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Student Number



Ravenswood

**2014**  
**Higher School Certificate Trial**  
**Examination**

45 Copies

**Year 12**

Mr T Nader  
Mr H Turnbull

# Business Studies

## General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using blue or black pen
- Draw diagrams using pencil
- Board-approved calculators may be used
- Use the Multiple Choice Answer Sheet provided at the back of this examination paper
- Write your Student Number at the top of all pages where indicated

## Total marks - 100

### Section I – Multiple Choice

#### Total Marks (20)

- Attempt Questions 1 - 20
- Mark your answer on the Multiple Choice answer sheet provided
- Allow 35 minutes for this section

### Section II

#### Total Marks (40)

- Attempt Question 21 – 25
- Write your answers in the spaces provided
- Allow about 1 hour and 15 minutes for this section

### Section III

#### Total Marks (20)

- Attempt Question 26
- Answer this question in a writing booklet
- Allow about 35 minutes for this section

### Section IV

#### Total Marks (20)

- Attempt EITHER Question 27 or Question 28
- Answer this question in a writing booklet
- Allow about 35 minutes for this section

## SECTION I

Total marks (20)

Attempt Questions 1 –20

Allow about 35 minutes for this section

Use the Multiple Choice Answer Sheet provided

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1. The new motor company Hi-Undi wants to capture the whole market by offering a range of vehicles at different prices.

Which of the following price strategies would achieve this outcome?

- (A) Competition based pricing
  - (B) Price penetration
  - (C) Price points
  - (D) Price skimming
2. Alfred is the financial controller of Oxynation Pty Ltd. His primary role is to pay short-term creditors on time.

Which financial objective is Alfred primarily concerned with?

- (A) Liquidity
  - (B) Profit
  - (C) Growth
  - (D) Solvency
3. Which is **not** considered a stakeholder in the human resource management?
- (A) Trade Unions
  - (B) Government
  - (C) Society
  - (D) Suppliers

4. Which regulatory body is responsible for ensuring laws are upheld throughout the financial system?
- (A) Australian Competition and Consumer Commission (ACCC)
  - (B) Australian Securities and Investment Commission (ASIC)
  - (C) Australian Stock Exchange (ASX)
  - (D) Australian Prudential and Regulatory Authority (APRA)
5. Management's role in a consumer electronics business is to manage inventory more efficiently by reducing the cost of warehousing.

Which of the following can be implemented by managers of this business?

- (A) Last in first out
- (B) First in first out
- (C) Just in time
- (D) Outsourcing

Use the stimulus below to answer Question 6

<i>Current Assets</i>	\$	<i>Current Liabilities</i>	\$
Cash at Bank	17 500	<i>Accounts Payable</i>	?
Inventory	48 000	Overdraft	12 000
Accounts Receivable	15 500		
Total Current Assets	81 000	Total Current Liabilities	50 000

6. What is the amount of *Accounts Payable* for this business?
- (A) \$50 000
  - (B) \$12 000
  - (C) \$15 500
  - (D) \$38 000

7. Scott's Gelato Bar has experienced a variation in sales based on changes in the weather.

Which factor is determining the sale of products sold by Scott's Gelato Bar?

- (A) Geographic factors
- (B) Behavioural factors
- (C) Demographic factors
- (D) Physiographic factors

