

2018 HSC Financial Services Marking Guidelines

Section I

Multiple-choice Answer Key

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

Section II

Question 16

Criteria	Marks
• Provides the reason for the treatment of the accounts	2
• Provides some relevant information	1

Sample answer:

Cash is an asset. An asset needs to be debited to increase, thus debit the cash. Capital is owner's equity. Owner's equity needs to be credited to increase. M Smith is increasing the wealth of her business by investing in the business. Increasing wealth is increasing owner's equity. Thus credit capital.

Question 17

Criteria	Marks
• Provides a comprehensive description of the benefits and limitations of operating as a company	4
• Provides a description of the benefits and limitations of operating as a company	3
• Provides a limited description of the benefits and/or limitations of operating as a company	2
• Provides some information about companies and/or business structures	1

Sample answer:

Benefits

Limited liability; tax on profit is set at 30%; can go on stock exchange if public company; can have many shareholders; need accounting professional to complete financial reports.

Limitations

Expensive to set up; stricter ATO regulations; must have workers compensation; obligated to pay compulsory superannuation for eligible employees; regulations on distribution of profit.

Question 18

Criteria	Marks
• Provides correct journal entries for correction of errors	3
• Provides mostly correct journal entries for correction of errors	2
• Provides some correct information	1

Sample answer:

Account details	Debit (\$)	Credit (\$)
1 Drawings	495	
Cash		495
2 Toni	360	
Sales		328
GST		32

Possible workings:

What should have happened?

Dr Toni 840 Cr sales 764 Cr GST 76

What happened?

Dr Toni 480 Cr sales 436 GST 44

Error correction is difference.

Question 19 (a)

Criteria	Marks
• Clearly describes the differences between a balance sheet and a trial balance	2
• Provides some relevant information	1

Sample answer:

A trial balance lists the closing balances of all general ledger accounts at a point in time.

A balance sheet displays all the assets, liability and owner's equity balances of a business; these figures are taken from the trial balance.

Question 19 (b)

Criteria	Marks
• Clearly describes the differences between profit margin and mark up	2
• Provides some relevant information	1

Sample answer:

Mark up is a % of profit required by a business, and is calculated on the **cost** price, eg product cost is \$20 and 300% mark up required, then selling price is $\$20 + (\$20 \times 300\%) = \$80$.

Margin, referred to as profit margin, is a % calculated based on the **selling** price/revenue.

Question 20

Criteria	Marks
• Prepares a bank reconciliation statement that correctly shows all necessary entries	4
• Prepares a bank reconciliation statement that substantially shows all necessary entries	3
• Prepares a bank reconciliation statement that shows some necessary entries	2
• Provides some relevant information	1

Sample answer:

Bank reconciliation statement for Peta's financial services

Debit balance as per bank statement	4562.54 Cr
Add deposit made on 30 Sept 2018	864.72 Dr
	3697.82 Cr
Less unpresented cheques	247.91 Cr
#5660 \$63.82	
#5670 \$101.43	
#5671 \$82.66	
	3945.73 Cr
Error in bank statement	
Bank incorrectly showed \$95, our books show \$59, so add back to our books \$36	36.00 Dr
	3909.73 Cr

Question 21 (a)

Criteria	Marks
• Provides an explanation of the importance of complaints and feedback to a business	3
• Provides some understanding of the importance of complaints and feedback to a business	2
• Provides some relevant information	1

Sample answer:

Feedback from customers gives the business an opportunity to become aware of strengths and weaknesses identified by their customers. It also allows them to address issues with staff and work together to resolve problems and reward good service. This ensures that their reputation is not affected by poor service.

Answers could include:

- For staff to receive immediate feedback on the quality of their service and the effect they are having on their customers' experience
- When a common themed complaint is identified it can bring about a modification of training to ensure this is addressed and implemented in staff practice.

Question 21 (b)

Criteria	Marks
• Provides a description of the effects of TWO emerging technologies on work practices in the financial services industry	3
• Provides some understanding of the effect of emerging technologies on work practices in the financial services industry	2
• Provides some relevant information	1

Sample answer:

Emerging technologies may have various effects on businesses. These include using cloud technology for storage of data, meaning that inventory and management can be done remotely. With mobile websites, staff can access rosters and input their availability online.

