

Trial Examination

Business Studies

General Instructions

- Reading time - 5 minutes
- Working time - 3 hours
- Board-approved calculators may be used
- Write using blue or black pen
- Write your student number in the spaces provided

Section I - Total marks (20)

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

Section II - Total marks (40)

- Attempt questions 21 - 25
- Allow about 80 minutes for this section

Section III - Total marks (20)

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

Section IV - Total marks (20)

- Attempt question 27 or question 28
- Allow about 35 minutes for this section

Disclaimer

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PLEASE NOTE - THE FORMULAS WILL NOT APPEAR ON THE HSC PAPER.

Section I

Total marks (20)

Attempt Questions 1 - 20

Allow about 35 minutes for this section.

Use the multiple-choice answer sheet.

Select the alternative A, B, C or D that best answers the question. Circle the letter completely. If you think that you have made a mistake, put a cross through the incorrect answer and circle the new answer.

1. Effective supply chain management requires
 - (A) good planning
 - (B) a positive trusting relationship with suppliers
 - (C) low costs
 - (D) outsourcing

2. Jan Phillips is the team-leader in charge of Research and development at Tyre House, his focus at the moment is on dependability. This is an example of
 - (A) a product feature
 - (B) an operations strategy
 - (C) the firms mission statement
 - (D) quality assurance

3. An example of quality management in a biscuit manufacturer would be
 - (A) storage
 - (B) batch testing
 - (C) just in time
 - (D) logistics

4. Ian Botting is the owner of an opal mine at Lightning Ridge. The waste element from the mining process is technically considered to be
- (A) a cost
 - (B) an output
 - (C) a throughput
 - (D) an input
5. Wendy and Stuart Jones, own a fishing lease in Macquarie Harbour in Tasmania. They farm ocean trout, and market it as *sustainably produced*. This implies that they
- (A) spend a lot of money on fish feed
 - (B) sell their fish to fancy restaurants
 - (C) have a fixed production level
 - (D) make as little impact on the natural environment as possible
6. Belissa Proves is the owner of 7 Sunglass Huts in Metropolitan Sydney. She has a store manager for each outlet. These managers are responsible for staff rosters and weekly reports on “their” store. Belissa’s leadership style can be described as
- (A) effective
 - (B) selective
 - (C) autocratic
 - (D) consultative
7. Jennohah Jones has been recruited to work in Blomfelds Brokerage firm. Jennohah always came first or second in her courses at University, and was head hunted by all the large firms in Melbourne. To attract her, Blomfelds had to offer her the chance to nominate which area of broking she wanted to work in. This is an example of
- (A) incentive
 - (B) non-monetary reward
 - (C) training
 - (D) bonus
8. Firms that have staff turnover at above industry standards should
- (A) become the industry leader
 - (B) consider acquisition strategies
 - (C) look at moving offshore for production
 - (D) outsource as much as possible

9. KC's Carpentry has not paid their staff for 4 weeks, even though the normal pay period is 2 weeks. KC has explained in a text message - that staff cannot be paid until a client has paid his bill. Understandably the staff are upset, and are considering walking off the job. The cause of this dispute would be
- (A) wage demands
 - (B) working conditions
 - (C) management policy
 - (D) low morale
10. The type of employment that offers most flexibility to businesses is
- (A) part-time
 - (B) fulltime
 - (C) casual
 - (D) contracted
11. Cabatan Engineering Ltd has made a commitment to its shareholders that it will repay all of the borrowings for its new building in the 5 years. The financial objective that Cabatan Engineering Ltd is aiming to achieve is:
- (A) profitability
 - (B) growth
 - (C) liquidity
 - (D) solvency
12. Special Sports Tours (SST) has made its slogan 'Live it while you can!' Which marketing strategy is SST using?
- (A) Price
 - (B) Place
 - (C) Product
 - (D) Promotion

