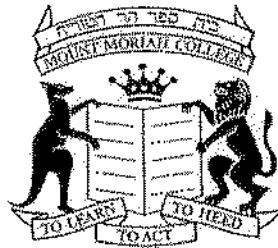


7/01

MORIAH COLLEGE



2007

Preliminary Course Examination

Tuesday 4th September 2007

Business Studies

General Instructions

- Working time – 2 hours
- Board approved calculators may be used
- Write using black or blue pen
- Write your student number and/or name at the top of every page

Total marks – 80

Section I – Pages 2 – 7

Total marks (20)

Attempt Questions 1 – 20

Allow about 25 minutes for this section

Section II – Pages 8 – 13

Total marks (40)

Attempt Questions 21 – 25

Allow about 1 hour for this section

Section III – Page 14

Total marks (20)

Attempt Question 26

Allow about 35 minutes for this section

This paper MUST NOT be removed from the examination room

STUDENT NUMBER/NAME:

1. Sales of a clothing store are lower than previous years. However, they are now continuing to increase.

Which stage of the *business life cycle* is described above?

- (A) Establishment
- (B) Growth
- (C) Maturity
- (D) Post maturity

2. Which of the following is an *external* factor that may contribute to the failure of a business?

- (A) Change in consumer demand
- (B) Poor management
- (C) Marketing strategies
- (D) Absenteeism

3. If a business is a sole trader what type of business classification would this be?

- (A) Size
- (B) Industry
- (C) International
- (D) Legal

4. A computer company has designed a new 'logo' to market its computers.

Which *marketing strategy* is being used by the company?

- (A) Place
- (B) Promotion
- (C) Product
- (D) Price

5. Building quality into every stage of production is an example of which of the following *operation methods*?

- (A) Inventory quality control
- (B) Total quality management
- (C) World's best practice
- (D) Computer-aided quality manufacturing

6. Ordering only enough *stock* to suit daily requirements is an example of which of the following?
- (A) Scheduling
 - (B) Day-in-day-out inventory system
 - (C) Just-in-time inventory system
 - (D) Early inventory system
7. Which of the following is an example of an *indirect* government tax?
- (A) Pay As You Go income tax
 - (B) Company tax
 - (C) Capital gains tax
 - (D) Goods and Services tax
8. Which of the following best describes a *balance sheet*?
- (A) A summary of the total debt and liabilities of a business
 - (B) A statement of total stock compared to expected sales
 - (C) A statement of profit or loss for a given period compared to expected levels
 - (D) A statement of the book value of all of the assets and liabilities of a business at a particular date
9. A government company is to be listed on the *stock exchange* for sale to the public.
- Which of the following does this describe?
- (A) Privatisation
 - (B) Partnership
 - (C) Acquisition
 - (D) Hedging

Use the following information to answer Question 10.

<u>A 'take-away shop' as at 30.06.07</u>	
Cash at Bank	30 000
Mortgage	390 000
Inventory	70 000
Building	600 000
Creditors	80 000
Accounts Receivables	40 000

10. Which of the following is the *owner's equity* for the 'take-away' shop?
- (A) \$360 000
 (B) \$700 000
 (C) \$350 000
 (D) \$270 000
11. Which of the following is used for the *day-to-day* running of a business AND involves input from lower level management?
- (A) Strategic plans
 (B) Scheduling
 (C) Business cycles
 (D) Long term plans
12. Which of the following are all elements of an *executive summary*?
- (A) Purpose of plan, business strategies, sales forecasting
 (B) Monetary policy, financing, debt control
 (C) Objectives, market analysis, ownership
 (D) Situational analysis, business description, objectives
13. Which of the following is an *internal* source of owner's equity?
- (A) Grants
 (B) Overdraft
 (C) Venture capital
 (D) Retained profits

14. The *Trade Practices Act* prohibits anti-competitive and unfair business practices that take advantage of consumers.

Which of the following enforces the *Trade Practices Act*?

