

--	--	--	--	--	--	--	--	--	--

Student Number



Ravenswood

2015  
Higher School Certificate Trial  
Examination

35 Copies

Year 12

Mr T Nader

# Business Studies

## General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using blue or black pen, black pen is preferred
- 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 – 24
- Write your answers in the spaces provided
- Allow about 1 hour and 15 minutes for this section

## Section III

Total Marks (20)

- Attempt Question 25
- Answer this question in a writing booklet
- Allow about 35 minutes for this section

## Section IV

Total Marks (20)

- Attempt EITHER Question 26 OR Question 27
- 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

---

1. Kelly decides to carry out a SWOT analysis on part of her marketing process.  
Which of the following is an example of a threat?
  - (A) The business fails to meet financial objectives.
  - (B) The business has a poor reputation.
  - (C) Kelly relies on unreliable technology.
  - (D) There is an economic downturn.
  
2. Which of the following statements best illustrates the interdependence between the operations and human resources function within a manufacturing business?
  - (A) Operations transform the raw materials. Human resources set the price.
  - (B) Operations managers hire staff to use the machines.
  - (C) Operations and human resources work towards the same set of company goals.
  - (D) Operations and human resources managers meet in the boardroom once a month.
  
3. Management of a building company has decided to use a graph depicting the months in which each section of a new project will occur.  
What type of graph is this?
  - (A) Product Life Cycle
  - (B) Critical Path Analysis
  - (C) Gantt Chart
  - (D) SWOT analysis

4. A business begins in March with a cash balance of \$4500. Cash receipts for March were \$2000 and cash payments were \$1500.

During the month \$1000 worth of goods were purchased on credit.

What is the opening balance for April?

- (A) \$5000
  - (B) \$4000
  - (C) \$7500
  - (D) \$6500
5. Which of the following is an advantage of using debt finance to fund a new business venture?
- (A) Interest repayments are tax deductible
  - (B) It is less risky
  - (C) Repayments must regularly be made to the lender
  - (D) Decision-making must be shared between the owners
6. When would price skimming be an appropriate price strategy to use in a business?
- (A) The business is attempting to develop brand loyalty
  - (B) Demand is high and there is limited competition
  - (C) The business is attempting to attract customers to other products
  - (D) The business is able to offer different prices to different users of the product
7. The current assets of a business are \$20 000 while the current liabilities are \$10 000.
- What does this mean?
- (A) The current ratio is 50%
  - (B) The business is in a dangerous financial position.
  - (C) The gearing ratio is 50%
  - (D) The current ratio is 2:1

8. Which of the following is an example of transforming resources?
- (A) Human resources
  - (B) Materials
  - (C) Information
  - (D) Customers
9. Which of the following is the best measure of the effectiveness of the transformation process within a television manufacturing company?
- (A) Employee satisfaction surveys
  - (B) Warranty claims against the product
  - (C) Volume of stock at the end of the financial year
  - (D) Number of televisions sold
10. Why might a global business introduce a policy of standardisation from an operational point of view?
- (A) To better target different market segments
  - (B) To take advantage of more efficient resources and lower taxes
  - (C) To help achieve economies of scale
  - (D) To help improve its global brand image
11. Employing fewer managers and increasing the amount of outsourcing could improve profitability for a business.

Which factor may cause resistance to these changes?

- (A) Increased costs of global sourcing
- (B) High retraining costs
- (C) The financial cost of de-skilling
- (D) The cost of redundancy payouts

12. Betta Bolts has signed a contract with a new company who will supply raw materials at a reduced price and allow 30 day cash payment terms.

To which objectives of financial management does this change relate?