Answers could include:

- Social media may be used to promote and advertise business; businesses will save money on advertising as many social media platforms are free
- In marketing, using personalised emails to customers encourages customer loyalty and return business
- Direct deposit payments allow better security, more efficient cash flow
- Better security through swipe cards for staff and customers
- Online access for staff in WHS and customer service allows efficiencies in training areas
- Online bookings may reduce the number of no-shows
- Less employment/jobs as they can be replaced by technology
- Possibility of reduced markets
- Initial outlay costly to establish.

- Need trained staff to operate these systems
- Loss of data due to technology ‘crashing’ or being tampered with
- More efficient record keeping, less paper – better for environment
- Promotion is more timely and more frequent
- Social media platforms need monitoring to deal with negative comments. Establishments need procedures to deal with this effectively
- Continual need to update equipment and retrain staff.

Question 21 (c)

Criteria	Marks
• Provides a clear outline of the benefits of staff appraisals in relation to performance management	3
• Outlines some benefits of staff appraisals in relation to performance management	2
• Provides some relevant information	1

Sample answer:

Staff appraisals are valuable in performance management as they can lead to improvements in the practices of the worker and therefore in the services provided by the organisation. Individual workers are able to use the feedback to continually improve the quality of service they provide. Staff can be made aware of particular areas of concern and focus on their performance in these areas.

Question 21 (d)

Criteria	Marks
• Provides a clear explanation of the importance of principles and ethics in the financial services industry	4
• Provides an explanation of the importance of principles and ethics in the financial services industry	3
• Provides a limited explanation of the importance of principles and ethics in the financial services industry	2
• Provides some relevant information	1

Sample answer:

Principles and ethics are important in the financial services industry because acting with the utmost integrity promotes the highest standards of professional conduct and honesty. Acting in the best interests of our clients is central to extending and securing their financial well-being. They also ensure that conflicts of interest do not influence actions inappropriately. Lastly, principles and ethics ensure that financial services are aligned to the circumstances of the client and maintain the integrity of professional agreements.

Section III

Question 22

Criteria	Marks
<ul style="list-style-type: none"> Clearly explains the importance of training new employees in relation to current financial services industry guidelines, WHS and cultural awareness Provides a logical and cohesive response using relevant examples 	13–15
<ul style="list-style-type: none"> Explains the importance of training new employees in relation to current financial services industry guidelines, WHS and cultural awareness Provides a logical response using relevant examples 	10–12
<ul style="list-style-type: none"> Provides information about training new employees in relation to current financial services industry guidelines and/or WHS and/or cultural awareness Provides a general response that may include examples 	7–9
<ul style="list-style-type: none"> Provides limited information about training new employees and/or focus areas Uses limited examples 	4–6
<ul style="list-style-type: none"> Lists basic information related to training or focus areas 	1–3

Answers could include:

In order for employees to work effectively in the industry they must be aware of the following as part of their induction training:

Financial services industry guidelines

- Code of practice; code of conduct; Privacy Act
- ACCC for consumers, APRA for insurance, ASIC for business issues, RBA for interest rates and monetary monitoring
- Accounting standards
- Interrelationships between sectors and effects on an individual's work
- Appreciate value of work standards and know consequences of non-compliance
- Ethical obligations versus legal obligations.

Safety

- Work Health and Safety Act 2011; WorkCover NSW*
- Roles and responsibilities of relevant personnel (eg PCBU, WHS inspectors, manager, self, union)
- Importance of identifying and reporting concerns, hazards, breaches, accidents; know how, when and to whom to report
- Consequences of failure to observe WHS policy and procedures
- Ergonomics and posture.

Cultural awareness

- Equal Employment Opportunity Act; Anti-Discrimination Act*
- Need for tolerance; acknowledge importance of respecting cultural differences
- Anti-discrimination principles; rights and responsibilities of employees
- Consequences, including legal ramifications, of inappropriate workplace behaviour; recourse available to individuals
- Importance of developing friendly work relationships, to allow productive teamwork.

Section IV

Question 23 (a)

Criteria	Marks
• Provides a comprehensive explanation of the purpose of a non-current asset register	4
• Provides a satisfactory explanation of the purpose of a non-current asset register	3
• Provides a basic explanation of the purpose of a non-current asset register	2
• Provides some relevant information	1

Sample answer:

A non-current asset register is a record of the non-current assets held by a business. It contains a summary listing of the book value of the non-current assets and depreciation worksheets of each non-current asset. It includes details of the date of purchase, original cost, estimated useful life, annual depreciation and written down value. Although the asset register is not a financial statement, the depreciation expense figures are collated and recorded in the profit and loss, and the asset figure and accumulated depreciation are included in the balance sheet.

