

**2014**

# Financial Services

## General Instructions

- Reading time – 5 minutes
- Working time – 2 hours
- Write using black or blue pen  
Black pen is preferred
- Board-approved calculators may be used
- Write your Centre Number and Student Number at the top of pages 9, 11 and 15

## Total marks – 80

**Section I** Pages 2–5

### 15 marks

- Attempt Questions 1–15
- Allow about 20 minutes for this section

**Section II** Pages 9–17

### 30 marks

- Attempt Questions 16–21
- Allow about 50 minutes for this section

**Section III** Page 19

### 15 marks

- Attempt Question 22
- Allow about 25 minutes for this section

**Section IV** Pages 20–21

### 20 marks

- Attempt ONE question from Questions 23–25
- Allow about 25 minutes for this section

## Section I

**15 marks**

**Attempt Questions 1–15**

**Allow about 20 minutes for this section**

Use the multiple-choice answer sheet for Questions 1–15.

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- 1** What is the correct account classification for wages?

  - (A) Asset
  - (B) Expense
  - (C) Liability
  - (D) Revenue
  
- 2** What action should be taken when an employee first identifies a workplace hazard?

  - (A) Notify the supervisor
  - (B) Contact the first aid officer
  - (C) Telephone WorkCover NSW
  - (D) Write a report for the WHS committee
  
- 3** Which of the following provides employees with feedback on their performance?

  - (A) Company policies
  - (B) Employee portfolios
  - (C) Workplace appraisals
  - (D) Departmental case studies
  
- 4** A group of employees meets together to plan and organise their daily work routine.

What is this an example of?

  - (A) Teamwork
  - (B) Management
  - (C) Strategic review
  - (D) Performance assessment

- 5 In which of the following are the main sectors of the Australian financial industry listed?
- (A) Accountants, bank tellers, financial planners, politicians
  - (B) Accountancy firms, banks, financial regulators, lending services
  - (C) Debt collectors, loan extenders, setters of monetary policy, share traders
  - (D) Insurance firms, issuers of credit cards, pawnbrokers, state treasury departments
- 6 What are three characteristics necessary for effective verbal communication?
- (A) Adopting a courteous tone, listening actively, respecting personal space
  - (B) Speaking clearly, using appropriate body language, using suitable language
  - (C) Listening actively, speaking clearly, using good questioning techniques
  - (D) Adopting a courteous tone, speaking clearly, using appropriate body language
- 7 Which of the following best summarises the accounting process?
- (A) Source documents → journals → ledger accounts → trial balance → financial reports
  - (B) Source documents → ledger accounts → journals → financial reports → trial balance
  - (C) Journals → source documents → ledger accounts → financial reports → trial balance
  - (D) Source documents → journals → trial balance → ledger accounts → financial reports
- 8 An item is selling at \$21.09. The cost of the item was \$14.25.
- What is the percentage mark-up on the cost of this item?
- (A) 32%
  - (B) 48%
  - (C) 60%
  - (D) 68%

- 9** Which of the following includes two essential pieces of information required when contacting emergency services to attend an accident at a workplace?
- (A) Nature of injuries, location
  - (B) Nature of incident, name of local doctor
  - (C) Contact name, family emergency contact number
  - (D) Nearest cross-street, injured person's years of employment
- 10** A company paid \$770 in cash, including GST, for repairs to equipment.
- Which of the following correctly shows the impact of the transaction on the accounting equation? (Assume GST is a liability.)
- (A) Decrease bank \$770, increase repairs \$700, decrease GST \$70
  - (B) Decrease bank \$770, increase repairs \$700, increase GST \$70
  - (C) Decrease bank \$700, increase repairs \$700, decrease GST \$70
  - (D) Decrease bank \$700, increase repairs \$700, increase GST \$70
- 11** How are petty cash claims checked for accuracy and authenticity?
- (A) The receipt is checked against the claim voucher.
  - (B) The invoice is checked against the delivery docket.
  - (C) The claim is signed on the same date as the purchase.
  - (D) The reimbursement cheque is signed before the payment is made.
- 12** Which of the following is a role of an employer group?
- (A) To market a business
  - (B) To act as an employment agency
  - (C) To negotiate individual pay deals
  - (D) To provide ongoing support for members

- 13** Which of the following provides the most likely reason for a trial balance not balancing?
- (A) A credit sale is recorded as credit Accounts Receivable account and debit Sales account.
  - (B) A journal entry debiting shop fittings is posted to the Repairs and Maintenance account.
  - (C) A ledger account with a debit carried down balance is listed as a debit balance in the trial balance.
  - (D) The purchase of office equipment for \$800 is recorded as debit Motor Vehicle account \$8000 and credit Bank account \$8000.
- 14** As a result of a workplace injury, an employee's workload in a business has been reduced and the rest of the work has been allocated to other employees.

What type of cost is this to the business?

- (A) Economic
  - (B) Human
  - (C) Organisational
  - (D) Social
- 15** A business has been trading for one year and reported the following account balances as at 30 June 2014.

Sales	\$1 560 000	Cost of Sales	\$1 400 000
Operating Expenses	\$180 000	Interest Received	\$5000
Drawings	\$145 000	Bank	\$260 000
Bad Debts Recovered	\$5000	Capital	\$415 000

What is the position of the business for the year ending 30 June 2014?