**Use the stimulus below to answer Question 8**

	2013	2014
Gross Profit Ratio	60%	50%
Expense Ratio	X	Y
Net Profit Ratio	15%	15%

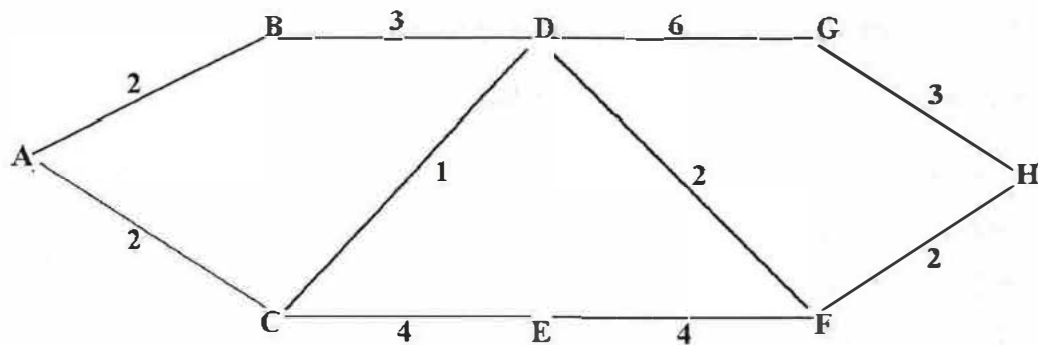
8. Which of the following best describes the scenario above?

- (A) The expense ratio has remained the same
- (B) The expense ratio has decreased
- (C) The expense ratio has increased
- (D) Profitability has increased

9. Which of the following describes a business that is most likely to be a cost leader?

- (A) It uses the least amount of input possible to produce a given output
- (B) It has a high level of customer contact
- (C) It has low volume and produces standardised products
- (D) It has a high variation in demand

Use the stimulus below to answer Question 10



10. Which of the following represents the Critical Path for the business?
- (A) A to B to D to G to H  
 (B) A to C to E to F to H  
 (C) A to C to D to G to H  
 (D) A to C to D to F to H
11. Kris owns a florist business. Her main objective at present is to develop products that are exactly matched to her customers' needs.
- Which term best describes Kris' performance objective?
- (A) Cost  
 (B) Flexibility  
 (C) Speed  
 (D) Customisation
12. Senior management of Ozfoods Pty Ltd is considering outsourcing its human resource function to an overseas contractor. What is one potential disadvantage of this action?
- (A) The decision to outsource could generate cost savings for Ozfoods Pty Ltd  
 (B) Management at Ozfoods Pty Ltd would be able to focus on its core revenue generating activities  
 (C) The overseas contractor may not fully understand the corporate culture of Ozfoods Pty Ltd  
 (D) The overseas contractor may have access to specialist knowledge not available to the management of Ozfoods Pty Ltd

13. A factory has recently had 35 solar panels installed on its roof to reduce power consumption.

Which of the following factors likely influenced their decision?

- (A) Globalisation
- (B) Legal regulation
- (C) Environmental sustainability
- (D) Quality expectations

14. A company has recently decided to offer a discount for early payment of accounts receivable.

What is the likely result?

- (A) Decreased profits and improvement in cash flow
- (B) Decreased profits and worsening of cash flow
- (C) Increased profits and improvement in cash flow
- (D) Increased profits and worsening of cash flow

15. There is a legal requirement that the goods a business sells, meets the customers intended purpose of use.

What area of consumer law is this?

- (A) Price discrimination
- (B) Sugging
- (C) Good taste in advertising
- (D) Implied conditions

16. In the operations processes, which of the following categories would Human Resources belong to?

- (A) Output
- (B) Information
- (C) Transformed Input
- (D) Transforming Input

17. Which of the following tools will assist with sequencing and scheduling in transformation processes?
- (A) Monitoring
  - (B) Gantt Charts
  - (C) Warranty
  - (D) Computer Aided Design
18. A company has recently lowered its average accounts receivable from 35 days to 28 days.  
To which objective of financial management is this related?
- (A) Growth
  - (B) Profitability
  - (C) Efficiency
  - (D) Equity
19. The operations department of a large business is investigating a possible pay increase for front line staff.  
Which other key business functions would likely be consulted before making a decision?
- (A) Finance and human resources
  - (B) Human resources and marketing
  - (C) Finance and marketing
  - (D) Finance and operations
20. What is the most likely reason that a business would use intensive distribution?
- (A) To limit costs
  - (B) To ensure a higher price can be charged
  - (C) To achieve maximum availability
  - (D) To decrease warehousing costs

**End of Section I**



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Student Number

**Section II**

Total marks (40)

Attempt Questions 21 – 25

Allow about 1 hour 15 minutes for this section

Answer the questions in the spaces provided

Marks

Question 21 (10 marks)

