**Year 9 Commerce End-of-Year Exam 2018**

**Marking Criteria**

**Section 1 Multiple Choice**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **1** | **A** |  | **6** | **D** |  | **11** | **A** |  | **16** | **A** |
| **2** | **D** |  | **7** | **D** |  | **12** | **B** |  | **17** | **C** |
| **3** | **B** |  | **8** | **C** |  | **13** | **B** |  | **18** | **C** |
| **4** | **D** |  | **9** | **C** |  | **14** | **B** |  | **19** | **A** |
| **5** | **B** |  | **10** | **C** |  | **15** | **D** |  | **20** | **D** |

**Section 2 Short Answer**

1. 21. (a) What is a scam? (**1**)

|  |  |
| --- | --- |
| **Correctly identifies the elements of a scam** | **1** |

*Suggested Answer:*

An unconscionable act by a seller or any practice that is not reasonable.

The aim of any scam is to trick you into giving away money or your personal details.

‘If a deal sounds too good to be true, it probably is.’

(b) Identify and describe three(3) other types of scams or “rip-offs”. (6)

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| --- | --- |
| **Identifies and describes three other types of unfair scams or rip offs** | **6** |
| **Identifies and describes two other types of unfair scams or rip offs and makes reference to a third scam** | **5** |
| **Identifies and describes two other types of unfair scams or rip offs**  **OR**  **Lists three other types of unfair scams or rip offs** | **4** |
| **Identifies and describes one type of unfair scams or rip offs and makes reference to a second scam** | **3** |
| **Identifies and describes one unfair scams or rip-offs**  **OR**  **Lists two unfair scams or rip-offs** | **2** |
| **Lists one type of unfair scam or rip-off** | **0-1** |

*Suggested Answer:*

Scams or rip-offs

* **Referral selling.** This illegal technique offers the consumer a ‘special deal’ if she or he buys the product and then supplies the names of potential customers to the trader. The ‘special deal’ usually takes the form of a discount or commission, which is not always paid.
* **False and misleading advertising.** Two of the most common false and misleading advertising techniques are:
  + **Bait and switch advertising.** This involves advertising a few products at reduced and, therefore, enticing prices to attract customers. When the advertised products quickly run out, customers are directed to higher priced items.
  + **Misleading advertising.** Some advertisements use words that are deceptive or claim that a product has some specific quality when it does not. Such actions convey a false impression of the exact nature of the product.
* **Unordered or unsolicited goods**. This practice involves sending unordered goods through the mail and then demanding payment for them.
* **Special prizes and offers.** You scratch the prize coupon to discover you have won a ‘mystery’ prize. When you go to collect your prize, you are told you can receive it only if you purchase a certain number of goods. As a consumer, you should be careful of any deal that involves free gifts, prizes, lucky numbers or ‘free deals just for you’.
* **Get-rich-quick schemes**.
* **Pyramid schemes.** The chain letter is the most common form of this type of scam.

(c) In 2011, a national consumer law known as Australian Consumer Law (ACL) was introduced in Australia. Identify three(3) main purposes of this law. (3)

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| --- | --- |
| **Correctly identifies three purposes of the Australian Consumer Law** | **3** |
| **Correctly identifies two purposes of the Australian Consumer Law** | **2** |
| **Correctly identifies one purpose of the Australian Consumer Law** | **1** |

*Suggested Answer:*

The Act's main purpose is to protect consumers against undesirable business practices, such as:

* misleading and deceptive advertising
* unconscionable (unreasonable and unethical) conduct
* misrepresenting the contents of products, their place of manufacture or their characteristics
* unfair trade practices that restrict competition and which can severely limit the rights of consumers
* false claims regarding goods and services

22. (a) Explain the term “consumer redress”. (1)

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| --- | --- |
| ***Criteria*** | ***Marks*** |
| Correctly explains the term consumer redress | 1 |
| Incorrectly explains the term consumer redress | 0 |

*Suggested Answer:*

Consumer Redress is based on the basic rights of consumers eg. Goods bought should not be different to/ misleading/ faulty/ damaged to the product bought. Consumers have the right to **redress** the things that are wrong. The consumer then has the right to complain following correct procedures.

