

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

1. Which of the following is an advantage of equity finance?
 - a) Facilitates rapid growth of the business without diminishing the owner's control
 - b) Profits need to be shared with the additional owners, reducing profitability for existing owners
 - c) The risk is low because dividends are not required to be paid if the business performs badly
 - d) It will require security such as a mortgage to minimise the cost

2. Which type of financial institution is registered as a managed investment scheme with ASIC under the Corporations Act?
 - a) Banks
 - b) Unit trusts
 - c) Finance companies
 - d) Investment banks

3. Ellie terminates her employment contract because she no longer wants to spend two hours a day travelling to the city. She wants to spend more time with her young family. What influence on employment relations does this reflect?
 - a) Legal
 - b) Economic
 - c) Social
 - d) Technological

4. Jules is injured at work and receives money to make up for her injury and suffering. Which legal requirement is responsible for this payment?
 - a) Workplace health and safety
 - b) Injury payment
 - c) Third party insurance
 - d) Workers' compensation

5. The owners of a business decide to implement new processes to make the business more efficient and the employees are resisting the changes.
How can the owners overcome this resistance to change?
- a) Forced redundancies
 - b) Reorganise plant layout
 - c) Provide training to employees
 - d) Purchase new equipment for the business
6. Hi Voltage manufactures stereo equipment. The finance manager has decided that the final price will be calculated on production cost plus a 70% margin.
Which type of pricing method is Hi Voltage using?
- a) Cost pricing
 - b) Market pricing
 - c) Penetration pricing
 - d) Competition pricing
7. Swan Cosmetic has granted licences to two major department stores to sell their brand of cosmetics.
Which of the following distribution channels is Swan Cosmetics using?
- a) Intensive
 - b) Selective
 - c) Exclusive
 - d) Skimming
8. Which of the following tools could be used by a manager in scheduling key elements of a business project?
- a) Computer Aided Design
 - b) Gantt Chart
 - c) Critical Path Analysis
 - d) Task Design
9. Which of the following best describes leading edge technology?
- a) The use of assemble lines
 - b) The most reliable and widely used technology
 - c) Technology available to the manufacturing sector that has high dependability
 - d) The most advanced technology available at that time

10. A global business manages its financial risk due to negative movements in currency by adopting which global financial management strategy?
- a) Leasing
 - b) Gearing
 - c) Factoring
 - d) Hedging
11. Management of Little Peeps Pty Ltd is in conflict with their employees over working conditions. They attempt to find a resolution with a third party organising a conference to help the two parties reach an agreement.
What is this dispute resolution process called?
- a) Mediation
 - b) Arbitration
 - c) Negotiation
 - d) Litigation
12. A local café is introducing a loyalty card where customers will receive a free coffee after every five purchases.
What is the aim of this strategy?
- a) To take advantage of relationship marketing
 - b) To target the mass market
 - c) To improve public relations
 - d) To encourage personal selling
13. The Fair Work Act 2009 created a safety net of basic entitlements to protect all employees.
What name is given to this set of entitlements?
- a) An award
 - b) The National Employment Standards
 - c) An enterprise Agreement
 - d) The Fair Work Minimum Standards
14. Phoenix Clothing 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) Selling
 - c) Marketing
 - d) Production

15. Top Body Fitness has decided to reduce their number of suppliers, only keeping those that are efficient.

What sourcing strategy is management of Top Body Fitness implementing?

- a) Cost minimisation
- b) Vertical integration
- c) Supplier outsourcing
- d) Supplier rationalisation

16. A business specialises in providing smaller commercial loans, including lease finance.

What type of financial institution is this business most likely to be?

- a) Finance company
- b) Investment bank
- c) Superannuation fund
- d) Australian Securities Exchange

17. Which of the following activities is a major role of external auditors?

- a) Preparing budgets
- b) Preparing the final data for the annual report
- c) Checking the accuracy of financial reports
- d) Checking for spelling mistakes in the annual report

18. Which of the following best describes a 'global web'?

- a) Where a manufacturer outsources the operations function overseas
- b) Where a manufacturer sources the components for a particular product from different locations around the world
- c) The actual production process and the location of all raw materials
- d) The location of new manufacturing facilities globally

19. What are physical distribution issues?

- a) Transport, retail and technology
- b) Retail, technology and warehousing
- c) Warehousing, inventory and transport
- d) Technology, warehousing and inventory

20. Which of the following strategies would help a business to promote teamwork and improve employee motivation?

- a) Implement a plan that links group targets and performance pay
- b) Increase superannuation of all employees
- c) Bonus payments to individuals who reach their sales target
- d) Offer employees a range of services such as free gym membership and child care

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. All spaces provide guidance for the expected length of response. Extra writing space is provided on pages 11 and 12. If you use this space, clearly indicate which question you are answering.

