



ST ALOYSIUS' COLLEGE

2017

Final Examinations

Year 9 Commerce

General Instructions

- Reading time – 5 minutes
- Working time – 90 minutes
- Write using black or blue pen
- Write your Student Name at the top of this page, the multiple choice answer sheet, the start of every question in Part B, and Part C.
- Calculator allowed.

Total marks – 87

PART A – Multiple Choice

20 marks

- Multiple Choice Questions 1–20
- Allow about 20 minutes for this section

PART B – Short Answer

47 marks

- Attempt Questions 21–25
- Allow about 45 minutes for this section

PART C – Extended Response

20 marks

- Attempt Question 26
- Allow about 25 minutes for this section

PART A: Multiple choice

(20 marks)

1. The most common form of debt for Australian consumers is
 - a) Credit card debt
 - b) Personal loans
 - c) Store credit
 - d) A mortgage
2. Legally, the central components of a contract are
 - a) a written statement
 - b) a policy disclosure statement
 - c) an exchange of signatures
 - d) an offer and acceptance
3. Every Australian employee must have a percentage of their gross income paid into superannuation fund, by their employer. This figure is
 - a) 9.5%
 - b) 6.5%
 - c) 3.5%
 - d) 12.5%
4. A fee paid when buying or selling shares through a broker or agent is called
 - a) Commission
 - b) Brokerage
 - c) Conveyancing
 - d) Amortisation
5. The difference between a fixed interest rate and a variable one is:
 - a) A fixed interest rate stays the same forever whereas a variable interest rate changes every year
 - b) A fixed interest rate remains the same for the period of a loan whereas a variable interest rate moves up or down depending on financial markets
 - c) A fixed interest rate gives you less control over your finances because the repayment amount remains the same for the fixed interest period
 - d) A variable interest rate gives you more control over your finances because the repayment amount changes over the loan period
6. Buying shares and then selling them for a profit is subject to which type of tax:
 - a) Capital Gains tax
 - b) Federal income tax
 - c) Payroll tax
 - d) Sales tax

7. Three main records shareholders must keep for proof of ownership and for taxation purposes are:
- a) CHESS holding statement, dividend statement, contract note
 - b) contract note, bank statements, invoices
 - c) CHESS Holding Statement, contract note, invoices
 - d) contract note, dividend statement, bank statements
8. What is net income?
- a) Income you receive before paying tax
 - b) Cash income
 - c) Income you receive after paying tax
 - d) Income before GST
9. Diversification involves:
- a) purchasing a number of shares in different companies
 - b) spreading your money across different investment types in order to spread risk
 - c) keeping some cash and investing the rest in a managed fund
 - d) monitoring the performances of various types of investments so that wise investment decisions are made
10. Purchasing shares in a company that produces cells for solar panels is an example of:
- a) Negative screening
 - b) Superannuation
 - c) Positive screening
 - d) Savings
11. Which of the following could be regarded as a growth asset?
- a) Cash
 - b) Government Bonds
 - c) Term Deposits
 - d) Shares
12. Lee buys a house in Mosman for \$4,500,000. He decided to spend \$500,000 on renovations which included a new bathroom and kitchen, new carpets and paintwork. Lee sold the house one year later for \$5,200,000 What was the rate of return on his investment?
- a) 4.0%
 - b) 5.0%
 - c) 8.6%
 - d) 10.0 %

13. "Bait and Switch" is unethical because:
- (a) Consumers are pressured into signing an agreement to buy on the spot.
 - (b) Customers are tricked into thinking they are getting a bargain.
 - (c) Customers must purchase a product before collecting their special prize.
 - (d) Customers are persuaded to buy a more expensive product.
14. Which type of media is commonly used for product placement?
- (a) Radio advertisements.
 - (b) Television programs.
 - (c) Billboards.
 - (d) Magazines.
15. Sarah works full time as a sales assistant at Just Jeans. Which of the following would be classified as a variable expense for Sarah?
- (a) taxation
 - (b) rent
 - (c) loan repayments
 - (d) entertainment
16. The group of customers to which the business intends to sell its product is called the:
- (a) niche market
 - (b) demographic group
 - (c) target market
 - (d) diverse market
17. Which of the following is the best example of three needs?
- (a) Vegemite, t-shirt, surfboard.
 - (b) Jeans, Commerce education, milk.
 - (c) Writing pad, meat pie, water.
 - (d) Potatoes, Weet Bix, water.
18. Which of the following statements best describes a budget?
- (a) a plan for spending and saving money based on an individual's goals
 - (b) the work someone undertakes over a period of time that provides an income
 - (c) a record of all the income you are likely to receive
 - (d) a list of all your fixed and variable expenses

