

2016 HSC Financial Services Marking Guidelines

Section I

Multiple-choice Answer Key

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

Section II

Question 16 (a)

Criteria	Marks
• Provides a description of the difference between legal and ethical behaviour	2
• Provides some relevant information	1

Sample answer:

Legal behaviour meets the terms of rules and regulation of society eg privacy laws, banking rules. Ethical behaviour is considered to be voluntary and personal based on perceptions or standards of right and wrong eg conflict of interest.

Answers could include:

The law controls what individuals or businesses can and cannot do, while ethics are moral standards that govern what individuals or businesses should or should not do.

Question 16 (b)

Criteria	Marks
• Provides an explanation of the effects of fortnightly repayments on a long-term loan	2
• Provides some relevant information	1

Sample answer:

Paying fortnightly allows the borrower to squeeze in the equivalent of one extra monthly repayment per year. Less will be paid in interest and the debt is paid down more quickly.

Question 16 (c)

Criteria	Marks
• Provides an explanation of how negative feedback can be used effectively in professional development	2
• Provides some relevant information	1

Sample answer:

Negative feedback is the process of pointing out what someone is doing poorly and advising them how to change it. Feedback should be specific, accurate and helpful, and phrased in positive terms so that the employee can act on it. Negative feedback could be used when an employee is affecting health and safety rules, disrupting efficiency, arriving late to work, etc. It is used so the person can act on the comments you give. Employees become more engaged than if they had not received any feedback at all.

Question 17 (a)

Criteria	Marks
• Provides a description of TWO factors which may influence the form of communication an employee uses with a client	2
• Provides some relevant information	1

Sample answer:

If a message is urgent and needs to be communicated to a client quickly, sending an email may not be appropriate. Rather, a telephone call would ensure a quick process. If a formal message needs to be delivered, sending a text message would be considered inappropriate. Using the format of a formal memo for communication or a letter for clients would be more appropriate.

Answers could include:

- access of sender/receiver to necessary equipment
- required format
- technical skills required to use the medium.

Question 17 (b)

Criteria	Marks
• Provides a clear explanation of how barriers to communication may contribute to potential conflict with colleagues	3
• Provides an explanation of how barriers to communication may contribute to potential conflict with colleagues	2
• Provides some relevant information	1

Sample answer:

In general, physical separation and differences in status, gender, culture and language can potentially either block or distort effective communication. A lack of communication can create uncertainty that leads to stress and conflict. Poor communication can lead to the spread of rumours and gossip, which can create tension among employees.

Question 17 (c)

Criteria	Marks
• Provides an explanation of how conflict could be positive for a team	2
• Provides some relevant information	1

Sample answer:

Conflict may allow for problems to be resolved. It can promote consideration of new ideas and different approaches, and allows for motivation for the team. With new ideas and different approaches, the team can strive towards resolving future conflict or problems.

Question 18 (a)

Criteria	Marks
• Provides a detailed description of the responsibilities of the employer and employee in implementing WHS requirements	4
• Provides a description of the responsibilities of the employer and employee in implementing WHS requirements	3
• Provides some information about the responsibilities of the employer and employee in implementing WHS requirements	2
• Provides some relevant information	1

Sample answer:

The primary health and safety responsibility sits with the employer. They are required to consult with workers, take the views of workers into account when making a decision about WHS and provide workers with opportunities to express views, raise WHS issues, and contribute to the decision-making process. They should advise workers on the outcome of decisions in a timely manner and appoint a Health and Safety Representative (HSR).

The employee should be aware that WHS is everyone's responsibility in the workplace. They must comply with reasonable and practical measures put in place in the workplace to reduce or eliminate risk and report any WHS issues observed in the workplace.

Question 18 (b) (i)

Criteria	Marks
• Provides the correct break-even point in dollars with all working shown	2
• Provides some relevant information	1

Sample answer:

Price per Unit	\$15
Variable Cost per Unit	\$7
Total Fixed Cost	\$80 000

Solution

We have,

$$p = \$15$$

$$v = \$7, \text{ and}$$

$$FC = \$80\,000$$

Substituting the known values into the formula for break-even point in sales units, we get:

$$\begin{aligned} \text{Break-even Point in Sales Units (}\times\text{)} \\ &= 80\,000 \div (15 - 7) \\ &= 80\,000 \div 8 \\ &= 10\,000 \text{ units} \end{aligned}$$

$$\text{Break-even Point in Sales Dollars} = \$15 \times 10\,000 = \$150\,000$$

Question 18 (b) (ii)