Question 21 (10 marks)

- (a) Identify TWO objectives of financial management. **2**

- (b) Define normalised earnings. **2**

- (c) Why are notes to the financial statements important? **2**

Question 21 continued on next page

(d) Explain the purpose of comparative ratio analysis for a business.

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End of question 21

Question 22 (10 marks)

- (a) Identify TWO influences on the operations function of a business. **2**

- (b) Outline an advantage of using the just-in-time (JIT) inventory management system. **2**

- (c) How does supply chain management contribute to business success? **2**

- (d) Recommend TWO approaches an operations manager could use to improve the quality within the business. **4**

End of question 22

Section III

20 marks

Attempt Question 25

Allow about 35 minutes for this section

Answer the question in the writing booklet provided. Extra writing booklets are available.

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

- Demonstrate knowledge and understanding relevant to the question
 - Apply the hypothetical business situation
 - Communicate using business terminology and concepts
 - Present a sustained, logical and cohesive response in the form of a business report
-

Question 25

MADZ GEAR is a successful manufacturer and retailer of extreme sportswear across North America. The company is preparing to enter the Australian market by establishing by retail outlets in Sydney and Melbourne.

Management of MADZ GEAR has spent the last 12 months investigating the Australian market and has identified the following areas of concern:

- * The laws relating to marketing and human resource management
- * How to acquire and maintain quality staff
- * How to ensure high sales level in a relatively small market place

Assume that you have been employed by MADZ GEAR management to prepare a report that addresses the areas of concern.

In your report:

- Outline how laws will impact marketing and human resource management.
- Recommend appropriate human resource management processes.
- Evaluate TWO marketing strategies.

Section IV

20 marks

Attempt either Question 26 or Question 27

Allow about 35 minutes for this section

Answer the question in a SEPARATE writing booklet. Extra writing booklets are available

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

- Demonstrate knowledge and understanding relevant to the question
 - Apply relevant business case study/studies and contemporary business issues
 - Communicate using business terminology and concepts
 - Present a sustained, logical and cohesive response
-

Question 26

Analyse strategies that management may use to improve cash flow and profitability in a business.

Question 27

Analyse how the management of operations processes can impact on business success.

2015 BUSINESS STUDIES TRIAL HSC EXAMINATION

Marking Guidelines

Section I

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

Section II

Q21 (a) Identify TWO objectives of financial management.

Criteria	Marks
➤ Identifies TWO objectives of financial management	2
➤ Identifies ONE objective of financial management	1

Answers may include:

Profitability, growth, efficiency, liquidity, solvency

Q21 (b) Define normalised earnings.

Criteria	Marks
➤ Correctly defines normalised earnings	2
➤ Uses some appropriate terms related to normalised earnings	1

Answers may include:

Normalised earnings are earnings that have been adjusted to take into account changes in the economic cycle or to remove on off or unusual items that will affect profitability.

Q21 (c) Why are notes to the financial statements important?

Criteria	Marks
➤ Provides a reason for the importance of notes to the financial statements	2
➤ Defines notes to the financial statements	1

Answers may include:

Notes to the financial statements are provided so that stakeholders are given more information about what is contained in the statements. It enables stakeholders to make more sense of the financial data; they provide a context.

Q21 (d) Explain the purpose of comparative ratio analysis for a business.

Criteria	Marks
➤ Explains the purpose of comparative ratio analysis for a business	4
➤ Describes the purpose of comparative ratio analysis for a business	3
➤ Outlines the purpose of comparative ratio analysis for a business	2
➤ Defines comparative ratio analysis	1

Answers may include:

Comparative ratio analysis is the process of comparing business performance over a period of time or against benchmarks.

The purpose is to assess how well the business has performed and to implement strategies for improvement if necessary

Q22 (a) Identify TWO influences on the operations function of a business.

Criteria	Marks
➤ Identifies TWO influences on the operations function of a business	2
➤ Identifies ONE influence on the operations function of a business	1

Answers may include:

Globalisation, technology, quality expectations, cost-based competition, government policies, legal regulation, environmental sustainability, corporate social responsibility

Q22 (b) Outline an advantage of using the just-in-time inventory management system.

