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Student Number

2014

Higher School Certificate
Pre Trial Examination

Business Studies

General Instructions

- ⌚ Reading time – 5 minutes
- ⌚ Working time – 3 hours
- ✍ Write using black or blue pen
- ⌚ Board-approved calculators may be used
- ✍ Write your Centre Number and Student Number at the top of pages 9, 11, 13, 15 and all writing booklets

Compulsory

Total marks - 100

Section I – Pages 3-8
20 marks

Attempt Questions 1 - 20

Section II – Pages 9-15
40 marks

Attempt Questions 21 - 24

Section III – Pages 16
20 marks

Attempt Question 25

Section IV – Page 17
20 marks

Attempt Question 26 or Question 27

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

Question 1 Which of the following are examples of operational performance objectives?

- (A) Quality, dependability and speed
- (B) Flexibility, customisation and volume
- (C) Cost, variety and dependability
- (D) Quality, customisation and variation

Question 2 Which of the following would be considered inputs into a hairdressing salon?

- (A) Materials, human resources and customers
- (B) Location, knowledge and people
- (C) Management structure, equipment and raw materials
- (D) Materials, finances and people

Question 3 '*Toys 4 Us*' is a toy company which has been criticised for designing products that are considered to be of unacceptable quality that break after a month of normal use.

Which of the following is a concern for consumers of '*Toys 4 Us*' products?

- (A) Sugging
- (B) Deceptive and misleading advertising
- (C) Implied conditions
- (D) Creation of needs

Question 4 Juzni has been asked to leave the business and never come back.

This is because Juzni had refused to wear the new uniform provided by the employer as he preferred to wear jeans to work.

Which aspect of legal influences on human resources applies in this situation?

- (A) Duty of care of employers towards employees
- (B) The right for an employee to receive at least the minimum wage
- (C) The obligation of an employee to obey lawful and reasonable demands
- (D) The common law right of an employer to tell employees what to wear

Question 5 Which of the following methods of international payment offers the least amount of risk to the exporter?

- (A) Clean payment
- (B) Letter of Credit
- (C) Payment in advance
- (D) Bill of exchange (document against payment)

Question 6 Massive Miner Limited is a successful Australian company that wishes to raise a large amount of additional equity finance to expand their mining operations into South America.

Which of the following types of equity would be most appropriate?

- (A) New issue
- (B) Commercial bill
- (C) Debentures
- (D) Share purchase plan

Question 7 Lachlan Packer recently decided to sell allotments of shares directly from the company to investors not through the stock exchange or via a prospectus.

Which type of share issue best describes this practice?

- (A) Placements
- (B) Rights issue
- (C) Secondary issue
- (D) Share purchase plan

Question 8 A large mining company has decided to make changes to their operations due to the passage of the Clean Energy Act and because they have noticed that global consumers are demanding their products.

Which two factors have influenced this business's operations?

- (A) Globalisation and environmental sustainability
- (B) Legal regulations and globalisation
- (C) Legal regulations and environmental sustainability
- (D) Quality expectations and technology

Question 9 John designs and makes unique gold jewellery pieces to order.

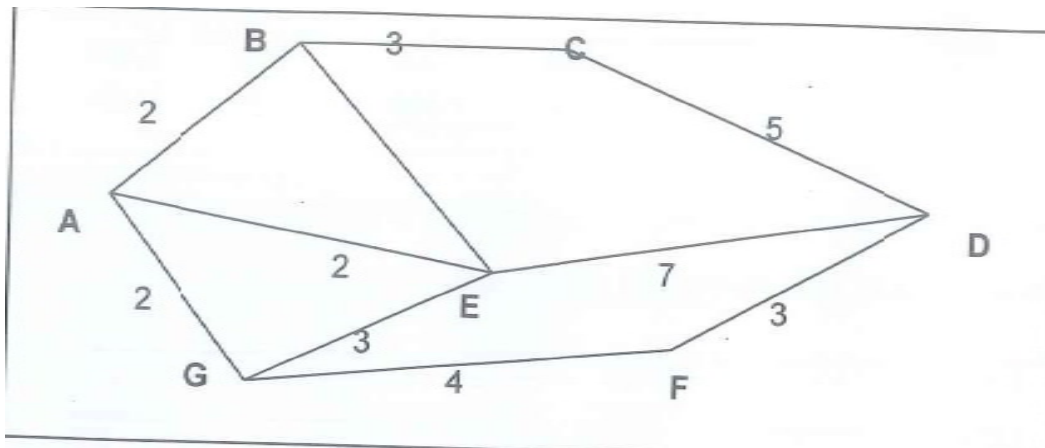
In what market will John sell his jewellery in?