19. How can investors reduce their risks?
- (a) go for higher returns
 - (b) invest in tobacco companies
 - (c) diversify their investments
 - (d) predict share market changes
20. Which of the following statements is correct?
- (a) Target markets cannot be identified by market research.
 - (b) Consumers can be targeted by age and other social characteristics.
 - (c) Primary market research does not involve interviews and surveys.
 - (d) A niche market is similar to a mass market.

Name: _____

PART B – Short Answers

(47 marks)

Answer the following questions in the spaces provided.

Question 21

10 Marks

- (a) List and explain 3 techniques retailers use to tempt consumers into impulse buying. **3**

	Technique	Explanation
1		<hr/> <hr/> <hr/> <hr/> <hr/>
2		<hr/> <hr/> <hr/> <hr/> <hr/>
3		<hr/> <hr/> <hr/> <hr/> <hr/>



- (b) Using course information briefly outline three (3) ways that a product such as a cup of coffee could be differentiated in Milsons Point. 3

- (i) _____

- (ii) _____

- (iii) _____

- (c) Explain the term ethical consumerism. 2

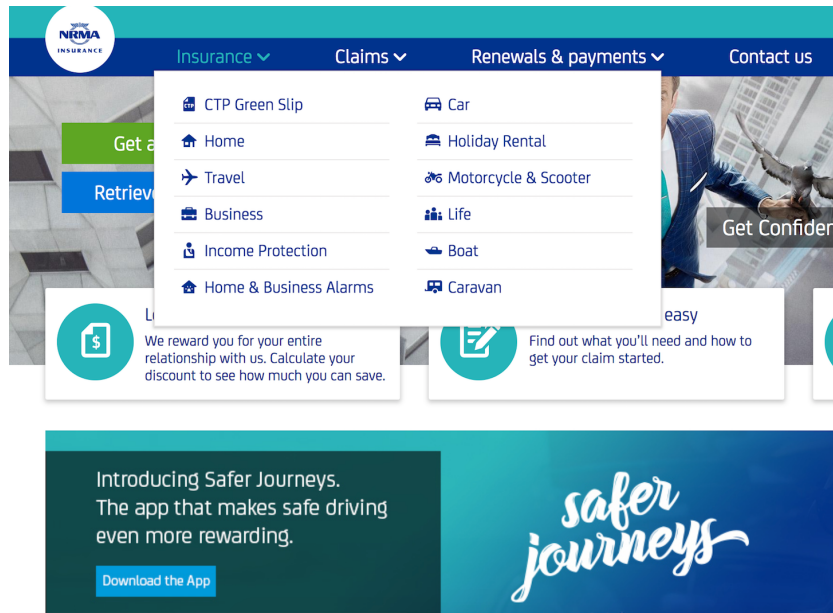
- (d) Below is the symbol used in Fair Trade Certification System. What does this system seek to achieve? 2



Question 22

(9 Marks)

The following diagram is from the NRMA Insurance website.



- (a) With reference to FOUR (4) types of insurance explain why taking out insurance is a good financial strategy.

4

[illegible]

- (b) What is Life Insurance and how does it work? **2**

Name _____

(c) Explain how paying for insurance can be a good financial management strategy for consumers. **3**

Question 23

(10 Marks)

View the Advertisements on the Stimulus Sheet.

10

For each advertisement:

- i. (i) Identify a target market for this promotion. (use more than one characteristic)
- ii. (ii) Outline how this advertisement may work with this target market.

Ad 1

(i) _____

(ii) _____

Ad 2

(i) _____

(ii) _____

Name _____

Name _____

Ad 3

(i) _____

(ii) _____

Ad 4

(i) _____

(ii) _____

Ad 5

(i) _____

(ii) _____

Question 24**(8 Marks)**

Read the article on share market activity on Thursday 2 November 2017 and then answer the questions below.