Criteria	Marks
➤ Outlines an advantage of JIT	2
➤ Identifies an advantage of JIT OR defines JIT	1

Answers may include:

*JIT inventory management system is one where supplies/inputs arrive only as they are needed
Advantages include less storage required, saves money, no obsolescence of stock*

Q22 (c) How does supply chain management contribute to business success?

Criteria	Marks
➤ Provides reasons as to how supply chain management affects success	2
➤ Defines supply chain management	1

Answers may include:

Supply chain management involves integrating and managing the supplies throughout inputs, transformation and outputs.

*Efficient management of the supply chain ensures the business can produce, distribute and sell products.
Therefore, without SCM the business risks being able to operate efficiently and being profitable.*

Q22 (d) Recommend TWO approaches an operations manager could use to improve the quality within the business.

Criteria	Marks
➤ Recommends TWO strategies to improve quality	4
➤ Recommends ONE strategy AND identifies ONE strategy	3
➤ Recommends ONE strategy OR identifies TWO strategies OR describes TWO strategies	2
➤ Identifies ONE strategy	1

Answers may include:

Quality control – use of inspections at various points in production to check for problems and defects

Quality assurance – involves the use of a system to ensure that set standards are achieved in production

Quality improvement – focuses on continual improvement and total quality management

Students MUST give a supporting reason for the use of each approach

Q23 (a) Outline why all employers must comply with anti-discrimination laws.

Criteria	Marks
➤ Outlines why employers must comply with anti-discrimination laws	2
➤ Defines anti-discrimination	1

Answers may include:

Anti-discrimination laws have been enacted to protect employees in the workplace.

Employers must comply because 1. It is a legal requirement in all workplaces. 2. All employees have a right to be safe and free of harassment in the work environment

Q23 (b) Explain the impact of TWO social influences on the management of human resources.

Criteria	Marks
• Explains the impact of TWO social influences on HRM	8
• Explains the impact of ONE social influence and describes ONE social influence on HRM	7
• Describes TWO social influences on HRM	6
• Describes ONE social influence and outlines ONE social influence on HRM	5
➤ Outlines TWO social influences on HRM	4
➤ Outlines ONE social influence and identifies ONE social influence on HRM	3
➤ Identifies TWO social influences on HRM	2
➤ Identifies ONE social influence on HRM	1

Answers may include:

Changing work patterns – career flexibility and job mobility, increased participation of women in the workforce, ageing workforce, early retirement

Living standards – WHS, wage increases, performance bonuses, fringe benefits, leave entitlements, superannuation, work/life balance

Q24 (a) Analyse the impact of ethical behaviour on the success of a business. Use examples to support your answer.

Criteria	Marks
➤ Draws out the relationship between/ implication of ethical behaviour and business success. Uses examples to support the answer	6
➤ Draws out the relationship between ethical behaviour and business success.	5
➤ Explains how ethical behaviour can affect business success. Uses examples to support answer	4
➤ Describes ethical behaviour and business success. Uses examples. No reference to the key business functions	3
➤ Refers to ethical behaviours and business success	2
➤ Defines ethical behaviour	1

*** if only ONE example is used mark is lowered*

Answers may include:

Operations – environmental sustainability and social responsibility

Marketing – truth, accuracy and good taste in advertising, products that may damage health, engaging in fair competition, suggesting

Finance – audited accounts, record keeping, reporting practices, acting in good faith

Human resources – code of ethics, working conditions,

Q24 (b) Assess the importance of a business evaluating its marketing objectives.

Criteria	Marks
➤ Assesses the importance of evaluating marketing objectives	4
➤ Describes the importance of evaluating the marketing objectives	3
➤ Outlines marketing objectives	2
➤ Identifies some objectives	1

Answers may include:

Marketing objectives are the realistic and measurable goals to be achieved through the marketing plan. These include increasing market share, expanding the product mix, maximizing customer service.

Evaluating these ensures that management has an understanding of the businesses progress in the marketing plan; if revision of goals is necessary. Management understand the dynamic nature of the business and its environment.