- (A) Industrial
- (B) Resource
- (C) Niche
- (D) Mass

Question 10 Which of the following are short term sources of debt finance?

- (A) Overdraft, placements, leasing
- (B) Factoring, commercial bills, overdrafts
- (C) Commercial bills, overdrafts, unsecured notes
- (D) Overdrafts, factoring leasing

Question 11 Question 11 refers to the following information.



Which of the following shows the Critical Path?

- (A) A-E-D
- (B) A-B-C-D
- (C) A-G-E-D
- (D) A-G-F-D

Question 12 Ab Flex Pty Ltd sells exercise equipment that helps reduce your waistline. Ab Flex has not conducted any market research and has recently run a series of advertisements on late night television.

Which approach to marketing has Ab Flex used?

- (A) Marketing approach
- (B) Customer satisfaction
- (C) Production approach
- (D) Selling approach

Question 13 What term describes the process where a manufacturer promises to fix a defect that occurred in the making of a product?

- (A) Customer service
- (B) Quality control
- (C) Variation
- (D) Warranty

Question 14 Which of the following is a benefit of outsourcing human resources?

- (A) It allows management to focus on training and development
- (B) Increases operational costs associated with human resources
- (C) It provides access to staff that specialise in human resources
- (D) A better understanding of the business culture

Question 15 The manager of XYZ Industries offers continued employment for an employee who has asked to leave to have a baby. The employee has only been working fulltime for six months and the legal requirement is that employees are only offered maternity leave after 12 months of continuous employment.

What does this decision demonstrate?

- (A) Application of corporate social responsibility
- (B) Equal Employment Opportunity
- (C) Minimum employment standards
- (D) Managing resistance to change

Question 16 Which of the following best describes a 'selling' approach to marketing?

- (A) Increasing production through improvements in efficiency
- (B) Offering a customised range of products to meet the needs of the consumer
- (C) Using an aggressive sales force to persuade customers to purchase products
- (D) Monitoring competitors to ensure a sustained competitive advantage

Question 17 Effie has decided to promote a current worker to a management role in her business rather than recruiting from outside of the business.

Two advantages of internal recruitment include:

- (A) Staff motivation and loyalty
- (B) Bring new ideas and succession planning
- (C) Bring new ideas and increased productivity
- (D) Staff motivation and wider pool of applicants

Question 18 Which of the following represent benefits to the employer of engaging in effective performance management of their employees?

- (A) It can help to identify and retain talent within the organisation
- (B) It may allow workers to access better pay if they are more productive
- (C) It allows employees to better understand how they are performing relative to peers
- (D) It may enable workers to use this process as a stepping stone to acquiring promotions with competitors.

Questions 19 and 20 relate to the following information.

Financial information to H1N1 Pty Ltd.

Item	\$
Accounts payable	10,000
Accounts receivable	20,000
Buildings	100,000
Capital	10,000
Cash	10,000
Fixtures	20,000
Mortgage	60,000
Overdraft	10,000
Short term loan payable	10,000
Retained earnings	50,000

Question 19 Using the information above, calculate the current ratio (current assets/current liabilities) for H1N1 Pty Ltd.

- (A) 0.5:1
- (B) 1:1
- (C) 1.33:1
- (D) 1.66:1

Question 20 Calculate the gearing ratio (total liabilities/total equity) for H1N1 Pty Ltd.