- (A) Profitability and growth
  - (B) Growth and efficiency
  - (C) Profitability and liquidity
  - (D) Solvency and efficiency
13. Which of the following are examples of short term borrowings?
- (A) Overdraft and commercial bills
  - (B) Mortgage and factoring
  - (C) Debentures and new issue shares
  - (D) Overdraft and unsecured notes
14. The *just-in-time* (JIT) approach to inventory management relies heavily on what feature of a business?
- (A) An effective system of storing stock
  - (B) The ability of stock to remain in good condition
  - (C) An ability to accurately predict customer demands
  - (D) A constant level of pricing of all stock purchased
15. Tony Peperoni runs a popular Italian restaurant in the local community. His success to date has been due to the quality of his product and price. Based on market research, he is now showing concerns with the total dining experience of his customers.
- Which of the following marketing strategies would Tony need to address?
- (A) Product and physical evidence
  - (B) People and price
  - (C) Processes and physical evidence
  - (D) Processes and price

Use the stimulus below to answer Questions 16 and 17

<b>Matthew's Engineering Services</b>			
<b>Current Assets</b>	<b>\$</b>	<b>Current Liabilities</b>	<b>\$</b>
Cash at Bank	20 000	Account Payable	8 000
Inventory	15 000	Overdraft	12 000
Accounts Receivable	15 000		
<b>Non Current Assets</b>		<b>Non Current Liabilities</b>	
Equipment	25 000	Bank Loan	25 000
Cars/Vans	65 000	<b>Owners' Equity</b>	
		Capital	XXXX
		Retained Earnings	15 000

16. What is the value of the initial owners' contribution (capital)?

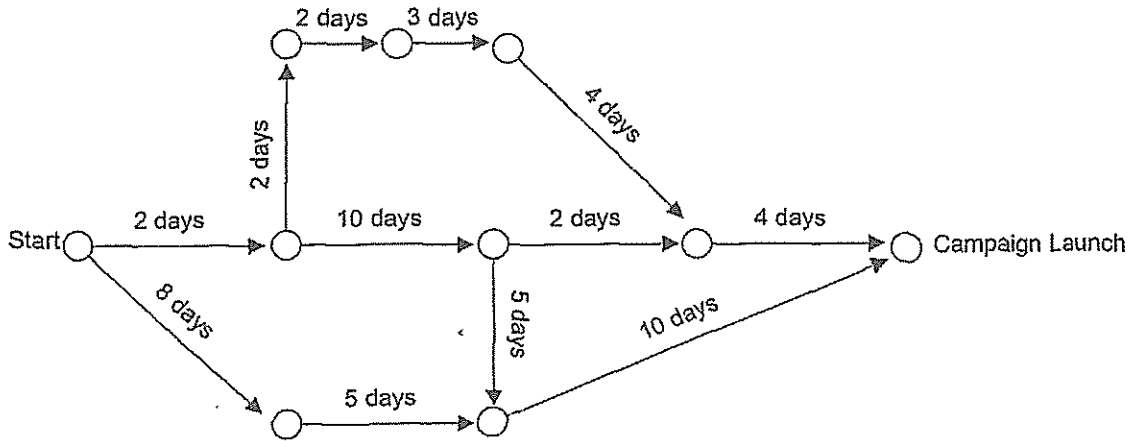
- (A) \$15 000
- (B) \$80 000
- (C) \$45 000
- (D) \$20 000

17. Matthew's Engineering Services sells its remaining stock at cost for \$15 000.

What impact will this have on the balance sheet?

- (A) An increase in current assets
- (B) An improvement in the working capital ratio
- (C) A deterioration in the working capital ratio
- (D) A decrease in non-current assets

Use the stimulus below to answer Question 18



Marketing Campaign for the Launch of a New Soft Drink

18. What is the critical path for the campaign launch?
- (A) 23 days
  - (B) 17 days
  - (C) 27 days
  - (D) 18 days
19. Which of the following best describes a “global web”?
- (A) Where a manufacturer sources the components for a particular product from different locations around the globe
  - (B) Where a manufacturer outsources the operation function overseas
  - (C) The actual production process used in the business
  - (D) The location of a new manufacturing facilities globally



Use the following information and your own knowledge to answer Question 20

ABC Environmental Services has provided the following data based on the revenue statement for the year ended 30<sup>th</sup> June 2015:

- Total Sales \$5000
- Net Profit Ratio 5%
- Gross Profit Ratio 60%

20. What is the value of the Cost of Goods sold for ABC Environmental Services?

- (A) \$250
- (B) \$500
- (C) \$2000
- (D) \$3000

End of Section I

--	--	--	--	--	--	--	--

Student Number

**Section II**

**Total marks 40**

**Attempt Questions 21 – 24**

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

Answer the questions in the spaces provided. These spaces provide guidance for the expected length of response.

