

## **2017 HSC Financial Services Marking Guidelines**

### **Section I**

#### **Multiple-choice Answer Key**

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

## Section II

### Question 16 (a)

Criteria	Marks
• Provides a justification for the advice provided	2
• Provides some relevant information	1

**Sample answer:**

The investor should be advised that they would earn more interest if their investment was compounded daily rather than quarterly. Compounded interest is calculated on the original \$10 000 balance plus the interest previously earned. The new balance grows faster when added to daily rather than quarterly.

### Question 16 (b)

Criteria	Marks
• Provides a comparison of the roles of the RBA and ASIC	2
• Provides some relevant information	1

**Sample answer:**

RBA is Australia's central bank and contributes to the stability of currency, full employment and economic prosperity. RBA also sets the benchmark interest rate. ASIC is Australia's corporate, markets and financial services regulator. It ensures that financial markets are fair and transparent. ASIC also allows for the register of business names and ABNs.

### Question 16 (c)

Criteria	Marks
• Provides a comprehensive description of the advantages and disadvantages of a partnership as a type of business ownership	4
• Provides a description of the advantages and disadvantages of a partnership as a type of business ownership	3
• Provides a limited description of the advantages and/or disadvantages of a partnership as a type of business ownership	2
• Provides some information about partnerships and/or business ownership	1

**Sample answer:**

Advantages of a partnership are increased access to funding, shared knowledge and experiences, minimal set-up costs, easy to set up and record transactions.

Disadvantages may be sharing of profit, personal liability according to percentage share, disagreements due to many owners of the business, income added to personal income so taxed at a higher rate.

**Question 17 (a)**

Criteria	Marks
• Describes how spreadsheets can be used effectively in the financial services industry	2
• Provides some relevant information	1

**Sample answer:**

Spreadsheets are a tool used for a variety of tasks in business. They can be used to create management reports, databases, to analyse statistics and to ascertain cash flow projection. Charting is important for analysis and presentation of data.

**Question 17 (b)**

Criteria	Marks
• Provides a detailed description of the function of bank reconciliation in a business	3
• Provides a description of the function of bank reconciliation in a business	2
• Provides some relevant information	1

**Sample answer:**

Bank reconciliation plays a role of reconciliation between the business's general ledger account for bank and the bank statement. It allows for discrepancies to be highlighted and investigated. Discrepancies could be due to mistakes, time lag between when invoices and payments/receipts are received/recorded or intentional errors to commit fraud. It plays a role in the control of cash/bank in the business.

**Question 18 (a)**

Criteria	Marks
• Describes the likely effect of the provided scenario on the nominated financial statements of the business	2
• Provides some relevant information	1

**Sample answer:**

(Actually recorded debit to expenses and should have been debit to drawings.)

Income statement – Business expenses are higher than they should be resulting in profit being lower than it should be.

Balance sheet – Owner's equity will have correct figure overall but drawings should be bigger and profit should be bigger.

**Question 18 (b)**

Criteria	Marks
• Describes the likely effect of the provided scenario on the nominated financial statements of the business	2
• Provides some relevant information	1

**Sample answer:**

Historical cost convention requires assets to be recorded at original cost, so should be \$220 000 not \$305 000 in assets.

Income statement – not affected.

Balance sheet – if only the assets figure is changed the balance sheet will not balance.

**Question 18 (c)**

Criteria	Marks
• Describes the likely effect of the provided scenario on the nominated financial statements of the business	2
• Provides some relevant information	1

**Sample answer:**

(Reducing balance method has higher depreciation on a new asset than straight line.)

Income statement – depreciation expenses would be higher than they were so profit will be lower than it was.

Balance sheet – with reducing balance method accumulated depreciation will be higher so the net assets on the balance sheet will be lower than when the straight line method was used.

**Question 19**

Criteria	Marks
• Constructs an income statement that correctly shows all necessary income and expense accounts and identifies the correct result for the period	5
• Constructs an income statement that substantially shows all necessary income and expense accounts and identifies the result for the period	3–4
• Constructs an income statement that details some correct income and expense accounts and attempts a result for the period	2
• Provides some relevant information	1

***Sample answer:***

<i>Revenue</i>		260 500
Fees received	250 000	
Interest from bank	500	
Rent received	10 000	
<i>Less expenses</i>		<i>122 300</i>
Freight outwards	2 000	
Interest on mortgage	21 000	
Insurance	3 000	
Postage	400	
Salaries	90 000	
Depreciation	5 000	
Stationery	900	
NET PROFIT		138 200

**Question 20 (a)**

Criteria	Marks
• Provides a clear explanation of the benefits for a workplace that promotes diversity	3
• Provides an explanation of the benefits for a workplace that promotes diversity	2
• Provides some relevant information	1

**Sample answer:**

Creates a harmonious workforce, free from discrimination, with more respect and courtesy and acceptance and understanding. This environment leads to better productivity, possibly less absenteeism, and a greater sense of working towards the same goals.