(b) Name two(2) federal government organisations that provide consumer assistance. (2)

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| --- | --- |
| ***Criteria*** | ***Marks*** |
| Names **two** federal government agencies that provide consumer assistance | 2 |
| Names **one** federal government agencies that provide consumer assistance | 1 |

*Suggested Answer:*

ASIC (Australian Securities and Investments Commission), ACCC (Australian and Competition and Consumer Commission)

1. Set out five (5) points which should be remembered in making a complaint. What are these? (5)

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| --- | --- |
| **Criteria** | ***Marks*** |
| Clearly identifies and discusses 5 points in making a complaint | 5 |
| Clearly identifies and discusses 4 points in making a complaint | 4 |
| Clearly Identifies and discusses only 3 points in making a complaint | 3 |
| Clearly identifies and discusses only 2 points | 2 |
| Makes reference to one issue in making a complaint | 1 |

*Suggested Answer:*

Five of the following should be mentioned:

* If using the phone, always get the name of the person you are talking to
* Keep a written record of all conversations, emails and letters
* File any receipts, dockets or credit accounts to show proof of purchase
* Return any faulty goods immediately
* If you leave the good with a trader, request a receipt
* Check your guarantee to determine whether it covers the problem experienced

(d) Explain “consumer guarantees” in terms of the *Competition and Consumer Act (2010).* (2)

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| --- | --- |
| ***Criteria*** | ***Marks*** |
| Clearly explains the term “consumer guarantees” | 2 |
| Explains the term “consumer guarantees” in general terms | 1 |

*Suggested Answer:*

The *Competition and Consumer Act 2010* provides consumer guarantees on certain goods and services. These guarantees are a consumer’s automatic legal right. For example, the goods consumers buy must be of acceptable quality, match the description provided, have spare parts readily available.

23. (a) Outline the role of promotion in marketing. (2)

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| --- | --- |
| ***Criteria*** | ***Marks*** |
| Clearly outlines the role of promotion in marketing | 2 |
| Outlines the role of promotion in marketing in general terms | 1 |

*Suggested Answer:*

The role of promotion is to inform, persuade and remind people of a business’s products with the aim of: attracting new customers, increasing brand loyalty, encouraging existing customers to purchase more of the product and to encourage existing customers to buy new products. The ultimate aim of the business is to gain profit.

(b) Describe what is meant by a “promotional mix” and provide three elements to illustrate your answer. (4)

|  |  |
| --- | --- |
| **Correctly defines the term promotional mix and provides three elements** | **4** |
| **Correctly defines the term promotional mix and provides two elements** | **3** |
| **Correctly defines the term promotional mix and provides one element** | **2** |
| **Partially defines either the term promotional mix or an element** | **1** |

*Suggested Answer:*

A promotional mix is made up of a variety of promotion strategies a business uses to attract new customers encourage existing customers. Various strategies/elements that can be used are: personal selling, advertising, relationship marketing, sales promotion, publicity and public relations.

(c) With reference to the advertisement distinguish between what is meant by market segmentation and target markets. Identify primary and secondary markets. (4)

|  |  |
| --- | --- |
| **Correctly defines the terms market segmentation and target market identifying primary and secondary markets** | **4** |
| **Correctly defines either the term market segmentation or the term target market and partially defines/describes the other and partially identifies primary and secondary markets** | **3** |
| **Correctly defines either the term market segmentation or the term target market market / partially describes identifying primary and secondary markets** | **2** |
| **Partially defines either the term market segmentation or the term target market market describes partially or no description of primary/ secondary markets** | **1** |

*Suggested Answer:*

*Market segmentation* occurs when the total market is subdivided into groups of people who share one or more common characteristics. The main features used to segment the total market are:

* Age
* Gender
* income level
* educational background
* geographical location
* lifestyle
* family structure

*Target market* refers to the group of customers to which a business intends to sell its product. Once the target market has been identified, the business concentrates its promotion efforts on that group. For example, an exclusive women's fashion boutique in central Sydney would normally aim its promotion strategies at female, 25- to 50-year-old and city-based professionals with a high income.

*Primary Market:* Basketball players,Athletes, Sports women/men, Gym and Fitness enthusiasts

*Secondary Market:* 13 – 25 year olds, Basketball fans, Sports fans, Labourers

24. (a) Explain the difference between saving and investing. (1)

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| --- | --- |
| ***Criteria*** | ***Marks*** |
| Clearly outlines the difference between the terms saving and investing | 1 |
| Incorrectly outlines the difference between the terms saving and investment | 0 |

*Suggested Answer:*

Investment is when money is sent so as to gain a profitable return. Individuals, businesses and the government all invest and for a variety of reasons. Individuals may invest their savings in order to achieve short, medium and long term goals. People will be wise to invest their savings only if they can afford to do so – a savings plan is required to determine this.