**Marks**

**Question 21 (10 marks)**

Consider the Balance Sheets for Anne’s Florist to answer the questions that follow.

**Anne’s Florist Pty Ltd**  
**Balance Sheets as at June 30 2014 and 2015**

Current Assets	Year	Year	Current Liabilities	Year	Year
	2014	2015		2014	2015
Cash at Bank	2 000	4 000	Accounts Payable	10 000	22 000
Accounts Receivable	12 000	19 000	Overdraft	7 000	15 000
Inventory	20 000	20 000			

- (a) Calculate the current ratio (current assets : current liabilities) of this business for both years. Outline the trend identified from your calculations. 3

2014.....

.....

.....

2015.....

.....

.....

Trend.....

.....

.....

**Question 21 continues on page 10**

Question 21 continued

- (b) Describe TWO financial management strategies that Anne’s Florist could use to deal with the changed liquidity situation.

4

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

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

3

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**Question 22** (10 marks)

- (a) Outline the interdependence between the operations function and the human resources function of a business.

2

.....

.....

.....

.....

.....

.....

- (b) Distinguish between transformed resources and transforming resources. Refer to examples of a specific business.

2

.....

.....

.....

.....

.....

.....

.....

.....

**Question 22 continues on page 12**

Question 22 continued

- (c) Outline how *first-in-first-out* (FIFO) inventory management can reduce operational costs for a business. 2

.....

.....

.....

.....

.....

.....

- (d) Identify TWO reasons why resistance to change may occur within a business and explain how these forms of resistance could impact upon the operations of a business. 4

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**Question 23** (10 marks)

- (a) Outline TWO different methods that a business can use to collect data about their target market. Refer to specific examples. 3

.....

.....

.....

.....

.....

.....

.....

- (b) Explain TWO factors influencing customer choice. Give specific examples to support your answer. 4

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**Question 23 continues on page 14**

Question 23 continued

- (c) Justify ONE pricing strategy/method that could be adopted by a business to increase sales in a competitive market.

3

.....

.....

.....

.....

.....

.....

.....

Question 24 (10 marks)

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

(i) .....

(ii) .....

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

.....  
.....  
.....  
.....

(c) Describe how customer service contributes to the success of a business. 2

.....  
.....  
.....  
.....

Question 24 continues on page 16



Question 24 continued

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

(i) .....

.....

.....

.....

(ii) .....

.....

.....

.....

**End of Section II**

### Section III

**Total marks 20**

**Attempt Question 25**

**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 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 25 (20 marks)

All-stars Electronics is a successful business that manufactures and sells computers, software and other electronics. It is in the post maturity phase of the business life cycle. Management is looking to develop new services and outsource part of its manufacturing operations to increase overall profitability and efficiency.

After investigating weaknesses and threats, management found:

- Fall in productivity and morale of current employees
- Increased number of products with defects
- Cost of producing some products domestically had increased

As a result, management is looking to make some changes to:

- Increase productivity and morale of employees
- Expand its operations through the purchase of a competitor
- Outsource part of the operations process overseas
- Export a number of its products overseas

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

- Outline TWO advantages and TWO disadvantages of outsourcing part of the manufacturing process overseas.
- Evaluate TWO different sources of debt for the business to fund its expansion
- Examine place and distribution strategies the business should consider in the marketing of its product

**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 Section 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
- 

**Question 26 (20 marks)**

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

**OR**

**Question 27 (20 marks)**

Analyse how operation strategies can help a business sustain its competitive advantage.

**End of paper**



--	--	--	--	--	--	--	--

Student Number

## 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

Sample

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 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

11. A  B  C  D

2. A  B  C  D

12. A  B  C  D

3. A  B  C  D

13. A  B  C  D

4. A  B  C  D

14. A  B  C  D

5. A  B  C  D

15. A  B  C  D

6. A  B  C  D

16. A  B  C  D

7. A  B  C  D

17. A  B  C  D

8. A  B  C  D

18. A  B  C  D

9. A  B  C  D

19. A  B  C  D

10. A  B  C  D

20. A  B  C  D