- (A) Australian Securities and Investment Commission
 - (B) Australian Competition and Consumer Commission
 - (C) Department of Fair Trading
 - (D) Austrade
15. Which of the following is a *market structure* where only one business supplies a product or service?
- (A) Limited competition
 - (B) Perfect competition
 - (C) Monopoly
 - (D) Oligopoly
16. Which aspect of the human resource cycle is 'identifying staffing needs'?
- (A) Development
 - (B) Maintenance
 - (C) Acquisition
 - (D) Separation
17. Which of the following would best describe the coordinating of a business where an employee has to report to five levels of management above her?
- (A) Short span of control
 - (B) Long span of control
 - (C) Short chain of command
 - (D) Long chain of command
18. *Restructuring of business operations in recent years has seen the number of middle managers and supervisors reduced with the remaining managers being given responsibility for a greater number of staff.*
- Which of the following is the likely impact of this change?
- (A) Increase in chain of command and an increase in the span of control
 - (B) Increase in chain of command and a decrease in the span of control
 - (C) Decrease in chain of command and an increase in the span of control
 - (D) Decrease in chain of command and a decrease in the span of control

19. An Electronics outlet has assets to the value of \$700 000 and liabilities valued at \$310 000.

What is the *debt to equity* ratio of the Electronics outlet?

- (A) 0.4:1
- (B) 2.3:1
- (C) 1.3:1
- (D) 0.8:1

20. A Pizzeria has \$400 000 in fixed costs. It costs \$2.80 to make a pizza, which is sold for \$6.00.

How many pizzas need to be sold for the pizzeria to '*break even*'?

- (A) 125 000
- (B) 200 000
- (C) 400 000
- (D) 66 667

End of Section I

Section I**Total marks (20)****Attempt Questions 1 – 20****Allow about 25 minutes for this section**

Select the alternative A, B, C or D that best answers the question and indicate your choice with a cross (X) in the appropriate space on the grid below.

	A	B	C	D
1				
2				
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Section II

Total marks (40)

Attempt Questions 21 – 25

Allow about 1 hour for this section

Answer the questions in the spaces provided.

Question 21 (7 marks)

Marks

A small business that sells baby furniture is attempting to increase its market share. The business has decided to do this is by implementing a new marketing strategy. The target market will be the focus of this marketing strategy.

(a) Define the term *target market*.

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(b) Outline the role of *marketing* for a business.

2

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(c) Recommend ONE *promotional* and ONE *pricing* strategy that could be implemented to increase the market share of the furniture business.

4

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End of Question 21

Question 22 (7 marks)

Marks

A person has been working in the beauty industry for over 8 years and has decided that she wants to go into business and operate her own beauty clinic. After considering her establishment options, she has decided to start a new business. She is now looking for a business location and is reviewing her responsibilities under the law.

- (a) Outline ONE advantage of *establishing* a new business compared with taking over an existing business. 1

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- (b) Outline TWO factors that need to be considered when selecting the *location* of her business. 2

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- (c) Discuss TWO *legal* responsibilities that will have to be considered when establishing this business. 4

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End of Question 22

Question 23 (8 marks)

Marks

Minute Solutions Pty Ltd		
for the year ending 30 June 2007		
	\$	\$
Sales		600 000
Opening stock	250 000	
Purchases	180 000	
Closing stock	110 000	
Cost of goods		?
Gross profit		?
Expenses		
Advertising	35 000	
Rent	25 000	
Wages	65 500	
Delivery expenses	15 000	
Electricity	5 000	
Telephone	10 000	
Insurance	20 000	
Net profit		?

- (a) Calculate the *cost of goods* sold for Minute Solutions Pty Ltd. 1

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- (b) Calculate the *net profit* for Minute Solutions Pty Ltd. 1

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- (c) Recommend ONE *strategy* that management at Minute Solutions Pty Ltd can use to improve their net profit. 2

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Question 23 continues on the next page

Question 23 (continued)

Marks

(d) Discuss ONE advantage and ONE disadvantage of *debt financing*.

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Question 24 (8 marks)

Two partners own and operate a women's sports and yoga centre. They have been in partnership for the past three years and share all the responsibilities in managing the business. They are currently looking at changing the organisational structure within the business and extending the centre's hours of operation. As a result of these changes there has been increasing conflict between the internal stakeholders of the business.