13. Molly imports T-Shirts. She sells them to department stores and clothes shops. Which channel choice best describes Molly's distribution choice?
- (A) Intensive
 - (B) Selective
 - (C) Exclusive
 - (D) Extensive
14. Nick owns a chain of sports stores. He recently modified his marketing strategy to allow customers to purchase via the Internet. Which of the following is an internal factor that may have influenced this decision?
- (A) Strategies adopted by competitors to increase market share
 - (B) Advance in Internet technology with online purchasing facilities
 - (C) Difficulty in recruiting suitable staff with relevant product knowledge
 - (D) The recent employment of a marketing manager with new ideas.
15. A business is offering next day delivery of cleaned and scaled fish to restaurants. What type of market is the business targeting?
- (A) Consumer
 - (B) Intermediate
 - (C) Resource
 - (D) Wholesale
16. Which of the following is an example of price discrimination?
- (A) Advertising free installation but charging a fee
 - (B) Charging consumers for an extended warranty period
 - (C) Offering pensioner's cheaper prices than non-pensioners
 - (D) Selling at the retail price imposed by the manufacturer
17. Sonic Soda has started to export. Their Australian bank sends the ownership documents to the importers bank. The importers bank releases these documents when the importer has paid. This method of payments is best known as
- (A) payment in advance
 - (B) a letter of credit
 - (C) clean payment
 - (D) bills of exchange

18.

	Logistical Solutions	Transport King
Annual sales	\$850,000	\$2,100,000
Net profit	\$150,000	\$290,000
Accounts receivable	\$130,000	\$240,000

From this information you could conclude that:

- (A) Logistical Solutions is more profitable than Transport King but less efficient.
 - (B) Transport King is more profitable than Logistic Solutions but less efficient.
 - (C) Transport King is both more profitable and efficient than Logistic Solutions
 - (D) Logistic Solutions is both more profitable and efficient than Transport King
19. Non bank financial intermediaries that are regulated by APRA and provide smaller scale finance are best known as:
- (A) Investment Banks
 - (B) Finance and Insurance Companies
 - (C) Superannuation Funds
 - (D) Unit Trusts
20. Auditors would examine the financial reports of a business to identify if:
- (A) the business is a good investment
 - (B) there is inefficient use of resources and/or misuse of funds
 - (C) the business follows the matching principle
 - (D) customer relations

Section III

EXTENDED RESPONSE

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 business terminology and concepts

Present a sustained, logical and cohesive response in the form of a business report



More Farms Vie for the \$1 Billion Spent at Farmers' Markets

For decades, Beechwood Orchards sold its apples, peaches, and other fruits and veggies to wholesalers, who would then consolidate the produce with shipments from other farms and dispatch it to supermarkets across the region. These days, Beechwood is more often cutting out the middlemen. The orchard's owners, Melissa Allen and her brother, now travel to as many as 14 farmers' markets a week in places up a three-hour drive away. The family gets about half its revenue from direct sales to consumers. "It's a new way to do things at a farm that has been around 100 years," says Allen, the fifth generation of her family to work the soil at Beechwood.

Write your answer in report style

Recommend ONE (1) place and ONE (1) process marketing strategy that could be used to achieve differentiation.

Describe one ethical consideration that this firm will need to consider.

Outline appropriate training methods for 2 types of BEECHWOOD ORCHARDS employees.

Section IV

20 marks

Attempt Question 27 OR 28

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 relevant business case study/studies and contemporary business issues
- communicate using relevant business terminology and concepts
- present a sustained, logical and cohesive response

27. Explain how new product design affects a businesses cash flow management.

Or

28. Explain how outsourcing can affect a businesses' profitability.

Section II - Total marks (40)

- Attempt questions 21 - 26
- Allow about 80 minutes for this section

21	22	23	24	25
/6	/4	/10	/10	/10

Question 21

Examine the following financial data.