Criteria	Marks
• Provides the correct number of units with all working shown	2
• Provides some relevant information	1

Sample answer:

$$\text{Unit Sales} = \frac{\text{Fixed Costs} + \text{Target Profit}}{\text{Contribution Margin per Unit}}$$

$$\text{Unit Sales} = \frac{\$80\,000 + \$50\,000}{\$8} = 16\,250 \text{ units}$$

Question 19

Criteria	Marks
• Completes all DR and CR transactions correctly	3
• Completes two DR and CR transactions correctly	2
• Completes one DR and CR transaction correctly	1

Sample answer:

Date	Account details	Debit \$	Credit \$
4/5	Drawings	550	
	GST Paid		50
	Inventory		500
	<i>Owner took goods for own use</i>		
1/6	Stationery	180	
	GST Paid	18	
	Capital		198
	<i>Owner paid for stationery from personal account</i>		
25/6	<i>Bank</i>	165	
	<i>Accounts receivable</i>		165
	<i>Accounts receivable payment received</i>		

Question 20

Criteria	Marks
• Prepares a petty cash book that correctly shows necessary entries	6
• Prepares a petty cash book that substantially shows necessary entries	4–5
• Prepares a petty cash book that shows some necessary entries	2–3
• Provides some relevant information	1

Sample answer:

Date	Rec'd	Details	Ref	Payment	Stationery	Staff amenities	Travel	Cleaning	GST Paid
2/3	600.00	Establishment							
4/3		Stationery	001	44.00	40.00				4.00
6/3		Milk	002	3.00		3.00			
8/3		Bus fare	003	8.80			8.00		0.80
10/3		Taxi fare	004	82.50			75.00		7.50
11/3		Cleaning	005	49.50	45.00				4.50
21/3		Stationery	006	14.30				13.00	1.30
26/3		Taxi fare	007	45.60			41.45		4.15
				247.70	85.00	3.00	124.45	13.00	22.25
		Cash on hand		352.30					
	600.00	TOTAL		600.00					
31/3	352.30	Balance b/d							
	247.70	Reimbursement							

Section III

Question 21

Criteria	Marks
<ul style="list-style-type: none"> Provides a comprehensive explanation of the impact of poor work practices on the client, the workplace and the financial services industry Provides a logical and cohesive response with relevant examples and detailed industry terminology 	13–15
<ul style="list-style-type: none"> Provides a sound explanation of the impact of poor work practices on the client, the workplace and the financial services industry Provides a logical response that includes relevant examples and industry terminology 	10–12
<ul style="list-style-type: none"> Provides an adequate explanation of the impact of poor work practices on the client, the workplace and the financial services industry Provides a general response that includes some appropriate examples 	7–9
<ul style="list-style-type: none"> Provides a basic description of poor work practices and/or their impact Uses limited examples 	4–6
<ul style="list-style-type: none"> Provides limited information 	1–3

Answers could include:

Poor work practice may encompass a number of areas including:

- unsatisfactory work content in terms of quantity and quality
- competency
- breaches of work practices, procedures and rules — such as breaching workers health and safety requirements,
- excessive absenteeism
- theft
- harassment of other employees
- workflow issues such as bottlenecks
- errors that are not corrected
- shortcuts
- management and supervision issues
- clashes over who does what
- demarcation issues
- poor standards of conduct and professionalism
- poor financial services provision
- concerns with the culture of firms
- apparent lack of customer focus
- financial firms may not be implementing systems and procedures within their organisations that promote an ethical culture and integrate governance, risk management and compliance frameworks
- significant integrity issues, where the alleged conduct would breach professional and ethical standards.

All or any of these issues may affect the financial services client in that expectations of work or trust are not fulfilled causing concern, anxiety and in cases of poor or unethical financial advice, loss of savings or money generally. The client may then lose faith in the business, not return, not refer others or actively recommend against using the business. In some cases legal action may be pursued through courts or regulatory organisations.

The financial services worker may be affected by the poor work practices of others by being forced to work harder to fill the gaps left by others' performance or absenteeism. Worker safety may be compromised by breaching of WHS procedures. Poor communication may lead to misunderstanding of roles or work tasks. Generally worker dissatisfaction may lead to poor staff retention, lower work standards and general lack of motivation.

To build confidence and trust in the financial system, financial firms need to be seen to act with greater integrity and accountability. If poor work practices are widespread in the industry or even if there are recognised individual flaws then the whole industry is affected negatively.

