



COURSE CODE: \_\_\_\_\_

**NAME:** \_\_\_\_\_

(Please print clearly)

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**2012**  
**BUSINESS STUDIES**  
**Higher School Certificate**  
**Trial Examination**

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## General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Board approved calculators may be used
- Write using black or blue pen
- Write your student number and /or name at the top of every page

**Total marks – 100**

**Section I – Pages 2 – 8**

**20 marks**

Attempt Questions 1 – 20

Allow about 35 minutes for this section

**Section II – Pages 9 – 15**

**40 marks**

Attempt Questions 21 – 25

Allow about 1 hour and 15 minutes for this section

**Section III – Page 16**

**20 marks**

Attempt Question 26

Allow about 35 minutes for this section

**Section IV – Page 17**

**20 marks**

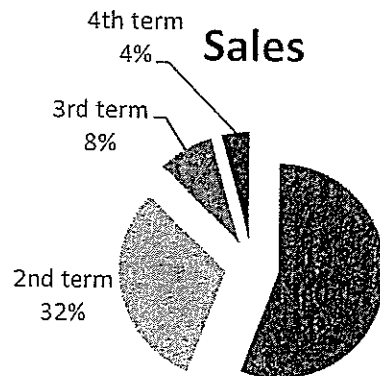
Attempt either Question 27 **OR** Question 28

Allow about 35 minutes for this section

This paper **MUST NOT** be removed from the examination room

- 1 Which of the following is a *transforming resource*?
  - (A) Materials
  - (B) Information
  - (C) Intermediate goods
  - (D) Human resources
  
- 2 If a business wants to increase its market share, which pricing strategy should it use?
  - (A) Market based pricing
  - (B) Price penetration
  - (C) Price points
  - (D) Price Skimming
  
- 3 A service organisation transforms inputs into which of the following?
  - (A) Intangible products
  - (B) Intermediate goods
  - (C) Non-perishable goods
  - (D) Primary products
  
- 4 Which of the following models of *performance appraisals* provides information that can be used by management for future planning in human resource functions?
  - (A) Administrative
  - (B) Developmental
  - (C) General
  - (D) Specific
  
- 5 Which of the following is an example of an *external* source of equity finance?
  - (A) Commercial bills
  - (B) Debentures
  - (C) Ordinary shares
  - (D) Overdraft

6 Observe the following graph.



Which marketing approach would this business use if they were targeting the 4<sup>th</sup> term?

- (A) Division marketing
- (B) Market segmentation
- (C) Mass marketing
- (D) Niche marketing

7 The process whereby a third party is involved in an industrial dispute, and makes a legally binding decision to resolve the dispute, is known as which of the following?

- (A) Arbitration
- (B) Conciliation
- (C) Mediation
- (D) Negotiation

8 *Flake Grocers' finance department allocates the budget for marketing and employment relations departments, to ensure that the common goal of profit maximisation is achieved.*

Which of the following concepts is this an example of?

- (A) Global sourcing
- (B) Interdependence
- (C) Operations
- (D) Total quality management

- 9 *Jet Off Travel Pty Ltd has decided to implement a policy where their sales staff calls customers once they get back from their holiday to ask for their feedback. The aim is to gain customer loyalty.*

Which of the following marketing concepts is 'Jet Off Travel' using?

- (A) Corporate social responsibility
- (B) Production approach
- (C) Relationship marketing
- (D) Sales approach

- 10 *Management at Yummy Pizza want to use a sequencing and scheduling tool that shows what tasks need to be done, how long they take and what order is necessary to complete each task. The aim is to better manage their transformation process.*

Which tool should management use?

- (A) Budget
- (B) Critical Path Analysis
- (C) Gantt charts
- (D) Strategic Action Plan

- 11 *The regional manager of a large clothing store aims to improve the logistics of operations. He has decided that he will be making important business decisions without the input of others.*

Which leadership style is he adopting?

- (A) Autocratic
- (B) Collegial
- (C) Democratic
- (D) Laissez-faire

- 12 Which of the following is a primary source of data collection in the marketing process?

