

# Financial Services

## General Instructions

- Reading time – 5 minutes
- Working time – 2 hours
- Write using black pen
- 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 9–16

#### 30 marks

- Attempt Questions 16–20
- Allow about 50 minutes for this section

### Section III Page 17

#### 15 marks

- Attempt Question 21
- Allow about 25 minutes for this section

### Section IV Pages 18–20

#### 20 marks

- Attempt ONE question from Questions 22–24
- 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** A receptionist asks a customer, ‘What sort of account are you looking for?’.
- Which type of questioning technique is the receptionist using?
- (A) Open
  - (B) Closed
  - (C) Reflective
  - (D) Rhetorical
- 2** A financial advisor only recommends financial products that are provided by a company owned by a relative.
- What is this an example of?
- (A) Economic cost
  - (B) Conflict of interest
  - (C) Ethical work practice
  - (D) Cultural misunderstanding
- 3** For what period of time does the Australian Taxation Office require all financial documents to be kept?
- (A) 5 years
  - (B) 6 years
  - (C) 7 years
  - (D) Indefinitely

4 A product costs \$74.08. The mark-up required by the business is 240%.

What is the selling price?

- (A) \$21.79
- (B) \$30.87
- (C) \$177.79
- (D) \$251.87

5 Which of the following is the correct lifting technique for a light to medium load?

- (A) Do not bend your knees
- (B) Twist your body as required
- (C) Keep the load away from your body
- (D) Have your feet shoulder-width apart

6 Jane runs her own business. Which of the following transactions would NOT increase her owner's equity?

- (A) The business makes a profit of \$45 000.
- (B) The business makes payments of \$2000 for Jane's children's school fees.
- (C) Jane deposits \$15 000 cash into her business account from her personal bank account.
- (D) Jane contributes her personal computer at a value of \$1000 to the business.

7 From two applicants, a man was chosen for a position instead of a woman because there was no risk he could become pregnant.

What is this an example of?

- (A) Affirmative action
- (B) Indirect discrimination
- (C) Allowable discrimination
- (D) Equal employment opportunity

- 8** Which one of the following government agencies is mainly responsible for overseeing banks, credit unions and building societies?
- (A) The Reserve Bank of Australia (RBA)  
 (B) The Australian Prudential Regulation Authority (APRA)  
 (C) The Australian Securities and Investment Commission (ASIC)  
 (D) The Australian Competition and Consumer Commission (ACCC)
- 9** Which of the following will result in effective communication?
- (A) Bias  
 (B) Empathy  
 (C) Stereotyping  
 (D) Ethnocentrism
- 10** Which of the following is the correct journal entry to write off bad debts?

	<i>Debit</i>	<i>Credit</i>
(A)	Bad debts	Accounts receivable and GST collected (GST Payable)
(B)	Accounts receivable	Bad debts and GST collected (GST Payable)
(C)	Bad debts and GST collected (GST payable)	Accounts receivable
(D)	Accounts receivable	Bad debts recovered and GST collected (GST payable)

- 11** A work team is unsuccessful in winning a number of new accounts. What would be the most appropriate action for management to take?
- (A) Replace the team leader before the next attempt.  
 (B) Ask the team leader which team members did not perform and replace them.  
 (C) Conduct a performance appraisal to evaluate and modify the team's performance.  
 (D) Conduct a performance appraisal to evaluate and modify the team leader's performance.

- 12** \$7000 is invested into a bank term deposit for two years at a 4% annual interest rate. What is the future value of the deposit at maturity if the interest is compounded annually? (Disregard cents)
- (A) \$7571
  - (B) \$7560
  - (C) \$7862
  - (D) \$8600
- 13** Ann bought three office chairs. Each chair cost \$200. The price included GST.
- How much GST was included in the total price?
- (A) \$18.18
  - (B) \$22
  - (C) \$54.55
  - (D) \$66
- 14** A financial services worker is assessed by his manager as having a competency gap.
- This can be best described as the difference between
- (A) the level of performance of the worker's manager and the worker's own level of performance.
  - (B) the licensing requirements of the worker's organisation and the level of performance the worker currently demonstrates.
  - (C) the level of performance the worker needs in the current position and the level of performance that the worker needs for a promotion.
  - (D) the level of performance the worker needs in the current position and the level of performance the worker currently demonstrates.
- 15** If total assets of a business increase by \$15 000 and total owners' equity decreases by \$5000, what would happen to total liabilities?
- (A) Increase by \$10 000
  - (B) Decrease by \$10 000
  - (C) Decrease by \$20 000
  - (D) Increase by \$20 000

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Financial Services

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Centre Number

Section II

30 marks

Attempt Questions 16–20

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.

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Question 16 (4 marks)

- (a) Outline the importance of the accounting equation in the accounting process. **2**

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- (b) Why is it good accounting practice for a business to regularly reconcile the Cash At Bank ledger account with the statements issued by the bank? **2**

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**Question 17** (4 marks)

- (a) Nails Furniture Company sells sofas. Each sofa costs \$1600 to make and sells for \$2400. Monthly rental for the company is \$7200. **2**

Calculate the number of sofas Nails needs to sell in a month to make a \$16 000 profit. Show all workings.

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- (b) Explain how the break-even point for a business can be calculated. **2**

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Centre Number

**Section II (continued)**

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Student Number

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**Question 18 (5 marks)**

**Please turn over**

**Question 18 (5 marks)**

A retail business has supplied the following information.