AUSTRALIAN FINANCIAL REVIEW 2 NOVEMBER 2017

Markets Live: NAB weighs down ASX

Australian shares eased back on Thursday, with the benchmark index ending the session in the red as losses for the banking sector offset more gains from miners and energy companies.

Australian shares eased back on Thursday, with the benchmark index ending the session in the red as losses for the banking sector offset more gains from miners and energy companies.

The benchmark S&P/ASX 200 index **slipped 6 points, or 0.1 per cent, to 5931, the second loss in four sessions for the index** which appears to be in pause mode after October's outsized gains. The All Ordinaries declined 3 points to 6002.

"Australian equities were caught up in the euphoria that engulfed risk assets through October as improving economic growth, a better-than-expected US reporting season, greater confidence around US tax cuts and a continuation of relatively dovish central bank signalling helped propel markets higher," noted strategists at Macquarie Wealth Management.

Banks and miners diverged on Thursday, with sharp losses for NAB pressuring the banking sector. Shares in the big four lender fell 2.8 per cent after it posted a slight increase in full year net profit while revealing that it intends to cut 6,000 jobs as part of a digital transformation strategy that will see it invest \$1.5 billion.

"Overall the headline number was broadly in-line and tier one capital looks ok but this depends on how the market views taking short term pain on the cost growth for long term gain," Citi banking sector analysts noted.

Elsewhere in the banking sector, CBA lost 0.3 per cent, ANZ declined 0.8 per cent and Westpac fell 0.6 per cent.

Telstra was another index heavyweight on the backfoot on Thursday, with the telecom sliding 1.7 per cent after detailing that it faces a \$3 billion hit to earnings from the roll out of the National Broadband Network.

(a) What is a share? 1

(b) How is the price of company shares determined on the ASX? 1

(c) Name one sector where there was a decline in share prices and one sector where there was a increase in share prices. 2

Declined _____

Increased: _____

- (d) What is the 'ASX 200' and what does it measure? 2

- (e) From the article name a company that had a declining share price on the day and give a reason for the share price fall. 2

i. (i) Company _____

ii. (ii) Reason

Question 25

10 Marks

Read the article and then answer the questions that follow.

SMH JULY 26 2017

Ethical investing moves further into the mainstream

John Collett

The latest annual report from the Responsible Investment Association Australasia (RIAA) confirms ethical investing is no longer of fringe interest, but is rapidly becoming mainstream.

Responsible investments have more than quadrupled over the past three years to \$622 billion, with 44 per cent of Australia's assets under management now being invested through some form of responsible investment strategy.

Source: <http://www.smh.com.au/money/super-and-funds/ethical-investing-moves-further-into-the-mainstream-20170721-gxfze8.html>

- (a) What is ethical investing? 2

- (b) Distinguish between positive and negative screening.

2

- (c) Name three businesses that behave in an ethical manner and outline the ethical behaviour of each. 6

(i) _____

(ii) _____

(iii) _____

Name: _____

PART C – EXTENDED RESPONSE SECTION

(20 marks)

Question 26

Extended Response

You are employed as a financial advisor and are asked to prepare an investment strategy for Mr Burroughs.

Mr Burroughs, is 30 years old and works at a local hospital as a registered nurse, is single and has no dependents. Mr Burroughs. has fortuitously shared in a syndicate Lotto win and has just received a lump sum of \$100,000. Mr Burroughs is seeking your advice to invest the windfall gain to maximise his investment returns over the next 15 years.

With reference to Mr Burroughs personal circumstances and the stimulus (over the page) material determine an investment strategy for Mr Burroughs.

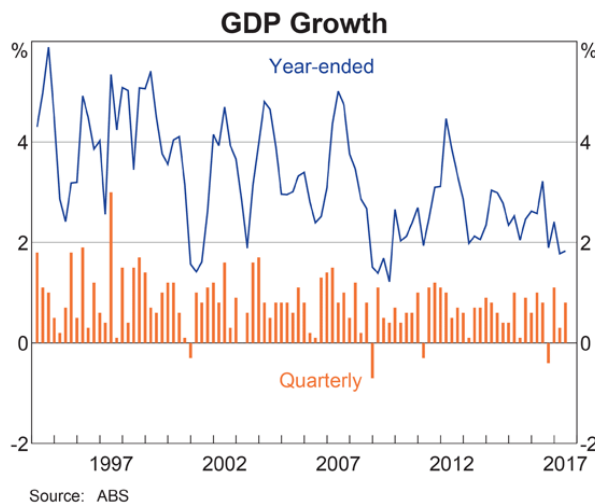
In preparation of your report ensure you address the following:

- Identify key issues relating to investment in current financial environments
- Identify four possible investment options for Mr Burroughs
- create a portfolio of investment options (i.e. select an appropriate mix of investments), recognising the relationship between risk and return
- Justify your selection/mix of investment options to maximise long term returns.
- Identify possible changes to your investment strategy as Mr Burroughs reaches 50 years of age.

