

<b>Title</b>	<b>Identify and compare short-term and long-term debt options offered by the banking and finance industries</b>		
<b>Level</b>	<b>4</b>	<b>Credits</b>	<b>3</b>

<b>Purpose</b>	<p>People credited with this unit standard are able to identify and compare short-term debt options offered by the banking and finance industries, and identify and compare long-term debt options and compare them with equity options.</p> <p>This unit standard is for people who are not financial specialists or experts but who need financial knowledge and skills in their workplace.</p>
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<b>Classification</b>	Financial Management > Financial Skills
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<b>Available grade</b>	Achieved
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### Guidance Information

- 1 Legislation relevant to this unit standard includes –  
 Companies Act 1993  
 Commerce Act 1986  
 Income Tax Act 2007  
 Financial Reporting Act 2013  
 and may include but is not limited to –  
 Credit Contracts and Consumer Finance Act 2003  
 Financial Advisers Act 2008  
 Financial Service Providers (Registration and Dispute Resolution) Act 2008.
- 2 The Code of Banking Practice, latest version, is relevant to this unit standard and is available from the New Zealand Bankers' Association, <http://www.nzba.org.nz>.
- 3 Definitions  
 A *short-term debt option* refers to a debt option with a timeframe of less than one year.  
 A *long-term debt option* refers to a debt option with a timeframe of more than one year.

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### Outcomes and performance criteria

#### Outcome 1

Identify and compare short-term debt options offered by the banking and finance industries.

**Performance criteria**

1.1 Short-term debt options and their sources are identified and compared to identify key features.

Range options – short-term loans, overdrafts, bridging finance, arrangements based on trade credit, revolving term credit, promissory notes, commercial bills, factoring, hire-purchase.

1.2 Legal factors associated with short-term debt options are included in comparisons.

Range legal factors – security, registration, default and enforcement, legislative requirements, banking code requirements.

**Outcome 2**

Identify and compare long-term debt options and compare them with equity options.

**Performance criteria**

2.1 Long-term debt options and their sources are identified and compared to identify key features.

Range options – term loans, operating and finance leasing, lease backs, notes, bonds, debentures, mortgages.

2.2 Long-term debt options are compared with equity options including ordinary shares, rights issues, options, and preference shares.

2.3 Legal factors associated with long-term debt options and equity options are included in comparisons.

Range legal factors – security, registration, default and enforcement, legislative requirements, banking code requirements.

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**This unit standard is expiring. Assessment against the standard must take place by the last date for assessment set out below.**

**Status information and last date for assessment for superseded versions**

Process	Version	Date	Last Date for Assessment
Registration	1	28 September 1994	31 December 2016
Revision	2	7 September 1999	31 December 2016
Revision	3	16 December 2002	31 December 2016
Revision	4	12 January 2006	31 December 2016
Review	5	21 May 2010	31 December 2016
Rollover	6	18 April 2013	31 December 2020
Rollover and Revision	7	17 September 2015	31 December 2022
Rollover and Revision	7	11 March 2016	31 December 2022
Review	8	10 December 2020	31 December 2022

**Consent and Moderation Requirements (CMR) reference**

0113

This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.