(b) Outline four(4) types of income. (4)

|  |  |
| --- | --- |
| Correctly outlines four types of income | 4 |
| Correctly outlines three types of income | 3 |
| Correctly outlines two types of income | 2 |
| Partially outlines one type of income | 1 |

*Suggested Answer:*

* commission
* dividend
* social welfare payments (transfer payments)
* profit
* royalties
* fee
* rent
* salary/wages

(c) Discuss statement in reference to the importance of responsible financial management. (5)

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| --- | --- |
| ***Criteria*** | ***Marks*** |
| Thorough discussion of the importance of responsible financial management with reference to responsible budgeting. | 5 |
| Discusses the importance of responsible financial management with some reference to the above quote with reference to responsible budgeting. | 3-4 |
| Outlines in general terms the importance of responsible financial management and budgeting | 2 |
| Makes some reference to the importance of responsible financial management and budgeting | 1 |

*Suggested Answer:*

Responsible financial management actually means making the best use of our limited amount of money. This involves making sensible *choices*. Saving part of your money is a responsible thing to do once you estimate how much income you will make and expenses in order to achieve your financial goals. Distinguishing between your *fixed and variable expenses* is critical as you can vary your variable expenses in order to adapt to different financial circumstances.

Steps to be taken in budgeting could be:

Step 1: Calculate your Total Income

Step 2: Record your expenses

Step 3: Total your expenses

Step 4: Compare your total income with your total expenditure

Step 5: Assess your financial position

**PART C. EXTENDED RESPONSE SECTION (20 marks)**

25. This question is based on the following information.

|  |
| --- |
| **Name:** Tom Greenfinger  **Age:** 28  **Occupation:** Environmental Engineer  **Education:** Bachelor of Advanced Science (Honours)/Engineering (Honours)(UNSW)  **Lives:** At home with grandmother and cat  **Owns:** A mobile phone, a car, (5 years old), Apple Mac Computer  **Income:** $110,000 (Full Time)  **Reason for Investing:** Saving for a deposit so he can buy an apartment/house in 3 to 5 years.  **Hobbies:** Gardening and playing Fortnite  **Associations:** Member of WWF, Australian Koala Foundation, Greenpeace |

As a Financial Adviser, Tom has asked for your advice on managing and investing his money. You are to write a report to present to Tom which will outline the following:

* Describe an investment portfolio and its purposes. In your answer, discuss all necessary elements to be included in the suggested portfolio.
* Suggest at least three (3) investment alternatives and explain the advantages and disadvantages of each.
* In addition to investment alternatives recommended, explain how Ethical Investment could be a positive investment option for this stage of Tom’s life. Recommend at least two(2)companies you could recommend could be part of Tom’s investment portfolio.

*Suggested headings: Introduction, Investment Portfolio, Investment Alternatives, and Recommended Investment Options including Ethical Investment (use such terms as positive/negative screening)*

**Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

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| --- | --- |
| **Criteria** | **Marks** |
| * Comprehensively describes an investment portfolio and its purposes * Provides evidence of analysis of three(3) investment alternatives * Comprehensively explain how ethical investment could be a positive investment option recommending at least two(2) companies for the investment portfolio * Demonstrates comprehensive knowledge and understanding related to the question, using relevant commercial terminology, concepts relating to managing and investing money * Presents a sustained, logical and cohesive response to the question | **17** -20 |
| * Makes evident the relationship of an investment portfolio and its purposes * Explains three(3) investment alternatives * Clearly explains how ethical investment could be a positive investment option recommending two(2) companies for the investment portfolio * Demonstrates detailed knowledge and understanding related to the question, using relevant commercial terminology, concepts relating to managing and investing money * Presents a cohesive response to the question | 13-16 |
| * Provides characteristics of an investment portfolio and its purposes * Sketches in general terms the advantages of three(3) investment alternatives * Sound explanation of how ethical investment could be a positive investment option recommending at one(1) to two(2) companies for the investment portfolio * Demonstrates some knowledge and understanding related to the question, using relevant commercial terminology, concepts relating to managing and investing money * Presents a response with some structure | 9-12 |
| * Limited features of an investment portfolio and its purposes * Provides limited details of alternative investment advantages * Indicates the main features of an investment portfolio and its purposes making evident one(1) ethical investment alternative and explaining it’s advantages and disadvantages * Demonstrates limited knowledge and understanding related to the question, using limited commercial terminology and concepts which may relate to managing and investing money * Presents a response with limited structure | 5-8 |
| * Very limited features of an investment portfolio and its purposes * Provides very limited details of an investment alternative * May refer to an investment portfolio and ethical investment * Uses basic knowledge and commercial terminology and concepts relating to ethical investment * Presents a response with very limited structure | 1-4 |

**Essay plan:**

Answer may be presented using the following headings:

Introduction, Investment Portfolio, Investment Alternatives, Recommended Investment Options.

