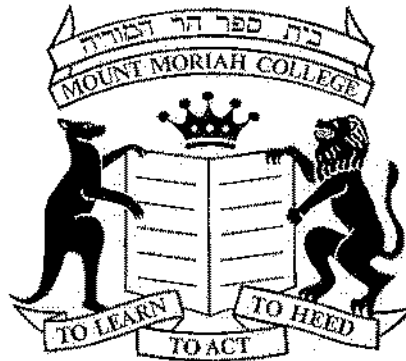


MORIAH COLLEGE



NAME: I.D. NO: _____

SUBJECT: BUSINESS STUDIES

DATE: 31 August 2004

LENGTH: 2 HOURS

SPECIAL INSTRUCTIONS
INSTRUCTIONS

Read all questions carefully.

Answer all questions to Section 1 on the multi choice sheet provide on this page.

Answer all questions to Section 2 in the space provided on the question paper.

Choose two questions from Section 3.

One from PART A. Part A is Compulsory

One from PART B. Choose one only.

Write your answer on the paper provided. Clearly label which question you are answering.

Approved calculators may be used

Section 1 (20 marks)

Multi Choice

Question 1 refers to the following hypothetical company objectives:

1. To provide employees with interesting and satisfying work and personal growth opportunities and to win their loyalty and commitment.
2. To concentrate on markets that has a long term growth potential.
3. To be industry leader in all aspects of our business.
4. To provide superior service to it's customers.
5. To maximise the return of shareholder's contribution.

1. The social objectives are:
 - a) 1 and 2
 - b) 1 and 3
 - c) 1 and 4
 - d) 2 and 3

2. Better beds have always believed in offering an after sales service. It is the only company to offer a replacement or money back if your first night's sleep is uncomfortable. You could describe this service as a:
 - a) Monopoly.
 - b) competitive advantage.
 - c) seed capital.
 - d) an unique patent.

3. The NZ government is having problems with their train system. The tracks often need repairing causing long delays. There is often theft on the freight service and the passenger and freight service have run at a loss for the pass five years. It is a public enterprise and the government has decided to corporatise the organization.

This means that they going to;
 - a) Privatise the business.
 - b) Run the business at a profit.
 - c) Provide dividends to its stakeholders.
 - d) Make it incorporated.

4. Management plays a key role in coordinating the value added chain and achieving business goals through the key business functions of:
 - a) Planning leading organising controlling
 - b) Marketing Finance Operations and Human Relations
 - c) ASIC ACCC ICAC AND Fair Trading department
 - d) Capital, Land, Labour, Enterprise

5. The two main reasons for business failure are:
 - a) Gambling and stealing from the cash register.
 - b) Poor cash low and lack of management experience.
 - c) Government regulation and illness.
 - d) Looking after their local market and problem with the suppliers.

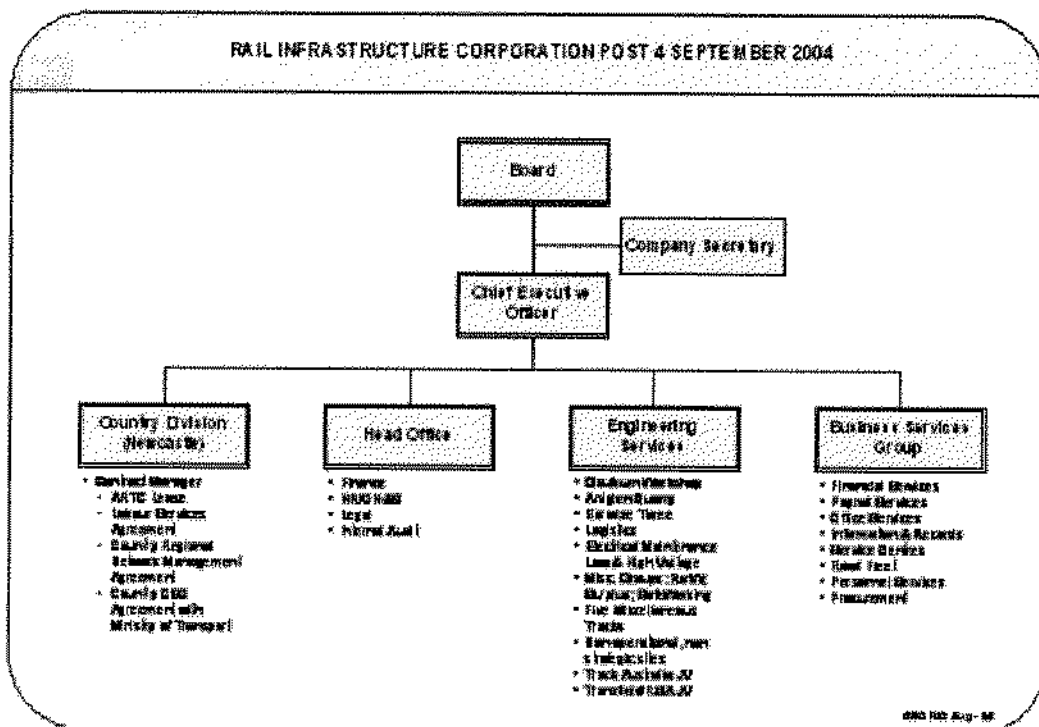
6. To save money Moriah College has given a 2 year contract to 'Cost Efficient Cleaners PTY' to clean the school class rooms at the end of each school day. This would indicate the following:

- a) sourcing and flexibility
- b) outsourcing and no on - costs
- c) they save money as wages are less
- d) reduction in tax due to zoning reasons

7. James Hardie Co LTD made a subsidiary company to take responsibility for the payment of compensation to the victims of Asbestos. The subsidiary company has requested more money to help the victims of Asbestos from James Hardies who produced the asbestos product last century. James Hardie seems very reluctant to provide any more money to the company. James Hardie would be best described as socially responsible if it:

- a) obeys all government laws and regulations
- b) maximises shareholder wealth and is environmental sustainable
- c) provides more to the community than laws demand
- a) does all of the above

8 The diagram shows Rail Infrastructure Corporation is organised on



- a) functional structure
- b) customer structure
- c) matrix structure
- d) product structure.

9. The Head of Engineering Services at Rail Infrastructure Corporation reports to:
- The Board of Directors.
 - The Chief Executive Officer
 - Head Office.
 - The Heads of Department.
10. "Cooks Pty Ltd has decided to change its packaging from plastic to cardboard.
The additional costs will be absorbed by the company because of the competitive market".
- The decision by Cooks could cause conflict between:
- The Board of Directors and the environmentalists.
 - The Board of directors and employees.
 - The Board of Directors and local residents.
 - The Board of Directors and shareholders.
11. Dough Bread has introduced new bread products onto the market due to changes in the external environment.
- Which of the following **is not** an example of a change in the external environment for Dough Bread?
- The ageing population
 - The promotion of the low carbohydrate Atkeenson Diet
 - Rising cost of labour in the bread industry
 - Change in the ethnicity of Dough's market.
12. Two advantages of Phil's Foods becoming incorporated could include
- Unlimited liability and perpetual success
 - Greater source of equity funding and Unlimited liability
 - Limited liability and a greater source of equity
 - Limited liability and higher personal income tax for profits.
13. Privatisation refers to the process of
- The sale of assets of a partnership to the individual owners
 - Large transnational companies taking over private companies
 - The sale of government business enterprise to the private sector
 - Public companies being reorganised into private companies
14. Strategic planning is important to a business as it
- Defines the main purpose of the business
 - Outlines what the business wants to do and how these goals will be achieved
 - Is flexible and deals with short term tasks
 - Provides specific details about operational activities

15. Rent and wages are examples of:

- a) Operating stock
- b) Sales and purchases
- c) Selling and distribution expenses
- d) General expenses

16. The business plan is important to business success because:

- a) Banks will not grant loans if there is no plan
- b) It enables the business to be proactive
- c) A mission statement is a legal requirement
- d) It enables management to avoid legal pitfalls