Section IV

Question 22 (a)

Criteria	Marks
<ul style="list-style-type: none"> Provides a comprehensive explanation of the differences in the accounts receivable status of doubtful and bad debts 	4
<ul style="list-style-type: none"> Provides a satisfactory explanation of the differences in the accounts receivable status of doubtful and bad debts 	3
<ul style="list-style-type: none"> Provides a basic understanding of the difference in the accounts receivable status of doubtful and bad debts 	2
<ul style="list-style-type: none"> Provides some relevant information 	1

Sample answer:

Doubtful debts are debts management estimates may never be received.

Bad debts are debts that will not be paid and are irrecoverable.

Doubtful debts account could become bad debts with time.

Doubtful debts reduce accounts receivable for the financial statements only.

Bad debts permanently reduce accounts receivable by the irrecoverable amount.

Answers could include:

Doubtful debts	Bad debts
Management estimates accounts which may not be received.	Accounts clerk determines bad debt accounts from debtors who cannot pay, or a debtor listed as bankrupt.
Amount is usually based on past experience of the business of collecting accounts receivable monies.	Amount is based on the actual irrecoverable amounts.
GST is not affected.	When the debt is written off, any GST attached to the original is also reduced.
Doubtful debts are recorded in the same year the sale was made.	Bad debts could be from sales made in previous periods.
The estimate can be a percentage of total accounts receivable or various doubtful accounts.	The amount needs to be written off against specific accounts receivable accounts.

Question 22 (b)

Criteria	Marks
• Provides a comprehensive explanation of the debt recovery approach to be taken	6
• Provides a satisfactory explanation of the debt recovery approach to be taken	4–5
• Provides a limited explanation of the debt recovery approach to be taken	2–3
• Provides some relevant information	1

Answers could include:

Recovery action procedure:

1. Debtor 1 – check with customer to see if there is a dispute, or if they are aware it is now overdue
2. Debtors 2 and 4 –
 - Ensure the Company Accountant is advised of the overdue balances of these debtors
 - Contact Debtor 2 and Debtor 4 and check if there are any disputes with the \$1784 and \$965
 - If there is a dispute, investigate and resolve with the customer
 - If no dispute, advise service sales staff not to sell to Debtors 2 and 4
 - If no dispute, proceed with debt recovery plan and legal action against customers with debts over 90 days.

Question 22 (c)

Criteria	Marks
• Constructs a correct fully classified balance sheet with correct capital figure	9–10
• Constructs a substantially correct fully classified balance sheet with capital figure	7–8
• Constructs a partially correct classified balance sheet	5–6
• Constructs a classified balance sheet with a limited number of correct entries	3–4
• Provides some relevant information	1–2

Sample answer:

BALANCE SHEET of Finance Consulting Pty Ltd			
as at 30 June, 2016			
	\$	\$	\$
CURRENT ASSETS			32 200
Accounts Receivable	16 500		
Less Allowance for Doubtful Debts	<u>500</u>	16 000	
Insurance Prepaid		1 200	
Bank		<u>15 000</u>	
NON CURRENT ASSETS			250 000
Land & Buildings		250 000	
TOTAL ASSETS			282 200
CURRENT LIABILITIES			12 930
Accounts Payable		9 115	
GST Payable Control		3 215	
Income Received in Advance		<u>600</u>	
NON CURRENT LIABILITIES			100 000
Mortgage		100 000	
TOTAL LIABILITIES			<u>112 930</u>
NET ASSETS			<u>169 270</u>
OWNERS' EQUITY			
CAPITAL	172 320		
Add Net Profit	<u>9 950</u>		
Less Drawings		<u>13 000</u>	
TOTAL OWNERS' EQUITY			<u>169 270</u>

Question 23 (a)

Criteria	Marks
• Provides a comprehensive explanation of the purpose of balancing cash register transactions at end of day	4
• Provides a satisfactory explanation of the purpose of balancing cash register transactions at end of day	3
• Provides a limited explanation of the purpose of balancing cash register transactions at end of day	2
• Provides some relevant information	1

Sample answer:

The process of counting the money, reconciling the receipts and balancing the cash drawer creates an accountability of the day's transactions.

A business must balance cash register transactions at the end of each day to properly track and record sales transactions. These internal controls are necessary to prevent mishandling of money and to safeguard assets against loss. Cashiers must prove out (show that they have the right amount of cash in the register based on the daily sales transactions) the amount of cash, cheques, and charges they took in during the day. Not only do strong internal controls promote operational efficiency, they also ensure reliable accounting records.