Section III 20 marks

QUESTION 25

Assume that you have been employed by MADZ GEAR management to prepare a report that addresses the areas of concern. In your report:

- **Outline how laws will impact marketing and HRM**
- **Recommend appropriate HRM processes**
- **Evaluate TWO marketing strategies**

Criteria	Marks
<ul style="list-style-type: none"> • Presents a sustained, logical and cohesive business report integrating relevant business terminology and concepts • Makes effective use of the information provided, demonstrating extensive knowledge and understanding relevant to the question • Outlines how laws will impact marketing and HRM • Clearly provides reasons in favour of appropriate HRM processes • Makes a judgement on TWO appropriate marketing strategies 	17 – 20
<ul style="list-style-type: none"> • Presents a logical and cohesive business report integrating relevant business terminology and concepts • Makes some use of the information provided, demonstrating knowledge and understanding relevant to the question • Outlines how laws will impact marketing and HRM • Provides reasons in favour of appropriate HRM processes • Shows cause/effect of TWO appropriate marketing strategies 	13 - 16
<ul style="list-style-type: none"> • Includes features of a business report and uses some business terminology and concepts • Outlines how laws will impact marketing and/or HRM • Provides characteristics and features of HRM processes • Provides characteristics and features of marketing strategies 	9 - 12
<ul style="list-style-type: none"> • Includes some features business report and uses basic business terminology • Outlines how laws will impact marketing and/or HRM • May sketch in general terms HRM processes • May sketch in general terms marketing strategies • 	5 - 8
<ul style="list-style-type: none"> • Uses basic terminology • May make reference to HRM or marketing 	0 - 4

Answers may include:

1. *Laws regulate the way in which businesses can market their goods and services in terms of the product as well as the responsibilities of the business. In HRM, the laws regulate the rights and responsibilities of both employees and employers*
2. *Appropriate HRM processes include:*
 - a. *Acquisition – identifying staffing needs, recruitment, selection*
 - b. *Maintenance – monetary and non-monetary benefits, legal responsibilities*
3. *Appropriate marketing strategies include:*
 - a. *Pricing*
 - b. *Promotion*
 - c. *Product - branding*

Section IV 20 marks

QUESTION 26

Analyse strategies that management may use to improve cash flow and profitability in a business.

Criteria	Marks
<ul style="list-style-type: none">• Presents a sustained, logical and cohesive response and communicates clearly using relevant business terminology and concepts• Relates the implications of the strategies that can be used to improve cash flow and profitability• Applies relevant case study/studies and contemporary business issues	17 – 20
<ul style="list-style-type: none">• Presents a logical and cohesive response using relevant business terminology and concepts• Provides cause/effect of the strategies that can be used to improve cash flow and profitability• Uses relevant case study/studies and contemporary business issues	13 - 16
<ul style="list-style-type: none">• Communicates using business terminology and concepts• Provides features and characteristics of the strategies that can be used to manage cash flow and profitability• May make some reference to case study/studies and contemporary business issues	9 - 12
<ul style="list-style-type: none">• Communicates using some business terminology and concepts• Makes some reference to cash flow and profitability management• May make limited reference to case study/studies and contemporary business issues	5 - 8
<ul style="list-style-type: none">• Uses basic terminology• May refer cash flow or profitability• May refer to case study	0 - 4

Answers may include:

Cash flow management strategies:

- cash flow statements
- distribution of payments, discounts for early payment, factoring

Profitability management strategies:

- cost controls – fixed and variable, cost centres, expense minimisation
- revenue controls – marketing objectives

CASE STUDY

Section IV 20 marks

QUESTION 27

Analyse how the management of operations processes can impact on business success.

Criteria	Marks
<ul style="list-style-type: none">• Presents a sustained, logical and cohesive response and communicates clearly using relevant business terminology and concepts• Relates the implications of the management of operations processes on business success• Applies relevant case study/studies and contemporary business issues	17 – 20
<ul style="list-style-type: none">• Presents a logical and cohesive response using relevant business terminology and concepts• Provides cause/effect of the management of operations processes on business success• Uses relevant case study/studies and contemporary business issues	13 - 16
<ul style="list-style-type: none">• Communicates using business terminology and concepts• Provides features and characteristics of the management of operations processes• May make reference to the success of a business• May make some reference to case study/studies and contemporary business issues	9 - 12
<ul style="list-style-type: none">• Communicates using some business terminology and concepts• Makes some reference to operations• May make limited reference to case study/studies and contemporary business issues	5 - 8
<ul style="list-style-type: none">• Uses basic terminology• May refer to operations• May refer to case study	0 - 4

Answers may include:

Operations processes include:

inputs

- *transformed resources (materials, information, customers)*
- *transforming resources (human resources, facilities)*

transformation processes

- *the influence of volume, variety, variation in demand and visibility (customer contact)*
- *sequencing and scheduling – Gantt charts, critical path analysis*
- *technology, task design and process layout*
- *monitoring, control and improvement*

outputs

- *customer service*
- *warranties*

Business success can be measured in terms of:

- *Improved productivity*
- *Improved efficiency*
- *Increased profits*

CASE STUDY