Question 23 (b)

Criteria	Marks
• Provides a clear and comprehensive explanation of the difference between a status of a bad and a doubtful debt, including effect on debtor and statements.	6
• Provides a satisfactory explanation of the difference between a status of a bad and a doubtful debt, including effect on debtor and statements	4–5
• Provides a basic explanation of the difference between a status of a bad and a doubtful debt	2–3
• Provides some relevant information	1

Answers could include:

Bad debt:

- Money cannot be collected from the customer as the customer has no more funds
- Journal entry is Dr bad debt Dr GST Cr accounts receivable
- Accounts receivable of customer will be zero, thus lowering gross accounts receivable on the balance sheet
- Bad debts recorded in profit and loss statement as an expense.

Doubtful debt status

- Estimate % figure the business thinks it will not receive by this year end
- At year end estimate is calculated and displayed in balance sheet as a separate figure 'allowance for doubtful debts'
- The gross accounts receivable figure does not change
- Doubtful debt recorded in profit and loss statement as an expense.

Question 23 (c)

Criteria	Marks
• Correctly completes a trial balance which correctly includes all adjustments	10
• Correctly completes a trial balance which correctly includes the majority of adjustments	8–9
• Completes a mostly correct trial balance which includes some adjustments	5–7
• Attempts to complete a trial balance which includes limited adjustments	3–4
• Provides some relevant information	1–2

Sample answer:

Trial balance after end of year adjustments

Account name	Debit	Credit
Office equipment	82 200	
Accumulated depreciation office equipment (82200*10% = 8220, so 520 + 8220)		8740
Rent received		3200
Debtors/accounts receivable	12 400	
Stationery	600	
Bad debts*	330	
Rent (5244 – 800)	4444	
Wages (2578 + 378)	2956	
Cash at bank	4005	
Allowance for doubtful debts (12 400 × 4% = 496)		496
Creditors/accounts payable		9088
Capital		75 999
Sales		28 000
Term deposit investment (commenced January 2018)	10 000	
Depreciation office equipment	8220	
Prepaid rent	800	
Accrued expenses (wages)		378
Accrued income	350	
Interest received		350
Doubtful debts (12 400 × 4% = 496 – 550 allow = –54)		54
	126 305	126 305

*Alternative method could be \$54 netted against Bad debts (\$330 – \$54 = \$276)

Question 24 (a)

Criteria	Marks
• Provides a detailed explanation of how an agency can act for a financial institution	4
• Provides an explanation of how an agency can act for a financial institution	3
• Provides a limited explanation of how an agency can act for a financial institution	2
• Provides some relevant information	1

Sample answer:

A **banking agent** is a retail or postal outlet contracted by a financial institution or a mobile network operator to process clients' transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, transfer funds, pay their bills, inquire about an account balance, or receive government benefits or a direct deposit from their employer. Banking agents can be pharmacies, supermarkets, convenience stores, lottery outlets, post offices, and more. Post offices are increasingly utilised as important distribution channels for financial institutions.

Question 24 (b)

Criteria	Marks
• Provides a comprehensive description of the benefits for financial institutions, the post office and customers of setting up agencies	6
• Provides a sound description of the benefits for financial institutions, the post office and customers of setting up agencies	4–5
• Demonstrates a basic understanding of the benefits for financial institutions and/or the post office and/or customers of setting up agencies	2–3
• Provides some relevant information	1

Answers could include:

Banking agencies help financial institutions to divert existing customers from crowded branches providing a 'complementary', often more convenient channel. Other financial institutions, especially in developing markets, use agents to reach an 'additional' client segment or geography. Reaching poor clients in rural areas is often prohibitively expensive for financial institutions since transaction numbers and volumes do not cover the cost of a branch. In such environments banking agents that piggyback on existing retail infrastructure – with lower set-up and running costs – can play a vital role in offering many low-income people their first-time access to a range of financial services. Also, low-income clients often feel more comfortable banking at their local store than walking into a marble branch.

