



Shore

Exam Number:

Year 12
HSC Business Studies
TRIAL Examination
2013

General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black or blue pen
- Draw diagrams using pencil
- Board approved calculators may be used

Note: Any time you have remaining should be spent revising your answers.

**DO NOT REMOVE THIS PAPER
FROM THE EXAMINATION
ROOM**

Total marks – 100

Section I

20 marks

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

Section II

40 marks

- Attempt Questions 21-24
- Allow about 1 hour and 15 minutes for this section

Section III

20 marks

- Attempt Questions 25
- Allow about 35 minutes for this section

Section IV

20 marks

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

Section I

Total marks (20)

Attempt Question 1-20

Allow about 35 minutes for this section

Use the multiple-choice answer sheet for Questions 1-20.

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

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

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:

A B C D

correct

Section I**Multiple Choice****20 Marks**

- 1 Increased demand for gold due to global financial insecurity causes a gold-mining company to increase the number of people employed in their mines.

What type of influence on human resources was this?

- (A) Economic
- (B) Financial
- (C) Government
- (D) Legal

- 2 The operations manager of a business announces that this month the focus will be on performance objectives.

Which of the following operations strategies will be the focus?

- (A) Quality, speed, dependability and flexibility
- (B) Volume, variety, visibility and quality
- (C) Logistics, e-commerce and global sourcing
- (D) Customisation, speed, cost and assurance

- 3 Wimpy IT Pty Ltd is an importer of mobile devices. As the business is in a competitive market, it has decided to sell some of its accessories below cost and run a competition on a local radio station with a mobile device as the prize.

Which of the following strategies is the business using?

- (A) Skimming and sales promotions
- (B) Loss leader and sales promotions
- (C) Skimming and advertising
- (D) Loss leader and advertising

- 4 Which group would benefit the most financially from a reduction in the value of the Australian dollar?

- (A) Australian owners of a business exporting fashion accessories
- (B) Professional Australian artists using imported paints
- (C) Singaporeans transferring money home to Singapore that they earned in Australia
- (D) Australian owners of a travel company paying tour guides they employ in Thailand in Australian dollars

5 Which of the following are sources of long-term debt finance for a business?

- (A) Retained profits, commercial bills and unsecured notes
- (B) Unsecured notes, mortgage and debentures
- (C) Mortgage, debentures and commercial bills
- (D) Leasing, unsecured notes and overdraft

6 Crawford Lawyers, a large law firm in the Sydney CBD, have developed a dress code for all their staff. This dress code, among other details, emphasises the need for staff to be in professional, corporate attire at all times, and have a clean and tidy personal presentation.

Which of the following marketing strategies relates to Crawford Lawyers policy on professional dress?

- (A) Product
- (B) People
- (C) Processes
- (D) Physical evidence

7 A factory manager is comparing weekly production statistics with his budget to see if the production line has improved efficiency. He then makes changes to the production line to ensure efficiency is maximised.

Which operations process is being carried out by the manager?

- (A) Monitoring
- (B) Controlling
- (C) Sequencing
- (D) Scheduling

- 8 An Australian tea company, 'Infusion Teas' creates a new logo for its range of teas to establish a global name and image.

Which type of marketing strategy is 'Infusion Teas' addressing?

- (A) Positioning
- (B) Packaging
- (C) Promotion
- (D) Branding

- 9 Which of the following are objectives of financial management?

- (A) Growth, profitability, liquidity and dependability
- (B) Quality, speed, dependability and cost
- (C) Efficiency, profitability, solvency and liquidity
- (D) Growth, solvency, liquidity and cost

- 10 Employees at Springbok Educational Company are given monthly training by outside specialists in new and innovative educational strategies.

What process of human resource management is being implemented by the company?

- (A) Acquisition
- (B) Maintenance
- (C) Separation
- (D) Development

- 11 Which government body regulates a safety net of minimum employment conditions in Australia?

- (A) Fair Work Australia
- (B) Fair Pay Commission
- (C) Australian Chamber of Commerce and Industry
- (D) Australian Industrial Relations Commission

12 Proteas Ltd have a policy regarding stock that the oldest stock is sold first.

What inventory management strategy is it using?

- (A) LIFO
- (B) JIT
- (C) FIFO
- (D) EOQ

13 Which of the following methods of payment represents the lowest risk for importers?

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

14 Information about processing speeds for machinery being considered by a manufacturer is shown in the table below.

Machine Type	Speed of processing per unit	Number of simultaneous processes
Version 1	89 seconds	4
Version 2	82 seconds	9
Version 3	101 seconds	8
Version 4	78 seconds	6

Which machine is the best for sequencing and which is the best for scheduling?