- (A) Customer feedback
- (B) Internet sites
- (C) Sales reports
- (D) Surveys

- 13 Observe the following table.

|                         |         |
|-------------------------|---------|
|                         | \$      |
| Sales                   | 100 000 |
| Cost of goods sold      | 20 000  |
| Selling expenses        | 3 000   |
| Administration expenses | 2 000   |
| Financial expenses      | 1 000   |
| Additional information: |         |
| Accounts receivables    | 15 000  |
| Opening stock           | 10 000  |

Which of the following statements is correct?

- (A) Expense ratio is 6% and gross profit is \$74 000
- (B) Expense ratio is 21% and gross profit is \$80 000
- (C) Gross profit is \$74 000 and net profit is \$80 000
- (D) Gross profit is \$80 000 and net profit is \$74000
- 14 Which of the following is a benefit of *industrial conflict*?
- (A) Firms may close down
- (B) Legal fines can be imposed on businesses
- (C) Minimises costs for the business and increases profit levels
- (D) Occupational health and safety problems may be reduced
- 15 To ensure output standards meet required standards, many businesses carry out inspections on the total volume of production.

Inspections are a characteristic of which *quality management* strategy?

- (A) Quality assurance
- (B) Quality control
- (C) Quality improvement
- (D) Quality reassurance

Use the following information to answer Questions 16 and 17

'Budget Wheels' have issued the following *efficiency data* for 2011 and 2012.

|                            | 2011    | 2012    |
|----------------------------|---------|---------|
| <i>Sales</i>               | 200 000 | 206 000 |
| <i>Expenses</i>            | 10 000  | 16 000  |
| <i>Accounts receivable</i> | 20 000  | 5 400   |

- 16 What is the expense ratio for 2011?
- (A) 3.65%
  - (B) 5.0%
  - (C) 7.7%
  - (D) 9.6%
- 17 Which of the following statements about the efficiency of 'Budget Wheels' is correct?
- (A) The expense ratio has improved while the accounts receivable turnover ratio has deteriorated.
  - (B) The accounts receivable turnover ratio has improved and the expense ratio has also improved.
  - (C) The expense ratio has deteriorated while the accounts receivable turnover ratio has improved.
  - (D) The accounts receivable turnover ratio has deteriorated and the expense ratio has also deteriorated.
- 18 Which *distribution strategy* will be used by a business wishing to saturate the market with its product?
- (A) Exclusive distribution
  - (B) Intensive distribution
  - (C) Selective distribution
  - (D) Skimming distribution

- 19 *A marketing firm has recently decided to employ three more people within their organisation. The human resource manager is in the process of designing the content of the jobs and determining how each job will interact with other jobs and employees.*

What is this process referred to?

- (A) Job analysis
- (B) Job description
- (C) Job Design
- (D) Job Recruitment

- 20 *A total of 130 computer games were bought by a business. This business is using the 'last in, first out' (LIFO) approach. The cost break down is the first 40 attracted a cost of \$80, the second 50 attracted a cost of \$100 and the last group of 20 attracted a cost of \$120. 20 games remained unsold.*

Using the LIFO approach, which of the following is correct?

- (A) The first group cost is \$3200 and the total cost of goods sold is \$13 200.
- (B) The total cost of goods sold is \$13 200 and the cost of unsold goods is \$3200.
- (C) The first group cost is \$2400 and the cost of unsold goods is \$1600.
- (D) The cost of the last group is \$2400 and the cost of unsold goods is \$2000.

## 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.

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### Question 21 (6 marks)

Marks

There are many stakeholders within the human resource management process. Many of these stakeholders have an interest in ensuring ethical business practices exist within this human resource process.

- (a) Identify TWO stakeholders in the human resource management process.

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- (b) Describe TWO benefits which a business can gain from implementing *ethical* practices when dealing with employees.

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(i) .....  
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(ii) .....  
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**Question 23 (8 marks)**

**Marks**

The operations function is an intrinsic aspect of business processes and overlaps with, and is interdependent to, all of the other business processes and key business functions.