- (A) Net Loss \$10 000
- (B) Net Loss \$20 000
- (C) Net Profit \$105 000
- (D) Net Profit \$160 000

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# Financial Services

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Centre Number

## Section II

30 marks

Attempt Questions 16–21

Allow about 50 minutes for this section

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Student Number

Answer the questions in the spaces provided. These spaces provide guidance for the expected length of response.

### Question 16 (6 marks)

- (a) Outline ONE right and ONE responsibility of an employee under work, health and safety (WHS) legislation. 2

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- (b) What are the advantages of the following types of business ownership?

- (i) A sole trader 2

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- (ii) A partnership 2

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**Question 17** (4 marks)

Describe strategies that can be used to prevent cross-cultural misunderstanding in the workplace.

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Centre Number

Section II (continued)

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Student Number

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**Question 18** (4 marks)

- (a) Why would a company ask new employees to sign a confidentiality agreement? **2**

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- (b) What effects can poor workplace ergonomics have on the employee and the employer? **2**

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**Question 19** (6 marks)

**3**

- (a) Martin's base salary is \$85 000 per annum. At the end of the year, he also receives commission on the total amount of sales he has generated for the company.

Commission rates are:

5% on the first \$100 000 of sales

10% on each sales dollar thereafter.

Martin's total sales for the year are \$135 000.

Individual income tax rates are shown in the table.

<i>Taxable income</i>	<i>Tax on this income</i>
0 – \$18 200	Nil
\$18 201 – \$37 000	19c for each \$1 over \$18 200
\$37 001 – \$80 000	\$3572 plus 32.5c for each \$1 over \$37 000
\$80 001 – \$180 000	\$17 547 plus 37c for each \$1 over \$80 000
\$180 001 and over	\$54 547 plus 45c for each \$1 over \$180 000

Calculate the amount of income tax that Martin has to pay for the year. Show all working.

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**Question 19 continues on page 13**

Question 19 (continued)

- (b) Complete the table for the following unrelated business transactions. Entries must include the correct GST account where applicable.

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<i>Transaction</i>	<i>Journal to be used</i>	<i>Account(s) to be debited</i>	<i>Account(s) to be credited</i>
Paid wages			
Owner takes goods for private use			
Inventory bought on credit			

**End of Question 19**

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Centre Number

Section II (continued)

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Student Number

**Question 20** (4 marks)

Using a workplace example, explain what is meant by a conflict of interest in the financial services industry.

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**Question 21** (6 marks)

Use the following information to prepare a company's:

- (a) Cash account **3**
- (b) Bank reconciliation statement for month ending 30 November 2013. **3**

On 1 November 2013 the balance of the bank account in the general ledger was \$1308 debit balance.

Totals of the cash journals for the month of November were:

Cash receipts journal/list	\$3684
Cash payments journal/list	\$2998

As at 30 November 2013 the bank statement showed a credit balance of \$2412.

A comparison of the accounting records with the bank statement revealed the following:

Interest income credited in bank statement	\$120
Bank charges	\$18
Unpresented cheques	
#3168	\$288
#3174	\$299
#3175	\$156
Outstanding deposit	\$427

**Cash account**

Date	Particulars	Debit	Date	Particulars	Credit

**Question 21 continues on page 17**



Question 21 (continued)

**Bank reconciliation statement**


**End of Question 21**

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## Financial Services

### Section III

**15 marks**

**Attempt Question 22**

**Allow about 25 minutes for this section**

Answer the question in a writing booklet. Extra writing booklets are available.

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In your answer you will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
  - communicate ideas and information using relevant workplace examples and industry terminology
  - present a logical and cohesive response
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#### **Question 22** (15 marks)

How has technology affected the employee and the customer in the financial services industry, particularly in regard to the provision of products and services?

**Please turn over**

## Section IV

**20 marks**

**Attempt ONE question from Questions 23–25**

**Allow about 25 minutes for this section**

Answer the question in a SEPARATE writing booklet. Extra writing booklets are available.

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### Question 23 — Accounting (20 marks)

XYZ is a business that manufactures and sells blinds and shutters for windows. The business has had a decline in profits over the past few years. It is implementing tighter credit policies in an effort to improve its financial situation.

- (a) An Accounts Receivable Ageing report categorises a company's Accounts Receivable according to the length of time an invoice has been outstanding. **4**

Explain how this type of report could be used by XYZ to improve the profitability of the business.

- (b) Explain how adjusting for doubtful debts would assist XYZ in its efforts to improve its financial situation. **6**

- (c) Complete a fully classified Income Statement for XYZ for 30 June 2014, using the following extract from the list of accounts. **10**

<i>Account name</i>	\$
Sales	45 600
Commission	8 210
Doubtful Debts	540
COGS	21 840
Bank Charges	210
Inventory Variance Expense	1 700
Bad Debts Recovered	400
Promotions	5 710
Donations	850
Distributions Received	1 640

**OR**

**Question 24 — Financial Services (20 marks)**

- (a) Describe the purpose and use of TWO types of records commonly used in the financial services industry. **4**
- (b) Explain what should be considered before releasing reports commonly requested in the financial services industry. **6**
- (c) Explain how cash and non-cash transactions can be effectively managed in the financial services industry. **10**

**OR**

**Question 25 — Financial Markets and Systems (20 marks)**

- (a) What are the implications of a poor credit history for an individual? **4**
- (b) What is the effect of debt on the Australian economy? **6**
- (c) Explain the effect of the Reserve Bank's monetary policy on consumers. **10**

**End of paper**

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