(a) Identify ONE *internal* stakeholder and ONE *external* stakeholder of this business.

2

Internal:

External:

(b) Outline TWO *conflicting interests* between stakeholders of a business.

2

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Question 24 continues on the next page

Question 24 (continued)

Marks

(c) Discuss ONE *ethical* and ONE *legal* responsibility a business has to society.

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Question 25 (10 marks)

'Business managers need to use a number of forecasting and monitoring tools to successfully plan for the future and allocate resources efficiently'.

(a) Outline the process of *strategic planning*.

2

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(b) Examine the importance of completing a *SWOT analysis* as part of the planning process.

2

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Question 25 continues on the next page

Question 25 (continued)

Marks

(c) Define *budgets* AND describe the role they play in the planning process.

3

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(d) Explain ONE *forecasting* tool a manager can use in business planning processes.

3

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End of Section II

Section III

Total marks (20)

Attempt Question 26

Allow about 35 minutes for this section

Answer the question on your own paper or writing booklet, if provided.

In this section you will be assessed on how well you:

- use your knowledge and the information provided
 - communicate using relevant business terminology
 - present a logical, well structured answer to the question in the form of a business report
-

Question 26 (20 marks)

A small courier company has been operating successfully in inner Sydney for the past 7 years. The two sole owners and operators of this business recognise they are currently at the growth stage of the business life cycle. They are faced with the challenge of expanding their business and are now considering purchasing more courier vans and employing more workers to successfully manage the growth of their business.

You have been employed as a consultant to prepare a report for this company.

In your report, outline the contribution of the small business sector to the economy. Describe the challenges presented at the growth stage of the business life cycle. Explain the employment relations process necessary to manage the growth of the business.

End of paper

Section III

Question 26

Criteria	Marks
<ul style="list-style-type: none"> • Comprehensively indicates the main features of the contribution of the small business sector to the economy • Provides detailed characteristics and features of the challenges presented at the growth stage of the business life cycle • Thoroughly provides why &/or how the employment relations process is necessary to manage the growth of the business • Presents a sustained, logical and well-structured answer and clearly communicates in the form of a business report with relevant business terminology and concepts 	17 – 20
<ul style="list-style-type: none"> • Indicates the main features of the contribution of the small business sector to the economy • Provides characteristics and features of the challenges presented at the growth stage of the business life cycle • Provides why &/or how the employment relations process is necessary to manage the growth of the business • Presents a well organised business report and uses relevant business terminology and concepts 	13 – 16
<ul style="list-style-type: none"> • Indicates some features of the contribution of the small business sector to the economy • Sketches in general terms the challenges presented at the growth stage of the business life cycle • Provides characteristics and features of the employment relations process which may be used to manage growth • Indicates features of a business report and uses some business terminology and concepts 	9 – 12
<ul style="list-style-type: none"> • Indicates limited features of the contribution of the small business sector to the economy • Identifies some challenges presented at the growth stage of the business life cycle • Sketches in general terms the employment relations cycle • May indicate some features of a business reports and uses basic business terminology 	5-8
<ul style="list-style-type: none"> • Identifies some reasons for the importance of small business • Makes reference to challenges presented at the growth stage of the business life cycle • Makes reference to the employment relations cycle • Uses basis business terminology 	1 - 4

Answers may include:

Contribution of small business sector to the economy

- Provides employment
- Provides choice for customers
- Export sales helping to improve our balance of payments.
- Innovation
- Invention
- Ability to tailor products to the needs of customers.

Challenges presented at the growth stage of the business life cycle

Students discuss the challenges that a business can face.

- Maintaining customer loyalty
- Increasing and maintaining efficiency
- Managers and staff need to increase skills
- Delegate work and authority to other people as the business grows
- Find the finance to fund the purchase of new equipment
- Make enough money to pay the employees
- Research and development into new ideas
- Ensure efficient cash flow
- Achieve economies of scale

The employment relations process necessary to manage the growth of the business.

Students make reference to the human resource cycle which refers to the management of staff within the organisation. They should look at the following and discuss how they help the business manage growth through hiring of new staff and managing staff within the organisation.