- (a) Identify the strategic role of operations management. 1

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- (b) Discuss ONE way a business can measure the effectiveness of its operations process. 3

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- (c) Examine TWO global operations strategies a business can use in an attempt to reduce costs of production AND to improve their goods or services. 4

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**Question 24** (9 marks)**Marks**

Observe the following information.

| <b>'Everyday Supplies Pty Ltd'</b>  |         |                              |         |
|-------------------------------------|---------|------------------------------|---------|
| <b>As at 30 June 2012</b>           |         |                              |         |
|                                     | \$      |                              | \$      |
| <i>Current assets</i>               |         | <i>Current liabilities</i>   |         |
| Cash                                | 4 450   | Overdraft                    | 13 500  |
| Accounts receivable                 | 8 500   | Accounts payable             | 11 600  |
| Inventory                           | 13 600  |                              |         |
| <i>Non-current assets</i>           |         | <i>Non-current liability</i> |         |
| Equipment                           | 37 550  | Mortgage                     | 280 000 |
| Property                            | 410 000 |                              |         |
| Vehicles                            | 91 000  |                              |         |
|                                     |         | <i>Owner's equity</i>        |         |
|                                     |         | Capital                      | 165 000 |
|                                     |         | Net profit                   | 95 000  |
| <i>Additional Information</i>       |         |                              |         |
| 2011 debt to equity ratio: 0.8:1    |         |                              |         |
| 2011 return on owner's equity: 5.3% |         |                              |         |
| 2011 net profit: \$323 000          |         |                              |         |

- (a) Calculate the
- current ratio*
- for 'Everyday Supplies' in 2012.

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- (b) Comment on the
- change in gearing*
- between 2011 and 2012.

**2**

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Question 24 continues on the next page

Question 24 (continued)

Marks

- (c) Outline ONE possible reason for the change in return on *owner's equity* between 2011 and 2012.

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- (d) Recommend TWO strategies management can use to improve its *working capital*.

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(i) .....

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(ii) .....

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End of Question 24

**Question 25** (10 marks)

**Marks**

*Technology has driven the push to market products to customers worldwide. E-commerce has increased dramatically over the past decade. Businesses now have access to global markets which they attempt to influence and target through their marketing plan. They need to decide if they are going to use a standardised or customised marketing strategy, or a combination of the two.*

(a) Identify TWO technologies a business may use to support its e-marketing strategy. **2**

(i) .....

(ii) .....

(b) Distinguish between a *standardised* and *customised* approach to global marketing. **2**

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(c) Outline TWO advantages a business can gain by using a standardised marketing approach. **2**

(i) .....

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(ii) .....

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**Question 25 continues on the next page**



Question 25 (continued)

Marks

(d) Discuss TWO risks associated with a business using a standard worldwide pricing strategy within its marketing mix.

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- (ii) .....
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End of Question 25

### Section III

20 marks

Attempt Question 26

Allow about 35 minutes for this section

Answer the question on a SEPARATE page of your own paper, or writing booklet if provided.

Expected length of response is *approximately* six written pages or 800 words.

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In your answer, you will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
  - use the information provided
  - communicate using relevant terminology and concepts
  - present a sustained, logical and cohesive response in the form of a business report
- 

#### Question 26 (20 marks)

'BG Electricals' is a large domestic manufacturer of electrical products. In 2011 the marketing and financial objectives of the business were not met and profits did not reach the forecasted levels.

Other problems include:

- Poor publicity due to customer complaints of poor service due to stock not being available and increase in the number of faulty products being manufactured
- Cash flow problems due to excessive credit sales and poor accounts receivable turnover ratio
- Loss of market share

'BG Electricals' is looking to:

- Develop a more effective marketing strategy for 2013
- Improve its image and reduce the number of customer complaints
- Improve its quality management process
- Meet financial and marketing objectives

Assume that you have been employed as a consultant to prepare a report for BG Electricals. In your report you need to:

- Recommend appropriate *operations* strategies to reduce customer complaints
- Recommend appropriate *marketing* and *financial* strategies to assist the business in meeting its marketing and financial objectives

## Section IV

**20 marks**

**Attempt EITHER Question 27 OR Question 28**

**Allow about 35 minutes for this section**

Answer the question on a SEPARATE page of your own paper, or writing booklet if provided.

Expected length of response is *approximately* six written pages or 800 words.

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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
  - communicate using relevant business terminology and concepts
  - present a sustained, logical and cohesive response
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### **EITHER**

#### **Question 27 (20 marks)**

Outline influences on the *operations function* AND evaluate strategies that can be implemented in response to these influences.

### **OR**

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

Describe the causes of industrial conflict and analyse the possible financial consequences of such conflict on profitability.

**End of paper**