17. A major local government regulation affecting the establishment of a small business would be:

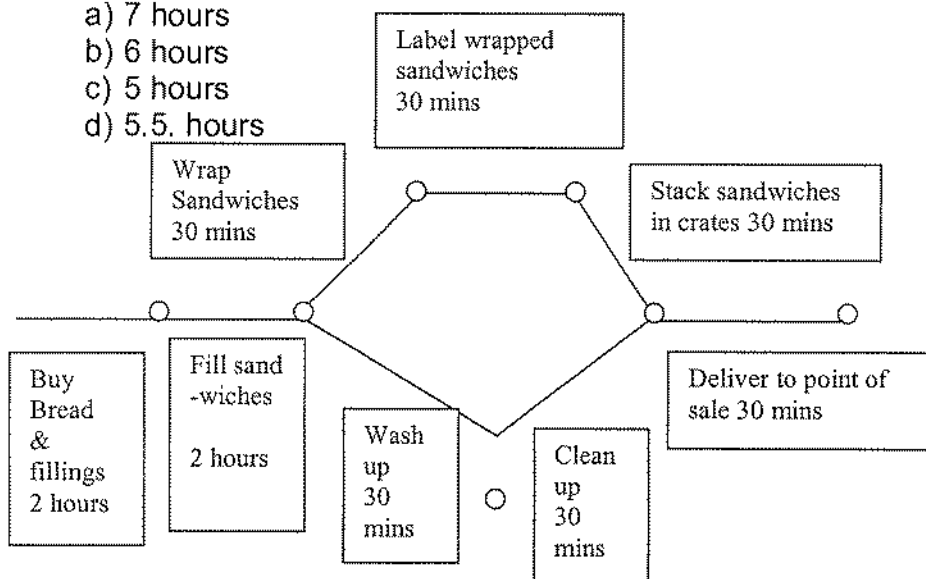
- a) The use of the business name
- b) The use of a Trademark
- c) Zoning and location of the business premises
- d) Superannuation requirements

19. Financial resources are seen as the lifeblood of the business. Assets are purchased to be used productively and are financed by both debt and equity. Owners equity is a source of funds which is both:

- a) Short term & external
- b) Long term & external
- c) Long term & internal
- d) Short term & internal

20. The minimum time taken to produce sandwiches for sale is:

- a) 7 hours
- b) 6 hours
- c) 5 hours
- d) 5.5 hours



Section 3 (40 marks)
PART A Report

Attempt Question 26 (COMPULSORY) (20 marks)

Answer the question in on the paper provided

In your answer you will be assessed in how well you:

- Use your knowledge and the information provided
- Communicate using the relevant business terminology and concepts
- Present a logical, well structured answer in the form of a business report.

Question 26

John Fairfax relocated its print shop to Chullora, leaving its journalists and administrative officers closer to the city at Ultimo.

Write a report which explains the reasons for this move with reference to the following:

- ✍ plant layout
- ✍ changes in technology
- ✍ economies of scale
- ✍ Just in Time inventory
- ✍ Advantages and disadvantages for employees

Section 3 continued (40 marks)
PART B Extended Response

Attempt ONE Question only from questions 27 to 30

Answer the question in on the paper provided

- You must answer **ONE** question only from this part. All questions are of equal value.

Complete your answer on separate sheets of A4 paper.

Clearly mark which question you are answering.

QUESTION 27 - ORGANISATION OF BUSINESS

“Southcorp’ is a major player in the Australian and international wine industry. It has achieved this growth, in part, by securing its supply chain by purchasing vineyards’.

- a) Explain the importance of the supply chain and the concept of vertical integration to business growth.

Section 3 PART B continued over the page

Section 3 continued (40 marks)

PART B

Extended Response

Attempt only ONE Question from questions 27 to 30

Answer the question in on the paper provided

- You must answer ONE question only from this part. All questions are of equal value.
 - Complete your answer on separate sheets of A4 paper.
 - Clearly mark which question you are answering.
-

QUESTION 28 - ESTABLISHING A BUSINESS

Jimmy, Spiro and Luigi are planning to take over a small Chocolate factory in Bondi Junction called 'Creamy Chocolates'. They have limited resources, however they have knowledge and skills when it comes to making confectionary especially Jimmy who won first prize at this years Royal Easter Show for cake decorating.

- a) Outline the personal qualities that Jimmy, Spiro and Luigi require for operating a small business.
- b) List the advantages and disadvantages of buying the chocolate factory in Bondi Junction and provide recommendations to Jimmy, Spiro and Luigi in relation to:
 - ✗ finance,
 - ✗ the business legal structure
 - ✗ and a business plan.

OR Extended Response

QUESTION 29 - RESPONSIBILITY TO STAKEHOLDERS

McDonalds has just put an application in to local council to put a restaurant on the waterfront at Bondi Beach. The franchise believes it is providing great value for the community by providing hamburgers & 5 permanent jobs & several casual jobs.

- a) Identify the nature of the business.
- b) Outline the financial and social goals of the business.
- c) Identify 5 stakeholders in the new McDonalds store &
- d) Explain one responsibility the management has to each of these stakeholders.

OR Extended Response

QUESTION 30 - BRT

With reference to the business studied for your BRT

Explain the

- a) organisational structure of the firm,
- b) acquisition and rostering of staff and
- c) the potential for vertical or horizontal integration in the future.

END OF EXAM