- Identifying staff needs
- Recruiting
- Performance appraisals
- Staff training and development
- Maintenance of staff – monetary and non-monetary benefits
- Separation- Voluntary and Involuntary separation.

NSW INDEPENDENT TRIAL EXAMS – 2007
BUSINESS STUDIES PRELIMINARY YR 11 EXAMINATION
MARKING GUIDELINES

Section I

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

Section II

Question 21(a)

Criteria	Marks
Defines the term target market as the focus of the firms marketing strategy and will include existing customers as well as potential customer.	1

Question 21(b)

Criteria	Marks
Outlines the role of marketing for a firm. System of business activities to develop a product that suits tastes and preferences of consumers. Involves planning the product and developing pricing, promotion and distribution strategies to ensure the consumer is able to access the good or service.	2
Identifies a reason for marketing with no outline.	1

Question 21(c)

Criteria	Marks
Recommends ONE promotional and ONE pricing strategy that could be implemented to improve market share. Promotional strategy could include: advertising through media, sales promotion such as special offers, publicity. Pricing strategies may include demand pricing, psychological pricing and penetration pricing.	3 – 4
Recommends ONE strategy or identifies both a promotional and pricing strategy but gives no reason for this.	2
Identifies ONE strategy.	1

Question 22(a)

Criteria	Marks
Outlines one advantage of establishing a new business compared with taking over an existing business. This can include: can select own name and location, less expensive, no preconceived images that may be associated with existing business.	1

Question 22(b)

Criteria	Marks
Outlines TWO factors that will need to be considered when selecting the location of a business. These can include: <ul style="list-style-type: none"> ▪ Visibility, ▪ Cost, ▪ Proximity to suppliers, ▪ Customers, ▪ Support services. 	2
Outline ONE factor or identifies TWO with no outline.	1

Question 22 continues on the next page

Question 22 continued

Question 22(c)

Criteria	Marks
Discusses TWO legal responsibilities that will need to be considered when establishing the business. This can include: <ul style="list-style-type: none"> ▪ Registration of business name, ▪ Zoning laws, ▪ Health regulations, ▪ Trade practices. 	3 – 4
Discusses ONE legal responsibility or identifies TWO with no discussion.	2
Identifies ONE legal responsibility with no discussion.	1

Question 23(a)

Criteria	Marks
Calculates the cost of goods sold - \$280 000.	1

Question 23(b)

Criteria	Marks
Calculates the net profit - \$ 144 500.	1

Question 23(c)

Criteria	Marks
Recommends ONE strategy that minute solutions can use to improve their net profit. This can include reducing expenses such as advertising or wages OR increasing sales.	2
Identifies a strategy but does not give reasons for it.	1

Question 23(d)

Criteria	Marks
Discusses ONE advantage and ONE disadvantage of debt financing. A disadvantage could include the payment of interest and/or loss of assets if repayment fails. Advantages include access to funds to potentially increase profits, no need to take on additional partners and lose ownership of business.	3 – 4
Discusses ONE advantage or ONE disadvantage or identifies ONE of each with no discussion.	2
Identifies ONE advantage or ONE disadvantage with no discussion.	1

Question 24(a)

Criteria	Marks
Identifies ONE internal and ONE external stakeholder. Internal can include: Managers, employees, shareholders. External can include: customers, suppliers, competitors, governments.	2
Identifies ONE internal OR ONE external stakeholder.	1

Question 24(b)

Criteria	Marks
Outlines TWO conflicting interests between stakeholders. This can include: shareholders and management. Customers and management. Customers may want lower prices while management may want to increase prices to increase profits. Employees and Shareholder: Shareholders seek to increase profits while employees seek to increase wages. Shareholders' interests to maximise profits while community is interested in developing ESD practices which the business may not want to adopt due to the financial implication.	2
Outlines ONE conflicting interest between stakeholders.	1

Question 24 continues on the next page

Question 24 continued

Question 24(c)

