

2014 HSC Financial Services Marking Guidelines

Section I

Multiple-choice Answer Key

Question	Answer
1	B
2	A
3	C
4	A
5	B
6	C
7	A
8	B
9	A
10	A
11	A
12	D
13	C
14	C
15	A

Section II

Question 16 (a)

Criteria	Marks
<ul style="list-style-type: none"> Provides a comprehensive outline of a right and a responsibility of an employee under WHS legislation 	2
<ul style="list-style-type: none"> Provides a satisfactory outline of a right and a responsibility of an employee under WHS legislation 	1

Sample answer:

Employees have the right to expect that the systems of work, and working environments, are safe and without risks to health.

An employee has responsibilities under work health and safety law. They must act responsibly, take care of themselves and others and cooperate with the employer in matters of health and safety.

Answers could include:

- Employees have the right to expect the workplace to be in a safe condition with safe entrances and exits
- Employees have the right to expect that appropriate arrangements are made for the safe use, handling, storage and transport of plant, equipment and substances
- Employees are entitled to be provided with the information, instruction, training and supervision necessary to ensure their health and safety at work
- Employees are entitled to be provided with adequate amenities (eg toilet and washing facilities at work)
- Employees have the right not to be charged for anything done or provided for work health and safety
- Employees must work safely to protect themselves and others from injury and follow all WHS instructions, for example:
 - Wear all personal protective equipment provided
 - Follow safe work procedures
 - Not interfere with or misuse anything provided by the employer (equipment, signs etc) that is used to keep the workplace safe
 - Not behave in a way that puts themselves or others at risk
 - Respond to a reasonable request to provide assistance or first aid to an injured person at work.
- Employees must report any WHS issues, including hazards, injuries, illnesses and near misses.

Question 16 (b) (i)

Criteria	Marks
• Clearly outlines the advantages of a sole trader	2
• Outlines some features of a sole trader	1

Sample answer:

A sole trader:

- One person, so has independent/full control
- Easy and inexpensive to set up
- No sharing of profits
- Few regulatory restrictions or reporting requirements
- No need to have business name registered.

Question 16 (b) (ii)

Criteria	Marks
• Clearly outlines the advantages of a partnership	2
• Outlines some features of a partnership	1

Sample answer:

A partnership:

- Easy and inexpensive to set up
- Greater access to capital
- Wider skill or knowledge base
- Can have silent partners
- Workloads, responsibilities, risks and losses can be shared
- Income splitting with family members can reduce taxation.

Question 17

Criteria	Marks
• Provides a comprehensive description of appropriate strategies that can be implemented in a workplace to prevent cross-cultural misunderstanding	4
• Provides a satisfactory description of appropriate strategies that can be implemented in a workplace to prevent cross-cultural misunderstanding	3
• Provides a limited description of appropriate strategies that can be implemented in a workplace to prevent cross-cultural misunderstanding	2
• Provides some relevant information	1

Answers could include:

- Staff training for awareness and understanding
- Providing written communication and signs in various languages
- Promoting and respecting cultural celebrations
- Using a variety of communication methods
- Using staff cultural skills (work-based and social bonding events)

Question 18 (a)

Criteria	Marks
• Demonstrates a clear understanding of the reasons for signing a confidentiality agreement	2
• Demonstrates some understanding of the reasons for signing a confidentiality agreement	1

Sample answer:

If a worker shares information about clients, a company could be exposed to legal action for breach of privacy.

A company could lose clients and hence income, if their reputation was destroyed by allegations, or proof, of breach of confidentiality.

Individual workers can also be prosecuted for insider trading if they act on confidential client information.

Question 18 (b)

Criteria	Marks
• Demonstrates a clear understanding of the effects for employees and employers of poor ergonomics	2
• Demonstrates some understanding of the effects of poor ergonomics	1

Sample answer:

Ergonomics is the term given to the arrangements to use equipment and materials. If the equipment is not arranged for the individual, injury (sickness) can occur. Common examples include: occupational overuse syndrome or repetitive strain injury (usually because of the posture at workstations resulting in soreness, tiredness or damaged tissue). This can lead to short and long-term medical absences, workers compensation and chronic pain. This leads to poor morale, gaps in daily and longer term work processes, incomplete projects and possibly a poor business reputation.

