



NSW Education Standards Authority

2021 HIGHER SCHOOL CERTIFICATE EXAMINATION

Financial Services

General Instructions

- Reading time – 5 minutes
- Working time – 2 hours
- Write using black pen
- Calculators approved by NESA may be used
- Write your Centre Number and Student Number at the top of pages 9, 11 and 15

Total marks: 80

Section I – 15 marks (pages 2–6)

- Attempt Questions 1–15
- Allow about 20 minutes for this section

Section II – 30 marks (pages 9–17)

- Attempt Questions 16–20
- Allow about 45 minutes for this section

Section III – 15 marks (page 19)

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

Section IV – 20 marks (pages 20–22)

- Attempt either Question 22 or Question 23
- Allow about 30 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.

- 1** Which is the correct account classification for a mortgage?
 - A. Asset
 - B. Expense
 - C. Liability
 - D. Owner's equity

- 2** What is the main purpose of a code of conduct for financial services workers?
 - A. To promote safe work practices
 - B. To regulate employment conditions
 - C. To set standards for ethical behaviour
 - D. To determine accreditation requirements

- 3** An office receptionist pays the electricity bill for \$385 (GST inclusive) using a business cheque.

In which journal should this entry be recorded?

 - A. Sales journal
 - B. Purchases journal
 - C. Cash receipts journal
 - D. Cash payments journal

- 4 A business uses spreadsheet software to create a catalogue of products. Part of the catalogue is shown.

	A	B	C	D
1	Product	Unit price (\$)	Discount	Sale price (after discount) (\$)
2	Photocopier	\$86	15%	

Which formula should be used in cell D2?

- A. =B2*C2
 - B. =B2-C2*B2
 - C. =B2+C2*B2
 - D. =sum(B2:C2)*0.15
- 5 Which role do unions have in relation to work health and safety (WHS) in the workplace?
- A. Advocating for employees in a WHS dispute
 - B. Making legally binding decisions to resolve WHS issues
 - C. Taking responsibility for WHS compliance in the workplace
 - D. Imposing penalties on organisations for not adhering to WHS legislation
- 6 The diagram shows a manager and a director having a conversation outside a lift.



What type of feedback is being provided to the sales team by the director?

- A. Formal and direct
- B. Formal and indirect
- C. Informal and direct
- D. Informal and indirect

- 7 A trial balance extract is shown. However, two amounts are in the wrong columns.

<i>Account name</i>	<i>Debit (\$)</i>	<i>Credit (\$)</i>
Machinery	10 000	
Drawings		5 000
Accounts receivable	3 000	
Rent received	8 000	

Which TWO accounts are mostly likely to be incorrect?

- A. Drawings and Rent received
 - B. Machinery and Rent received
 - C. Drawings and Accounts receivable
 - D. Machinery and Accounts receivable
- 8 A bank deposit of \$1000 is invested for three years. The interest rate is 7.2% per annum and compounded yearly.

What is the total amount of interest earned in the three years?

- A. \$149.18
 - B. \$216.00
 - C. \$231.93
 - D. \$320.62
- 9 A supervisor has been asked to solve a conflict between two employees.

Which process is best practice to resolve this issue?

- A. Mediation, then negotiation if required
- B. Negotiation, then mediation if required
- C. Performance appraisal, then dismissal warning if required
- D. Dismissal warning, then performance appraisal if required

10 Which of the following will NOT be considered a special transaction?

- A. Purchasing a non-current asset
- B. Applying late fees to a customer
- C. Writing off a customer as a bad debt
- D. Receiving an overdue payment from a customer

11 There is water on the tiled floor of a lunch room.

Which risk management approach should be applied in this situation?

- A. Isolation
- B. Substitution
- C. Engineering control
- D. Personal protective equipment

12 With the help of their union, employees collectively negotiated their terms and conditions of employment in an agreement with their employer.

Which of the following applies to the negotiated terms and conditions in the agreement?

- A. They replace the tax tables for wages.
- B. They set the minimum terms and conditions of the award.
- C. They cannot leave the employees worse off than the award.
- D. They only apply to members of unions or professional associations.

13 A business buys a product for \$18.10 per unit. This year the business forecasts sales of 12 300 units of this product. The annual fixed costs of the business total \$156 000.

At what price must the business sell each unit of the product to ensure a net profit of \$120 000 for the year? (Disregard GST in this question.)

- A. \$22.44
- B. \$27.86
- C. \$30.78
- D. \$40.54

- 14** The opening balance of the owner's equity account for a business was \$25 000.

During the year ending 30 June, the business had revenues of \$12 300 and expenses of \$13 000, and took out a business loan for \$2000. The owner also invested \$4000 into the business and withdrew \$2500 for school fees.

What is the closing balance of the owner's equity account?

- A. \$23 800
 - B. \$25 800
 - C. \$27 800
 - D. \$28 300
- 15** Equipment is purchased on 1 April 2019 for \$9900 including GST. Its value is depreciable at 30% per annum using the diminishing value method. Its estimated useful life is 4 years and the residual value is \$3000 excluding GST.