- (A) Version 3 for both
- (B) Version 3 for sequencing and Version 4 for scheduling
- (C) Version 4 for sequencing and Version 3 for scheduling
- (D) Version 2 for sequencing and Version 4 for scheduling

Use the following information to answer questions 15 and 16. The answers have been rounded to the nearest whole number.

Income statement for Dingo Pty Ltd

	2013 (\$)
Sales	350 000
COGS	90 000
Net Profit	180 000

Gross Profit Ratio = $\text{Gross Profit} \div \text{Sales}$

Net Profit Ratio = $\text{Net Profit} \div \text{Sales}$

Expenses Ratio = $\text{Expenses} \div \text{Sales}$

15 Which of the following statements is true?

- (A) The net profit ratio is 52 %
- (B) The net profit ratio is 50%
- (C) The gross profit ratio is 74%
- (D) The gross profit ratio is 69%

16 What is the expenses ratio for Dingo Pty Ltd in 2013?

- (A) 23%
- (B) 51%
- (C) 26%
- (D) 44%

17 Employees of an Australian business are taking legal action against their employer as several workers have contracted a disease due to what they believe was ongoing exposure to toxic materials in the workplace.

The employer was likely to have failed to fulfil which of the following ethical and legal responsibilities towards its workers?

- (A) Providing fair working conditions and occupational health and safety requirements
- (B) Providing fair working conditions and paying workers compensation
- (C) Providing safe working conditions and paying workers compensation
- (D) Providing duty of care and occupational health and safety requirements

- 18 Milky Lane Pty Ltd sells milkshakes and waffles to customers throughout Victoria. The business has conducted market research to determine the needs and wants of the customer and adjusted its marketing strategies to meet customer's needs and wants.

Which approach to marketing has Milky Lane Pty Ltd used?

- (A) Selling approach
- (B) Marketing approach
- (C) Production approach
- (D) Relationship approach

- 19 MTN is a large telecommunications provider who is unable to supply data at speeds and quantities required by consumers. This occurs when a large number of consumers use the network.

Which TWO influences of transformations process are an issue for MTN?

- (A) Variation in demand and customer contact
- (B) Variation in demand and volume
- (C) Variety and visibility
- (D) Visibility and volume

- 20 According to the Competition and Consumer Act, 2010, a sale of a product to a consumer signifies a contract between a buyer and a seller, which carries 'implied conditions'.

Which of the following are essential 'implied conditions' relating to the sale of a product to a consumer?

- (A) A product must be fit for the purpose and a minimum of 5 year warranty.
- (B) A product must have a warranty and resale price maintenance.
- (C) A product must have a merchantable quality and a competitive price
- (D) A product must be fit for the purpose and have a merchantable quality.

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Business Studies

Section II

40 marks

Attempt Questions 21–24

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 the response.

Question 21 (12 marks)

Bear Furniture Ltd manufactures high quality dining room furniture in its plant in Parramatta. In response to the global financial crisis (GFC), Bears Furniture Ltd is looking to implement a new set of operational strategies to reduce costs and maintain sales levels in order to sustain its market share.

- (A) Outline ONE role of operations management. **2**

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- (B) Describe how globalisation can influence the operations management of Bears Furniture Ltd. **2**

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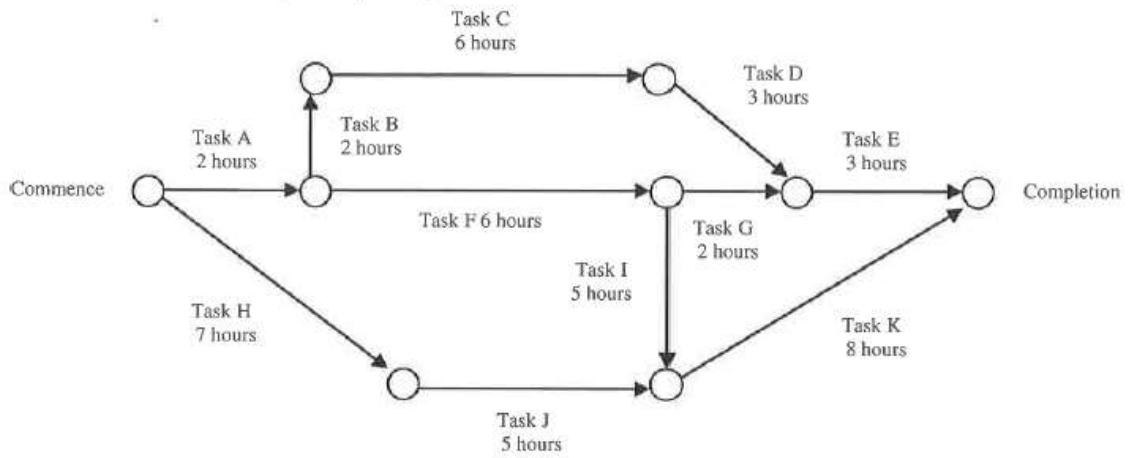
- (C) Identify ONE transformed and ONE transforming resource of this business. **2**