Projected Cash Flow for Shire Souvenirs for 1st Qtr 2012

	January \$	February \$	March \$
Opening Balance	4,000		
Cash Sales	20,000	25,000	25,000
Receipts from Debtors	10,000	6,000	15,000
Wages	5,000	5,000	5,000
Cash Purchases	15,000	20,000	20,000
Payments to Creditors	2,000	6,000	2,000
Electricity	-	2,000	-
Annual Insurance	-	14,000	-
Closing Balance			

Management is concerned about the cash flow situation that the business may be about to face.

- a) Identify the first month in which there will be a negative cash balance (2)

- b) Evaluate TWO (2) strategies that could be used to manage this situation (4)

Question 22

Examine the following financial data for Miranda Malls.

Closing Stock	46,000
Sales	450,000
Purchases	200,000
Other Expenses	122,000
Opening Stock	52,000

Industry Average:

Gross Profit Ratio 60%

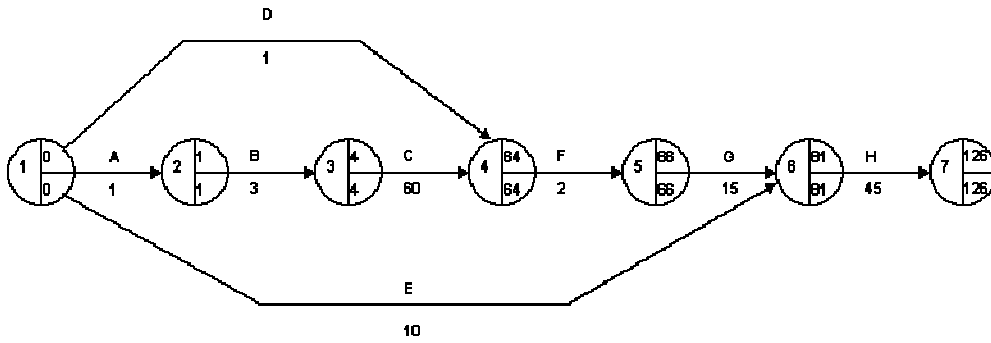
Net Profit Ratio 30%

a) Calculate both the Gross and Net Profit Ratios (2)

b) Comment on the Profitability of Miranda Malls (2)

Question 23

activity	task	Preceded by	Elapsed time [Minutes]
A	weigh ingredients	-	1
B	mix ingredients	A	3
C	dough rising time	B	60
D	prepare tins	-	1
E	pre-heat oven	-	10
F	knock back dough and place in tins	C+D	2
G	2nd dough rising time	F	15
H	cooking time	E+G	40



a) Identify both the table and the diagram. (2)

If the business considered introducing a machine that could do activities A+B+C

b) Explain TWO (2) likely reasons for resistance to change (4)

c) Suggest TWO (2) quality management methods that could be introduced for quality improvement (2)

Question 25

NuCam produces and markets a digital video camera. This product is in the growth phase of its life cycle. Management is reviewing the performance of the product on the market. NuCam states that it wants an ethically responsible marketing campaign to represent their business and improve sales.

a) Compare market and competition based pricing methods for Nucam digital video cameras (2)

b) Explain why Nucam wants ethical marketing (2 marks).

c) Outline e-marketing and describe its advantages for NuCam (2 marks).

d) If Nucam were to sell their digital video cameras overseas, recommend 2 global marketing strategies they could implement (4 marks).

Student Number: _____

Year 12 -Trial
Multiple Choice Answer Sheet

Business Studies

Select the alternative A, B, C or D that best answers the question. Circle the letter completely. If you think that you have made a mistake, put a cross through the incorrect answer and circle the new answer.

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

• financial ratios

- Liquidity - current ratio (current assets ÷ current liabilities)
- Gearing - debt to equity ratio (total liabilities ÷ total equity)
- Profitability - gross profit ratio (gross profit ÷ sales); net profit ratio (net profit ÷ sales); return on equity ratio (net profit ÷ total equity)
- Efficiency - expense ratio (total expenses ÷ sales), accounts receivable turnover ratio (sales ÷ accounts receivable)