Question 23 (b)

Criteria	Marks
<ul style="list-style-type: none"> Provides a comprehensive description of the procedures for ensuring accurate and secure creation, maintenance and disposal of financial records 	6
<ul style="list-style-type: none"> Provides a satisfactory description of the procedures for ensuring accurate and secure creation, maintenance and disposal of financial records 	4–5
<ul style="list-style-type: none"> Provides an outline of some procedures for accurate and secure creation, maintenance and disposal of financial records 	2–3
<ul style="list-style-type: none"> Provides some relevant information 	1

Answers could include:

The four basic rules for record keeping are:

- Useful
- Easy to use
- Accurate
- Compulsory.

Every business has records to keep and invariably multiple staff within the business need to be able to easily access information that is being filed.

There are three main areas applicable to the majority of workplace filing systems:

- business records for financial management
- technical information for physical management
- personal information for WHS, employment, human resource management.

There are many different filing systems that can be adopted including:

- alphabetic
- numeric
- subject
- geographic
- technical systems
- chronological.

If business information is not easy to find, simple work can become a laborious chore. It is therefore important that the system used is:

- simple
- easy to set up new files
- easy to retrieve files
- easy for someone else to use.

Methods for collecting information may include:

- observation and listening
- file records
- individual research
- statistics and reports from other organisations
- producing reports from data collected in the business
- translating data from diaries and notebooks

- professional data collection agency
- interviews with colleagues/customers.

Information must be stored carefully and in accordance with privacy laws. Customer information is confidential and must be stored securely. A simple way to store customer information is to use an electronic spreadsheet. For more detailed information, a customer relationship manager (CRM) database might be more suitable. A CRM can help to analyse customer information to find purchasing trends and identify best customers.

Customer information is only useful if it's up to date. It's important to regularly check the accuracy of customers' information, and update it where necessary.

It must be able to be shown that records kept on a computer system are secure and accurate. This includes having control over access to the computer through the use of passwords, control over incoming and outgoing information, control over processing of information, back-up copies of computer files and programs and the ability to recover records if a computer system fails.

Whether you use a manual or an electronic system, you can store and keep paper records electronically.

Business paper records can be placed onto an electronic storage medium, provided the electronic copies are a true and clear reproduction of the original paper records, are kept for five years and are capable of being retrieved and read at all times.

Question 23 (c)

Criteria	Marks
• Demonstrates a comprehensive understanding of the advice to be provided to post office staff	9–10
• Demonstrates a sound understanding of the advice to be provided to post office staff	7–8
• Demonstrates an adequate understanding of the advice to be provided to post office staff	5–6
• Demonstrates a basic understanding of the advice to be provided to post office staff	3–4
• Provides some relevant information	1–2

Sample answer:

PO staff may be advised that certain services will not be able to be done through an AUSPOST outlet – bank cheques, passbook updates and account services, account or loan enquiries, withdrawals over \$1000 per day, ID verification. Staff will need to be clear as to the tasks that can be performed and aware of the ways in which these tasks can now be completed. This may require directing customers to a telephone number connected to the bank or to regional centres.

PO staff will need to inspire confidence in their ability to deal with customer concerns. Customers will need to be reassured that they will be able to deal with cash deposits as they have always been able to, to handle cheque deposits and cash withdrawals. They will need to be aware that customers can check their account balances and do a range of transactional banking now at Australia Post and inform the customers that the post office may be closer than the bank was.

Question 24 (a)

Criteria	Marks
• Provides a comprehensive explanation of the functions of a BAS	4
• Provides a satisfactory explanation of the functions of a BAS	3
• Provides a limited explanation of the functions of a BAS	2
• Provides some relevant information	1

Sample answer:

The business activity statement (BAS) is a tax reporting requirement for businesses issued on either a monthly or quarterly basis. The BAS has been designed to provide one statement for most taxes and allows for the offset of the different taxes in a period. It is also used for reporting pay-as-you-go [PAYG] instalments, company tax instalments and fringe benefit tax [FBT] instalments.

The form a business receives depends on what taxation liabilities it has (these are referred to as *roles*). Statements are usually issued quarterly. Some roles can be reported at different frequencies depending on business structure and income. Some roles such as GST can be reported annually, subject to eligibility criteria being met.