What is the depreciation of the equipment for the financial year ending 30 June 2020?

- A. \$1800.00
- B. \$2497.50
- C. \$3172.50
- D. \$3375.00

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Centre Number

Financial Services

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Student Number

Section II

30 marks

Attempt Questions 16–20

Allow about 45 minutes for this section

Answer the questions in the spaces provided. These spaces provide guidance for the expected length of response.

Show all relevant working in questions involving calculations.

Question 16 (2 marks)

Why is personal presentation important for a customer service officer in the financial services industry? **2**

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Question 17 (3 marks)

A work health and safety induction is to be held for new employees of a financial services institution.

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Outline the content that should be covered in the induction.

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Centre Number

Financial Services

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Student Number

Section II (continued)

Question 18 (9 marks)

Please turn over

Question 18 (9 marks)

- (a) A business has the following cash journals and bank statement for the month of November.

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Cash Receipts Journal

<i>Date</i>	<i>Receipt</i>	<i>\$</i>
1 Nov	Sales	10 000
8 Nov	D Jones	800
21 Nov	Sales	7 000

Cash Payments Journal

<i>Date</i>	<i>Cheque number</i>	<i>Payment</i>	<i>\$</i>
2 Nov	301	Electricity	200
10 Nov	302	Stationery	50
30 Nov	303	Telephone	500

Bank Statement

<i>Date</i>	<i>Transaction</i>	<i>Debit (\$)</i>	<i>Credit (\$)</i>	<i>Balance</i>
1 Nov	Balance			20 000 CR
2 Nov	Sales		10 000	30 000 CR
7 Nov	Cheque 301	200		29 800 CR
8 Nov	D Jones		800	30 600 CR
30 Nov	Cheque 303	500		30 100 CR

Complete the Bank Reconciliation.

Bank Reconciliation as at 30 November	
Credit bank balance as per statement
Add: Outstanding deposits

Less: Unpresented cheques
Debit bank balance as per ledger account

Question 18 continues on page 13

Question 18 (continued)

(b) Explain how TWO cash management procedures may be used to prevent errors. **3**

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Question 18 continues on page 14

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Section II (continued)

Question 19 (9 marks)

- (a) An accountancy firm needs to hire a bookkeeper to keep up with the workload. 3
 A full-time employee is not required.

Describe TWO employment types that the business could consider for this employee.

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- (b) A receptionist at an accountancy firm receives a tax return from a client. 2

Outline ONE ethical consideration that the receptionist should take into account when handling the tax return.

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Question 19 continues on page 16

Question 19 (continued)

(c) Describe TWO rights and TWO responsibilities of employees in relation to their employment.

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End of Question 19

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Financial Services

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.

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)

The financial services industry is regulated by key government bodies such as the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC).

Explain how regulatory bodies have affected the policies and procedures of organisations in the financial services industry. In your answer refer to APRA, ASIC and other regulatory bodies.

Please turn over

Section IV

20 marks

Attempt either Question 22 or Question 23

Allow about 30 minutes for this section

Answer this 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.

Question 22 — Accounting (20 marks)

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

- (a) Machinery was purchased several years ago for \$12 000 (excluding GST) and was recently sold for the cash amount of \$6000 (excluding GST). Accumulated depreciation on the machinery was \$4000 at the date of sale. **3**

Construct the disposal account as it would appear in the general ledger.

- (b) Explain how credit procedures can help a business reduce the likelihood of bad debts. **5**

Question 22 continues on page 21

Question 22 (continued)

Answer part (c) of the question in a SEPARATE writing booklet.

(c) A business has the following account balances as at 30 June 2021.

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<i>Account name</i>	\$
Accounts receivable	8 000
Accounts payable	7 500
Bank charges	60
Bad debts recovered	100
Capital	50 000
Commission received	2 000
Cost of goods sold	38 000
Donations paid	900
Doubtful debts	600
Electricity	1 500
Freight inwards	20
Inventory/Stock	6 000
Machinery	20 000
Motor vehicle	15 000
Sales	70 000

Balance day adjustments are:

- Interest of \$500 has not yet been received.
- A stocktake reveals \$5000 worth of stock.
- Depreciation on machinery is calculated at 30% using the straight line method.

Using the account balances provided, prepare an income statement that includes all balance day adjustments as at 30 June 2021. Show all working.

OR

Please turn over

Question 23 — Financial Services (20 marks)

A general store in rural NSW acts as an agency for a bank.

Customers may deposit, withdraw, transfer funds or pay their bills at the agency.

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

- (a) Outline the difficulties the general store may face when processing large transactions on behalf of the bank. **3**
- (b) Describe how the agency could deliver quality customer service on behalf of the bank. **5**

Answer part (c) of the question in a SEPARATE writing booklet.

- (c) Explain strategies the agency could use to meet its record-keeping obligations to the bank. **12**

End of paper