*Answers could include:*

**Investment Portfolio and It’s Purposes:**

An Investment Portfolio is a collection of all the investments owned by an individual.

It is wise to invest in a variety of investments to spread risk. Investment products include government securities, property, overseas and Australian shares, term deposits. A key factor in determining the spread of investments is risk relating to return. The aim is to lower risk but maximize return.

**Three Investment Alternatives and the Advantages and Disadvantages of each:**

Three of the following may be discussed:

*Superannuation, Shares (Australian and Overseas), Investment Accounts, Managed Funds, Debentures and Unsecured Notes, and brief mention of property as end goal.*

*Note: Tom’s goal for investing is to buy an apartment/house in 3 to 5 years. As Property is his end goal, this will not be discussed as an investment alternative except as part of a managed fund. The advantages and disadvantages in acquiring property may be discussed briefly in the conclusion.*

***Superannuation:*** a managed fund designed to produce benefits for individuals when they retire from work.

Advantage: Employers contribute and employees have the option of making voluntary contributions.

Disadvantage: Individuals may not have extra disposable income to contribute

***Shares:*** shares are bought and sold on the Stock Exchange and shareholders have ownership of the public company. Shareholders receive a dividend as part of the firm’s profit.

Advantage: Blue Chip shares are low risk but provide low return, Speculative shares are high risk but provide a high return. A share portfolio may be made up of a variety of shares thereby spreading risk and maximizing return.

Disadvantage: Too many speculative shares may be purchased. Company profits subject to variety of factors eg. Overseas events

***Investment Accounts:*** Building societies, credit unions, and banks all offer a variety of investment accounts eg. Cash management accounts, term deposits, internet accounts.

Advantage: eg. Internet accounts offer high rates of interest, low bank fees, few statements

Disadvantage: eg. Internet accounts can only be accessed through the internet

***Managed Funds:*** made up of a pool of money from individuals who have similar investment goals. A fund manager invests these funds in such assets as shares and property.

Advantage: eg. allows a small investor to be part of the property market and share market

Disadvantage: eg. directly managed by third party and individual investor not directly involved in decision making.

***Debentures and Unsecured Notes:*** Debentures are issued by a firm when a sum of money is lent. Unsecured notes are similar to debentures.

Advantage: eg. Debentures are a relatively safe investment as holders are first to be repaid

Disadvantage: eg. Unsecured notes not as safe as debenture and holders last to be repaid if company is liquidated.

***Property:*** investing in property involves an individual purchasing an apartment or house.

Advantage: eg. No longer have to pay rent, any profits from the family home are not taxed.

Disadvantage: eg. Value of property may decrease in the short term and if forced to sell may lose significant amount of money.

**Investment Options for Tom:**

Most appropriate investment options for Tom at this stage in his life would most likely be investment accounts, shares, managed funds and superannuation.

**Ethical Investment**

*Answer may include*

**Ethical Investment** refers to socially responsible investment, socially conscious, green investment, and sustainable investment, and is any investment strategy which seeks to consider both financial return and social/environmental goods/services which will bring about a positive change in the world.

**Negative screening** avoids investing in some types of firms for example cigarette and alcohol companies that are perceived by the public to be harmful for society.

**Positive screening** involves investing in those firms that are involved in activities which are deemed desirable such as renewable energy or healthcare.

**Negatively screen stocks**– excluding companies not engaged in fair trade (e.g. questionable work practices / overseas subsidiaries which did not support minimum wages). Avoid companies not environmentally friendly e.g. coal companies / chemical fertilizer companies. In addition their portfolio would avoid companies that did not promote good health e.g. engaged in production of tobacco or cigarettes.

**Positively screen stocks:**actively invest in companies that promote the environment and organic produce e.g. free-range egg farms / renewable energy – wind farms, solar farms

Relevant issues relate to –

Types of products a company makes or sells. e.g. cigarettes, alcohol or gambling machines.

Evidence of the exploitation of child labour.

Creation of excessive amounts of greenhouse gases.

Destruction of old growth forests.

Experiments in genetic engineering or animal testing.

Creation of excess waste affecting the Earth’s biodiversity and involvement in the nuclear industry.

People also need to consider the proportion of their portfolio in these types of investment

Possible Case Studies:

Tassal

Body Shop

BHP Billiton

Ecotech Pty Ltd

Greenspan Technology