<i>Cosmo Catering Pty Ltd</i>			
	2014		2014
	\$ '000		\$ '000
<b>Assets</b>		<b>Current Liabilities</b>	
<b>Current Assets</b>		Overdraft	28
Accounts Receivable	20	Payables	232
Inventory	150		
Cash	90		
<b>Non-Current Assets</b>		<b>Non-Current Liabilities</b>	
Kitchen Equipment	90	Mortgage	200
Van	50	Bank Loans	200
Premises	760		
		<b>Owner's Equity</b>	
		Capital	500

Industry Standards: 2 : 1 Working Capital

Industry Standards: 1 : 1 Gearing

- (a) Calculate and comment on the liquidity of Cosmo Catering Pty Ltd in 2014. (Current Assets ÷ Current Liabilities).

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Question 21 continues on page 9



Question 21 continued

- (b) Calculate and comment on the gearing of Cosmo Catering Pty Ltd in 2014.  
(Total Liabilities ÷ Total Equity).

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- (c) Recommend TWO strategies for managing working capital at Cosmo Catering Pty Ltd.

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**End of Question 21**

**Question 22** (10 marks)

(a) Outline TWO methods of data collection for primary research.

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(b) Describe TWO methods a business can use to conduct a situation analysis.

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**Question 22 continues on page 11**

Question 22 continued

- (c) With reference to TWO stakeholders, explain the benefits of truth and accuracy in advertising.

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**End of Question 22**

**Question 23** (10 marks)

- (a) Distinguish between a transformed and a transforming resource. Provide an example of each.

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- (b) Identify and describe how a Gantt chart would assist in achieving one performance objective of a business.

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**Question 23 continues on page 13**

Question 23 continued

- (c) Explain why corporate social responsibility is a key concern in operations management. Provide examples.

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End of Question 23

**Question 24** (6 marks)

Bob and Beryl operate a successful electronics retail shop. In recent months, government regulation has increased and sales have declined.

- (a) Outline how marketing affects operations. 2

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- (b) Describe TWO factors that influence customer choice. 4

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**End of Question 24**

**Question 25** (4 marks)

The management of Jet Blue Airline is in the process of negotiating wage increases with its staff.

- (a) Identify TWO stakeholders in human resource management. **1**

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- (b) Explain how the interests of stakeholders in human resource management might lead to conflict with the business. **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 this question in the writing booklet provided**

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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)**

Windy Winery is an Australian wine producer located in NSW. They have been established for over 35 years.

Lately, they have experienced a combination of:

- a stagnating domestic market,
- increased demand overseas and
- lower exchange rates.

These factors have helped them decide to expand globally. They have initially targeted China, USA and Europe as ideal markets.

Write a report to the owners of Windy Winery recommending both global marketing and global financial management strategies that may assist with the expansion.

**End of Section III**

## **Section IV**

**Total marks (20)**

**Attempt either Question 27 or Question 28**

**Allow about 35 minutes for this section**

**Answer this Section in the Writing Booklet provided**

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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 27 (20 marks)**

Analyse how financial management strategies can be used to achieve objectives of financial management.

**OR**

### **Question 28 (20 marks)**

Analyse how effective operations strategies can help a business achieve the strategic role of operations management.

**End of Examination**



Ravenswood

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Student Number

Teacher's name: .....

**Multiple Choice Answer Sheet – Business Studies**  
**Section I – Questions 1 – 20**

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

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

Sample

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 change 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: correct

A       B  <sup>correct</sup>      C       D

1. A  B  C  D
2. A  B  C  D
3. A  B  C  D
4. A  B  C  D
5. A  B  C  D
6. A  B  C  D
7. A  B  C  D
8. A  B  C  D
9. A  B  C  D
10. A  B  C  D

11. A  B  C  D
12. A  B  C  D
13. A  B  C  D
14. A  B  C  D
15. A  B  C  D
16. A  B  C  D
17. A  B  C  D
18. A  B  C  D
19. A  B  C  D
20. A  B  C  D