Question 19 (a)

Criteria	Marks
<ul style="list-style-type: none"> • Correctly calculates total earnings, including base salary and commission <p>AND</p> <ul style="list-style-type: none"> • Correctly calculates the amount of tax payable • Shows all workings • Allow for consequential errors 	3
<ul style="list-style-type: none"> • Correctly calculates total earnings, including base salary and commission and provides some relevant information about tax payable <p>OR</p> <ul style="list-style-type: none"> • Correctly calculates the amount of tax payable and provides some relevant information about total earnings • Shows all workings • Allow for consequential errors 	2
<ul style="list-style-type: none"> • Correctly calculates total earnings, including base salary and commission <p>OR</p> <ul style="list-style-type: none"> • Correctly calculates the amount of tax payable • Shows all workings • Allow for consequential errors 	1

Sample answer:

1. Calculating Martin's base salary:

Martin's base salary: 85,000
 Commission: $5\% * 100,000 = 5,000$
 Commission: $10\% * 35,000 = 3,500$
 TOTAL earnings: 93,500

2. Calculating tax payable on (1)

$93,500 - 80,000 = 13,500$

So total tax payable is $17547 + 13,500 * 0.37 = \$22,542$

Question 19 (b)

Criteria	Marks
• Correctly enters most journal and ledger accounts	3
• Correctly enters some journal and ledger accounts	2
• Provides some relevant information	1

Sample answer:

Allow for GST variations and consequential error for GST.

Transaction	Journal	Debit	Credit
Paid wages	<i>Cash payments</i>	<i>Wages</i>	<i>Bank</i>
Owner takes goods for private use	<i>General</i>	<i>Drawings</i>	<i>Inventory</i> <i>GST Paid</i>
Inventory bought on credit	<i>Purchases</i>	<i>Inventory</i> <i>GST Paid</i>	<i>Accounts Payable</i>

Question 20

Criteria	Marks
• Provides a comprehensive description of conflict of interest in the financial services industry using an appropriate workplace example	4
• Provides a satisfactory description of conflict of interest in the financial services industry using an appropriate workplace example	3
• Demonstrates a limited understanding of conflict of interest in the financial services industry and/or provides an example	2
• Provides some relevant information	1

Sample answer:

Conflicts of interest can arise in any relationship where a duty of care or trust exists between two or more parties, and, as a result, are widespread across the financial services industry. A conflict of interest happens when an adviser can't really represent a client because some other duty or interest is pulling them in another direction.

Answers could include:

A conflict of interest (COI) is a situation occurring when an individual or organisation is involved in multiple interests, one of which could possibly corrupt the motivation.

A conflict of interest is a set of circumstances that creates a risk that professional judgement or actions regarding a primary interest will be unduly influenced by a secondary interest.

Examples:

- Lead manager/house broker and conflicted research
- Selective publication of changed recommendation
- Conflicted buy recommendations
- Pressure to make favourable recommendations
- Poor disclosure of interests
- Tender consultants and paid research
- Product issuer with interest in research house

Question 21 (a)

Criteria	Marks
• Correctly enters the majority of details	3
• Correctly enters most details	2
• Correctly enters some details	1

Sample answer:

Cash account					
Date	Particulars	Debit	Date	Particulars	Credit
2013			2013		
Nov 1	Balance b/d	1308.00	Nov 30	Payments *	2998.00
Nov 30	Receipts *	3684.00		Bank charges *	18.00
	Interest income *	120.00		Balance c/d	2096.00
		5112.00			5112.00
	Balance b/d	2096.00			

* Total receipts of \$3804 and total payments of \$3016 is also correct

Question 21 (b)

Criteria	Marks
• Correctly enters the majority of details	3
• Correctly enters most details	2
• Correctly enters some details	1

Sample answer:

Bank reconciliation statement			
CREDIT balance as per Bank Statement			2412.00
Add outstanding deposits			427.00
			2839.00
Less unpresented cheques			
	#3168	288.00	
	#3174	299.00	
	#3175	156.00	743.00
DEBIT balance as per GL Bank account, Nov 30 2013			2096.00

Marker not to penalise for consequential.