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	\$		\$
Inventory	25 000	Petty cash	200
Interest received	2 500	Accounts payable	30 000
Sales	230 000	Council rates	2 000
Cost of sales	218 000	Computer equipment	8 400
Commission income	1 500	Investments	10 000
Mortgage	50 000	Bank	60 000
Stationery	360	General expenses	12 500
Accounts receivable	40 000	Bad debts recovered	4 000
Discount allowed	1 200	Advertising	9 800

Calculate the profit or loss for the business by preparing an income statement for the year ending 30 June 2015.

	\$	\$

**Question 19** (5 marks)

(a) Describe ONE strategy that could be used to prevent bullying and harassment in the financial services workplace. **2**

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(b) Team meetings are a key communication tool in the financial services industry. Outline strategies to maximise the efficiency of team meetings. **3**

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Centre Number

**Section II (continued)**

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Student Number

**Question 20** (12 marks)

- (a) Describe the role of depreciation in business accounting. **2**

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- (b) Use the straight line depreciation method to calculate the carrying amount of the following items at the end of three years. Show workings. **4**

	<i>Asset 1</i>	<i>Asset 2</i>
Cost \$ (excluding GST)	15 000	5000
Estimated life	8 years	5 years
Residual value (excluding GST)	1000	Nil
Carrying amount (at end of 3 years), including workings		

**Question 20 continues on page 16**

Question 20 (continued)

- (c) Enter the accounts to be debited and credited for each transaction listed below. The first transaction has been done for you.

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		<b>Dr</b>	<b>Cr</b>
<i>Example</i>	<i>Sold goods on 30-day credit terms</i>	<ul style="list-style-type: none"> <li>• <i>Accounts receivable</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Sales</i></li> <li>• <i>GST collected</i></li> </ul>
		<ul style="list-style-type: none"> <li>• <i>Cost of goods sold</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Inventory</i></li> </ul>
1	Purchased a computer on 30-day credit terms		
2	Received payment for goods previously sold on credit		
3	Owner invested additional cash into the business		
4	Purchased goods for resale for cash		
5	Paid electricity account		
6	Paid cash to suppliers for goods previously bought on credit		

**End of Question 20**



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**Section III**

**15 marks**

**Attempt Question 21**

**Allow about 25 minutes for this section**

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

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Your answer 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 21** (15 marks)

Consumer protection, duty of care, anti-discrimination, workplace relations and equal employment opportunity are legal issues that have an impact on the financial services industry.

Analyse the effect of government legislation on the financial services industry. In your answer, refer to relevant legislation that addresses TWO of the above legal issues.

## Section IV

**20 marks**

**Attempt ONE question from Questions 22–24**

**Allow about 25 minutes for this section**

Answer the question in TWO SEPARATE writing booklets. Use one writing booklet to answer parts (a) and (b) of the question. Use the other writing booklet to answer part (c) of the question. Extra writing booklets are available.

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### **Question 22 — Accounting (20 marks)**

Answer parts (a) and (b) in a SEPARATE writing booklet.

A film production business uses accrual accounting and does balance day adjustments of revenues and expenses.

- (a) Explain the purpose of balance day adjustments in the preparation of financial reports. **4**
  
- (b) Adjustments that involve accounts receivable are Bad Debts and Allowance for Doubtful Debts. Describe the positive and negative effects of these adjustments on the film company. **6**

**Question 22 continues on page 19**

Question 22 (continued)

Answer part (c) in a SEPARATE writing booklet.

- (c) Using the account balances for the film company, construct a trial balance as at 30 June 2015. **10**

<i>Account balances</i>	<i>Debit</i>	<i>Credit</i>
Cash at bank	\$12 270	
Capital		\$11 180
Accounts receivable/debtors	\$4 600	
Rent received		\$13 000
Motor vehicle	\$20 000	
Sales		\$60 010
Wages	\$29 600	
COGS	\$17 380	
Insurance	\$340	
	<u>\$84 190</u>	<u>\$84 190</u>

Note: The following end of period/balance day adjustments will need to be included.

- The motor vehicle has annual depreciation of \$900
- Adjust wages by \$350
- Create an allowance for doubtful debts to be 2% of accounts receivable
- Rent received was prepaid \$1200
- The insurance was paid until 1 February 2016. Adjust the prepayment of \$130.

**OR**

**Question 23 — Financial Services (20 marks)**

Answer parts (a) and (b) in a SEPARATE writing booklet.

- (a) Outline the benefits for a business of moving from paper-based storage of records to electronic storage. **4**
- (b) Describe security measures a business would need to consider when converting paper records to electronic records. **6**

Answer part (c) in a SEPARATE writing booklet.

- (c) Explain how and why businesses maintain the integrity of their records. **10**

**OR**

**Question 24 — Financial Markets and Systems (20 marks)**

Answer parts (a) and (b) in a SEPARATE writing booklet.

- (a) In what ways are Australian states able to directly and indirectly raise revenue through the taxation system? **4**
- (b) Explain how decisions made by the Reserve Bank of Australia may affect the Australian property market. **6**

Answer part (c) in a SEPARATE writing booklet.

- (c) What are the advantages and disadvantages of trading on the short-term money market compared with trading on the share market? **10**

**End of paper**