

Student No: \_\_\_\_\_

# ABBOTSLEIGH



## BUSINESS STUDIES HSC Trial 2016

### General Instructions:

- Reading time – 5 minutes
- Working time – 3 hours
- Write using blue or black pen
- Board-approved calculators may be used

### Section I

20 marks

- Attempt Questions 1 – 20
- Allow about 35 minutes for this section

### Section II

40 marks

- Attempt Questions 21-24
- Allow about 1 hour 15 minutes for this section

### Section III

20 marks

- Attempt Question 25
- Allow about 35 minutes for this section

### Section IV

20 marks

- Attempt Question 26 OR Question 27
- Allow about 35 minutes for this section

**Section I**

**20 marks**

**Attempt Questions 1-20**

**Allow about 35 minutes for this section**

Use the multiple choice answer sheet for Questions 1-20.

Select the alternative A, B, C or D that best answers the question. Fill in the response oval completely.

**Sample**  $2 + 4 =$  (A) 2 (B) 6 (C) 8 (D) 9

A  B  C  D

If you think you have made a mistake, put a cross through the incorrect answer and fill in the new answer.

A  B  C  D

If you have changed your mind and have crossed out what you consider to be the correct answer, then indicate this by writing the word *correct* and drawing an arrow as follows:

A  B  C  D   
*Correct*

1. Genius Kitchen Designs has devised a new marketing plan. The new plan places the consumer at the centre of all decisions and activities.

Which approach has the business used?

- (A) Environmental
- (B) Marketing
- (C) Production
- (D) Selling

2. A business has decided to focus on satisfying customer demand as quickly as possible while delivering individualised products.

Which performance objectives is the business targeting?

- (A) Cost and quality
- (B) Customisation and dependability
- (C) Quality and speed
- (D) Speed and customisation

3. Use the table below to answer Question 3.

Profitability ratios for Chairs Warehouse

Year	Gross Profit Ratio	Net Profit Ratio	Expense Ratio
2014	80%	20%	60%
2015	80%	10%	70%

Industry Averages for 2014 and 2015

Gross Profit Ratio: 80%

Net Profit Ratio: 20%

Expense Ratio: 61%

Which of the following statements is true about efficiency for Chairs Warehouse in 2015?

- (A) It is better than industry average and has improved since 2014.
  - (B) It is worse than industry average but has improved since 2014.
  - (C) It is better than industry average and has worsened since 2014.
  - (D) It is worse than industry average but has worsened since 2014.
4. An exporting business has just signed a contract for delivery of goods in six months. Management is expecting the currency to depreciate significantly in this time.

Which global financial management strategy should the business employ to minimise financial risk?

- (A) Insurance
- (B) Derivatives
- (C) Clean Payment
- (D) Bill of exchange

5. The table below shows marketing data for 'We Dig Your Bling'.

Year	Planned sales (\$ million)	Actual sales (\$ million)	Planned market share (%)	Actual market share (%)
1	500	450	10	9
2	550	600	8	8.5

What does the data, in the table above, suggest about 'We Dig Your Bling's' performance?

- (A) The business achieved its marketing objectives in Year 1
  - (B) The business achieved its sales objective in Year 2 due to an increase in market share
  - (C) The business achieved its sales objectives in Year 2 due to the controls implemented based on its performance in Year 1.
  - (D) The business did not achieve its market share objective in Year 2 because it failed to monitor its performance in Year 1.
6. Which of the following actions describes personal selling?
- (A) A colourful display of merchandise at the entrance of a shop.
  - (B) A company guaranteeing to refund their money in full if a customer is not completely satisfied.
  - (C) A salesperson outlining features of cosmetics in a department store.
  - (D) A special offer of a free gift if a certain product is purchased.
7. Which method is used when a business sets its price according to supply and demand?
- (A) Cost pricing
  - (B) Market pricing
  - (C) Penetration pricing
  - (D) Competition pricing
8. Which of the following is an external source of equity finance?
- (A) Overdraft
  - (B) Mortgage
  - (C) Retained profits
  - (D) Ordinary shares

9. Runaway Fitness has decided to reduce their number of suppliers, only keeping those that are efficient.

What sourcing strategy is management at Runaway Fitness implementing?

