

Mohanna Education

2012

**TRIAL HIGHER SCHOOL CERTIFICATE
EXAMINATION**

Business Studies

General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black or blue pen
Black pen is preferred
- Draw diagrams using pencil
- Board-approved calculators may be used
- Write your Centre Number and Student Number at the top of page 9

Total marks -100

Section I Pages 2-6

20 marks

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

Section II Pages 9-16

40 marks

- Attempt Questions 21-25
- Allow about 1 hour and 15 minutes for this section

Section III Page 17

20 marks

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

Section IV Page 18

20 marks

- Attempt either Question 27 or Question 28
- 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.

- 1 Which of the following is a strategic role of operations management?
- (A) Cost leadership
 - (B) Globalisation
 - (C) Transformation processes
 - (D) Performance objectives
- 2 A takeover bid for a major public company has caused the share price of the company to rise sharply.
- Which institution would be involved in suspending trade on the shares whilst the takeover bid is investigated?
- (A) Australian Competition and Consumer Commission
 - (B) Australian Securities and Investment Commission
 - (C) Australian Business Register
 - (D) Australian Securities Exchange
- 3 In order to encourage productivity MHE Bank encourages managers to assess their staff and calculate individual bonuses. In addition, if the company achieves company targets such as winning industry awards then all employees receive a fixed bonus.
- MHE is using which forms of reward?
- (A) Individual and group based pay
 - (B) Group and performance based pay
 - (C) Group and team based rewards
 - (D) Individual and performance based pay

- 4 How can technology be used as a marketing strategy?
- (A) Through modelling pricing decisions and their effect on business profitability
 - (B) Through application of e-marketing such as the use of social networking media
 - (C) Through creating very innovative brands
 - (D) By applying a Just In Time inventory management system
- 5 What is one advantage of holding stock?
- (A) It costs business as money is tied up in inventory
 - (B) The business can use large stores of old stock as loss leaders
 - (C) A 'bait and switch' approach can be applied on customers
 - (D) Customer orders can be filled with short lead times

Use the following to answer Questions 6 and 7.

Financial information for PBP Printing

Financial Indicator	Time period			
	July – Sept 2011	Oct – Dec 2011	Jan – Mar 2012	Apr – June 2012
Gross Profit Ratio, GPR	60%	61%	63%	65%
Net Profit Ratio, NPR	25%	26%	27%	27%

- 6 What is a possible explanation for the trend in Gross Profit Ratio, GPR?
- (A) PBP management has cut wage costs
 - (B) The operations managers have sourced cheaper supplies
 - (C) The marketing managers have applied a penetration pricing strategy
 - (D) More competitors have entered the market
- 7 How are expenses being managed at PBP Printing?
- (A) The business has increased expenses so should try and reduce them
 - (B) The business has neither reduced nor increased expenses, but should aim to reduce them
 - (C) Gross profits have risen so expenses have decreased and are being managed well
 - (D) Net profits have risen so expenses have decreased and are being managed well

- 8 Danny buys a very expensive pair of sunglasses that were advertised as assisting to 'reduce sun glare while driving'. Upon close inspection she realises that one lens is much darker than the other one.

Which aspect of consumer laws is relevant to Danny?

- (A) Deceptive and misleading advertising
- (B) Price discrimination
- (C) Implied conditions
- (D) Products that may damage health

- 9 Which of the following would ONLY take place during the acquisition process of human resource management?

- (A) Interviews
- (B) Reference checks
- (C) Staff training
- (D) Redundancy pay

- 10 AJ's Electricals employs 3 electricians full time and will call on casual tradesmen as required.

Which influence on operations processes does this reflect?

- (A) Variety
- (B) Visibility
- (C) Facilities
- (D) Variation in demand

- 11 What pricing strategy should be applied by a business that creates highly innovative products that are subject to high levels of market demand?

- (A) Skimming
- (B) Penetration
- (C) Price points
- (D) Loss leaders

- 12 When the Australian dollar rises in value what will be the effect on overseas borrowing?
- (A) The servicing costs will fall and the business will save money
 - (B) The servicing costs will stay the same so there will be no effect
 - (C) The servicing costs will rise and the business will be in financial difficulty
 - (D) Businesses will reduce the amount they borrow
- 13 When might a company seek external equity finance?
- (A) For management of working capital
 - (B) When expanding the scale of operations
 - (C) If seeking to pay off debt whilst retaining ownership
 - (D) If solvency levels are stable
- 14 How might outsourcing impact on the human resources function?
- (A) A business loses control of its labour force and needs to manage public relations better
 - (B) It can assist with specialisation of labour despite increasing costs
 - (C) It can reduce overall costs and also reduce overall certainty amongst employees
 - (D) The operations function becomes more complicated and complex
- 15 During periods of rising stock costs which inventory costing technique will minimise the overall profitability of the business?
- (A) LIFO
 - (B) FIFO
 - (C) JIT
 - (D) SWOT
- 16 If a business does not want to be very highly geared which strategy will it utilise when it needs to get access to long-term assets?
- (A) Long-term debt funding such as a mortgage or debenture
 - (B) Short-term debt funding such as bank overdraft
 - (C) Leasing
 - (D) Factoring