Question 24 (b)

Criteria	Marks
• Demonstrates a comprehensive understanding of how the Australian Federal Government raises revenue through taxation	6
• Demonstrates a satisfactory understanding of how the Australian Federal Government raises revenue through taxation	4–5
• Demonstrates a limited understanding of how the Australian Federal Government raises revenue through taxation	2–3
• Provides some relevant information	1

Answers could include:

The Australian Government's main source of taxation revenue is the taxation of income. These taxes are estimated to represent around 74.4 per cent of total taxation receipts in 2012–13.

Personal income tax, which is made up of gross income tax withholding, gross other individuals' income tax and individuals' refunds, accounts for 47.1 per cent of total taxation receipts.

A further 2.4 per cent is from taxes levied on superannuation funds and 1.2 per cent is from fringe benefits tax (FBT).

Company income and resource rent taxation accounts for 22.6 per cent of total taxation receipts.

Sales taxes, inclusive of the GST, contribute 14.6 per cent. The remaining 11.0 per cent of taxation receipts are mostly accounted for by excise and customs duties.

Question 24 (c)

Criteria	Marks
• Demonstrates a comprehensive understanding of ASIC's concerns about easy access to credit and loans from online lenders	9–10
• Demonstrates a sound understanding of ASIC's concerns about easy access to credit and loans from online lenders	7–8
• Demonstrates an adequate understanding of ASIC's concerns about easy access to credit and loans from online lenders	5–6
• Demonstrates a limited understanding of ASIC's concerns about easy access to credit and loans from online lenders	3–4
• Provides some relevant information	1–2

Sample answer:

ASIC found that payday lenders need to improve compliance with some of the key consumer protection laws operating in the industry. ASIC's review found particular compliance risks around the tests for loan suitability, which must be considered when the consumer has multiple other payday loans or is in default under a payday loan.

The review also identified concerns where payday lenders set their loan terms at 12 months or more, thereby charging the consumer more fees, in circumstances where a consumer had requested a shorter term and paid the loan back in that shorter time.

The report also found systemic weaknesses in documentation and record keeping, including around the issue of the consumer's objectives and needs.

ASIC has focused on three areas of misconduct in the payday-lending sector:

- Irresponsible lending
- Avoidance through business models that attempt to circumvent the law, and
- Unfair fees and misleading advertising.

They found that lenders had not properly assessed the financial circumstances of many consumers before providing them with loans. They relied on algorithms, which did not properly take consumers' financial information into account.

Companies failed to consistently recognise where consumers had obtained repeat loans from payday lenders within a short period of time. Even where repeat loans were properly identified they did not take sufficient or appropriate steps as required by law before providing a loan to the consumer.

Others failed to make proper inquiries of consumers' requirements and objectives, and inquiries that were made were of a general nature and resulted in not enough information for the lenders to fully understand the consumer's needs.

2016 HSC Financial Services 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	Industry context – employment p32								
2	1	Work – the financial services worker p42								
3	1	Safety – WHS compliance p37								
4	1	Financial operations – financial calculations p27								
5	1	Work – misunderstandings and conflict p44								
6	1	Work – the financial services worker p42								
7	1	Financial operations – financial information p27								
8	1	Industry context – anti-discrimination p33								
9	1	Industry context – working in the industry p31								
10	1	Financial operations – financial calculations p26								
11	1	Financial operations – financial transactions p27								
12	1	Financial operations – financial information p25								
13	1	Industry context – employment p32								
14	1	Work effectively – worker health and safety p36								
15	1	Financial operations – financial information p25								

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	Industry context – working in the industry p31								
16 (b)	2	Financial operations – financial information p28								
16 (c)	2	Work – the financial services worker p42								
17 (a)	2	Work – communication p41								
17 (b)	3	Work – communication p41								
17 (c)	2	Work – conflict p44								
18 (a)	4	Safety – WHS compliance p36								
18 (b) (i)	2	Financial operations – financial calculations p27								
18 (b) (ii)	2	Financial operations – financial calculations p27								
19	3	Financial operations – financial transactions p28								
20	6	Financial operations – financial transactions p28								

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
21	15	Work – work practices p43								

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
22 (a)	4	(stream) Accounting – financial reports p48								
22 (b)	6	(stream) Accounting – financial reports p48								
22 (c)	10	(stream) Accounting – financial reports p48								
23 (a)	4	(stream) Financial services – cash and non cash transactions p53								
23 (b)	6	(stream) Financial services – record keeping p55								
23 (c)	10	(stream) Financial services – agency for financial services institutions p52								
24 (a)	4	(stream) Financial markets and systems – taxation p61								
24 (b)	6	(stream) Financial markets and systems – taxation p61								
24 (c)	10	(stream) Financial markets and systems – debt and consumer credit p59								