Section III

Question 22

Criteria	Marks
<ul style="list-style-type: none"> • Clearly explains how technology has affected the worker and customer in the provision of products and services in the financial services industry • A logical and cohesive response with relevant workplace examples and detailed industry terminology 	13–15
<ul style="list-style-type: none"> • Explains how technology has affected the worker and customer in the provision of products and services in the financial services industry • A logical response that includes relevant workplace examples and industry terminology 	10–12
<ul style="list-style-type: none"> • Provides information about how technology has affected the worker and customer in the provision of products and/or services in the financial services industry • A general response that includes some workplace examples and some industry terminology 	7–9
<ul style="list-style-type: none"> • Provides limited information about technology and/or providing products and/or services in the financial services industry • A response that includes some examples with general terminology 	4–6
<ul style="list-style-type: none"> • Lists basic information related to technology and/or the nature of work • Uses limited examples 	1–3

Section IV

Question 23 (a)

Criteria	Marks
<ul style="list-style-type: none"> Provides a comprehensive explanation of the use of an Accounts Receivable Ageing report to improve profitability 	4
<ul style="list-style-type: none"> Provides a satisfactory explanation of the use of an Accounts Receivable Ageing report to improve profitability 	3
<ul style="list-style-type: none"> Provides a limited explanation of the use of an Accounts Receivable Ageing report to improve profitability 	2
<ul style="list-style-type: none"> Demonstrates a basic understanding of the use of an Accounts Receivable Ageing report 	1

Sample answer:

The Ageing Report would show the amounts of moneys outstanding, divided into the number of days each customer's debt had been outstanding.

The Ageing Report could be used to set up a policy of graduated responses to customers who are slow in paying, such as reminder stickers on their statements for 60 days overdue, progressively strongly-worded phone calls, imposing COD (cash on delivery) or threats of legal action.

Profitability could be improved by imposing penalty interest on overdue accounts.

The more prompt collection of the Receivable improves profitability by providing a flow of cash that allows activities such as the investment of that cash in buying more inventories to be sold, or else reducing the overdraft of the business.

The Ageing Report could be used to signal potential risky customers who have reached 90 days+ and are in risk of defaulting (ie being Bad Debts). Profitability could be improved by targeting/supporting/following up these possible defaulters and collecting the debt.

The Ageing Report could be used to support the credit policy of applying a halt to credit (ie COD) to certain customers. This could improve profitability by limiting the exposure to bad debt expense.

Question 23 (b)

Criteria	Marks
• Demonstrates a comprehensive understanding of how adjusting for doubtful debt would improve XYZ's financial situation	6
• Demonstrates a satisfactory understanding of how adjusting for doubtful debt would improve XYZ's financial situation	4–5
• Demonstrates a basic understanding of adjusting for doubtful debt and/or the effect on XYZ's financial situation	2–3
• Provides some relevant information	1

Sample answer:

Having an Allowance for Doubtful Debt (or adjusting Doubtful Debt expense) makes a more realistic acknowledgement that not all Accounts Receivable will be collected.

It allows for more accurate budget forecasts.

A business can overextend itself by committing 100% of their collections to activities such as purchasing more inventories or assets, research and development, expansion, paying down debts. By being more conservative XYZ can try to reverse their downturn in profitability.

It recognises external micro and macro-economic influences on the business.

Question 23 (c)

Criteria	Marks
• Constructs a fully classified income statement that completely shows the company's financial position	9–10
• Constructs a fully classified income statement that substantially shows the company's financial position	7–8
• Constructs an income statement that mostly shows the company's financial position	5–6
• Constructs an income statement that is limited in showing the company's financial position	3–4
• Provides some relevant information	1–2

Sample answer:

Income Statement for XYZ for the year ended 30 June 2014			
Sales			45 600
Less Cogs:			
Cogs		21 840	
Plus Inventory Variance		1700	(23 540)
Gross Profit			22 060
Plus Other Operating Income:			
Bad Debts Recovered	400		
Distributions Received	1640		2040
Total Income			24 100
Less Expenses:			
Marketing and Distribution			
Commission	8210		
Promotions	5710	13 920	
General and Administration			
Donations	850	850	
Financial and Borrowing			
Doubtful Debts	540		
Bank Charges	210	750	
Total Expenses			15 520
Net Profit			8580

Question 24 (a)

Criteria	Marks
• Demonstrates a good understanding of the purpose and use of two types of commonly used records	4
• Demonstrates some understanding of the purpose and use of two types of commonly used records	3
• Demonstrates a basic understanding of the purpose and/or use of commonly used records	2
• Provides some relevant information about a commonly used record	1

Question 24 (b)

Criteria	Marks
• Demonstrates a comprehensive understanding of what should be considered before releasing reports	6
• Demonstrates a satisfactory understanding of what should be considered before releasing reports	4–5
• Demonstrates a basic understanding of the release of reports	2–3
• Provides some relevant information	1

Answers could include:

- Source of request
- Priority
- Information requested
- Level of security
- Type of report requested

Question 24 (c)

Criteria	Marks
• Demonstrates a comprehensive understanding of how both transactions can be effectively managed	9–10
• Demonstrates a detailed understanding of how both transactions can be effectively managed	7–8
• Demonstrates a sound understanding of how both transactions can be managed	5–6
• Demonstrates a basic understanding of how at least one of the transactions can be managed	3–4
• Provides some relevant information about at least one transaction	1–2

Answers could include:

Effective management of the transactions, with reference to:

- Range of equipment used
- Processing and proofing

Question 25 (a)

Criteria	Marks
• Demonstrates a detailed understanding of the implications of a poor credit history for an individual	4
• Demonstrates a satisfactory understanding of the implications of a poor credit history for an individual	3
• Demonstrates a limited understanding of the implications of a poor credit history for an individual	2
• Provides some relevant information	1

Sample answer:

- Higher interest rate penalties
- Inability to obtain finance in the future
- May disadvantage applications for rental accommodation
- Necessity to obtain a guarantor on future loans

Question 25 (b)

Criteria	Marks
• Demonstrates a detailed understanding of the effect of debt on the Australian economy	6
• Demonstrates a satisfactory understanding of the effect of debt on the Australian economy	4–5
• Demonstrates a basic understanding of the effect of debt on the Australian economy	2–3
• Provides some relevant information	1

Question 25 (c)

Criteria	Marks
<ul style="list-style-type: none"> Provides a comprehensive explanation of the effect of the Reserve Bank of Australia's (RBA) monetary policy on consumers Provides relevant industry examples Presents a logical and cohesive response 	9–10
<ul style="list-style-type: none"> Provides a detailed explanation of the effect of the Reserve Bank of Australia's (RBA) monetary policy on consumers Provides relevant industry examples Presents a logical and cohesive response 	7–8
<ul style="list-style-type: none"> Provides a sound explanation of the effect of the Reserve Bank of Australia's (RBA) monetary policy on consumers Provides industry example 	5–6
<ul style="list-style-type: none"> Provides a limited explanation of the effect of the Reserve Bank of Australia's (RBA) monetary policy on consumers May provide example(s) 	3–4
<ul style="list-style-type: none"> Makes a statement about the RBA or consumers 	1–2

Answers could include:

- Monetary policy involves affecting the cost and availability of money in the economy
- On the first Tuesday of each month the board of the RBA meets to decide whether to increase, decrease or maintain the same level for the cash rate. In making the decision the RBA looks at indicators such as the inflation rate, rate of unemployment, interest rates and rate of economic growth
- The main effect on changing levels of interest rates is that it changes the demand for borrowing money. Its purpose is to encourage or discourage borrowing by consumers and businesses
- The lowering of interest rates makes borrowing money cheaper and could lead to an increase in borrowing for investment/expansion of business activity. An increase in spending should increase the demand for goods and services and hence create employment and lead to an increase in profit. This will increase economic growth within Australia
- An increase in interest rates will make borrowing money more expensive. Increasing rates is used to slow the economy down as costs increase on not only borrowing but on goods and services. This could also lead to a decrease in profits and businesses downsizing due to rising costs
- Consumers will have less disposable income if interest rates increase leading to a decrease in demand for consumables. Unemployment may increase given the higher cost of workers and businesses wanting to maintain their levels of profit. Consumers will also tend to save more due to uncertainty of future employment
- A fall in interest rates will encourage consumers to spend more as less funds are needed to maintain costs such as mortgages.