- (A) Supplier rationalisation
  - (B) Cost minimisation
  - (C) Vertical integration
  - (D) Supplier outsourcing
10. What important information can be identified in critical path analysis?
- (A) The path with the lowest cost to complete all tasks in a project
  - (B) The path with the highest cost to complete all tasks in a project
  - (C) The longest time required to complete all tasks in a project
  - (D) The shortest time required to complete all tasks in a project

11. Jennifer's Florist has a debt to equity ratio of 3:1.

What will happen if Jennifer's Florist takes out a second loan?

- (A) Gearing will improve and expenses will fall
  - (B) Gearing will deteriorate and expenses will rise
  - (C) Gearing will improve and expenses will rise
  - (D) Gearing will deteriorate and expenses will fall
12. What main financial objective does a cash flow statement help a business to achieve?
- (A) Liquidity
  - (B) Gearing
  - (C) Profitability
  - (D) Growth

13. An inventory management system that enables a business to order and receive inventory at the time they are needed is called:

- (A) Last In First Out
- (B) Just In Time
- (C) Critical Path Analysis
- (D) Total Quality Management

14. In a SWOT analysis carried out by a major fast food chain, the results showed slow market growth and a skilled customer service team.

Which TWO components of a SWOT are these a feature of?

- (A) Threats and strengths respectively
- (B) Threats and opportunities respectively
- (C) Weaknesses and strengths respectively
- (D) Weaknesses and opportunities respectively

15. Which of the following are transformed resources?

- (A) Materials, information and customers
- (B) Human resources and facilities
- (C) Materials and facilities
- (D) Customers and human resources

16. Use the table below to answer Question 16.

<b>Financial Ratio</b>	<b>2014</b>	<b>2015</b>
Return on Owner's Equity	0.30:1	0.20:1

The information in the above table indicates:

- (A) The accounts receivables turnover has improved
- (B) The business is experiencing cash flow problems
- (C) Total expenses have decreased
- (D) Net profit has decreased

17. Peroni car manufacturers are experiencing increasing disruptions to their production process due to their inability to coordinate the sourcing of car components and other inputs.

Which of the following strategies could improve Peroni's operations?

- (A) Warehousing
- (B) Distribution channels
- (C) Supply chain management
- (D) Sequencing and scheduling

18. Which of the following is an example of a sociocultural influence on marketing?

- (A) Consumers increasing their spending on luxury products in a boom
- (B) Cigarette producers providing a health warning on the packaging of their products warning consumers of the damaging affects to consumers' health
- (C) Businesses using more environmentally friendly equipment in the transformation process
- (D) Businesses employing more people with mild disabilities

19. Prestige Vehicles International is a producer of luxury Italian sports cars and is looking to distribute their cars in Australia.

What would be the most suitable channel choice for Prestige Vehicles to use?

- (A) Intensive distribution
- (B) Exclusive distribution
- (C) Warehousing
- (D) Producer – Importer – Customer

20. Below is cash flow information for Igor's Ice Cream shop.

<b>Month</b>	<b>January</b>	<b>February</b>
Opening Balance	\$4 000	
Cash Receipts (inflows)	\$40 000	\$40 000
Cash Payments (outflows)	\$55 000	\$35 000
Closing Balance		

What is the expected closing balance for Igor's Ice Cream shop at the end of February?

- (A) -\$6 000
- (B) -\$10 000
- (C) -\$11 000
- (D) \$174 000

**End of Section I**



**Section II**

**40 marks**

**Attempt Questions 21-24**

**Allow about 1 hour and 15 minutes for this section**

Answer the questions in the spaces provided. These spaces provide guidance for the expected length of response. Extra writing space is provided on page 17. If you use this space, clearly indicate which question you are answering.

**Question 21 (12 marks)**

**MARKS**

Financial information for Sporty's Gym Pty Ltd for year ending June 30, 2016.

	\$	\$
<b>Sales</b>		875 000
<b>COGS (Cost of Goods Sold)</b>		262 500
<b>Gross Profit</b>		?
<b>Expenses</b>		
Wages	350 200	
Advertising	40 000	
Electricity	30 000	
Equipment lease	15 000	
Loan repayments	49 000	
Internet/Phone	1 425	
<b>Net Profit</b>		?