- 17** A health care clinic that applies lasers in minor day surgery has had a number of employees fall ill after using one particular machine. A review of the technology in the USA recommends that the machine be banned from use, but the Australian authorities have not yet declared a ban.

What would ethically responsible managers do?

- (A) Comply with all laws but use the machinery until a ban comes into place
 - (B) Apply principles of CSR even if the cost is higher than desired
 - (C) Use the machinery quickly to get the best use out of it
 - (D) Stop employees from entering the workplace and shut the business down
- 18** Which of these is a transformed input in operations processes?
- (A) Customers
 - (B) Human resources
 - (C) Facilities
 - (D) Warranties
- 19** Which of the following best represents a business in an intermediate market?
- (A) BuLing's Grocery and Stationery Store Pty Ltd
 - (B) Real Thing Organic Produce Ltd
 - (C) Fred's Rare Automobile Mart Pty Ltd
 - (D) Davidson's Logistics and Transportation Solutions Ltd
- 20** What form of long-term borrowing provides no charge over the company's assets?
- (A) Mortgage
 - (B) Overdraft
 - (C) Unsecured notes
 - (D) Commercial bills

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Centre Number

Business Studies

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Student Number

Section II

40 marks

Attempt Questions 21–25

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

Question 21 (8 marks)

Refer to the Gantt Chart below which refers to the replacement of machinery in a business that manufactures and retails spring water.

Activity	September	October	November	December
Order the new machinery	[Bar: Sep 1-5]			
Start winding back on current plant use	[Bar: Sep 1-5]			
Outsource current production		[Bar: Sep 15 - Dec 15]		
Arrange for delivery and installation of new plant		[Bar: Oct 15 - Oct 25]		
Realign machinery in the facility			[Bar: Nov 15 - Nov 25]	
Trial new machinery			[Bar: Nov 25 - Dec 5]	
Initial staff training			[Bar: Nov 15 - Nov 25]	
Full scale plant operation				[Bar: Dec 15 - Dec 31]
On-going staff training				[Bar: Dec 15 - Dec 31]

a) Distinguish between sequencing and scheduling.

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Question 21 continues on page 10

Question 21 (Continued)

- b) Outline the relationship between productivity and staff training. 2

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- c) Describe how the Gantt Chart would assist operations managers in managing the change. 4

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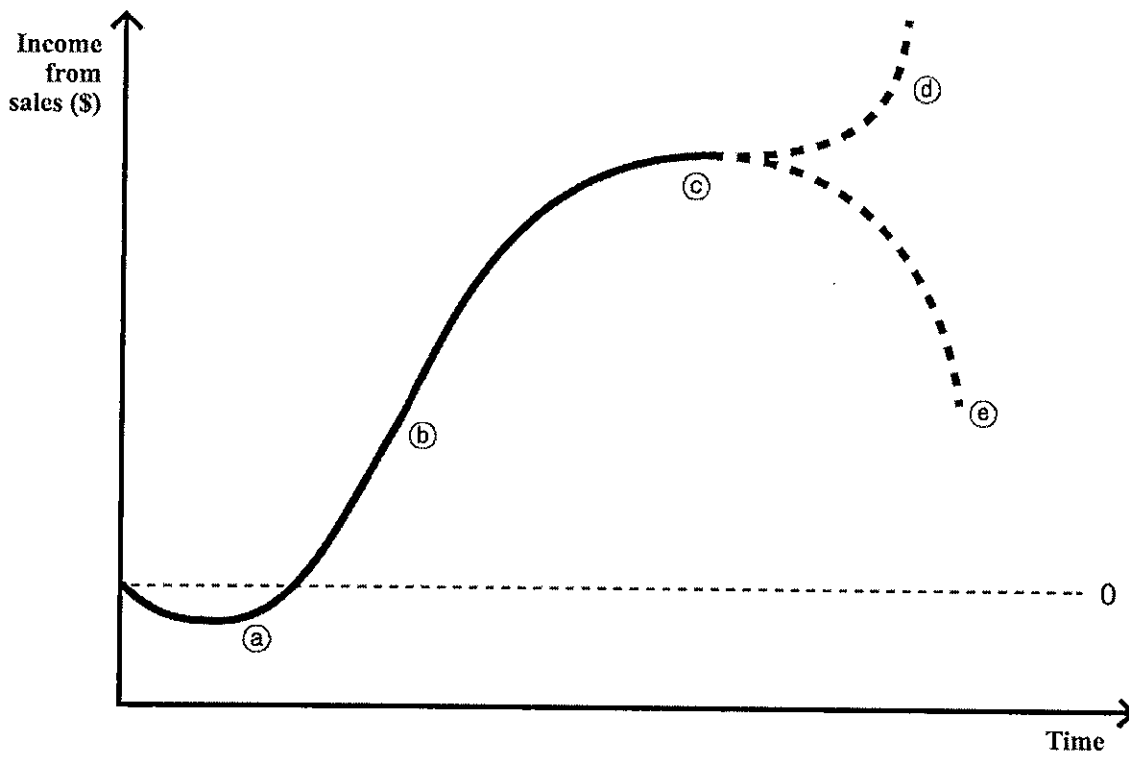
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End of Question 21