**Question 20 (b)**

Criteria	Marks
• Provides a clear explanation of the role of compliance in the financial services industry	3
• Provides an explanation of the role of compliance in the financial services industry	2
• Provides some relevant information	1

**Sample answer:**

Compliance means following all the regulations set up to maintain a high level of ethical and legal corporate behaviour. The scrutiny of corporate governance and business ethics is constant in the financial services industry. It is important to wipe out unfair and deceptive practices and protect consumers. By following compliance financial services companies can avoid heavy financial penalties, and protect brand trust.

## Section III

### Question 21

Criteria	Marks
<ul style="list-style-type: none"> <li>Clearly explains how Sam can develop strategies to resolve the issues provided and create a safe, harmonious and productive workplace</li> <li>Provides a logical and cohesive response using relevant examples</li> </ul>	13–15
<ul style="list-style-type: none"> <li>Explains how Sam can develop strategies to resolve the issues provided and create a safe, harmonious and productive workplace</li> <li>Provides a logical response using relevant examples</li> </ul>	10–12
<ul style="list-style-type: none"> <li>Provides information about some strategies that could be used to resolve the issues provided and/or create a safe, harmonious and productive workplace</li> <li>Provides a general response that may include examples</li> </ul>	7–9
<ul style="list-style-type: none"> <li>Provides limited information about strategies and/or the effect on the business</li> <li>Uses limited examples</li> </ul>	4–6
<ul style="list-style-type: none"> <li>Lists basic information related to strategies and/or the nature of the problems</li> </ul>	1–3

**Answers could include:**

- determining causes and sources of problems/conflict
- reviewing workplace policies and procedures
- assessing value of different approaches to workplace harassment eg mediation, negotiation
- WHS consultation and participation involving employee input
- meetings
- surveys
- audits/inspections
- defining roles of personnel
- defining/changing management structure/s
- mentoring/monitoring/feedback
- providing opportunities to observe successful practice.

## Section IV

### Question 22 (a)

Criteria	Marks
<ul style="list-style-type: none"> <li>Provides a comprehensive description of the procedures for processing accounts receivable</li> </ul>	4
<ul style="list-style-type: none"> <li>Provides a satisfactory description of the procedures for processing accounts receivable</li> </ul>	3
<ul style="list-style-type: none"> <li>Provides a basic description of the procedures for processing accounts receivable</li> </ul>	2
<ul style="list-style-type: none"> <li>Provides some relevant information</li> </ul>	1

***Sample answer:***

The procedures for processing accounts receivable include:

- periodically, prepare debtors' statements and send to the customer
- follow up any queries from the debtors
- match remittance advice to the payment received
- investigate any discrepancies between payments received and debtors' balances due
- identify clients in default of payment. Communicate and follow up clients with overdue balances
- start recovery action on clients with overdue balances, if required.

**Question 22 (b)**

Criteria	Marks
• Prepares a correct reconciliation	6
• Prepares a substantially correct reconciliation	4–5
• Prepares a partially correct reconciliation	2–3
• Provides a reconciliation with a limited number of correct entries	1

*Sample answer:*

**Reconciliation for accounts payable to Stationery Ltd as at 31/10/17**

Balance as per supplier	10 962.50
Less: Outstanding invoices	3 000.00
	7 962.50
Less: Payments made not yet recorded	2 400.00
Credit note requested	220.00
	5 342.50
Balance as per general ledger	5 342.50
Less 5% discount on accounts payable ledger balance	267.10
	5 075.40
Value of cheque to be drawn	5 075.40

(Allow for rounding errors.)

**Question 22 (c)**

Criteria	Marks
• Correctly completes all seven closing journals including all adjustments	9–10
• Correctly completes closing journals which include most adjustments	7–8
• Completes some closing journals	5–6
• Attempts to complete closing journals	3–4
• Provides some relevant information	1–2

**Sample answer:**

Sales	222 000	
Trading		222 000
Trading	168 000	
Cost of Goods Sold		168 000
Trading (222 000 – 168 000)	54 000	
Profit and Loss		54 000
Rent received (14 000 – 3000)	11 000	
Interest received	3 000	
Profit and Loss		14 000
Profit and Loss	101 800	
Wages (66 600 + 2300)		68 900
Advertising		6 500
Bad debts		1 800
Doubtful debts (600 – 400)		200
Insurance (15 000 – 500)		14 500
Stationery		600
Mortgage interest		9 300
Capital	33 800	
Profit and Loss (LOSS) (54 000 + 14 000 – 101 800)		33 800
Capital	20 000	
Drawings		20 000

**Question 23 (a)**

Criteria	Marks
• Provides a detailed explanation of the reasons for the restructure of a large financial institution as described	4
• Provides an explanation of the reasons for the restructure of a large financial institution as described	3
• Provides a limited explanation of the reasons for the restructure of a large financial institution as described	2
• Provides some relevant information	1

**Sample answer:**

Businesses may decide to restructure in this manner for a number of reasons. It can mean that the business is closer to the customer base and can therefore provide better customer service and be better able to respond to local circumstances. It may improve staff motivation particularly for those closer to work. It promotes a need for more managers so it is seen as a good way to train junior management. It may also create more efficient decision-making and facilitate expansion of the business.