- (A) 50%
- (B) 100%
- (C) 150%
- (D) 200%

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Section II

Question 21 (16 marks)

Financial statement for Coastal Coffee Beans as at 20 June 2012

	2012		2012
Current assets		Current liabilities	
Cash	4,450	Overdraft	13,500
Accounts receivable	8,500	Accounts payable	11,600
Inventory	13,600		
		Non current liabilities	
		Mortgage	280,000
Non current assets		Owners equity	
Equipment	37,550	Capital	165,000
Property	410,000	Net profit	95,000
Vehicles	91,000		
Total	565,100		565,100

ADDITIONAL INFORMATION

- ⌚ 2012 debt to equity ratio: 0.8:1
- ⌚ 2012 liquidity was 2.4:1
- ⌚ 2012 net profit: \$323,000

(A) Calculate the current ratio (current assets/current liabilities) for Coastal Coffee Beans in 2012. (1 mark)

(B) Calculate and comment on the gearing ratio (total liabilities/total equity) of Coastal Coffee Beans. (2 marks)

Question 21 (cont)

(C) Recommend and justify ONE global financial management strategy the management of Coastal Coffee Beans could look to implement in 2013. **(3 marks)**

(D) Recommend TWO profitability strategies that management could use to improve its profitability in 2013. **(4 marks)**

Question 21 continued next page

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Question 21 (cont)

(E) Outline why it is important to businesses maintain accurate financial records. **(2 marks)**

(F) Describe TWO limitations of financial reports. **(4 marks)**

Question 22 (6 marks)

Green Cross is a local designer and manufacturer of leather accessories. Management at *Green Cross* is going to expand their business operations throughout Asia and Africa.

(A) Outline ONE input which *Green Cross* would use in its operational process. (2 marks)

(B) Describe how *Green Cross* would utilise sequencing and scheduling in the operations process. (2 marks)

Question 22 continued next page

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Question 22 (cont)

(C) Outline ONE global factor a business must consider in its operation strategies. (2 marks)

Question 23 (8 marks)

- (A)** Identify ONE *illegal* marketing practice under Australian consumer law. (1 mark)

- (B)** Outline how *psychological* factors can influence consumer choice. (2 marks)

- (C)** Describe ONE *ethical* criticism of marketing. (2 marks)

Question 23 continued next page

Question 23 (cont.)

- (D)** Explain the interdependence between marketing and finance business functions. (3 marks)

Question 24 (10 marks)

(A) Outline the strategic role of human resources. (2marks)

(B) Describe TWO legal influences in the workplace. (4 marks)

Question 24 continued next page

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Question 24 (cont)

- (C)** Compare the process of negotiating enterprise agreements with the negotiation of individual contracts. **(4 marks)**

End of Section II

SECTION III

20 marks

Attempt question 25

Allow about 35 minutes for this section.

Answer this question in a 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 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.
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Question 25 (20 marks)

LemonTec Pty Ltd is a leading Australian designer and manufacturer of high tech smart watches. The business plans to expand into the Asia Pacific region.

LemonTec has 70% market share in Australia of the smart watch market and has achieved a gross profit of 30%

The management of LemonTec are seeking advice on the following aspects of their international expansion:

- ⌚ operations processes to help achieve gross profit growth
- ⌚ sources of finance to fund expansion

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

- ⌚ Explain the operations processes that the business needs to consider.
- ⌚ Recommend the appropriate sources of finance.

End of Section III

Section IV

Total marks (20)

Attempt either Question 26 **OR** Question 27

Allow about 35 minutes for this section.

Answer this question in the Writing Booklet provided

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 relevant business terminology and concepts
 - ⌚ present a sustained, logical and cohesive response.
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Question 26 (20 marks)

Assess how the current legal framework impacts effective human resource management for a business.

Question 27 (20 marks)

Assess how corporate social responsibility impacts operational strategies for a business.

End of Section IV