Transformed:.....

Transforming:.....

Question 21 continues on page 10

The following diagram shows a planning tool for the creation of a piece of furniture at Bears Furniture Ltd.



- (D) Identify the tool being used by the business and calculate the shortest time for the completion of the task. 2

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- (E) Recommend TWO operational strategies that management can implement to improve the operations function and maintain sales levels. 4

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Question 22 (8 marks)

Standard Bank is a large business with 250 employees. Management at Standard Bank have been forced to reduce costs due to a drop in profits. Management has decided to outsource its accounting and administration functions to India. It is also due to re-negotiate its enterprise agreement with its staff.

- (A) Identify TWO stakeholders of the human resource function. **1**

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- (B) Identify TWO of the processes of human resource management. **1**

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- (C) Describe ONE legal influence on the Human Resource function at Standard Bank. **2**

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Question 22 continues on page 12

(D) Explain ONE advantage and ONE disadvantage of global outsourcing.

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Question 23 (10 marks)

- (A) Explain ONE way a business might benefit from its marketing manager acting in an ethically and socially responsible manner. **2**

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- (B) Explain how ONE situational analysis tool can be used to determine appropriate marketing strategies. **4**

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Question 23 continues on page 14

(C) Explain the interdependence of marketing and finance. Support your answer with relevant examples. 4

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Question 24 (10 marks)

Financial Statement for Pizza Heaven as at 30 June 2013

	2013		2013
Assets		Liabilities	
Cash	5 450	Overdraft	14 500
Equipment	157 550	Mortgage	490 000
Stock	23 600	Accounts Payable	31 600
Premises	520 000		
Vehicles	261 000		
Debtors	29 500		
		Owners Equity	
		Capital	365 000
		Net Profit	96 000

ADDITIONAL INFORMATION:

- Sales in 2013 = \$220 000
- 2012 liquidity was 2.5:1
- 2012 Accounts receivable turnover ratio was 28 days
- 2012 net profit: \$180 000
- Return on Owners Equity in 2012 = 35%

(A) Calculate the current ratio (Current Assets ÷ Current Liabilities) and comment on the liquidity of Pizza Heaven in 2013. Show all working. 2

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(B) Calculate the accounts receivable turnover ratio (Sales ÷ Accounts Receivable) and comment on the efficiency of this business in 2013. Show all working. 2

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Question 24 continues on page 16

(C) Explain ONE limitation of financial reports. 2

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(D) Analyse ONE source of finance a large public company could use to expand its operations interstate. 4

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Section III

20 marks

Attempt Questions 25

Allow about 35 minutes for this section

Answer the questions in the writing books 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 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)

Green Streak Ltd is an established retailer of high quality running shoes for athletes. The business has grown from a factory located in the suburbs and selling their product at the local markets, to contracting production of the running shoes to China and selling them through major retail outlets across Australia. Green Streak Ltd is now planning to expand the business by exporting their product to Europe and America.

The owners of Green Streak Ltd have identified the following issues:

- A decrease in quality of the product since moving manufacturing offshore and hence a decrease in sales and profits.
- Resistance to the changes made to its operational process
- An increase in competitors selling a similar product at a higher price
- The need for a more effective webpage to market and sell its products
- Inexperience with global marketing

You have been employed by Green Streak Ltd to prepare a report for management addressing the issues outlined above.

In your report, recommend strategies for operations and marketing that the firm could implement to improve business performance.

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Section IV

20 marks

Attempt Questions 26

Allow about 35 minutes for this section

Answer the questions 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
 - 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)

Evaluate the importance of financial management strategies in achieving business goals.