management.

- **Create a vision**
- Vision is too complicated or too vague.

- **Communicate the vision**
- Under-communicating the vision/ lack of clarity.
- Behaviour does not convey/ is antithetical to the vision.

- **Empower others to act on the vision**
- Failing to remove powerful individuals who resist the change effort.

- **Plan for and create short-term wins**
- Leaving short term successes to chance.
- Failing to score successes early enough/ in the first 12-24 months.

Model answer for Question 4

Advantages

- Reaches a large potential audience.
- Instant way of communicating messages/ call cost effective.
- Enables feedback.
- Informal.

Disadvantages

Candidates would have gained full marks for any four of the following:

- Difficult to control/ reshared.
- Not good for detailed/ technical/ sensitive information.
- Cannot control feedback/ assessor response/ misinterpretation.
- Some platforms (e.g. Twitter/X) restrict length of communication/ overload.
- Less accessible to some people/ may not be read on time/ missed.

Model answer for Question 5

- (a)
- Honesty, integrity and reputation.
 - Competency and capability.
 - Financial soundness.
- (b)
- On an ongoing basis/ usually annually.
 - Ad hoc/ an example: when starting new job/role, disciplinary, conduct rule breaches.

Model answer for Question 6

- **Environmental**
- External factors to the business.
- Regulatory / tax / legislative changes.

- **Organisational**
- Companywide issues.
- Accreditation/ new systems/ new software.

- **Individual**
- Relating to the requirements of one person.
- Performance management issues/ test results/ file reviews.

Model answer for Question 7

- (a)
- Identify Morag's development needs.
 - Suggest training methods/link the training and development to Morag's specific needs.
 - Agree the appropriate development activity/ timeline.
 - Record all of the above on the plan.
 - Ensure the agreed plan is implemented/provide support.
 - Evaluate the success of the plan/regular reviews.
 - Address any shortfalls and undertake reassessment as necessary.
 - Support with transferring the learning to the job/implementation.
- (b)
- (i)
- Retention/ alignment to corporate objectives.
 - It contributes to the company's regulatory obligation to ensure that advisers are fully trained for their role.
- (ii)
- Skills and knowledge improved/ competencies are enhanced.
 - Increased motivation.
 - The plan can contribute to Morag's CPD/ performance management process/ written record.
 - It could lead to increased earnings/ success/ promotion for Morag.

Model answer for Question 8

- **(COBS) disclosure requirements**
- Adviser status/ nature of service/ cost of advice.
- **Know your customer/ fact finding**
- Personal information/ income & expenditure/ assets & liabilities/ aims and objectives/ attitude to risk & capacity for loss.
- **Anti-money laundering requirements**
- Verification of client's identity and address/ source of funds & wealth.
- **Analysis of needs/formulate recommendations**
- Shortfalls in financial provision identified and solutions researched which meet the client's priorities.
- **Presentation of recommendations**
- Verbally and also documented in a suitability report.
- **Next Steps/ Ongoing Service**
- Cancellation rights/ cost and frequency of ongoing service if client wants this service.

Model answer for Question 9

Candidates would have gained full marks for any ten of the following:

- Lawfulness, fairness and transparency.
- Handled in the way people expect/ compliance with the 'right to be informed'.
- Purpose limitation.
- Collected for specified, explicit and legitimate purpose and processes.
- Data minimisation.
- Adequate, relevant and necessary.
- Accuracy.
- Up to date.
- Storage limitation.
- Permits identification of data subjects for no longer than necessary.
- Integrity and confidentiality.
- Protection against unlawful and unauthorised processing and accidental loss, destruction and damage.

Model answer for Question 10

- (a)
- Measurement of individual performance.
 - Measurement of contribution to corporate objectives;
 - across a number of different areas/ holistic;
 - on an ongoing basis.
- (b)
- Learning and growth achievements for staff.
 - Internal quality measures/ compliance.
 - Financial performance.