Criteria	Marks
Discusses ONE ethical and ONE legal responsibility a business has to society. Ethical may include providing financial assistance to charities, welfare of employees, developing environmentally sustainable practices, social responsibility such as recycling of waste paper and sponsorship. Legal responsibility includes; Compliance with the law in areas such as occupational health and safety, wages and working conditions, anti-discrimination legislation, employee entitlements and legal responsibility to not engage in any misleading or deceptive advertising.	3 – 4
Identifies the TWO responsibilities with no discussion OR Discusses only an ethical OR a legal responsibility.	2
Student will list ONE ethical or ONE legal responsibility.	1

Question 25(a)

Criteria	Marks
Outlines strategic planning as long term plans of a business developed by senior management.	2
Correctly defines ONE of the two plans.	1

Question 25(b)

Criteria	Marks
Examines the importance of SWOT in that it allows the business to consider the SWOT within the business plan. This will enable the plan to look at how it will aim to develop its strengths and address its weaknesses. It can also develop strategies to enable the business to build on its opportunities and work on eliminating the threats. Important starting point in the business planning process to give business clear direction and understanding of both internal and external environments.	2
Defines SWOT but make no reference to how it can be used in the planning process.	1

Question 25(c)

Criteria	Marks
Defines a budget as a statement that sets out a plan for achieving outcomes and is based on forecasted figures or expectations about future operations. Budgets are an important tool in the planning process as they specify the finance needed for the resources required to implement the business plans. Budgets also specify how the money will be allocated and could refer to staff, equipment or materials that would need to be accounted for in the planning process.	3
Defines budget with brief reference to how they are used to plan.	2
Defines budget or makes mention of how they may be used in the planning process.	1

Question 25(d)

Criteria	Marks
Explains how forecasting techniques can assist managers assess the strategic direction of the business. The techniques can be: break-even analysis, decision trees and budgets. Explains how they can be used as part of the planning process.	3
Brief outline of how forecasting techniques can be used in the planning process.	2
Identifies ONE forecasting technique.	1

Section III

Question 26

Criteria	Marks
<ul style="list-style-type: none"> ▪ Presents a sustained, logical and well-structured business report that provides comprehensive assessment of the importance of small business. ▪ Provides a comprehensive discussion of the challenges at the growth stage of the business life cycle. ▪ Provides a thorough explanation of the human resource cycle and the process the owners need to engage in when hiring staff to manage the growth of the business. ▪ Extensively uses relevant business terminology and concepts in appropriate forms. 	17 – 20
<ul style="list-style-type: none"> ▪ Presents a well organised and well-structured business report that provides comprehensive assessment of the importance of small business. ▪ Provides a detailed discussion of the challenges at the growth stage of the business life cycle. ▪ Provides a detailed explanation of the human resource cycle and the process the owners need to engage in when hiring staff to manage the growth of the business. ▪ Demonstrates substantial use of relevant business terminology and concepts in appropriate forms. 	13 – 16
<ul style="list-style-type: none"> ▪ Presents a business report that provides some discussion of the importance of small business in the Australian economy. ▪ Makes mention of some of the challenges this business will face at the growth stage of the business life cycle. ▪ Provides a some outline of the employment resource cycle which may be used to manage growth. ▪ Demonstrates satisfactorily uses relevant business terminology and concepts in appropriate forms. 	9 – 12
<ul style="list-style-type: none"> ▪ Presents a business report that provides some limited discussion on the importance of small business in the Australian economy. ▪ Lists some challenges presented at the growth stage of the business life cycle. ▪ May make mention of some aspects of the employment relations cycle. ▪ Uses basic business terminology and concepts in appropriate forms. 	5 – 8
<ul style="list-style-type: none"> ▪ Identifies some reasons for importance of small business. ▪ Limited discussion on the challenges faced at the growth stage of the business life cycle. ▪ Uses basic business terminology. ▪ Does not write in an appropriate business format. 	1 – 4

Answers may include:

Contribution of small business sector to the economy

- Provides employment
- Provides choice for customers
- Export sales helping to improve our balance of payments.
- Innovation
- Invention
- Ability to tailor products to the needs of customers.

Question 26 continues on the next page

Question 26 continued

Challenges presented at the growth stage of the business life cycle

Students discuss the challenges that a business can face.