Question 22 (10 marks)

The diagram below refers to Sarkis Mobiles and Tech Toys. The business has many products in the maturity phase and needs to decide when to establish and launch its new product range.



(a) Identify the different stages of the product lifecycle and state the importance of understanding the lifecycle.

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Question 22 continues on page 12

Question 22 (Continued)

(b) Evaluate the pricing options available to the business when it launches the new product range.

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End of Question 22

Question 23 (8 marks)

The balance sheet for a business is shown.

MMR Medical Supplies Pty Ltd					
Balance Sheet as at 30th June 2012					
Assets	2011	2012		2011	2012
	\$'000s	\$'000s	Liabilities	\$'000s	\$'000s
<i>Current Assets</i>			<i>Current Liabilities</i>		
Cash at Bank	60	50	Credit card/overdraft	16	30
Debtors	120	130	Creditors	184	230
Stock	200	220			
<i>Non Current Assets</i>			<i>Non Current Liabilities</i>		
Vehicles	60	50	Mortgage	450	420
Buildings	600	660	Other Loans	80	100
Machinery	120	120	<i>Owner's Equity</i>		
			Capital invested	450	450

- a) Calculate the gearing ratio (total liabilities ÷ total equity) for MMR Medical Supplies Pty Ltd for 2012. Show full working. 2

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- b) Calculate the current ratio (current assets ÷ current liabilities) for MMR Medical Supplies Pty Ltd for both 2011 and 2012. 2

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Question 23 continues on page 14

Question 23 (Continued)

- c) Recommend and justify TWO (2) strategies for the management of working capital at MMR Medical Supplies Pty Ltd.

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End of Question 23

Question 24 (7 marks)

What role do human resources strategies play in assisting business to achieve success? **7**

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Question 25 (7 marks)

Toogood Jewellers makes a range of exclusive high-end products for wealthy clientele. A recent assessment of suppliers found that there was some variation in the quality of supplies sourced. Management has decided to rationalise the supply chain and make quality an essential feature for winning supply contracts.

(a) Define the term quality.

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(b) Describe how for Toogood Jewellers quality expectations, price and quality management interrelate.

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Business Studies

Section III

20 marks

Attempt Question 26

Allow about 35 minutes for this section

Answer the 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 terminology and concepts
 - present a sustained, logical and cohesive response in the form of a business report
-

Question 26 (20 marks)

In response to escalating levels of demand, Fitness2U has expanded their product range and this has doubled their sales over the past 12 months. The gym and personal fitness products that Fitness2U sources come from Europe and the USA. Fitness2U would like to move to a cost leadership model and thus seek advice on:

- Global sourcing and inventory management
- The relationship between volume, variety and customer demand
- Market segmentation and positioning
- Profitability management

You have been approached as a consultant to prepare a report for Fitness2U.

In your report suggest and justify effective operational, marketing and financial strategies that Fitness2U could implement in order to achieve cost leadership.

Please turn over

Section IV

20 marks

Attempt either Question 27 or Question 28

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
 - use 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 27 (20 marks)

How does an understanding of influences on human resources assist management to achieve business goals?

OR

Question 28 (20 marks)

Evaluate the effectiveness of the management of financial influences on business success.

End of paper