

## ASSESSMENT NARRATIVE FOR HC APS NOVEMBER 2019

### Structure

A simple pass or fail will be awarded.

### Identification and Application

The following are the relevant topics for assessment with their weightings:

1	10%	Assessment of the applicability of each of the two remuneration schemes to William Edward's stated objectives for the scheme.
2	10%	Discussion of potential solutions to ensure that dilution of share value under the EMI scheme is restricted to William Edwards shareholding.
3	20%	Identification of practical aspects involved in the implementation of an EMI option scheme including; setting the option price, share valuations for non listed companies, additional administration requirements, decisions to be made on scheme operation, facilitation of cashless exercise.
4	25%	Assessment of the eligibility of ASU Ltd and key staff members to EMI option scheme tax benefits both now and in the future.
5	25%	Discussion of tax treatment of each suggested remuneration scheme for employees and ASU Ltd.
6	10%	Identification of points relevant to the interaction of each suggested remuneration scheme with the plan to sell ASU Ltd including - recommended amendments to articles of association re minority shareholders, ensuring current shareholder receive benefit of corporate tax deduction on options exercise, and need to keep cash within the business for growth investment.

A grade of 0,1,2,3, or 4 is awarded to each topic. The weighting is applied to that grade to produce a weighted average grade. Thus, supposing a candidate scores 3, 3, 4, 2, 2, and 2 respectively on the above topics, this will equate to weighted scores of 0.6, 0.6, 0.8, 0.2, 0.2, and 0.4. The total of these scores is 2.8. This is then converted to a final absolute grade by rounding up or down to the nearest grade. Thus, scores in the range 2.5 to 3.49 will be a grade 3. In this example, the candidate will score a grade 3 overall and secure a pass for this skill.

### Relevant Advice and Substantiated Recommendations

The following are the topics for assessment with their weightings:

70%	Advice and recommendation, with reasons, on which remuneration scheme should be adopted by ASU Ltd.
30%	Advice and recommendation, on practicalities around how the chosen scheme(s) should be implemented, for example, option price, timing of grants/awards, inclusion of different staff members, sourcing of shares etc.

The final grade will be determined for this skill in the same way as for Identification and Application.