**Question 23 (b)**

Criteria	Marks
• Provides a comprehensive description of the information provided by a financial institution to facilitate the efficient and effective operation of its agency	6
• Provides a satisfactory description of the information provided by a financial institution to facilitate the efficient and effective operation of its agency	4–5
• Demonstrates a basic understanding of the information provided by a financial institution to facilitate the efficient and effective operation of its agency	2–3
• Provides some relevant information	1

**Sample answer:**

For an agency to run effectively it needs to be aware of a number of factors. These include an awareness of the relationship of the agency with the financial services institution as well as a clear understanding of the range of products and services offered.

Advice should be given regarding the scope of the agency’s capacity to offer advice, including key requirements of related legislation and industry regulation and a knowledge of relevant contacts. It is important for the agency to be advised regarding standard operating procedures for processing transactions, customer service provided by an agency, including providing assistance, helping customers to complete documentation and dealing with customer dissatisfaction and complaints. Depending on the agency, advice should be given about workplace policy and procedures for cash and non-cash transactions and processes and procedures for payments.

**Question 23 (c)**

<b>Criteria</b>	<b>Marks</b>
• Provides a comprehensive explanation of the implications of a financial services institution moving from manual to electronic record-keeping	9–10
• Provides a detailed explanation of the implications of financial services institution moving from manual to electronic record-keeping	7–8
• Provides a sound explanation of the implications of financial services institution moving from manual to electronic record-keeping	5–6
• Provides a basic description of the implications of financial services institution moving from manual to electronic record-keeping	3–4
• Provides some relevant information	1–2

***Answers could include:***

- Possible short-term confusion in period of changeover
- Scanning and archiving of all old and existing documents
- With digital systems, there is a cost for the scanning and filing technologies, but once digitised, the cost for data storage is quite low
- Save employee(s) time in finding and accessing needed documents
- Easy to distribute documents throughout an organisation and to the public if needed
- No more lost files
- Version control – everyone is accessing the most current version(s) of a document(s) with the ability to see how a document changes over time
- Improves decision-making processes in an organisation
- Reduces paper records, filing costs and makes it possible to move documents off-site freeing up valuable floor space
- Makes it possible to easily back-up documents in case of disaster (flood, fire, theft etc)
- Saves on wear and tear of paper records
- Makes it possible to easily comply with government and ISO standards
- Electronic documents are easily encrypted with access controls using passwords and an authentication system
- The need for physical storage space for paper records is significantly reduced or eliminated altogether. Central filing and document tracking can be automated, eliminating the need for physical document management.

# 2017 HSC Financial Services Mapping Grid

## Section I

Question	Marks	HSC content – focus area
1	1	Industry context – employment – page 29
2	1	Financial operations – financial information – page 23
3	1	Industry context – employment – page 29
4	1	Financial operations – financial information – page 23
5	1	Safety – risk management – page 34
6	1	Financial operations – financial transactions – page 25
7	1	Financial operations – financial calculations – pages 24–25
8	1	Work – communication – page 37
9	1	Financial operations – financial calculations – page 25
10	1	Industry context – working in the industry – page 28
11	1	Financial operations – financial information – page 23
12	1	Safety – work health and safety – page 32
13	1	Financial operations – financial transactions – page 25
14	1	Industry context – working in the industry – page 28
15	1	Financial operations – financial transactions – page 25

## Section II

Question	Marks	HSC content – focus area
16 (a)	2	Financial operations – financial calculations – page 24
16 (b)	2	Industry context – working in the industry – page 28
16 (c)	4	Financial operations – financial information – page 23
17 (a)	2	Work – technology – page 40
17 (b)	3	Financial operations – financial transactions – pages 25 and 26
18 (a)	2	Financial operations – financial information – page 23, transactions – page 25
18 (b)	2	Financial operations – financial information – page 23, transactions – page 25
18 (c)	2	Financial operations – financial information – page 23, calculations – page 24
19	5	Financial operations – financial transactions – page 25
20 (a)	3	Work – cultural diversity – page 39
20 (b)	3	Industry context – working in the industry – page 29

**Section III**

<b>Question</b>	<b>Marks</b>	<b>HSC content – focus area</b>
21	15	Industry context – anti-discrimination – page 30 Safety – work health and safety – page 32 Work – the financial services worker – page 38

**Section IV**

<b>Question</b>	<b>Marks</b>	<b>HSC content – focus area</b>
22 (a)	4	Accounting stream – subsidiary accounts and ledgers – page 42
22 (b)	6	Accounting stream – subsidiary accounts and ledgers – page 42
22 (c)	10	Accounting stream – financial reports – page 43
23 (a)	4	Financial services stream – agency for financial services institution – page 46
23 (b)	6	Financial services stream – agency for financial services institution – page 46
23 (c)	10	Financial services stream – record keeping in the financial services industry – pages 48 and 49; Compliance – page 49; Agency for financial services institutions – page 41