Financial Services

2014 HSC Examination Mapping Grid

Section I

Question	Marks	HSC content – focus area	Employability skills (Please put an X where appropriate)							
			Communication	Teamwork	Problem-solving	Initiative and enterprise	Planning and organising	Self-management	Learning	Technology
1	1	FNSCC301A Process Financial Transactions p25							X	
2	1	BSBOHS201A Participate in OHS processes p37	X		X		X		X	
3	1	BSBWOR203B Work effectively with others p31	X				X		X	
4	1	FNSINC301A Work effectively in the financial services industry p41	X	X						
5	1	FNSINC301A Work effectively in the financial services industry p31							X	
6	1	FNSINC301A Work effectively in the financial services industry p41	X	X						
7	1	FNSACC301A Process financial transactions p25							X	
8	1	FNSACC303A Perform financial calculations p26			X					
9	1	BSBOHS201A Participate in OHS processes p37	X	X	X					
10	1	FNSACC303A Perform financial calculations p26			X					
11	1	FNSACC301A Process financial transactions p25			X					
12	1	FNSINC301A Work effectively in the financial services industry p32							X	
13	1	FNSACC301A Process financial transactions p27			X		X			
14	1	FNSINC301A Work effectively in the financial services industry p36		X			X			
15	1	FNSACC303A Perform financial calculations p26			X					

Section II

Question	Marks	HSC content – focus area	Employability skills (Please put an X where appropriate)							
			Communication	Teamwork	Problem-solving	Initiative and enterprise	Planning and organising	Self-management	Learning	Technology
16 (a)	2	BSBOHS201A Participate in OHS processes p36		X						
16 (b) (i)	2	FNSACC301A Process financial transactions p25			X				X	
16 (b) (ii)	2	FNSACC301A Process financial transactions p25			X					
17	4	FNSINC301A Work effectively in the financial services industry p43	X	X	X		X			
18 (a)	2	FNSINC301A Work effectively in the financial services industry p41	X	X						
18 (b)	2	BSBOHS201A Participate in OHS processes p37	X	X	X					
19 (a)	3	FNSACC303A Perform financial calculations p27			X					
19 (b)	3	FNSACC303A Perform financial calculations p27			X					
20	4	FNSINC301A Work effectively in the financial services industry p32	X	X						
21 (a)	3	FNSACC301A Process financial transactions and extract interim reports p28			X		X			
21 (b)	3	FNSACC301A Process financial transactions and extract interim reports p28			X		X			

Section III

Question	Marks	HSC content – focus area	Employability skills (Please put an X where appropriate)							
			Communication	Teamwork	Problem-solving	Initiative and enterprise	Planning and organising	Self-management	Learning	Technology
22	15	FNSINC301A Work effectively in the financial services industry p44			X					

Section IV

Question	Marks	HSC content – focus area	Employability skills (Please put an X where appropriate)							
			Communication	Teamwork	Problem-solving	Initiative and enterprise	Planning and organising	Self-management	Learning	Technology
23 (a)	4	FSNACC302A Administer subsidiary reports and ledgers p47								
23 (b)	6	BSBFIA401A Prepare financial reports p48								
23 (c)	10	BSBFIA401A Prepare financial reports p48								
24 (a)	4	BSBRK304B Maintain business records p54								
24 (b)	6	BSBRK304B Maintain business records p54								
24 (c)	10	FNSRTS308A Balance cash holdings p53								
25 (a)	4	FNSFLT203A Develop understanding of debt and consumer credit p59								
25 (b)	6	FNSFLT203A Develop understanding of debt and consumer credit P59								
25 (c)	10	FNSFLT205A Develop understanding of Australian systems and markets p60–61								