**ADDITIONAL INFORMATION**

*Industry Average Gross Profit Ratio: 74%*

*Industry Average Net Profit Ratio: 17%*

(A) What is the name of the financial statement shown for Sporty's Gym? **1**

(B) Identify the legal structure of this business. **1**

(C) Calculate the gross profit ratio (gross profit / sales) for this business. Show all working. 2

---

---

---

---

(D) Calculate the net profit ratio (net profit / sales) for this business. Showing all working. 2

---

---

---

---

(E) Comment on ONE profitability ratio of Sporty's Gym compared to the relevant industry averages. 2

---

---

---

---

*Question 21 continues over page*

(F) Sporty's Gym has found that they are able to source cheaper stock (like protein powders and active wear) from suppliers overseas. Explain TWO different global financial management strategies they could use to minimise the risks involved in importing their stock from overseas. 4

---

---

---

---

---

---

---

---

---

---

**End of Question 21**

**Question 22 (4 marks)**

**MARKS**

(A) Outline the strategic role of human resource management.

**2**

---

---

---

---

(B) Outline a disadvantage of outsourcing.

**2**

---

---

---

---

**End of Question 22**

**Question 23** (14 marks)

**MARKS**

Zebok Ltd is a manufacturer of high quality running shoes. Their shoes are sold worldwide through sporting goods retailers and online. Zebok Ltd manufacturers both standardised and custom made running shoes.

(A) What are the benefits of Zebok Ltd manufacturing both standardised and customised running shoes? 2

---

---

---

---

(B) Explain why Corporate Social Responsibility is important for their business success. 4

---

---

---

---

---

---

---

---

---

---

(C) Outline an advantage of using a *just-in-time* (JIT) approach to inventory management. 2

---

---

---

---

*Question 23 continues over page*

(D) Describe how customer service contributes to the success of a business.

2

---

---

---

---

(E) Recommend TWO quality management approaches that a manager can use to improve operations within a business. 4

(i)

---

---

---

---

(ii)

---

---

---

---

**End of Question 23**

**Question 24 (10 marks)**

**MARKS**

(A) Describe TWO factors influencing customer choice. Use examples to support your answer. **4**

---

---

---

---

---

---

---

---

---

---

(B) Outline the importance of a SWOT analysis in marketing. **2**

---

---

---

---

*Question 24 continues over page*

(C) Examine TWO communication techniques that a business can use to get their message to 4 their target market.

(i)

---

---

---

---

---

(ii)

---

---

---

---

---

**End of Question 24**





**Section III**

**20 marks**

**Attempt Question 25**

**Allow about 35 minutes for this section**

Answer the question in the Sections III and IV Writing Booklet. Extra writing booklets are available.

Your answer will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
- apply the hypothetical business situation
- communicate using relevant business terminology and concepts
- present a sustained, logical and cohesive response in the form of a business report

**Question 25 (20 marks)**

Super Charged Designs Ltd is a successful producer of car parts with three factories throughout NSW. Increased competition, changing consumer preferences and rising production costs have affected the profitability of the business.

Other issues which have been identified by management include:

- outdated machinery and production methods
- an increased awareness of environmental issues from car buyers

To address some of these issues, Super Charged Designs Ltd has considered relocating production to a country with lower labour costs.

You have been hired as a consultant to write a report for management. In your report:

- Outline the influences to the business's operations.
- Examine the operation processes that this business utilises.
- Assess financial strategies that address their rising production costs and profitability.

**Please turn over**

**Section IV**

**20 marks**

**Attempt Question 26 or 27**

**Allow about 35 minutes for this section**

Answer the question in the Sections III and IV Writing Booklet. Extra writing booklets are available.

---

Your answer will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
  - apply the hypothetical business situation
  - communicate using relevant business terminology and concepts
  - present a sustained, logical and cohesive response in the form of a business report
- 

**Question 26 (20 marks)**

Analyse strategies that management may use when it attempts to market products.

**OR**

**Question 27 (20 marks)**

Analyse strategies that management may use when it attempts to improve operations.

**End of paper**

**BLANK PAGE**