Model answer for Question 11

- **Prepare**
- Coaching is more effective if there has been some preparation, it has clear and agreed objectives, timescales and a shared purpose.
- **Explain**
- The coach should ensure that the employee understands the concepts and skills that are going to be coached and practiced.
- **Show**
- The manager, or another employee competent in the skill should give a demonstration of it.
- **Observe**
- The manager should observe the employee practising the desired skill in a role play situation and provide the employee with constructive criticism.
- **Supervise/ support**
- The manager should now ensure the skill is transferred to the workplace and becomes a natural part of the individual's sales process.

Model answer for Question 12

- (a)
- He has the opportunity to receive constructive feedback on aspects of performance both positive and negative.
 - He can find out whether they are doing the job in a way that is expected of them to the company standard.
 - He can discuss future plans and aspirations with his manager and consider future responsibilities.
 - He can provide input/ agree with their manager individual training and development needs.
- (b)
- Check the effectiveness of the company's recruitment and induction processes.
 - The company can obtain some idea of the overall demand for training/which particular areas it is required in the future.
 - It helps with succession planning/ individuals with the potential to move into more senior roles can be identified and their development plans structured accordingly.
 - The performance management process can provide the information necessary to ensure the SM&CR Conduct rules are met.

Model answer for Question 13

- (a)
- It provides the firm with an indication of how the candidate has handled real life situations.
 - It provides evidence of the competencies required for a specific role.
 - It ensures a consistent approach is followed in interviews.
 - Interviewees are less likely to bluff so can result in the most able people being appointed.
- (b)
- A situation when the candidate's communication skills made a difference.
 - A situation when conflict led to a negative situation and how the candidate handled it/learned from it.
 - An example of when the candidate acted with integrity when put in a situation where they could be perceived as unethical.
 - A positive/relevant example of when a competency was demonstrated.

Model answer for Question 14

- (a)
- Information can be accessed quickly and efficiently/timely.
 - It does not involve having to process large amounts of information/irrelevant information/out of date information.
 - It does not cost more to produce the information than its value to the business.
 - The information is accurate.
 - Can assist with identifying trends.
- (b)
- Intended to highlight/ categorise different levels of performance/ risk;
 - informs the appropriate levels of supervision/ resources.

Model answer for Question 15

- Age.
- Sex.
- Disability.
- Gender Reassignment.
- Marriage and Civil Partnership.
- Pregnancy and maternity.
- Race.
- Religion and belief.
- Sexual orientation.

Glossary of terms

Some abbreviations candidates can you use in financial planning online exams:

1. CPD – Continuing professional development
2. KPI – Key performance indicators
3. GDPR – General data protection regulation
4. FOS – Financial ombudsman service
5. FSCS – Financial Services Compensation Scheme
6. SM&CR – Senior Managers and Certification Regime
7. SoR – Statement of Responsibilities

| September 2023 Examination - J07 Supervision in a regulated environment | | |
|---|---|--|
| Question Number | Syllabus learning outcomes being examined | |
| 1. | 1.2 | The key functions and responsibilities of businesses and senior management. |
| 2. | 1.3 | How the role of the manager fits into the organisation overall. |
| 3. | 2.2 | Change management and the application of Kotter's eight step change model. |
| 4. | 3.2 | The characteristics and benefits of effective communication and barriers to communication. |
| 5. | 4.4 | The 'fit and proper' regulatory requirements. |
| 6. | 5.2 | The four stages of the training cycle. |
| 7. | 5.3 | The relevance to individual and corporate objectives of structured training and development plans. |
| 8. | 7.3 | The key stages of the financial planning meeting. |
| 9. | 7.4 | Financial crime prevention and data protection regulation. |
| 10. | 8.1 | How individual and corporate objectives relate. |
| 11. | 6.1 | The key features and applications of a coaching process, e.g. the GROW and PESOS models. |
| 12. | 8.4 | The performance review and appraisal process. |
| 13. | 4.3 | Competency based interviewing. |
| 14. | 9.3 | Clarity of management information, e.g. exception reports and their uses. |
| 15. | 10.5 | Relevant aspects of the law on equal opportunities, discrimination, disability and human rights. |