Banks continue to see significant take-up of digital and online banking, however, some people prefer to undertake face-to-face transactions and this partnership is another way for them to do that, with a guaranteed level of service from an experienced transactional banking provider in Australia Post.

Visiting a post office becomes exactly the same as visiting your bank. Customers receive the same personalised face-to-face service you would receive in your local bank branch, as well as all the usual banking facilities. This is particularly useful if customers live in rural Australia or a remote location where it may not be easy to access the nearest bank branch.

Agencies effectively increase the bank's branch network substantially, allowing everyday banking needs to be met at more than 3500 Australian post offices.

Australia Post does not charge any extra fees for its agency services.

Some post offices are open on Saturdays and even Sundays, providing more convenient opportunities to manage money.

If you run a business, you can perform important business banking transactions at your post office at the same time as you send and receive mail or stock up on office supplies.

Many post offices are now also retail shops so the presence of a banking agency means they receive extra business and more foot traffic. Australia Post would also receive a commission from each transaction, giving them an extra revenue source.

Question 24 (c)

Criteria	Marks
<ul style="list-style-type: none"> Provides a comprehensive explanation of how financial institutions can ensure that industry standards are met by the post office agencies in regard to accountability, record keeping, cash management and customer service 	9–10
<ul style="list-style-type: none"> Provides a detailed explanation of how financial institutions can ensure that industry standards are met by the post office agencies in regard to accountability, record keeping, cash management and customer service 	7–8
<ul style="list-style-type: none"> Provides a sound explanation of how financial institutions can ensure that industry standards are met by the post office agencies in regard to some areas of accountability, record keeping, cash management and customer service 	5–6
<ul style="list-style-type: none"> Provides a basic description of how financial institutions can ensure that industry standards are met by post office agencies 	3–4
<ul style="list-style-type: none"> Provides some relevant information 	1–2

Answers could include:

- Comprehensive training necessary in regard to the scope of the agency’s capacity to offer advice and their level of authorisation
- Essential to maintain up-to-date knowledge, be aware of agreed timeframes, standard operating procedures for processing transactions and protocols for referrals
- On-going liaison required to maintain standards etc
- Awareness of ethical responsibilities
- Audit of procedures, premises, cash books, record keeping
- Regular sign-off of checklists to be sent back to financial institution
- Alerts sent to branch in post office
- Analysis of feedback/complaints from customers.

2018 HSC Financial Services Mapping Grid

Section I

Question	Marks	HSC content – focus area
1	1	Financial operations — financial information – page 23
2	1	Industry — nature of the industry – page 28
3	1	Industry — working in the industry – page 28–29
4	1	Financial operations — financial calculations – page 24
5	1	Safety — incidents, accidents and emergencies – page 35
6	1	Work — communication – page 37
7	1	Financial operations — financial transactions – page 26
8	1	Financial operations — financial transactions – page 25
9	1	Financial operations — financial calculations – page 24
10	1	Industry — employment – page 29
11	1	Financial operations — financial transactions – page 25
12	1	Financial operations — financial transactions – page 25
13	1	Financial operations — financial transactions – page 25
14	1	Financial operations — financial transactions – page 26
15	1	Financial operations — financial calculations – page 25

Section II

Question	Marks	HSC content – focus area
16	2	Financial operations — financial transactions – page 25
17	4	Financial operations — financial information – page 23
18	3	Financial operations — financial transactions – page 25
19 (a)	2	Financial operations — financial transactions – page 25
19 (b)	2	Financial operations — financial calculations – page 24–25
20	4	Financial operations — financial transactions – page 26
21 (a)	3	Work — the financial services worker – page 38
21 (b)	3	Work — work practices – page 39
21 (c)	3	Work — the financial services worker – page 38
21 (d)	4	Industry — working in the industry – page 28–29

Section III

Question	Marks	HSC content – focus area
22	15	Industry — anti-discrimination – page 30; Safety — WHS compliance – page 32; Work — cultural diversity – page 39

Section IV

Question	Marks	HSC content – focus area
23 (a)	4	Accounting stream — financial reports – page 43
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23 (c)	10	Accounting stream — financial reports – page 43
24 (a)	4	Financial services stream — agency for financial services institutions – page 46
24 (b)	6	Financial services stream — agency for financial services institutions – page 46–47
24 (c)	10	Financial services stream — agency for financial services institutions – page 47–49