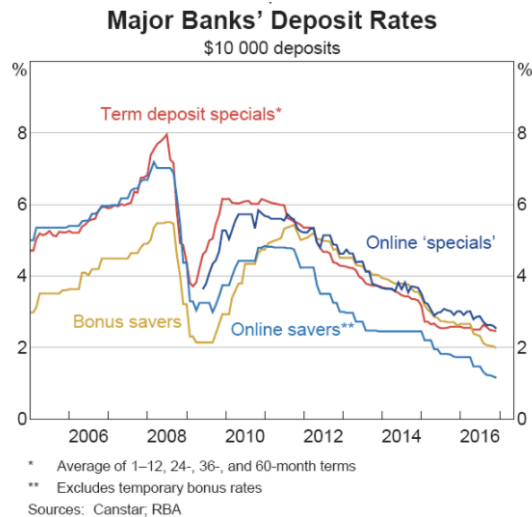
Stimulus Material

In the low inflation/low interest rate environment, investors need to ensure that they are getting the best possible returns. Home prices are rising, but at a slower rate. At the same time, returns on equities (listed shares) are recording the best annual gains in six months. Returns on shares have edged in front of property and certainly strong corporate profits and a good flow of dividends has helped.

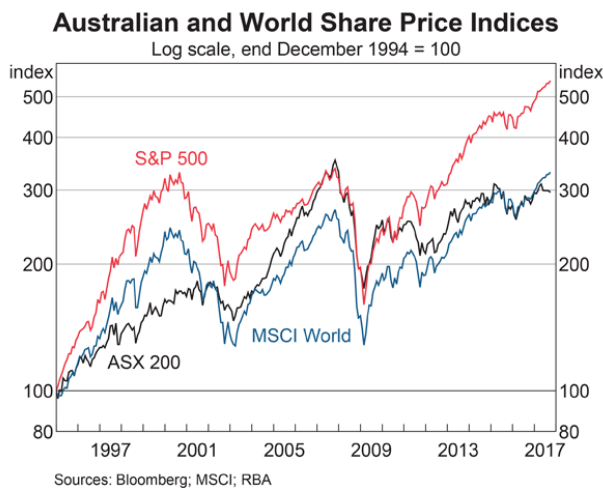
Craig James CommSec Chief Economist, 1 November 2017



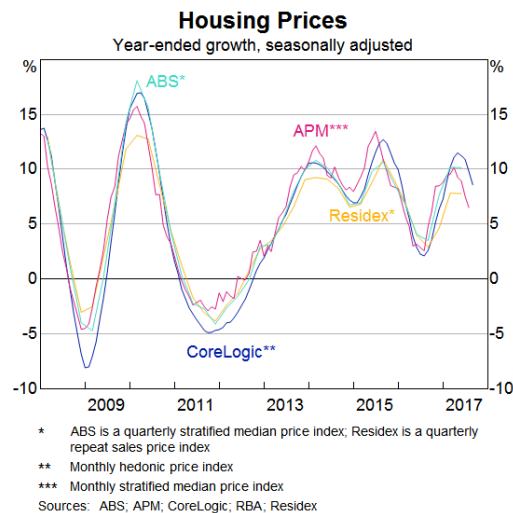
Note: Annual growth rate in Australia economy



Note: Savings deposit rates at major banks in Australia



Note: ASX 200: Australia Stock market
 S&P 500: USA stock market
 MSCI World: Global stock markets



Note: ABS, APM, CoreLogic different index measures of Australia house prices

END OF PAPER

Name: _____

YEAR 9 COMMERCE

2017 Yearly Examinations

Answer Sheet

PART A: 20 Multiple Choice Questions (1 mark each)

Place an 'X' in the correct box

	A	B	C	D
1.				
2.				
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