- Maintaining customer loyalty
- Increasing and maintaining efficiency
- Managers and staff need to increase skills
- Delegate work and authority to other people as the business grows
- Find the finance to fund the purchase of new equipment
- Make enough money to pay the employees
- Research and development into new ideas
- Ensure efficient cash flow
- Achieve economies of scale

The employment relations process necessary to manage the growth of the business.

Students make reference to the human resource cycle which refers to the management of staff within the organisation. They should look at the following and discuss how they help the business manage growth through hiring of new staff and managing staff within the organisation.

- Identifying staff needs
- Recruiting
- Performance appraisals
- Staff training and development
- Maintenance of staff – monetary and non-monetary benefits
- Separation- Voluntary and Involuntary separation.

This Preliminary examination, marking guidelines/suggested answers and 'mapping grid' have been produced to help prepare students for the HSC to the best of our ability.

Individual teachers/schools may alter parts of this product to suit their own requirements.

Business Studies Mapping Grid

Question	Content	Outcomes	Band
Section I			
1	Nature of business – business life cycle	P3.1	2-3
2	Nature of business – business life cycle	P3.1	2-3
3	Nature of business – types of business entity	P1.2	2-3
4	Key business functions -- Marketing	P2.1	3-4
5	Key business functions – Total Quality management.	P2.1, P3.2	3-4
6	Key business functions- Organising operations (JIT)	P2.1, P5.1	3-4
7	Establishing a business – Taxation	P4.1, P5.1	4-6
8	Establishing a business -- Capital	P5.1	4-5
9	Nature of business –Economic cycles	P4.1	2-3
10	Key business functions-accounting and finance	P5.6	4-5
11	Developing a business plan --roles and types	P2.2, P5.1	3-4
12	Nature of business- Economic and social factors	P4.1	3-5
13	Key business functions –sources and uses of funds	P5.1	2-4
14	Nature of business –government	P3.2	2-4
15	Establishing a business -- Identifying business opportunities	P4.2, P5.1	5-6
Section II			
16	Developing a business plan – types of control	P2.1,P2.2	3-5
17	Key business functions – employment relations	P2.1, P5.1	2-5
18	Key business functions – coordinating business functions	P2.1, P5.1	4-6
19	Establishing a business – gearing	P5.6	4-6
20	Developing a business plan -- break even analysis	PP5.1, P5.6	4-6
21(a)	Key Business functions -- marketing – target market	P2.1	2-3
21(b)	Key Business functions -- marketing – role of marketing	P2.1, P5.3	2-5
21(c)	Key Business functions -- marketing – promotional and pricing strategy	P2.1, P5.3	3-6
22(a)	Establishing a business – establishment options	P2.1	2-3
22(b)	Establishing a business – location	P2.1, P4.2	3-5
22(c)	Establishing a business – legal considerations.	P2.1, P2.3	4-6
23(a)	Key business functions – accounting and finance	P5.6	3-4
23(b)	Key business functions – accounting and finance	P5.6	3-4
23(c)	Key business functions – accounting and finance	P2.2, P4.1, P5.1	4-6
23(d)	Key business functions – accounting and finance -- debt and equity	P4.1, P5.1, P5.3	3-6
24 (a)	Nature of business – stakeholders	P1.1	2-3
24(b)	Nature of business – reconciling conflicting interests of stakeholders	P1.1, P3.2, P5.3	3-5
24(c)	Nature of Business -- ethical and social responsibilities of business	P2.1, P3.1, P5.3	3-6
25(a)	Developing a business plan –types and roles of business.	P2.1, P2.3	2-3
25(b)	Developing a business plan – SWOT analysis	P2.2, P2.3	2-5
25(c)	Developing a business plan – forecasting budgets	P2.1, P2.2, P2.3	4-5
25(d)	Developing a business plan	P2.2, P2.3, P5.3	4-6
Section III			
26	Nature of business: <ul style="list-style-type: none"> • importance of business • contribution of small business sector to the economy • Business life cycle. Key business functions. <ul style="list-style-type: none"> • Employment relations. 	P1.1, P2.1, P2.2, P3.1, P4.1, p5.1, P5.3	3-6